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Property Franchise Group PLC (The)
08 April 2025

8 April 2025

THE PROPERTY FRANCHISE GROUP PLC

("TPFG", the "Company" or the "Group")

Final Results

Transformational year with significantly enhanced scale and 29% increase in full year dividend

The Property Franchise Group PLC, the UK's largest multi-brand property franchisor, is pleased to announce its Final Results for the year ended 31 December 2024 ("FY24").

Financial Highlights

- Group revenue increased 146% to £67.3m (2023: £27.2m), 6% like for like increase to £28.7m[1] with 52% (£35m) of revenue from recurring revenue sources
  - Management Service Fees ("MSF") increased 76% to £28.3m (2023: £16.1m)
  - Financial Services income increased to £19.2m (2023: £1.5m)
  - Licensing income of £7.2m, £5.2m of which is recurring
- Adjusted EBITDA[2] increased 99% to £24.1m (2023: £12.1m)
- Adjusted profit before tax[2] increased 99% to £22.3m (2023: £11.2m), like for like increase to £13.0 m[1]
- Adjusted basic earnings per share[2] increased 7% to 31.7p (2023: 29.7p)
- Net debt of £9.1m after borrowing £20.0m to fund acquisitions (2023: net cash £5.1m)
- Cash generated from operations increased to £14.7m (2023: £9.0m)
- Final dividend of 12p, making full year dividend 18p per share, up 29% (2023: 14p)

[1] *Like for like comparison excluding the impact of the acquisition of Belvoir Group on 7 March 2024, and GPEA on 31 May 2024*

[2] *Before share-based payments charge, exceptional items, amortisation arising on consolidation and unwinding of discounting on acquisition deferred consideration*

Operational Highlights

- Merger with Belvoir in March 2024 and acquisition of GPEA in May 2024
- Managed portfolio of 153,000 properties (2023: c.78,000)
- Sales pipeline increased to £33.4m (2023: £23.1m)
- Financial Services division delivered 23,000 mortgages in 2024 after acquisition of Brook Financial Services via Belvoir
- Licensing division now includes 1,043 licensees through the acquisition of GPEA
- Enhanced Board and senior leadership team to support the next phase of growth
- Launched new AI-driven marketing tools to enhance lead generation and franchisee support
- Synergies of £0.4m realised in 2024 with more to come in 2025

Outlook

- Focused on completing the full integration of Belvoir and GPEA, delivering on the synergies and opportunities anticipated from the increased scale and capabilities
- Well positioned to navigate market conditions anticipated in 2025 due to changing government legislation
- The strength of the Group's franchise model and diversified revenue streams, along with its enhanced leadership team, provides a strong platform from which to grow and the Board is confident in realising the full potential of the enlarged Group

Chief Executive Officer, Gareth Samples, commented: *"I am delighted to be reporting another set of record financial results in what has been a truly transformational year for the Group. The period under review has seen us successfully deliver two substantial acquisitions and make headway in realising the resultant synergies whilst concurrently delivering strong organic growth and executing against our strategy.*

"The Property Franchise Group has a track record of growth and now, with our increased scale and capability, we are a significantly stronger business, able to offer even greater value and growth potential. I am incredibly excited for

what lies ahead, with a clear strategy and an exceptional team in place to realise the full potential of the enlarged Group."

Analyst Presentation

An analyst presentation will be held at 10.00am today. Should you wish to attend, please contact propertyfranchise@almastrategic.com for joining details.

Investor presentation

The Company is hosting a live private investor presentation and Q&A session at 4.00pm today on the Investor Meet Company platform. All private investors interested in attending are asked to register using the following link: https://www.investormeetcompany.com/property-franchise-group-plc-the/register-investor

For further information, please contact:

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About The Property Franchise Group PLC:

The Property Franchise Group PLC (AIM: TPFG) is the UK's largest multi-brand property franchisor, with a network of over 1,946 outlets delivering high quality services to residential clients, combined with an established Financial Services business.

The Company was founded in 1986 and has since strategically grown to a diverse portfolio of 18 brands operating throughout the UK, comprising longstanding high-street focused brands and two hybrid brands. The Property Franchise Group is also a member of two leading mortgage networks through its mortgage brokers, Brook Financial (MAB) and The Mortgage Genie (Primis).

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

Headquartered in Bournemouth, the Company was listed on AIM on the London Stock Exchange in 2013 and entered the AIM 100 in July 2024.

More information is available at https://thepropertyfranchisegroup.co.uk/

Chair statement

Overview of performance

The execution of two strategic acquisitions contributed significantly to the Group's performance, adding material scale across three divisions: the largest property franchise business in the UK; a substantially strengthened Financial Services division; and a new Licensing division. Our diverse portfolio of 18 brands, operating throughout the UK and now internationally, have 153,000 rental properties under management and completed over 30,000 sales, reinforcing our leading position.

Integration of the Belvoir Group and GPEA has been a key focus in order to fully capitalise on the synergies available and the Group saw notable progress on realising these synergies towards the end of 2024. The Board approached these acquisitions with a clear strategy and structured integration plan. Significant progress has already been made in aligning our operational framework and enhancing governance structures to ensure they are right-sized for the company that The Property Franchise Group is today, and for the continued delivery of long term value for our shareholders.

Significant growth with strong recurring revenue

Group revenue increased 147% to £67.3m, reflecting both organic and acquisitive growth. Recurring revenue continued to be a material contributor and represented 52% (£35m) of revenue, providing us with good visibility on future earnings.

The Group continued to be highly cash generative in the period. The Group borrowed £20.0m to fund the acquisition of GPEA, however at 31 December 2024 this has reduced to a net debt position of £9.1m, representing leverage of 0.4 times. Looking ahead, net debt is anticipated to materially reduce in the current year. While the focus of the Board is to continue integrating the new businesses into the Group so as to fully realise the synergies of the two acquired businesses, our cash generative profile gives us the ability to consider pursuing acquisition opportunities which would further enhance the portfolio of the business.

Strengthened Board

The expanded Board reflects the growing scale and complexity of the business, with three Executive Directors and five Non-Executive Directors. In the year, the Board was delighted to welcome Michelle Brook as an Executive Director, Jon Di-Stefano as our Senior Independent Director and Paul George as an independent Non-Executive Director. Post period end, on 2 January 2025, we were delighted to announce the formal appointment of Ben Dodds to the Board as Chief Financial Officer. The experience of the Board members matches the needs of the business, bringing valuable expertise in franchising, estate agency, housebuilding, construction and financial services, as well as added depth to the Board's corporate governance experience.

I would like to take this opportunity to express the Board's gratitude to David Raggett, who stepped down as Chief Financial Officer following a successful transition period with Ben. David played a key role in the Group's substantial growth over the past 12 years, and we are pleased that he will continue to support the business on a number of ongoing projects. On behalf of the Board, I would like to thank David for his commitment and contributions and wish him the very best for the future.

Throughout the year the contributions of our Board members have been instrumental in ensuring the ongoing execution of our strategic objectives as well as ensuring high standards of corporate governance. With the right balance of skills and experience, the Board is well positioned to guide the business through its next phase of growth.

Three distinct divisions and an evolved growth strategy

Following the acquisitions, the Group is now segmented into three distinct divisions:

Franchising: Core to the Group, operating 15 brands managing 153,000 rental properties and achieving over 30,000 sales during 2024, making it the biggest property franchise business in the UK.

Financial Services: The integration of Brook Financial Services, an authorised representative of the Mortgage Advice Bureau, has substantially strengthened the Financial Services division. In 2024, the team facilitated over 23,000 mortgages valued at over £4bn.

Licensing: Comprises Fine & Country, where both UK and international licensees pay a fixed fee to trade under the brand whilst receiving marketing and regulatory support, and The Guild of Property Professionals, which offers its 749 members a well established brand that provides access to group buying power and regulatory guidance in return for an annual fee.

Each division is well positioned for growth and ongoing execution against our growth strategy, focused on six key growth pillars: Lettings, Sales, Financial services, Group acquisitions, Recruitment and Digital Marketing and Artificial Intelligence (further details can be found in our Annual Report).

Dividends

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

The Board is pleased to recommend a 29% increase in our total dividend to 18p per share (2023: 14p), reflecting the strength of our performance and ongoing cash generation. The proposed final dividend will be paid on 2 June 2025, subject to shareholder approval, continuing our track record of delivering value to our investors.

Environmental, Social and Governance ("ESG")

2024 was a pivotal year for The Property Franchise Group in terms of our approach to ESG. The ambitious building blocks that were put in place in 2023 with the ESG Committee at Board level, as well as the ESG Steering Group at an operational level (both chaired by Claire Noyce, Non Executive Director), delivered some outstanding results in 2024. The ESG Steering Group was one of the first initiatives to bring together best practice across the enlarged brand portfolio.

2024 is the second year in which ESG specialists Inspired ESG carried out an assessment of the Group. Pleasingly, significant progress was delivered across all categories. The highest performer was social, showcasing the Group's commitment to employees and communities, while significant improvements were recorded across the environmental section.

Calculation of our SECR energy consumption and GHG emissions was completed by an independent third party, Orbis Advisory, who are helping us to do our part to fight climate change.

As would be expected, the Board is delighted to have adopted the 2023 edition of the QCA Corporate Governance Code with effect from 1 January 2025.

Further detail is available in our Annual Report which also details our ESG targets for 2025, which are aspiring and match the determined enthusiasm across the Group in the way in which we are engaging with each other, the wider community and all of our stakeholders.

Outlook

Looking ahead, the focus is on realising the full benefits of last year's acquisitions and continuing to drive organic growth. The evolving legislative landscape, including the Renters Rights Bill and likely interest rates reduction, presents both challenges and opportunities. With scale, expertise, and deep market knowledge, The Property Franchise Group is well-equipped to support landlords and franchisees in navigating regulatory changes which our CEO, Gareth Samples, talks more about in his statement.

With strong progress made in 2024 and a clear strategic vision for 2025 and beyond, the Board remains confident in the opportunity ahead. The strength of our leadership team, the resilience of our business model, and the dedication of our franchisees, licensees, financial advisers and employees provide confidence in our ability to sustain our momentum and continue delivering value for our shareholders.

Paul Latham
Non-Executive Chair
7 April 2025

CEO statement

A stronger business delivering increased value across our divisions

2024 is marked by the transformational acquisition of Belvoir Group PLC and the acquisition of The Guild of Property Professionals and Fine & Country, underpinned by robust organic growth. Completing the two acquisitions in the year has resulted in the significant scaling of the Group as a whole and has materially accelerated our growth journey.

Since my appointment in April 2020, The Property Franchise Group has grown from a market cap of £42m to c. £260m today, which I am delighted has moved the Group into the FTSE AIM 100 Index. This achievement is testament to the success of the Group's strategic execution over recent years, consistently delivering record results, increasing market share and capitalising on opportunities.

Following the corporate activity in the first half of 2024, there has been a clear focus on integrating the newly acquired businesses. We have made considerable headway in realising the synergies from the two deals, leveraging our new scale to drive increased value back to our franchisees and licensees. We are at the forefront of digital marketing and AI, delivering value across the Group through increased efficiencies and enhanced products and services, including several new initiatives planned for 2025.

Franchising delivers exceptional growth in both scale and market reach

Franchising remains the largest division within the Group, with lettings at its core. Franchisees are now able to avail themselves of our increased scale and improved capabilities, providing greater value and enhanced recruitment.

Lettings Management Service Fees ("MSF") delivered a notable year of growth, with revenue up 93% to £19.0m, building on the solid performances of previous years and significantly bolstered by the acquisition of Belvoir. The Group now manages over 153,000 rental properties (2023: c.78,000). Our newly combined scale was maintained despite challenging market conditions. The Group minimised landlord attrition on account of the value placed on the enhanced services our franchisees are able to offer to landlords from being part of our Group, coupled with strong relationships with their local landlord base. This is enabling us to offset the risk of landlords wanting to exit the market.

Sales MSF performed better than anticipated in the year, growing 48% to £9.3m (2023: £6.3m). The Bank of England lowering interest rates in August, together with more market certainty following the election result in July, led to a particularly strong second half of the year which has continued into 2025. Meanwhile, we continue to expand our sales offering across our historically lettings-biased franchise network.

Total MSF on a like-for-like basis (excluding acquisitions) increased 11%, demonstrating continued organic growth within the original core business.

EweMove, the Group's market disruptor brand, continues to grow, attracting a further 36 new franchisees to join its brand in the year (2023: 31), with total revenue increasing 17% year on year to £5.7m.

Financial Services division substantially strengthened

The acquisition of Belvoir substantially increased the scale of our Financial Services division, with the addition of Brook Financial Services, an authorised representative of the Mortgage Advice Bureau ("MAB"). Our expanded Financial Services division principally earns commission through advisers selling mortgage and protection products via our status as an appointed representative of both the MAB and Primis mortgage networks.

The division performed well in the year, delivering £19.2m of income. Over 2024, the division delivered 23,000 mortgages with a combined value of over £4bn. There was an uptick in mortgage volumes in the second half of 2024 due to improved productivity of our advisers and the decrease in Bank of England base rate, with lenders expecting further decreases during the course of 2025.

The acquisition of Belvoir added c.300 financial consultants to the Group and we see an opportunity to grow revenue by increasing lead generations through our investments in AI and digital marketing.

Licensing - complementary and recurring new revenue stream

Licensing is a new revenue stream for the Group from the acquisition of GPEA. This includes:

- Fine & Country, where income is generated from the licence fees paid by UK and international licensees, in addition to fees from property-related services, such as marketing and regulatory support; and
- The Guild of Property Professionals, which supports its network of 749 members, who pay annual membership for support and access to marketing and industry training in addition to group buying power and regulatory guidance.

Total revenue from Licensing for 2024, since the acquisition completed on 31 May 2024, was £7.2m, of which £5.2m is recurring. Since the acquisition, Fine & Country has continued to grow its business, with the addition of 20 new UK licensees and four new international offices.

We see growth from this division in the near term in two main respects: firstly, providing enhanced products and services to members by leveraging the Group's wider portfolio, thereby increasing revenue in line with the higher quality of our offering; and secondly, growing our core Franchising division by selling into the newly acquired licensed territories.

Changeable market dynamics but a proven ability to grow

In 2024, the Group accounted for 10% of sales and 7% of managed lettings in the UK; whilst considerable, there is still significant opportunity to expand the Group's market share, utilising our greater scale to generate increased revenue, develop new products and capitalise upon the market opportunity.

2025 is expected to be a challenging year for the property market, particularly with the introduction of new government legislation expected to impact the sales and lettings markets. That said, as a result of the Group's valuable expertise in the market, this also presents an opportunity, as we are at the forefront of industry developments and have the capability to help franchisees navigate any challenges.

Growth strategy

The Group's franchise model provides a solid foundation for growth, which is now complemented by the new opportunities in our enlarged Financial Services division and the newly acquired Licensing division.

Integration continues to be a key focus from which the Group will benefit from the opportunities our greater scale now affords us combined with the synergies achieved through integration, of which £0.4m has been achieved in 2024, with more to come in 2025.

With six key growth pillars across Lettings, Sales, Financial Services, Group Acquisitions, Recruitment and AI and Digital Marketing strategy, we see increasing opportunity as we continue to implement synergies and further leverage our scale and capabilities.

We expect to drive lettings growth using our market position to develop products and services to provide enhanced support and income opportunities to franchisees, such as our Rent Guarantee product launching in 2025, and we will continue to explore and promote managed property acquisitions.

With a focus on support around sales activity, we continue to unlock franchisees' potential across the existing network by upskilling and providing highly effective tools, including a blockchain network to provide digital property data.

Our Financial Services division is launching new financial services programmes across our expanded brand network and benefiting from the cross-divisional lead generation with our franchisees and licensees. We are also focused on growing through expanding our network of advisers and improving adviser productivity.

We will continue with our Group acquisition strategy, exploring strategic consolidations and alliances within the property sector and identifying alternative property-related income streams that complement the Group. Within Financial Services, we will pursue a Buy & Build strategy to grow our adviser numbers and expand our market reach.

To accelerate growth across our divisions, we will continue to drive recruitment and develop our AI and digital marketing strategy to deliver greater financial value internally and to our franchisees and members. Central to this is our growing number of secure data records, enabling new digital marketing initiatives.

A confident outlook and clear focus on realising value

The key focus for 2025 is completing the full integration of the newly acquired businesses into the Group and delivering on the synergies and opportunities anticipated from the increased scale and capabilities, which are augmenting as we grow from our new enlarged position.

While 2025 sees incoming government legislation, opportunities exist for lettings and sales businesses to continue to grow in 2025, as more landlords are converted to the managed property model to benefit from the value we can provide. We also entered 2025 with strong demand for our Financial Services business, with more favourable mortgage rates and a robust sales pipeline.

The strength of the Group's franchise model and diversified revenue streams, along with its enhanced leadership team, provides an excellent platform from which to grow and the Board is confident in realising the full potential of the enlarged Group.

Gareth Samples
Chief Executive Officer
7 April 2025

CFO statement

Summary

I am pleased to report on an evolutionary year for the Group which has translated into a transformed set of accounts with revenue, profit, cash flow and the balance sheet changing demonstrably in absolute terms compared to 2023 as a result of the two acquisitions. We have subsequently structured the business into three key divisions to improve transparency on performance and this will continued to be refined over time.

Our key measures of performance of lettings income and sales income have increased in both absolute terms and on a like for like basis, resulting from continuing rental inflation, a boost in sales activity from improved mortgage affordability and of course the acquisitions themselves. In addition to these measures, financial services commissions and licensing revenue have become much more important as a proportion of total revenue and have both delivered in line with expectations since the acquisitions.

In 2024, our primary focus was on integrating the acquired businesses and working towards realising the anticipated cost synergies, where we have made strong progress.

We have once again increased dividends to shareholders, reflecting our strong performance and cash generation, and demonstrating our commitment to a progressive dividend policy.

Looking ahead to 2025, we will continue maximising value from our acquisitions, completing the final stages of restructuring, and leveraging our expanded scale to unlock new revenue opportunities.

Acquisitions

During the year the Group completed two major acquisitions.

The first the acquisition of Belvoir Group PLC which was announced on 10 January 2024. The transaction was recommended by the boards of both companies on the basis of creating a leading property franchise business, benefiting from increased scale. Post acquisition, TPFG shareholders owned 51.75% and Belvoir shareholders 48.25% of the enlarged Group. Each Belvoir share was valued at approximately 277.4p, comprising an equity value of Belvoir's entire issued ordinary share capital of approximately £103.5m and TPFG's entire issued ordinary share capital of approximately £111.0m. In addition, there was £3.7m of cash paid bringing the total consideration to £107.2m.

The second was an acquisition of the entire issued share capital of GPEA Limited, trading as The Guild of Property Professionals ("The Guild") and Fine & Country, for a total consideration of approximately £20m, the consideration having been split with £15m payable on completion and a further £5m payable in cash 12 months after completion in May 2025.

Both acquisitions fit within the Group's strategy to acquire accretive businesses with complementary and recurring revenue streams which deliver network expansion and extend geographic reach.

Revenue

Group revenue for the financial year ended 31 December 2024 was £67.3m (2023: £27.2m), an increase of £40.1m over the prior year. This includes the addition of revenue from Belvoir of £31.3m, and GPEA of £7.2m. Total revenue on a like-for-like basis was £28.7m reflecting the continued organic growth of the original business.

Within our Franchising division, Management Service Fees ("MSF"), our key underlying revenue stream, increased 76% to £28.3m (2023: £16.1m), of which £10.4m has come through from the Belvoir business since acquisition. Lettings MSF continues to be dominant making up 67% of total MSF in 2024 with sales MSF at 33%. On a like-for-like basis MSF grew by 11% demonstrating continued growth within the original business.

Revenue within our Financial Services division rose significantly to £19.2m (2023: £1.5m) as a result of the addition of the Brook Financial Services business, being part of the Belvoir acquisition. This made Financial Services a much greater proportion of total revenue at 29% (2023: 5%).

The acquisition of GPEA in June 2024 added a new Licensing division to the Group which delivered £7.2m of revenue in the subsequent 7 months of trading.

Operating Profit

Headline operating profit increased by 64% to £15.2m (2023: £9.3m) with an operating margin of 23% (2023: 34%). Adjusted operating profit before exceptional items, amortisation of acquired intangibles, share-based payment charges and unwinding of discounting on acquisition deferred consideration increased by 101% to £23.1m (2023: £11.5m) with an adjusted operating margin of 34% (2023: 42%). Operating profit on a like-for-like basis was £11.0m.

Operating margins have decreased as a result of the higher proportion of revenue being derived from Financial Services. Adjusted Operating margin in Financial Services was 14%, in line with expectations, compared to Franchising of 56%.

Cost synergies anticipated as part of the acquisitions have been partly realised during the year with £0.4m of savings realised in 2024, with further savings to be achieved through both annualisation and further operational changes planned for H1 2025. An assessment of the share-based payment charges was made on 31 December 2024 resulting in £0.9m being charged to the profit and loss account (2023: £0.8m). Further details can be found in notes 4, 5 and 30 to the consolidated financial statements.

Adjusted EBITDA

Adjusted EBITDA for 2024 was £24.1m (2023: £12.1m), an increase of £12.0m (99%) over the prior year.

Profit before tax

Profit before tax increased to £14.3m (2023: £9.0m). Adjusted profit before tax increased by 100% from £11.2m to £22.3m having removed exceptional items of £2.7m (2023: £nil), amortisation of acquired intangibles of £4.3m (2023: £1.4m), share-based payment charges of £0.9m (2023: £0.8m) and unwinding of discounting on acquisition deferred consideration of £0.2m (2023: £nil). Adjusted profit before tax on a like-for-like basis was £13.0m.

Taxation

The effective rate of corporation tax for the year was 29% (2023: 18%). The total tax charge for 2024 was £4.2m (2023: £1.6m). The increase compared to 2023 is as a result of both disallowable exceptional costs from the acquisition, and a full financial year at the revised corporation tax rate of 25%.

Earnings per share

Under the terms of the acquisition of Belvoir, each Belvoir share was entitled to receive 0.806377 new TPFG shares. This resulted in the issuance of 30.1m new shares being the primary reason for the considerable change in share capital from 32,255,007 at December 2023 to 63,752,008 at December 2024.

Basic earnings per share ("EPS") for the year was 17.7p (2023: 23.0p), a decrease driven primarily by exceptional costs resulting from the acquisitions and based on the average number of shares in issue for the period of 54,477,151 (2023: 32,142,942).

Diluted EPS for the year was 17.6p (2023: 22.0p), a decrease of 19% based on the average number of shares in issue for the period plus an estimate for the dilutive effect of option grants vesting, being 57,897,032 (2023: 33,561,469).

Adjusted basic EPS for the year was 31.7p (2023: 29.7p), an increase of 7% and adjusted diluted EPS for the year was 31.4p (2023: 28.4p), an increase of 11%.

The profit attributable to owners increased by 36% to £10.1m (2023: £7.4m).

Cash flow

The Group is very cash generative. The net cash inflow from operating activities in 2024 was £14.7m (2023: £9.0m). Cash conversion against earnings was 145% in 2024 (2023: 122%).

The net cash outflow from investing activities was £15.8m (2023: £0.4m). Of the £15.8m, £14.3m related to the purchase of GPEA Limited net of cash acquired.

The Group borrowed £20.0m from Barclays to fund the acquisition of GPEA in May 2024. This was made up of a revolving credit facility ("RCF") of £6.0m and a term loan of £14.0m repayable over three years. The RCF was fully repaid during 2024, and £0.8m of the term loan was repaid, leaving the Group with £13.2m of bank debt.

Capital allocation

Our capital allocation strategy remains unchanged. Our first priority is continuing to make investments that support profitable organic growth within the business, whether this be new product initiatives or additional operational efficiencies (such as our AI programme). Our second priority is to consider the appropriate timing of repaying the bank debt taken last year to acquire GPEA, to minimise interest costs and maximise earnings per share. Our third priority is our commitment to return capital to shareholders through a progressive dividend policy. Finally, we will continue to consider accretive acquisition opportunities within both core and complementary areas.

Dividends

The Board remains committed to its progressive dividend policy whilst maintaining strong dividend cover as part of its overall capital allocation policy. It has considered the trade-off between debt repayment and returning shareholder value and concluded that with moderate leverage of 0.4x and acquisition debt anticipated to be fully repaid in 2026, a progressive dividend that reflects the increased performance and cash generation of the Group was appropriate.

As a result, the Board is pleased to announce a proposed final dividend of 12.0p (2023: 7.4p), which, with the interim dividend of 6.0p, brings the total dividend for 2024 to 18.0p (2023: 14.0p). It will be paid on 2 June 2025 to all shareholders on the register on 9 May 2025 conditional on shareholder approval at the AGM. Shares will be marked ex-dividend on 8 May 2025. The total amount payable is £7.7m (2023: £4.6m). On adjusted basic EPS, dividend cover is 1.8x (2023: 2.1x).

Liquidity

The Group had cash balances of £4.2m on 31 December 2024 (2023: £7.6m) and after deducting the term loan balance of £13.2m mentioned above, net debt was £9.1m (2023: net cash of £5.1m) resulting in moderate leverage of 0.4x.

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 in the annual report and accounts for the year.

Financial Position

The Consolidated Statement of Financial Position remains strong with total assets of £204.0m (2023: £57.7m) with the increase being as a result of the two acquisitions within the year.

Total liabilities increased to £59.9m (2023: £16.9m), of which £13.2m relates to the acquisition debt, £22.1m to deferred tax liabilities and £4.9m to deferred consideration on the GPEA acquisition.

The Group finished the year with the total equity attributable to owners of £144.1m (2023: £40.8m), an increase of 253% over the prior year. It achieved a ROCE of 11% (2023: 21%) and a ROCI of 12% (2023: 28%), both of which have been impacted by having only part year earnings from the acquisitions but the full balance sheet impact.

Consolidated statement of comprehensive income

for the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Revenue	7	**67,310**	27,278
Cost of sales		**(22,339)**	(5,400)
Gross profit		**44,971**	21,878
Administrative expenses	8	**(26,139)**	(11,831)
Exceptional administrative expenses	8	**(2,720)**	-
Share-based payments charge	9, 30	**(875)**	(783)
Total administrative expenses		**(29,734)**	(12,614)

Operating profit	10	**15,237**	9,264
Finance income	11	**262**	20
Finance costs	11	**(1,195)**	(357)
Other gains and losses	19	**-**	87
Profit before tax expense		**14,304**	9,014
Tax expense	12	**(4,172)**	(1,644)
Profit and total comprehensive income for the year		**10,132**	7,370
Profit and total comprehensive income for the year attributable to:			
Owners of the parent		**10,192**	7,395
Non-controlling interest		**(60)**	(25)
		10,132	7,370
Earnings per share attributable to owners of parent	13	**17.7p**	23.0p
Diluted Earnings per share attributable to owners of parent	13	**17.6p**	22.0p

Consolidated statement of financial position

31 December 2024

	Notes	2024 £'000	2023 £'000
Assets			
Non-current assets			
Intangible assets	15	**180,001**	43,757
Property, plant and equipment	16	**837**	181
Right-of-use assets	17	**3,353**	1,525
Prepaid assisted acquisitions support	18	**216**	230
Other receivables	20	**4,791**	210
		189,198	45,903
Current assets			
Trade and other receivables	20	**10,623**	4,134
Cash and cash equivalents		**4,163**	7,642
		14,786	11,776
Total assets		**203,984**	57,679
Equity			
Shareholders' equity			
Called up share capital	21	**638**	323
Share premium	22	**4,129**	4,129
Own share reserve	24	**(3,832)**	(420)
Merger reserve	23	**117,497**	14,345
Other reserves	24	**1,083**	1,673
Retained earnings		**24,643**	20,765
		144,158	40,815
Non-controlling interest		**(63)**	(3)
Total equity attributable to owners		**144,095**	40,812
Liabilities			
Non-current liabilities			
Borrowings	25	**10,111**	--
Other payables	26	**1,428**	--
Lease liabilities	17	**3,048**	1,647
Deferred tax	27	**22,058**	4,394
Provisions	28	**278**	181

		36,923	6,222
Current liabilities			
Borrowings	25	**3,111**	2,500
Trade and other payables	26	**15,869**	6,319
Lease liabilities	17	**802**	395
Tax payable		**3,184**	1,431
		22,966	10,645
Total liabilities		**59,889**	16,867
Total equity and liabilities		**203,984**	57,679

The financial statements were approved and authorised for issue by the Board of Directors on 7 April 2025 and were signed on its behalf by:

Ben Dodds
Chief Financial Officer

Company statement of financial position

31 December 2024 (Company No: 08721920)

	Notes	2024 £'000	2023 £'000
Assets			
Non-current assets			
Investments	19	**189,820**	60,966
Property, plant and equipment		**76**	–
Deferred tax asset	27	**484**	820
		190,380	61,786
Current assets			
Trade and other receivables	20	**1,484**	1,476
Cash and cash equivalents		**135**	2,337
		1,619	3,813
Total assets		**191,999**	65,599
Equity			
Shareholders' equity			
Called up share capital	21	**638**	323
Share premium	22	**4,129**	4,129
Own share reserve	24	**(3,832)**	(420)
Merger reserve	23	**135,487**	32,335
Other reserves	24	**1,083**	1,673
Retained earnings		**28,147**	23,371
Total equity		**165,652**	61,411
Liabilities			
Non-current liabilities			
Borrowings	25	**3,111**	–
		3,111	–
Current liabilities			
Borrowings	25	**10,111**	2,500
Trade and other payables	26	**13,125**	1,688
		23,236	4,188
Total liabilities		**26,347**	4,188
Total equity and liabilities		**191,999**	65,599

As permitted by Section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The Parent Company's profit for the financial year was £11.1m (2023:

presented as part of these financial statements. The Parent Company's profit for the financial year was £11.1m (2023: £8.1m).

The financial statements were approved and authorised for issue by the Board of Directors on 7 April 2025 and were signed on its behalf by:

Ben Dodds
Chief Financial Officer

Consolidated statement of changes in equity

for the year ended 31 December 2024

	Attributable to owners								
	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Own share reserve £'000	Merger reserve £'000	Other reserves £'000	Total equity £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2023	**320**	**17,399**	**4,129**	**(348)**	**14,345**	**1,316**	**37,161**	**22**	**37,183**
Profit and total comprehensive income	–	7,395	–	–	–	–	7,395	(25)	7,370
Dividends	–	(4,283)	–	–	–	–	(4,283)	–	(4,283)
Shares issued on share option exercises	3	254	–	(72)	–	(524)	(339)	–	(339)
Share-based payments charge	–	–	–	–	–	783	783	–	783
Deferred tax on share-based payments	–	–	–	–	–	98	98	–	98
Total transactions with owners	3	(4,029)	–	(72)	–	357	(3,741)	–	(3,741)
Balance at 31 December 2023	**323**	**20,765**	**4,129**	**(420)**	**14,345**	**1,673**	**40,815**	**(3)**	**40,812**
Profit and total comprehensive income	–	10,192	–	–	–	–	10,192	(60)	10,132
Dividends	–	(9,012)	–	–	–	–	(9,012)	–	(9,012)
Share issued on acquisition of Belvoir Group	301	–	–	–	103,152	–	103,453	–	103,453
Shares issued on share option exercises	14	2,698	–	(3,412)	–	(1,544)	(2,244)	–	(2,244)
Share-based payments charge	–	–	–	–	–	875	875	–	875
Deferred tax on share-based payments	–	–	–	–	–	79	79	–	79
Total transactions with owners	315	(6,314)	–	(3,412)	103,152	(590)	93,151	–	93,151
Balance at 31 December 2024	**638**	**24,643**	**4,129**	**(3,832)**	**117,497**	**1,083**	**144,158**	**(63)**	**144,095**

Company statement of changes in equity

for the year ended 31 December 2024

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Own share reserve £'000	Merger reserve £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2023	**320**	**19,276**	**4,129**	**(348)**	**32,335**	**1,316**	**57,028**
Profit and total comprehensive income	-	8,124	-	-	-	-	8,124
Dividends	-	(4,283)	-	-	-	-	(4,283)
Shares issued on share option exercises	3	254	–	(72)	-	(524)	(339)
Share-based payments charge	-	-	-	-	-	783	783
Deferred tax on share-based payments	-	-	-	-	-	98	98
Total transactions with owners	3	(4,029)	–	(72)	–	357	(3,741)
Balance at 31 December 2023	**323**	**23,371**	**4,129**	**(420)**	**32,335**	**1,673**	**61,411**
Profit and total comprehensive income	**–**	**11,090**	**–**	**–**	**–**	**–**	**11,090**
Dividends	-	(9,012)	-	-	-	-	(9,012)
Share issued on acquisition of Belvoir Group	301	–	–	–	103,152	–	103,453
Shares issued on share option exercises	14	2,698	–	(3,412)	–	(1,544)	(2,244)
Share-based payments charge	-	-	-	-	-	875	875
Deferred tax on share-based payments	-	-	-	-	-	79	79
Total transactions with owners	315	(6,314)	–	(3,412)	103,152	(590)	93,151
Balance at 31 December 2024	**638**	**28,147**	**4,129**	**(3,832)**	**135,487**	**1,083**	**165,652**

Consolidated statement of cash flows

for the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Cash generated from operations	A	**18,597**	**11,324**
Interest paid		**(659)**	**(255)**
Tax paid		**(3,257)**	**(2,048)**
Net cash from operating activities		**14,681**	**9,021**
Cash flows from investing activities			
Purchase of Belvoir Group net of cash acquired		**(1,730)**	--
Purchase of GPEA net of cash acquired		**(14,255)**	--
Disposal of investment in shares		**143**	**81**
The Mortgage Genie deferred consideration paid		**–**	**(138)**
Purchase of intangible assets - Customer lists		**–**	**(201)**
Disposal of intangible assets		**125**	**53**
Purchase of tangible assets		**(192)**	**(114)**
Payment of assisted acquisitions support		**(114)**	**(115)**
Interest received		**263**	**20**
Net cash used in investing activities		**(15,760)**	**(414)**

Cash flows from financing activities		
Issue of ordinary shares	14	3
Equity dividends paid	(9,012)	(4,283)
Purchase of shares by Employee Benefit Trust	(3,412)	(72)
Net settlement of share options	--	(270)
Bank loans and RCF drawn	20,000	--
Bank loans and RCF repaid	(9,278)	(2,500)
Principal paid on lease liabilities	(580)	(431)
Interest paid on lease liabilities	(132)	(96)
Net cash used in financing activities	(2,400)	(7,649)
(Decrease) / increase in cash and cash equivalents	(3,479)	958
Cash and cash equivalents at beginning of year	7,642	6,684
Cash and cash equivalents at end of year	4,163	7,642

Notes to the consolidated statement of cash flows

for the year ended 31 December 2024

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

	2024 £'000	2023 £'000
Cash flows from operating activities		
Profit before income tax	14,304	9,014
Depreciation of property, plant and equipment	221	95
Amortisation of intangibles	4,390	1,531
Amortisation of prepaid assisted acquisitions support	126	183
Amortisation of right-of-use assets	531	234
Profit on disposal of assets	(46)	(89)
Share-based payments charge	875	783
Gain on revaluation of listed investment	–	(87)
Finance costs	1,195	357
Finance income	(263)	(20)
Operating cash flow before changes in working capital	21,333	12,001
Increase in trade and other receivables	(1,775)	(319)
Decrease in trade and other payables	(961)	(358)
Cash generated from operations	18,597	11,324

Company statement of cash flows

for the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Cash generated from operations	B	5,815	(1,337)
Interest paid		(659)	(256)
Net cash generated from / (used in) operating activities		5,156	(1,593)
Cash flows from investing activities			
Purchase of Belvoir Group		(3,737)	--
Purchase of GPEA		(14,398)	--

Purchase of GPEA	(14,[illegible])	--
Acquisition-related costs	(2,303)	--
Purchase of tangible assets	(82)	--
The Mortgage Genie - deferred consideration	–	(138)
Interest received	–	–
Equity dividends received	14,850	9,651
Net cash (used in) / generated from investing activities	(5,670)	9,513
Cash flows from financing activities		
Issue of ordinary shares	14	3
Equity dividends paid	(9,012)	(4,283)
Purchase of shares by Employee Benefit Trust	(3,412)	(72)
Net settlement of share options	–	(270)
Bank loan and RCF drawn	20,000	–
Bank loan and RCF repaid	(9,278)	(2,500)
Net cash used in financing activities	(1,688)	(7,122)
(Decrease) / increase in cash and cash equivalents	(2,202)	798
Cash and cash equivalents at beginning of year	2,337	1,539
Cash and cash equivalents at end of year	135	2,337

Notes to the company statement of cash flows

for the year ended 31 December 2024

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

	2024 £'000	2023 £'000
Cash flows from operating activities		
Profit before income tax	10,234	7,555
Depreciation of property, plant and equipment	5	–
Share-based payments charge	584	613
Gain on revaluation of listed investment	–	(22)
Finance costs	1,062	261
Equity dividend received	(14,850)	(9,651)
Operating cash flow before changes in working capital	(2,965)	(1,244)
Increase in trade and other receivables	329	(94)
Increase in trade and other payables	8,451	1
Cash generated from / (used in) operations	5,815	(1,337)

Notes to the consolidated and company financial statements

for the year ended 31 December 2024

1. General information

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

2. Basis of preparation

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

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

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

Going concern

The Group has produced detailed budgets, projections and cash flow forecasts. These have been stress tested to understand the impacts of reductions in revenue and costs. The Directors have concluded after reviewing these budgets, projections and forecasts, making appropriate enquiries of the business, that there is a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and will meet the banking covenants required by the new facility drawn down in May 2024. Accordingly, they have adopted the going concern basis in preparing the financial statements.

Changes in accounting policies

a) New standards, amendments and interpretations effective from 1 January 2024

We do not consider there to be any relevant new standards, amendments to standards or interpretations, that are effective for the financial year beginning on 1 January 2024, which would have had a material impact on the financial statements.

b) New standards, amendments and interpretations not yet effective

We do not consider there to be any relevant new standards, amendments to standards or interpretations that have been issued, but are not effective for the financial year beginning on 1 January 2024, which would have had a material impact on the financial statements.

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

3. Basis of consolidation

The Group financial statements include those of the Parent Company and its subsidiaries, drawn up to 31 December 2024. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

4. Significant accounting policies

Revenue recognition

Performance obligations and the timing of revenue recognition

Revenue represents income, net of VAT, from the sale of franchise agreements, resale fees, Management Service Fees ("MSF") levied to franchisees monthly based on their turnover, lettings and residential sales income from a small number of owned offices, licence fees levied to Fine & Country licensees monthly, membership fees levied to The Guild members monthly, financial services commissions in respect of mortgages and income protection products, and other income being the provision of ad hoc services and ongoing support to franchisees, licensees and members.

<u>Franchising division</u>

Franchises excluding EweMove:

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

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

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

EweMove:

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

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

Owned offices:

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

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

Financial services commissions:

Financial services commissions received are recognised upon receipt, being a point in time when the Group has met its obligations in delivering a customer to the mortgage and / or insurance partners. A provision is made for the best estimate of future clawbacks resulting from insurance policies being subsequently cancelled. There is no vat applicable to financial services commissions.

Licensing division:

Licence fees and membership fees are recognised on a monthly basis and other income is recognised when the services and support is provided to the licensee / member. There are no performance obligations associated with levying the licence and membership fees. For ad hoc services and support, all performance obligations have been fulfilled at the time of revenue recognition.

Rental income:

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

Operating profit

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

Business combinations

On the acquisition of a business, fair values are attributed to the identifiable assets and liabilities and contingent liabilities unless the fair value cannot be measured reliably in which case the value is subsumed into goodwill. Where the fair values of acquired contingent liabilities cannot be measured reliably, the assumed contingent liability is not recognised but is disclosed in the same manner as other contingent liabilities.

Goodwill is the difference between the fair value of the consideration and the fair value of identifiable assets acquired. Goodwill arising on acquisitions is capitalised and subject to an impairment review, both annually and when there is an indication that the carrying value may not be recoverable.

Intangible assets

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

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

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

Brands - CJ Hole, Parkers, Ellis & Co	Indefinite life
Brands - EweMove	21 years
Brands - Hunters, Country Properties, Mullucks, Belvoir, Northwood, Newton Fallowell, Nicholas Humphreys, Lovelle, Mr & Mrs Clarke, The Guild of Property Professionals and Fine & Country	20 years
Customer lists - lettings books	12 years
Customer lists - franchise development grants	15 years
License and member agreements - The Guild of Property Professionals and Fine & Country	21 years
Master franchise agreements - Whitegates, CJ Hole, Parkers, Ellis & Co	25 years
Master franchise agreements - Hunters,Country Properties, Mullucks, Belvoir, Northwood, Newton Fallowell, Nicholas Humphreys, Lovelle, Mr & Mrs Clarke	21 years
Master franchise agreements - EweMove	15 years
Technology - Ewereka	5 years
Technology - websites, CRM system and software	3 years

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

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

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

Acquired master franchise agreements, licence agreements and member agreements (collectively referred to as "Customer relationships") 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. The agreements are being written off over an expected useful life of 15-25 years as historical analyses shows that, on average, 4%-10% of franchises/licensees/members will change ownership per annum.

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

Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Prepaid assisted acquisitions support

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

Income taxes

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

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

Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences, at the tax rate that is substantively enacted at the balance sheet date. Deferred tax is generally provided on the difference between the carrying amount of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

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

Financial assets

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

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

Cash and cash equivalents

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

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.

UIC debtor

The Group recognises amounts withheld by Mortgage Advice Bureau from weekly commission payments in respect of unearned indemnity commission ("UIC") 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.

Impairment of financial assets

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

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

Financial liabilities

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

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

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

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

UIC 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 unearned indemnity commission ("UIC") refund liability is recognised for indemnity commission if the highly probable test for revenue recognition has not been met. A 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 payments

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

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

- the exercise price of the option;
- the life of the option;
- the market price on the date of the grant of the option;
- the expected volatility of the share price;
- the dividends expected on the shares; and
- the risk free interest rate for the life of the option.

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

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

5. Critical accounting estimates and judgements and key sources of estimation uncertainty

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

Intangible assets recognised on acquisition and their valuation
When valuing the intangibles acquired in a business combination, management estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows. Separable intangibles valued on acquisitions made in the year were £77.8m (2023: £nil) as detailed further in note 15 and note 32.

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

Recoverability of loans to franchisees
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.

UIC refund liability
The refund 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.

Share-based payment charge ("SBPC")

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

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

The share-based payment charge in relation to the performance-based options granted in 2022 assumes that performance will generate vesting of 100% of the maximum number of shares available under those options. The charge is £0.4m. If the adjusted EPS performance condition was 0% achieved, the cumulative charge would decrease by £0.4m.

The share-based payment charge in relation to the performance-based options granted in 2023 assumes that performance will generate vesting of 75% of the maximum number of shares available under those options. The charge is £0.2m. If the adjusted EPS performance condition was 100% achieved, the cumulative charge would increase by £0.04m and if the adjusted EPS performance condition was not achieved at all, so 0%, the cumulative charge would decrease by £0.1m.

The share-based payment charge in relation to the performance-based options granted in 2024 assumes that performance will generate vesting of 0% of the maximum number of shares available under those options. The charge is £0.1m. If the adjusted EPS performance condition was 100% achieved, the cumulative charge would increase by £0.3m.

6. Segmental reporting

The Directors consider there to be 3 operating segments in 2024 (2023 : 2), being Property Franchising, Financial Services and Licensing (2023: Property Franchising and Financial Services).

For the year ended 31 December 2024:

	Property Franchising	Financial Services	Licensing	Total
	£'000	£'000	£'000	£'000
Revenue	40,899	19,202	7,209	67,310
Segment profit before tax	22,380	3,269	1,784	27,433
PLC central overheads				(4,373)
Exceptional administrative expenses				(2,720)
Acquired intangibles amortisation				(4,228)
Share based payments charge				(875)
Finance costs and income				(932)
Other gains and losses				-
Profit before tax				14,305

For the year ended 31 December 2023:

	Property Franchising	Financial Services	Licensing	Total
	£'000	£'000	£'000	£'000
Revenue	25,776	1,502	-	27,278
Segment profit before tax	13,323	352	-	13,675
PLC central overheads				(2,185)
Exceptional administrative expenses				-
Amortisation on acquired intangibles				(1,443)
Share based payments charge				(783)
Finance costs and income				(337)
Other gains and losses				87
Profit before tax				9,014

There was no inter-segment revenue in any period.

7. Revenue

	2024 £'000	2023 £'000
Property Franchising segment:		
Management Service Fees	28,321	16,099
Owned offices - lettings and sales fees	6,987	4,902
Franchise sales, support and other services	5,591	4,775
	40,899	25,776
Financial Services segment:		
Financial Services commissions	19,202	1,502
Licensing segment:		
Licence and membership fees	5,240	-
Support and other services	1,969	-
	7,209	-
	67,310	27,278

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

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

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

8. Administrative expenses

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

Administrative expenses for the year were as follows:

	2024 £'000	2023 £'000
Employee costs	**13,940**	6,526
Marketing and digital costs	**2,151**	1,032
Depreciation and amortisation	**5,140**	1,860
Other administrative costs	**4,908**	2,413
Administrative expenses	**26,139**	11,831
Exceptional legal and professional costs in relation to the acquisitions in the year	**2,303**	-
Exceptional staff costs in relation to departing Executive Directors	**417**	-
Exceptional administrative expenses	**2,720**	-
Share-based payments charge	**875**	783
Total administrative expenses	**29,734**	12,614

9. Employees and Directors

Average numbers of employees (including Executive Directors), employed during the year:

	Group		Company	
	2024	2023	**2024**	2023
Administration	**341**	164	**-**	-
Management	**24**	12	**2**	2
	365	176	**2**	2

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

	Group		Company	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
Wages and salaries	**15,501**	7,939	**1,983**	1,151
Social security costs	**2,367**	842	**620**	150
Pension costs	**436**	175	**58**	48
Private medical insurance	**94**	24	**–**	–
	18,398	8,980	**2,661**	1,349
Share-based payments charge	**875**	783	**584**	613

Key management personnel is defined as Executive Directors. Details of the remuneration of the key management personnel are shown below:

	2024 £'000	2023 £'000
Wages and salaries	**1,767**	1,093
Social security costs	**216**	144
Pension costs	**70**	20
	2,053	1,257
Share-based payments charge	**584**	576

Further details of the Directors' emoluments are disclosed in the Directors' Remuneration Report on pages 52 to 55. The share-based payments charge for the current year has been charged to the Statement of Comprehensive Income.

10. Breakdown of expenses by nature

	2024 £'000	2023 £'000
The operating profit is stated after charging:		
Depreciation	**221**	95
Amortisation - intangibles	**4,390**	1,531
Amortisation - prepaid assisted acquisitions support	**126**	183
Amortisation - leases	**531**	234
Share-based payments charge	**875**	783
Auditor's remuneration (see below)	**307**	137
Staff costs (note 9)	**18,398**	8,980

Audit services		
- Audit of the company and consolidated accounts	**307**	137
	307	137

11. Finance income and costs

	2024 £'000	2023 £'000
Finance income:		
Bank interest	**28**	9
Other similar income	**234**	11
	262	20

	2024 £'000	2023 £'000
Finance costs:		
Bank interest	**871**	261
Interest expense on lease liabilities	**133**	96
Unwinding of discounting on deferred consideration	**191**	-
	1,195	357

12. Taxation

	2024 £'000	2023 £'000
Current tax	**4,980**	2,439
Adjustments in respect of previous periods	**-**	(120)
Current tax total	**4,980**	2,319
Deferred tax on acquired business combinations	**(1,075)**	(366)
Deferred tax on share-based payments	**316**	(309)
Deferred tax - other	**(49)**	-
Deferred tax total	**(808)**	(675)
Total tax charge in Statement of Comprehensive Income	**4,172**	1,644

The tax rate assessed for the period is higher (2023: lower) than the standard rate of corporation tax in the UK. The difference is explained below.

	2024 £	2023 £
Profit on ordinary activities before tax	**14,304**	9,014
Profit on ordinary activities multiplied by the effective standard rate of corporation tax in the UK of 25% (2023: 23.5%)	**3,576**	2,118

of 25% (2023: 23.5%)	**3,576**	2,118
Effects of:		
Acquisition related costs not deductible for tax purposes	**576**	-
Other costs not deductible for tax purposes	**1,152**	453
Depreciation in excess of capital allowances	**38**	3
Deferred tax provision	**(808)**	(675)
Exercise of share options	**(362)**	(135)
Adjustments in respect of previous periods	**-**	(120)
Total tax charge in respect of continuing activities	**4,172**	1,644

Tax rate changes

The corporation tax rate in the UK changed from 19% to 25% effective from 1 April 2023, meaning the rate applicable for the financial year ended 31 December 2023 was 23.5% and the rate applicable for 2024 is 25%. The value of the deferred tax asset at the statement of financial position date in 2024 and 2023 has been calculated using the applicable rate when the asset is expected to be realised.

13. Earnings per share

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

	2024 £'000	2023 £'000
Profit for the financial year attributable to owners of the parent	**10,192**	7,395
Amortisation on acquired intangibles	**4,228**	1,443
Share-based payments charge	**875**	783
Exceptional costs	**2,720**	-
Unwinding of discounting on acquisition deferred consideration	**191**	
Gain on revaluation of listed investment	**-**	(87)
Adjusted profit for the financial year	**18,206**	9,534
Weighted average number of shares		
Number used in basic earnings per share	**57,477,151**	32,142,942
Dilutive effect of share options on ordinary shares	**419,881**	1,418,527
Number used in diluted earnings per share	**57,897,032**	33,561,469
Basic earnings per share	**17.7p**	23.0p
Diluted earnings per share	**17.6p**	22.0p
Adjusted basic earnings per share	**31.7p**	29.7p
Adjusted diluted earnings per share	**31.4p**	28.4p

There were options over 2,081,953 ordinary shares outstanding at 31 December 2024; 1,450,953 had not vested and have performance conditions which determine whether they vest or not in future, 210,000 do not have performance conditions but their exercise price is higher than the share price at 31 December 2024, 421,000 options under the 2022 scheme will vest in full based on these financial statements. The average share price during the year ended 31 December 2024 was above the exercise price of the 421,000 options that are due to vest based on these financial statements; for this reason, in 2024 there is a dilutive effect of share options on the earnings per share calculation.

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

14. Dividends

14. Dividends

	2024 £'000	2023 £'000
Second interim dividend for 2023		
2p per share paid 2 February 2024	**642**	--
Final dividend for 2023		
7.4p per share paid 12 June 2024 (2023: 8.8p per share paid 9 June 2023)	**4,600**	2,807
Interim dividend for 2024		
6.0p per share paid 4 October 2024 (2023: 4.6p per share paid 6 October 2023)	**3,770**	1,476
Total dividend paid	**9,012**	4,283

The Directors propose a final dividend for 2024 of 12p per share totalling £7.65m, which they expect will be paid on 2 June 2025. As this is subject to approval by the shareholders, no provision has been made for this in these financial statements.

15. Intangible assets

	Customer relationships £'000	Brands £'000	Technology £'000	Customer lists £'000	Goodwill £'000	Total £'000
Cost						
Brought forward at 1 January 2023	18,592	5,032	790	3,319	23,243	50,976
Additions	–	–	–	254	76	330
Carried forward 31 December 2023	**18,592**	**5,032**	**790**	**3,573**	**23,319**	**51,306**
Acquisitions (note 32)	62,751	11,029	181	1,249	65,416	140,626
Additions	–	–	–	27	–	27
Disposals	–	–	–	(30)	–	(30)
Carried forward 31 December 2024	**81,343**	**16,061**	**971**	**4,819**	**88,735**	**191,929**
Amortisation and impairment						
Brought forward at 1 January 2023	4,290	690	375	663	–	6,018
Charge for the year	927	220	60	324	–	1,531
Carried forward 31 December 2023	**5,217**	**910**	**435**	**987**	**–**	**7,549**
Charge for the year	3,271	622	139	358	--	4,390
Amortisation on disposals	--	--	--	(11)	--	(11)
Carried forward 31 December 2024	**8,488**	**1,532**	**574**	**1,334**	**--**	**11,928**
Net book value						
At 31 December 2024	**72,855**	**14,529**	**397**	**3,485**	**88,735**	**180,001**
At 31 December 2023	13,375	4,122	355	2,586	23,319	43,757

The carrying amount of goodwill relates to 9 (2023: 6) cash generating units and reflects the difference between the fair value of consideration transferred and the fair value of assets and liabilities purchased.

Business combination completed in March 2024 - Belvoir Group PLC

Details of the acquisition of Belvoir Group PLC can be found in note 32.

Two cash generating units were identified - Belvoir Group Franchising and Belvoir Group Financial Services. The purchase consideration was allocated between the CGUs based on their relative earnings before interest and tax ("EBIT").

Belvoir Group Franchising CGU:

The value of the master franchise agreement was based on the value of the cash flows derived from the actual revenue and operating
margins for 2024, projections of revenue through to 2045 applying historic attrition rates of 5% and growth rates of 3-5% until 2028 and 2% thereafter. The revenue streams represent the return from all the assets employed in generating those revenues. Thus, to value the franchise rights separately, the fair value and expected rate of return of these other assets, known as the contributory asset charge, was determined and deducted.

A discount rate of 9.4% was applied which represented a reduction on the company's WACC as the risk profile of the master franchise rights was seen as slightly less than that of the overall company. The resulting present value was not increased by the tax adjusted benefit as the amortisation of master franchise rights are not deductible for UK corporation tax. The master franchise rights are being amortised over 21 years. The period of amortisation remaining at 31 December 2024 was 20 years 2 months.

The Belvoir Group brands were founded between 1995 - 2014 and have become established a widely recognised brands within the lettings and estate agency sector, which attract a significant number of franchise enquiries and has a significant fixed element to its royalties. Management expects to derive income from the brand for the next 20 years and, with this as the assets' useful life, the period of amortisation remaining at 31 December 2024 was 19 years 2 months.

The Relief-from-Royalty-Method was used to value the brand name. Looking at independent research of royalty rates and taking into
account the factors highlighted in the last paragraph, management selected a pre-tax royalty rate of 5%.

The after tax royalty rate was then applied to the projected cash flows of the brand up until December 2045. The projected cash flows being the forecast growth in revenues of 3-5% until 2028 and 2% thereafter. The after tax cash flows determined through this process were then discounted at 11.4%. This discount rate approximated the company's WACC as the risk profile of the brand names was seen as commensurate with that of the overall company.

The value of the lettings books was based on the value of the cash flows derived from the actual revenue and operating margins for 2024, projections of revenue through to 2036 applying historic attrition rates of 4% and growth rate of 2%. The revenue streams represent the return from all the assets employed in generating those revenues. Thus, to value the lettings books separately, the fair value and expected rate of return of these other assets, known as the contributory asset charge, was determined and deducted.

A discount rate of 9.4% was applied which represented a discount over the company's WACC as the risk profile of the lettings books was seen as slightly less than that of the overall company. The resulting present value was not increased by the tax adjusted benefit as the amortisation of lettings books are not deductible for UK corporation tax. The lettings books are being amortised over 12 years. The period of amortisation remaining at 31 December 2024 was 11 years 2 months.

Impairment review

Goodwill is assessed for impairment by comparing the carrying value to the value in use calculations. The value in use of the goodwill arising on the acquisition of Belvoir Franchising is based on the cash flows derived from the actual revenues and operating margins for 2024 and projected revenue growth of 3-5% until 2029 and 2% thereafter through to 2046.

The cash flows arising were discounted by 12.7% based on the weighted average cost of capital for Belvoir Group. This resulted in a total value for the company of the identifiable intangible assets that exceeded the carrying values of the company's goodwill.

The carrying value of Belvoir Franchising was £78.8m at 31 December 2024 whereas the recoverable amount was assessed to be £82.6m at the same date. Headroom of £3.8m therefore existed at the year end.

The Directors do not consider goodwill to be impaired.

The useful life of the master franchise agreements was assessed as 21 years and remains unchanged.

The useful life of the brand name was also reviewed. There have been no significant changes since acquisition so as such it is considered to be unaltered at 20 years.

The following table reflects the level of movements required in revenue or costs which could result in a potential impairment per the value in use calculation of goodwill. A further percentage (fall)/increase, of the magnitude indicated in the table below, in any one of the key assumptions set out above would result in a removal of the headroom in the value in use calculation for goodwill in 2024. Thus, if the discount rate increased by 5% to 13.3%, an impairment change would result against goodwill, all other assumptions remaining unchanged.

Assumption	Judgement	Sensitivity
Discount rate	Weighted average cost of capital used of 12.7%	5%
Revenue - FY24 to FY29	Growth rates between 3 - 5%	(40%)
Indirect costs - all years	Assumed to be 35% of revenue	9%

Belvoir Group Financial Services CGU :

Goodwill on acquisition was £26.9m, there were no identifiable intangible assets arising from legal or contractual rights, which is consistent with other financial services business acquisitions.

Impairment review

Goodwill is assessed for impairment by comparing the carrying value to the value in use calculations. The value in use of the goodwill arising on the acquisition Belvoir Group Financial Services is based on the cash flows derived from the actual revenues and operating margins for 2024 and projected revenue growth of 2-5% until 2029 and 2% thereafter through to 2045.

The cash flows arising were discounted at 12.7% based on the weighted average cost of capital for Belvoir Group. This resulted in a total value for the company of the identifiable intangible assets that exceeded the carrying values of the company's goodwill.

The carrying value of Belvoir Financial Services was £28.3m at 31 December 2024 whereas the recoverable amount was assessed to be £29.4m at the same date. Headroom of £1.1m therefore existed at the year end.

The Directors do not consider goodwill to be impaired.

The following table reflects the level of movements required in revenue or costs which could result in a potential impairment per the value in use calculation of goodwill. A further percentage (fall)/increase, of the magnitude indicated in the table below, in any one of the key assumptions set out above would result in a removal of the headroom in the value in use calculation for goodwill in 2024. Thus, if the discount rate increased by 4% to 13.2%, an impairment change would result against goodwill, all other assumptions remaining unchanged.

Assumption	Judgement	Sensitivity
Discount rate	Weighted average cost of capital used of 12.7%	4%
Revenue - FY24 to FY29	Growth rates between 2 - 5%	(31%)
Indirect costs - all years	Assumed to be 10% of revenue	7%

Business combination completed in May 2024 - GPEA Limited

Details of the acquisition of GPEA Limited can be found in note 32.

The directors consider that GPEA is a single CGU.

The value of the license and membership agreements was based on the value of the cash flows derived from the actual revenue and operating margins for 2024, projections of revenue through to 2045 applying historic attrition rates of 10% and growth rates of 3-4% until 2029 and 2% thereafter. The revenue streams represent the return from all the assets employed in generating those revenues. Thus, to value the licence and membership agreements separately, the fair value and expected rate of return of these other assets, known as the contributory asset charge, was determined and deducted.

A discount rate of 11.17% was applied. This discount rate approximated the company's WACC as the risk profile of the license and membership agreements was seen as commensurate with that of the overall company. The resulting present value was not increased by the tax adjusted benefit as the amortisation of customer relationships are not deductible for UK corporation tax. The license and membership agreements are being amortised over 21 years. The period of amortisation remaining at 31 December 2024 was 20 years 2 months.

The Guild of Property Professionals brand was established in 1993 and Fine & Country in 2001, they have become widely recognised brands within the lettings and estate agency sector. Management expects to derive income from the brands for the next 20 years and, with this as the assets' useful life, the period of amortisation remaining at 31 December 2024 was 19 years 2 months.

The Relief-from-Royalty-Method was used to value the brand name. Looking at independent research of royalty rates and taking into
account the factors highlighted in the last paragraph, management selected a pre-tax royalty rate of 5%.

The after tax royalty rate was then applied to the projected cash flows of the brand up until December 2045. The projected cash flows being the forecast growth in revenues of 3-4% until 2029 and 2% thereafter. The after tax cash flows determined through this process were then discounted at 11.17%. This discount rate approximated the company's WACC as the risk profile of the brand names was seen as commensurate with that of the overall company.

brand names was seen as commensurate with that of the overall company.

Impairment review

Goodwill is assessed for impairment by comparing the carrying value to the value in use calculations. The value in use of the goodwill arising on the acquisitions of GPEA is based on the cash flows derived from the actual revenues and operating margins for 2024 and projected revenue growth of 3-4% until 2029 and 2% thereafter through to 2045.

The cash flows arising were discounted at 12.7% based on the weighted average cost of capital for GPEA. This resulted in a total value for the company of the identifiable intangible assets that exceeded the carrying values of the company's goodwill.

The carrying value of GPEA was £19.4m at 31 December 2024 whereas the recoverable amount was assessed to be £27.7m at the same date. Headroom of £8.3m therefore existed at the year end.

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

The useful life of the license and membership agreements was assessed as 21 years and remains unchanged.

The useful life of the brand name was also reviewed. There have been no significant changes since acquisition so as such it is considered to be unaltered at 20 years.

The following table reflects the level of movements required in revenue or costs which could result in a potential impairment per the value in use calculation of goodwill. A further percentage (fall)/increase, of the magnitude indicated in the table below, in any one of the key assumptions set out above would result in a removal of the headroom in the value in use calculation for goodwill in 2024. Thus, if the discount rate increased by 135% to 17.2%, an impairment change would result against goodwill, all other assumptions remaining unchanged.

Assumption	Judgement	Sensitivity
Discount rate	Weighted average cost of capital used of 12.7%	135%
Revenue - FY24 to FY29	Growth rates between 3 - 4%	(239%)
Indirect costs - all years	Assumed to be 35% of revenue	25%

Goodwill and indefinite life intangible assets

Goodwill and indefinite life intangible assets are carried at cost and are tested annually for impairment by reference to the value of the relevant cash generating unit ("CGU") and their recoverable amount. During the year, goodwill was tested for impairment with no impairment charge arising.

The carrying values of the goodwill and indefinite life intangible assets are as follows:

	Goodwill		**Brands**	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Xperience Franchising Limited	**912**	**912**	**571**	**571**
Whitegates Estate Agency Limited	**401**	**401**	**-**	**-**
Martin & Co (UK) Limited	**75**	**75**	**-**	**-**
EweMove Sales & Lettings Ltd	**5,838**	**5,838**	**-**	**-**
Hunters Property Limited	**15,871**	**15,871**	**-**	**-**
The Mortgage Genie Limited & The Genie Group UK Ltd	**222**	**222**	**-**	**-**
Belvoir Group Franchising	**31,511**	**-**	**-**	**-**
Belvoir Group Financial Services	**26,910**	**-**	**-**	**-**
GPEA Limited	**6,995**	**-**	**-**	**-**
	88,735	**23,319**	**571**	**571**

Details of the impairment reviews for the acquisitions in the year can be found in the section above.

For all other CGUs, sensitivity analysis has not been provided as the Directors believe that no reasonably possible change in assumptions at the year end will cause the value in use to fall below the carrying value and hence impair the goodwill.

The carrying value of the EweMove CGU at 31 December 2024 was £6.0m and the value in use was calculated as £12.9m, therefore headroom of £6.9m existed at the year end.

The carrying value of the Hunters CGU at 31 December 2024 was £24.3m and the value in use was calculated as £40.4m, therefore headroom of £16.1m existed at the year end.

Company

No goodwill or customer lists exist in the Parent Company.

16. Property, plant and equipment

Group

	Freehold property £'000	Short leasehold improvements £'000	Office equipment £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost						
Brought forward 1 January 2023	–	44	295	–	170	509
Additions	–	–	21	66	27	114
Carried forward 31 December 2023	–	44	316	66	197	623
Acquisitions (note 32)	335	–	139	–	238	712
Additions	–	–	72	82	38	192
Disposals	–	–	(8)	–	(24)	(32)
Carried forward 31 December 2024	**335**	**44**	**519**	**148**	**449**	**1,495**
Depreciation						
Brought forward 1 January 2023	–	42	213	–	92	347
Charge for year	–	2	51	14	28	95
Carried forward 31 December 2023	–	44	264	14	120	442
Charge for year	17	–	100	21	83	221
Disposals	–	–	(4)	–	(1)	(5)
Carried forward 31 December 2024	**17**	**44**	**360**	**35**	**202**	**658**
Net book value						
At 31 December 2024	**318**	**–**	**159**	**113**	**247**	**837**
At 31 December 2023	–	–	52	52	77	181

17. Leases

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

Right-of-use assets:

	Land and Buildings £'000	Motor vehicles £'000	Total £'000
Brought forward 1 January 2023	1,579	34	1,613
Additions	146	–	146
Amortisation	(211)	(23)	(234)
Carried forward 31 December 2023	**1,514**	**11**	**1,525**
Acquisitions (note 32)	389	400	789
Additions	1,424	237	1,661
Disposals	(19)	(72)	(91)
Amortisation	(432)	(99)	(531)
Carried forward 31 December 2024	**2,876**	**477**	**3,353**

Lease liabilities:

	Land and Buildings £'000	Motor vehicles £'000	Total £'000
At 1 January 2023	**2,342**	**20**	**2,362**
Additions	143	–	143
Interest expenses	95	1	96
Disposals	(32)	–	(32)
Lease payments	(506)	(21)	(527)
Carried forward 31 December 2023	**2,042**	**–**	**2,042**
Acquisitions (note 32)	400	389	789
Additions	1,430	237	1,667
Disposals	(14)	(55)	(69)
Interest expenses	112	21	133
Lease payments	(570)	(142)	(712)
Carried forward 31 December 2024	**3,400**	**450**	**3,850**

18. Prepaid assisted acquisitions support

Group

	Total £'000
Cost	
Brought forward 1 January 2023	**1,268**
Additions	115
Carried forward 31 December 2023	**1,383**
Additions	114
Carried forward 31 December 2024	**1,497**
Amortisation	
Brought forward 1 January 2023	**971**
Charge for year - to revenue	148
Charge for year - to cost of sales	34
Carried forward 31 December 2023	**1,153**
Charge for year - to revenue	**115**
Charge for year - to cost of sales	**13**
Carried forward 31 December 2024	**1,281**
Net book value	
At 31 December 2024	**216**
At 31 December 2023	230

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

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

Company

No prepaid assisted acquisitions support exists in the Parent Company.

19. Investments

Group

	Shares in listed and unlisted companies £'000	Total £'000

Cost		
At 1 January 2023	**137**	**137**
Movement in fair value of listed investment	87	87
Disposal of listed investment	(224)	(224)
At 31 December 2023 and 31 December 2024	**–**	**–**
Net book value		
At 31 December 2024	**–**	**–**
At 31 December 2023	–	–

Company

	Shares in Group undertakings £'000	Shares in listed company £'000	Total £'000
Cost			
At 1 January 2023	60,720	53	60,773
The Mortgage Genie additional consideration	76	–	76
Movement in fair value of listed investment	–	22	22
Disposal of listed investment	–	(75)	(75)
Capital contribution to subsidiaries - share options	170	–	170
At 31 December 2023	**60,966**	**–**	**60,966**
Acquisition of Belvoir Group PLC	107,190	- -	107,190
Acquisition of GPEA Limited	19,070	–	19,070
Acquisition-related costs	2,303		2,303
Capital contribution to subsidiaries - share options	291	–	291
At 31 December 2024	**189,820**	**–**	**189,820**
Net book value			
At 31 December 2024	**189,820**	**–**	**189,820**
At 31 December 2023	60,966	–	60,966

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

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

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

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

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

On 7 March 2024, the Company acquired the entire issued share capital of Belvoir Group PLC for a total consideration of £107.2m.

On 31 May 2024, the Company acquired the entire issued share capital of GPEA Limited for a total consideration of £19.1m.

The carrying value of the investments in Belvoir Group, GPEA, Hunters and EweMove has been considered for impairment

The carrying value of the investments in Belvoir Group, GPEA, Hunters and EweMove has been considered for impairment through value in use calculations and it was determined that no impairment was required in the year ended 31 December 2024.

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

The listed investments sold in 2023 comprised a 0.2% holding of ordinary shares in OnTheMarket PLC, a company listed on the Alternative Investment Market.

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

Subsidiaries

	Company number	Share class	% ownership and voting rights	Country of incorporation
Active companies:				
Belvoir Group Limited	07848163	Ordinary	100	England
Belvoir Property Management (UK) Limited*	03141281	Ordinary	100	England
BMA Bristol Limited*	09911363	Ordinary	100	England
Brook Financial Services Ltd*	07311674	Ordinary	100	England
EweMove Sales & Lettings Ltd	07191403	Ordinary	100	England
GPEA Limited	02819824	Ordinary	100	England
Greenrose Network (Franchise) Limited*	02934219	Ordinary	100	England
Hapollo Limited*	08008359	Ordinary	100	England
Hunters Franchising Limited*	05537909	Ordinary	100	England
Hunters Group Limited*	02965842	Ordinary	100	England
Hunters (Midlands) Limited*	02587709	Ordinary	100	England
Hunters Property Group Limited*	03947557	Ordinary	100	England
Hunters Property Limited	09448465	Ordinary	100	England
MAB (South West) Ltd*	07533839	Ordinary	100	England
Martin & Co (UK) Limited	02999803	Ordinary	100	England
Mr & Mrs Clarke Ltd*	09174353	Ordinary	100	England
Newton Fallowell Limited*	05372232	Ordinary	100	England
Northwood GB Limited*	03570861	Ordinary	100	England
The Mortgage Genie Limited	09803176	Ordinary	80	England
The TIME Group Ltd*	10080298	Ordinary	100	England
TIME Mortgage Experts Ltd*	08124266	Ordinary	100	England
TIME Mortgage Experts 2 Ltd*	09277394	Ordinary	100	England
Whitegates Estate Agency Limited	00757788	Ordinary	100	England
White Kite Holdings 2021 Limited	13208817	Ordinary	100	England
White Kite Ltd	04545088	Ordinary	100	England
White Kite (Leicester) Limited	13767760	Ordinary	100	England
Xperience Franchising Limited	02334260	Ordinary	100	England
Dormant companies:				
Brook Mortgage Services Limited*	03089887	Ordinary	100	England
Claygold Property Limited*	02649237	Ordinary	100	England
Ewesheep Ltd* [1]	08191713	Ordinary	100	England
FC Cambridge Limited* [1]	08092415	Ordinary	100	England
FCEA Limited*	06637642	Ordinary	100	England
Fine and Country Limited*	04238673	Ordinary	100	England
Herriot Cottages Limited* [1]	04452874	Ordinary	100	England
Hunters Financial Services Limited*	02604278	Ordinary	100	England
Hunters Land & New Homes Limited* [1]	06292723	Ordinary	100	England
Hunters Survey & Valuation Limited*	02602087	Ordinary	100	England
MAB (Gloucester) Limited*	09668913	Ordinary	100	England
Maddison James Limited* [1]	05920686	Ordinary	100	England
MartinCo Limited [1]	09724369	Ordinary	100	England
Michael Searchers Property Management Ltd*	03056834	Ordinary	100	England
Moving Logic Limited [1]	09393396	Ordinary	100	England

Mullucks Franchising Limited*	03777494	Ordinary	100	England
Nicholas Humphreys Franchise Limited*	04582891	Ordinary	100	England
Purely Mortgage Consultants Limited*	06521922	Ordinary	100	England
RealCube Limited*	07736494	Ordinary	100	England
RealCube Technology Limited*	08139888	Ordinary	100	England
Redwoods Estate Agents Limited	03416122	Ordinary	100	England
The Genie Group UK Ltd	12372201	Ordinary	100	England
The Mayfair Estate Agency Ltd [1]	04957446	Ordinary	100	England
The Property Guild Ltd [1]	09108345	Ordinary	100	England
TIME Mortgage Experts 3 Limited*	13072932	Ordinary	100	England
Uplong Ltd* [1]	05816728	Ordinary	100	England

* Indirectly owned.

1 Dissolved on 7 January 2025.

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

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

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

20. Trade and other receivables

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Trade receivables	**6,097**	2,792	**3**	1
Less: provision for impairment of trade receivables	**(1,504)**	(892)	**-**	-
Trade receivables - net of impairment provisions	**4,593**	1,900	**3**	1
Loans to franchisees	**3,888**	433	**-**	-
Other receivables	**159**	248	**–**	96
UIC debtor	**3,503**	–	**–**	–
Amounts due from Group undertakings	**-**	-	**–**	952
Prepayments and accrued income	**3,271**	1,763	**195**	38
Tax receivable	**-**	-	**1,286**	389
Total trade and other receivables	**15,414**	4,344	**1,484**	1,476
Less: non-current portion - loans to franchisees	**(2,745)**	(210)	**-**	-
Less: non-current portion - UIC debtor	**(2,046)**	–	**–**	–
Less: total non-current portion	**(4,791)**	(210)	**–**	–
Current portion	**10,623**	4,134	**1,484**	1,476

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

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

Ageing of trade receivables

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

2024 £'000	2023 £'000

	£'000	£'000
Group		
Not more than 3 months	**659**	186
More than 3 months but not more than 6 months	**242**	106
More than 6 months but not more than 1 year	**305**	148
	1,206	440

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

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

Included within "Prepayments and accrued income" is accrued income of £1.7m (2023: £1.2m) in relation to Management Service Fees for some of our brands that are invoiced at the beginning of the month following the month to which they relate.

21. Called up share capital

	2024		2023	
	Number	**£'000**	Number	£'000
Group				
Authorised, allotted, issued and fully paid ordinary shares of 1p each	**63,752,008**	**638**	32,255,107	323
Company				
Authorised, allotted, issued and fully paid ordinary shares of 1p each	**63,752,008**	**638**	32,255,107	323

On 7 March 2024, 30,073,501 shares were issued at £0.01 to Belvoir shareholders in consideration for the acquisition of Belvoir Group PLC (see note 32 for further details on the acquisition).

On 7 August 2024, 1,423,500 shares were issued at £0.01 to two Executive Directors and certain employees following the exercise of share options.

22. Share premium

	Number of shares	Share capital £'000	Share premium £'000
At 31 December 2024 and At 31 December 2023	**32,255,107**	**323**	**4,129**

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

23. Merger reserve

	Merger reserve £'000
Group	
At 1 January 2023 and 31 December 2023	14,345
Acquisition of Belvoir Group PLC	103,152
At 31 December 2024	**117,497**
Company	
At 1 January 2023 and 31 December 2023	**32,335**
Acquisition of Belvoir Group PLC	**103,152**
At 31 December 2024	**135,487**

Acquisition of Martin & Co (UK) Limited

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

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

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

Acquisition of EweMove Sales & Lettings Ltd

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

Acquisition of Hunters Property PLC

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

Acquisition of Belvoir Group PLC

The consideration for the acquisition of Hunters Property PLC included the issue of 30,073,501 shares to the vendors at market price. A merger reserve of £103.152m is recognised in the Group and the Company being the difference between the value of the consideration and the nominal value of the shares issued as consideration.

24. Own share reserve and other reserves

Own share reserve

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

Other reserves

	Share-based payment reserve £'000	Other reserve £'000	Total £'000
Group			
At 1 January 2023	1,316	-	1,316
Share-based payment charge	783	-	783
Release of reserve - share options exercised	(524)	–	(524)
Deferred tax on share-based payments	–	98	98
At 31 December 2023	1,575	98	1,673
Share based payment charge	875	–	875
Release of reserve - share options exercised	(1,446)	(98)	(1,544)
Deferred tax on share-based payments	–	79	79
At 31 December 2024	**1,004**	79	**1,083**
Company			
At 1 January 2023	**1,316**	-	**1,316**
Share-based payment charge	783	-	783
Release of reserve - share options exercised	(524)	–	(524)
Deferred tax on share-based payments	–	98	98
At 31 December 2023	1,575	98	1,673
Share based payment charge	875	–	875
Release of reserve - share options exercised	(1,446)	(98)	(1,544)
Deferred tax on share-based payments	–	79	79
At 31 December 2024	**1,004**	79	**1,083**

Share-based payment reserve

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

25. Borrowings

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Repayable within 1 year:				

Bank loan (term loan)	**3,111**	--	**3,111**	--
Bank loan (revolving credit facility)	**--**	2,500	**--**	2,500
Repayable in more than 1 year:				
Bank loan (term loan)	**10,111**	--	**10,111**	--
Bank loans due after more than 1 year are repayable as follows:				
Between 1 and 2 years (term loan)	**3,111**	--	**3,111**	--
Between 2 and 5 years (term loan)	**3,889**	-=	**3,889**	=

The Company has a £20m loan facility provided by Barclays with effect from 31 May 2024, this consists of a £14m term loan and £6m Revolving credit facility ("RCF").

On 31 May 2024 the Company drew down £14m term loan and £1m RCF to fund the acquisition of GPEA Limited. Interest is charged quarterly on the outstanding amount; the rate is variable during the term at 2.2% above SONIA for the term loan and 2.5% above SONIA for the RCF. The term loan outstanding at 31 December 2024 was £13.22m and the RCF balance drawn was £nil.

The Company had a previous loan facility provided by Barclays, under this facility the outstanding RCF balance of £2.5m was repaid on 3 January 2024 and the facility ended on 26 January 2024. Interest was charged quarterly on the outstanding amount; the rate was variable during the term at 2.2% above the Bank of England base rate. The amount outstanding at 31 December 2024 was £nil (2023: £2.5m).

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

The net cash inflow from borrowings arising from financing activities during the year was £10.7m (2023: outflow £2.5m).

26. Trade and other payables

	Group		**Company**	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Trade payables	**2,787**	1,546	**10**	12
Other taxes and social security	**2,580**	1,223	**80**	93
Other payables	**1,173**	315	**11**	71
UIC refund liability	**2,444**	–	**–**	–
Deferred consideration	**4,864**	–	**4,864**	–
Amounts due from Group undertakings	**–**	–	**6,490**	–
Accruals and deferred income	**3,449**	3,235	**1,670**	1,512
Total trade and other payables	**17,297**	6,319	**13,125**	1,688
Less: non current portion - UIC liability	**(1,428)**	–	**–**	–
Current portion	**15,869**	6,319	**13,125**	1,688

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

Included in "Accruals and deferred income" is deferred income of £0.3m (2023: £0.4m) in relation to revenue received in advance which will be recognised over the next 2 years.

27. Deferred tax

	Group		**Company**	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Balance at beginning of year	**(4,394)**	(5,168)	**820**	412
Movement during the year:				
Acquisitions	**(18,735)**	--	**--**	--
Statement of changes in equity	**80**	98	**80**	98
Statement of comprehensive income	**1,704**	823	**297**	457
Release of deferred tax balance relating to share options exercised in year	**(713)**	(148)	**(713)**	(148)
Balance at end of year	**(22,058)**	(4,394)	**484**	820

Deferred taxation has been provided as follows:

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Accelerated capital allowances	**276**	6	**(4)**	**10**
Share-based payments	**488**	853	**488**	**810**
Acquired business combinations	**(22,822)**	(5,253)	**–**	**–**
	(22,058)	(4,394)	**484**	**820**

28. Provisions

The provisions relate to dilapidations on office buildings of £0.28m (2023: £0.18m) used by the Group.

29. Financial instruments

Financial instruments - risk management

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

- credit risk;
- liquidity risk; and
- interest rate risk.

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

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

Principal financial instruments

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

- receivables;
- loans to franchisees;
- cash at bank;
- trade and other payables; and
- borrowings.

Financial assets

Financial assets measured at amortised cost:

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Loans and receivables:				
Trade receivables	**4,593**	1,900	**3**	-
Loans to franchisees	**3,888**	433	**-**	-
Other receivables	**159**	248	**-**	-
UIC debtor	**3,503**	**-**	**-**	-
Cash and cash equivalents	**4,163**	7,642	**135**	2,337
Accrued income	**1,709**	1,209	**130**	-
Amount owed by Group undertakings	**-**	-	**–**	819
	18,015	11,432	**268**	3,156

Financial liabilities

Financial liabilities measured at amortised cost:

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000

Other financial liabilities:				
Trade payables	**2,787**	1,546	**10**	11
Other payables	**1,173**	315	**11**	461
UIC refund liability	**2,444**	–	**–**	–
Deferred consideration	**4,864**	–	**4,864**	–
Accruals	**3,173**	2,845	**1,390**	1,124
Amounts owed to Group undertakings	**-**	-	**6,490**	–
	14,441	4,706	**12,765**	1,596

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

General objectives, policies and processes

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

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

Capital management policy

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

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

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

Credit risk

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

The highest risk exposure is in relation to loans to franchises and their ability to service their debt. The Directors have established a credit policy under which franchisees are analysed for creditworthiness before a loan is offered. The Group's review includes external ratings, when available, and in some cases bank references. The Group does not consider that it currently has significant credit risk in respect of the loans extended to franchisees because the Group is entitled to the revenue by virtue of the terms in the franchise agreements and can force the sale of a franchise to recover a debt if necessary.

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

Liquidity risk

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

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

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

	Up to 3	Between 3	Between 2	Over 5

	months	and 12	Between 1 and 5 years		years
		months	and 2 years		
	£'000	£'000	£'000	£'000	£'000
As at 31 December 2024					
Trade and other payables	3,960	--	--	--	--
Loans and borrowings	778	2,333	3,111	7,000	--
Lease liabilities	194	608	671	2,017	360
Total	**4,932**	**2,941**	**3,782**	**9,017**	**360**

Interest rate risk

The Group's exposure to changes in interest rate risk relates primarily to interest earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the effect of an adverse movement in interest rates. The Group has bank borrowings with a variable interest rate linked to the SONIA (see note 25).

Fair values of financial instruments

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

30. Share-based payments

There are a number of share options schemes in place which aim to incentivise Executive Directors and senior management. For each of the schemes, the estimated fair value of the option is calculated at the year ended 31 December 2024 (or at the vesting date if earlier) and the fair value, moderated for the extent to which the option is expected to vest, is spread as a charge between grant and the assumed vesting date. Accordingly, a share-based payments charge is recognised in the Statement of Comprehensive Income in the year ended 31 December 2024.

Share Option Scheme 2024

On 9 August 2024, options over 1,195,000 ordinary shares were granted to 2 Executive Directors and certain senior managers. All options have an exercise price of £0.01.

These options have a vesting condition based on 2 performance conditions: adjusted basic earnings per share adjusted for exceptional income/costs, amortisation arising on consolidation and share-based payment charges ("adjusted EPS"); and total shareholder return ("TSR") over the 3 years to 31 December 2026. Each performance condition will apply to 50% of the award being made.

In respect of both performance conditions, growth of 40% in adjusted EPS and 45% in TSR over the 3-year period will be required for threshold vesting of the awards (the "collar"), with growth of 60% or higher in adjusted EPS and 85% or higher in TSR required for all of the awards to vest (the "cap"). Straight-line vesting applies between the collar and the cap.

The following principal assumptions were used in the valuation of the grant made in the year ended 31 December 2024 using the Black Scholes option pricing model:

Assumptions	
Date of vesting	30/04/2027
Share price at grant	£4.64
Exercise price	£0.01
Risk free rate	4.00%
Dividend yield	4.90%
Expected life	3 years
Share price volatility	31.00%

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

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

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

2027. All participants will be subject to a lock-in of 12 months following vesting.

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

Management has used the budget for FY25 and the market outlook and projections for FY26 to determine, at 31 December 2024, the achievement of the EPS condition. The expectation is that 39% of the options will vest.

A share-based payments charge of £0.14m has been recognised in the Statement of Comprehensive Income in the year ended 31 December 2024, this has been calculated on the basis of 0% of the EPS condition being met and 40% of the TSR condition being met (as a market-based condition whose fair value was measured at the grant date as zero and not revisited).

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

Company Share Option Plan ("CSOP") 2024

On 9 August 2024 the Company granted CSOP options over a total of 220,000 ordinary shares to senior management and key employees under the Company's CSOP Scheme. The exercise price of these options is 464p. There are no performance conditions attached to these options other than the option holder must be an employee at the time of vesting.

A share-based payments charge of £0.02m has been recognised in the Statement of Comprehensive Income in the year ended 31 December 2024.

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

Share Option Scheme 2023

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

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

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

A share-based payments charge of £0.17m has been recognised in the Statement of Comprehensive Income in the year ended 31 December 2024.

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

Share Option Scheme 2022

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

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

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

Post period end 100% of the options vested at the discretion of the Remuneration Committee, a decision was taken prior to the balance sheet

Ashare-based payments charge of £0.38m has been recognised in the Statement of Comprehensive Income in the year ended 31 December 2024.

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

Share Option Scheme 2021

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

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

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

This option vested in full and was exercised in the year ended 31 December 2024.

Ashare-based payments charge of £0.17m has been recognised in the Statement of Comprehensive Income in the year ended 31 December 2024.

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

	2024		2023	
	'000	**Weighted average exercise price**	'000	Weighted average exercise price
Number of share options				
Outstanding at the beginning of the year	**2,100**	**£0.01**	2,213	£0.01
Exercised	**(1,424)**	**£0.01**	(300)	£0.01
Forfeited	**(10)**	**£0.01**	(69)	£0.01
Granted	**1,415**	**£0.01**	256	£0.01
Outstanding at the end of the year	**2,081**	**£0.01**	2,100	£0.01

During the year ended 31 December 2024:

- 1,423,500 options were exercised under the 2021 scheme;
- 1,195,000 options were granted under the 2024 scheme; and
- 220,000 CSOP options were granted.

The outstanding options at 31 December 2024 comprised 421,000 options under the 2022 scheme which will vest in full based on these financial statements, 255,953 options under the 2023 scheme whose vesting in 2026 is subject to conditions, 1,195,000 options under the 2024 scheme whose vesting in 2027 is subject to conditions and 210,000 CSOP options which will vest in 2027.

The weighted average remaining contractual life of options is 1.8 years (2023: 0.8 years).

31. Related party disclosures

Transactions with Directors

Dividends

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

	2024 £'000	2023 £'000
Interim and final dividend (ordinary shares of £0.01 each)		

Michelle Brook	**51**	-
Phil Crooks	**0**	2
Jon Di-Stefano	**1**	–
Dean Fielding	**6**	5
Paul George	**2**	–
Paul Latham	**12**	11
Richard Martin	**141**	943
David Raggett	**82**	55
Gareth Samples	**44**	7
	339	1,023

Directors' emoluments

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

	2024 £'000	2023 £'000
Wages and salaries	**1,767**	**1,151**
Social security costs	**216**	**150**
Pension contribution	**70**	**48**
	2,053	**1,349**

Individual director's remuneration and Directors' interests in share options are disclosed in the Directors' Remuneration Report on pages 52 to 55.

32. Acquisitions

Acquisition of Belvoir Group PLC

Effective 7 March 2024 the Group acquired the entire issued share capital of Belvoir Group PLC, a competitor property franchisor with a network of over 300 franchised offices across the UK operating under 6 brands which also has a significant financial services division comprising a network of over 300 mortgage advisers. The consideration was £107.2m, being £103.5m in relation to a share for share exchange whereby each Belvoir Group shareholder was issued 0.806377 new shares in The Property Franchise Group PLC and £3.7m cash consideration which was used to settle share option obligations.

The fair value of the identifiable assets and liabilities acquired and the consideration paid and payable are set out below:

	£'000
Master franchise agreements	50,516
Brands	6,439
Lettings book	1,250
Right of use assets	789
Property, plant and equipment	672
Trade and other receivables	8,467
Cash	2,005
Trade and other payables	(6,030)
Lease liabilities	(788)
Deferred tax	(14,551)
Net assets acquired	**48,769**
Goodwill	58,421
Consideration	**107,190**
Satisfied by:	
New shares in The Property Franchise Group PLC issued to Belvoir Group shareholders	103,453
Belvoir Group share options settled by The Property Franchise Group PLC post completion	3,737
Total	**107,190**

Post acquisition results

	£'000
Revenue	31,321
Profit before tax since acquisition included in the Consolidated statement of comprehensive income	9,908

Acquisition of GPEA Limited

On 31 May 2024 the Group acquired the entire issued share capital of GPEA Limited, trading as The Guild of Property

On 31 May 2024 the Group acquired the entire issued share capital of GPEA Limited, trading as The Guild of Property Professionals ("The Guild") and Fine & Country. The Guild is a membership organisation providing independent estate agents support and services. Fine & Country is an estate agency brand offered under license. The total consideration is £19.4m. The consideration comprised an initial payment of £15m and a deferred consideration of £5m payable on 31 May 2025. £15m was paid on completion and in accordance with the terms of the agreement, a post completion review resulted in the return of £0.6m.

The fair value of the identifiable assets and liabilities acquired and the consideration paid and payable are set out below:

	£'000
License and membership agreements	12,234
Brands	4,590
Websites	181
Property, plant and equipment	40
Trade and other receivables	829
Cash	143
Trade and other payables	(1,758)
Deferred tax	(4,184)
Net assets acquired	**12,075**
Goodwill	6,995
Consideration	**19,070**
Satisfied by:	
Initial consideration	14,397
Deferred consideration due on 31 May 2025	5,000
Discounting of deferred consideration to present value	(327)
Total	**19,070**

Movement in deferred consideration post acquisition:

	£'000
Fair value of deferred consideration measured at acquisition	4,673
Unwinding of discounting to 31 December 2024 (charged as interest payable)	191
Total	**4,864**

Post acquisition results

	£'000
Revenue	7,209
Profit before tax since acquisition included in the Consolidated statement of comprehensive income	1,770

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