

M WINKWORTH PLC
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Page
Company Information	1
Chief Executive Officer's Statement	2
Non-executive Chairman's Statement	3
Group Strategic Report	4 to 8
Report of the Directors	9 to 11
Report of the Independent Auditors	12 to 15
Consolidated Statement of Profit or Loss and Other Comprehensive Income	16
Consolidated Statement of Financial Position	17
Company Statement of Financial Position	18
Consolidated Statement of Changes in Equity	19
Company Statement of Changes in Equity	20
Consolidated Statement of Cash Flows	21
Company Statement of Cash Flows	22
Notes to the Statements of Cash Flows	23
Notes to the Consolidated Financial Statements	24 to 44

M WINKWORTH PLC

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

DIRECTORS:

S P Agace
D C M Agace
L M Alkin
J S Nicol
A J D Nicol
T L Tan

SECRETARY:

Miss M O Doregos

REGISTERED OFFICE:

13 Charles II Street
St. James's
London
SW1Y 4QU

REGISTERED NUMBER:

01189557 (England and Wales)

NOMINATED ADVISOR AND BROKER:

Shore Capital
Cassini House
57 St James' Street
London
SW1A 1LD

AUDITORS:

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

**CHIEF EXECUTIVE OFFICER'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

Successive interest rate rises in 2023 brought considerable uncertainty to the sales market, with expectations as to when the tightening cycle might end fluctuating over the course of year. This led to a significant reduction in transactions. Against this background, Winkworth's business remained strong, and we continued to execute our plan of recruiting new talent to acquire certain existing franchises, creating significant uplifts in revenue.

We further invested in our digital platform to ensure that our franchisees are equipped to compete as a leading estate agency in their local markets and reviewed franchises where we do not feel we have the right operators in place. We believe that by doing this we can grow the market share of our network to the benefit of all franchisees and underpin growing and profitable businesses which are fit for purpose throughout the property cycle. The quality of our platform and of our franchisees meant that we agreed more sales and lettings than any other agent within our operating area¹. In sales, we ranked second against our peers for converting listings to exchange, a measure of which we are proud as we believe it is the one that best reflects goodwill for the Winkworth brand and the achievements of our franchisees.

Our lettings business grew by a further 5% compared to financial year 2022, despite a tempering of activity in H2 as affordability levels were reached. Within this we were particularly pleased to see the ongoing growth of the property management segment of our business, with revenues growing by 12% compared to financial year 2022 and now accounting for 26% of our total network revenues.

With the temporary closure of some of our London offices, further details below, we saw the country market offices outperform our London network. The overall revenue share of our country offices increased from 23% to 25%, with a particularly strong performance in lettings and management where year-on-year revenues grew by 10% compared to 4% in London.

In 2023, gross revenues of the franchised network of £57.8m were down by 8% year-on-year (2022: £63.1m). Sales income was down by 20% at £27.6m (2022: £34.3m) while Lettings and Management increased by 5% to £30.2m (2022: £28.7), producing a 48:52 revenue split between these two activities, respectively, compared to a 54:46 ratio in 2022.

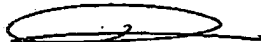
Winkworth's revenues were in line with 2022 at £9.27m (2022: £9.31m) and profit before taxation fell by 15% to £2.15m (2022: £2.47m). The Group's cash position at year end reduced to £4.55m (2022: £5.25m) with no debt. Dividends of 11.7p per share were declared for the year (2022: 11.0p per share).

We added four new offices in 2023 with new openings in Wokingham and West Hampstead, a re-opening in Salisbury, and the supported merger of a market leading business in Wimborne, building on the success of our local network in Dorset. Whilst this is below our long-term target for annual openings, we are happy with the quality of these additions and welcome their early success in their respective markets.

In line with our ambition to be a top three contender in local markets, in 2023 we decided not to renew certain franchises where our standards were not being met and results were below expectations.

This led to the closure of Battersea and Clapham offices, and the sale of the Kennington Lettings business to our Kennington sales franchisee, who is now also empowered to open a further office in his territory. While our Pimlico office was taken back, we used our assisted acquisition support strategy to relaunch it alongside an entrepreneurial partner who has the opportunity to receive equity in this franchise as its potential is realised. We are in active discussion with new, proven agents to relaunch in Battersea and Clapham and to not only fulfil the revenue potential of these areas, but also help grow the market share, profile and, ultimately, revenue potential of our other successful South London franchises.

Through these initiatives and others focussed on providing exits for franchisees seeking to retire, as well as by supporting existing franchisees financially to open new offices, we have the potential to open or relaunch eight new franchises in London alone over the next 18 months, encouraging talented operators with new ideas to boost the revenue that we generate in London, where we believe there is still significant headroom for us to grow.



Dominic Agace
Chief Executive Officer

16 April 2024

WINKWORTH PLC

**NON-EXECUTIVE CHAIR'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

Last year saw an industry-wide downturn in the sales market, due largely to the rise in interest rates. As a proprietor-led business with a balanced portfolio between sales and lettings, however, Winkworth turned in another steady performance.

There will always be blips in the sales market due to external conditions, hence Winkworth adheres to a personalised business model which benefits from market upturns whilst minimising the risks of downturns. We operate as teams based locally with high visibility, enabling us to maximise the number of viewings for our clients to achieve the best price in all markets.

With my 60 years' experience in the business, I believe the creation of long-term goodwill generated by quality franchisees builds the strength of the brand and enables us to benefit from that goodwill as our network expands. Over the years, we have nurtured the relationship with our customers and people who began by purchasing their first property through us in the 1970's or renting through us as of the 1990's, are now still dealing with Winkworth as they approach retirement.

Our teams look after their clients and often provide free long-term advice when sought, and I believe that this is the ethos behind the successful development of our 101 offices today. Retaining goodwill means that where sales fail due to economic conditions, such as experienced in 2023, we retain those clients for their future move, plus we often pick-up sales where others over-promised on price. We have always been primarily a sales-oriented estate agency and we judge our success by our instructions to sales ratio, where we rank one of the leaders in the industry.

Since the ending of rent controls in the late 1980's, we have built up a very professional lettings and management business, which has made a strong contribution to the revenues of our franchisees, albeit that its profitability is lower than that of the sales market. At present, London rentals are performing differently to those in the country market. The London market has become increasingly price sensitive as affordability kicks in, therefore careful pricing in London will now be important for landlords. The country market, meanwhile, is short of stock, as it seems that some Londoners have been prepared to move out to seek lower rentals. We have also seen changes in some areas such as central London where, post Covid, stock has moved back to short term rentals providers, such as Airbnb. This situation may change with increased regulation, with the presumption that eventually much of that stock will either be sold or come back to the longer-term market once rules are tightened up.

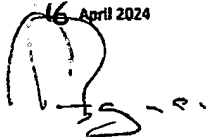
Our franchisor organisation and accounting systems have grown substantially since we started franchising in 1981 and we now consider it is time to integrate AI into the group accounting process to eliminate some of our semi-manual processes. This will free up more time for financial compliance and speed up cash flow.

Finally, as alluded to at the time of our interim results, we have taken the first step towards reviewing the composition of our board and broadening its expertise. This initiative is aimed at ensuring the future leadership structure supports the continued success of the Company and its stakeholders.

This process began in February 2024 with the appointment of Tara Tan as an executive director. Tara provides strategic and transactional guidance to the business development team and to the day-to-day commercial operations team, as well as overseeing brand protection, network compliance and training. As our efforts progress, we anticipate making further announcements in due course.

At our AGM in May 2024, I look forward to celebrating my half century at the helm of Winkworth and next year's 190th anniversary of the Company's foundation – milestones which I believe are a testament to our enduring legacy.

Simon Agace
Non-Executive Chair
16 April 2024



M WINKWORTH PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of franchisor to the Winkworth estate agencies.

REVIEW OF BUSINESS

Financial performance in 2023 was in line with management expectations but below the levels of 2022. The key performance indicators used by management in the year were as follows:

Revenues, at £9.27 million in line with 2022 (2022 £9.31 million).

Profit before taxation down 15% to £2.15 million (2022: £2.47 million).

Year-end cash balance of £4.55 million (2022: £5.25 million). No debt.

Four new offices opened in the year (2022: 2).

Ordinary dividends of 11.7p per ordinary share declared (2022: 11.0p per ordinary share).

The key business highlights during the year, were as follows:

Franchised office network revenue down 8% to £57.8 million (2022: £63.1 million). Within which:

- Network sales revenue down 20% to £27.6 million (2022: £34.3 million).
- Network lettings revenue up 5% to £30.2 million (2022: £28.7 million).

Lettings revenues 52% of total revenues (2022: 46%).

FRANCHISED AND OWNED OFFICES

Three new offices were added with new openings in Wokingham, West Hampstead and the supported acquisition of a market leading business in Wimborne, building on the success of our local network in Dorset. The Salisbury office closed in the year, but was subsequently re-opened under new ownership. The Pimlico office was acquired as part of a Settlement Agreement with the ex-franchisee, and we will be running this for our own account.

REVENUE

Gross revenues for the franchised office network in 2022 were 8% down on 2022 with the 5% increase in Lettings and Management going some way to offset the overall Sales drop of 20%. Our sales pipeline at the start of 2024 is significantly ahead of the same period in 2023. The strong Lettings growth in H1 slowed in H2 as the market returned to more normal levels. Overall, Lettings accounted for 52% of the revenue (up from 46% in 2022).

The drop in Winkworth's Franchising revenue was offset by the fees generated from closing and reselling certain offices and from the increased income generated by the Asia Pacific desk. The Winkworth-owned offices, Tooting Estates Limited, Crystal Place Estates Limited, the newly acquired Lumley 1 Limited and Winkworth Development and Commercial Investment Limited, contributed revenue of £2.69 million (2022: £2.78 million) and £0.48 million (2022: £0.57 million) of profit before tax.

COST OF SALES

Cost of sales were in line with 2022 with the increased legal costs associated with the settlement agreement with the former franchisee in Battersea, Clapham, Pimlico and Kennington Lettings offset by various cost reductions.

ADMINISTRATIVE EXPENSES

The cost of living crisis impacted the business and the increase has been largely driven by the increased salary and on costs in both the franchising business and in the Corporate owned offices that supported their development, and the general inflationary impact on costs.

NEGATIVE GOODWILL

The acquisition of the trade and assets of the Pimlico business, operated through Lumley 1 Limited, generated a profit of £0.25 million. Further details are given in Note 27.

PROFIT BEFORE TAXATION

The net result of the above was that profits before tax decreased to £2.15 million (2022: £2.47 million).

DIVIDENDS

The Group declared Ordinary Dividends of 11.7p in the year per (2022: 11.0p).

WORKING CAPITAL

The reduced profitability and deferred payment terms for certain debtors meant that our working capital levels decreased from 2022, and we had cash balances of £4.55m at the year end (2022: £5.25m). We continue to have no external debt.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

PRINCIPAL RISKS AND UNCERTAINTIES

The group is exposed to more external than internal risks, the main ones being competitive pressures, the state of the housing market and the legal and regulatory environment.

GEOPOLITICAL DEVELOPMENTS

Risk: Geopolitical tensions and conflict may reignite inflationary pressures, potentially keeping interest rates elevated compared to past decades. In the UK, increased finance costs for both new homebuyers and existing homeowners seeking to refinance their mortgages amid a cost of living crisis could adversely affect housing prices and transaction volumes.

Management action: Winkworth has a long history of working through all points of the interest rate cycle and, through a conservative management approach to costs, is well positioned to adapt to changing market conditions. Winkworth's balanced model between sales and lettings revenues provides protection against downturns in either market.

COMPETITION

Risk: Winkworth faces ongoing competition from three types of agencies - corporate networks, independent businesses and franchise networks. While the growth in market share of online estate agents appears to have stabilised, the emergence of innovative or discounted service models may exert pressure on commissions, potentially leading to reduced revenues for the company.

Management action: We monitor the market and our competitors' activities closely and are constantly working to ensure that quality and value remains at the heart of our service offering. We invest consistently in evolving our digital offering to ensure that it meets the high standards required by our franchisees and their customers.

SALES MARKET

Risk: In a market with reduced trading activity, pressure on commissions may escalate, potentially resulting in lower earnings from fewer transactions. Specifically, Winkworth is vulnerable to shifts in the London market, as the majority of its revenue stems from franchisees concentrated in this region.

Management action: We have strong local market knowledge and expertise, both in London and in the country markets, and we commit to maintaining competitive fees while delivering unparalleled service to meet our customers' needs. We strive to cultivate trust and confidence, fostering enduring relationships and earning recurring business.

LETTINGS MARKET

Risk: The rising expenses associated with meeting growing regulatory demands and concerns over the possibility of rent controls have dissuaded certain landlords from participating in or continuing with buy-to-let ventures. This trend could exacerbate the shortage of rental properties. Coupled with high demand, this scenario has already led to a sharp increase in rental prices.

Management action: We aim to expand our portfolio of rental properties by providing landlords with top-tier service and striving to equitably meet the needs of both landlords and tenants.

RECRUITMENT OF FRANCHISEES AND THE BUILDING OF FRANCHISES

Risk: Winkworth looks to attract new franchisees with the necessary skills, expertise and resources either to set up a "cold start" in a new territory or convert their existing business to the Winkworth brand. Winkworth also looks to support existing franchisees looking to purchase businesses. Failure to recruit new franchisees may have a detrimental effect upon the growth of Winkworth's business.

Management action: Winkworth has a new franchising department which runs a robust marketing and selection process. The department verifies the suitability of its prospective franchisees and provides ongoing training and monitoring once new franchisees are accepted into the Group. The Board monitors the performance of the new franchising team and is focused on identifying innovative ways of attracting successful new franchise owners.

REPUTATIONAL RISK

Risk: The essence of Winkworth's franchise proposition lies in its brand and reputation. The manner in which both Winkworth and its franchisees engage in business and deliver services can significantly influence financial outcomes. Any shortfall in meeting the needs and expectations of sellers, buyers, landlords, and tenants by franchisees could significantly affect Winkworth's overall business, operations, and financial health. Moreover, non-compliance with regulations, legislation or best practice also poses a risk to Winkworth's brand and reputation.

Management action: Winkworth has a rigorous vetting procedure for new franchisees and only a small number of applicants are successful in joining the group. Once accepted, franchisees are closely monitored to make sure that they achieve the best practice service levels expected of them and remain compliant with the law. Winkworth provides regular training through its centralised in-house training academy, alongside which it runs regular compliance audits of franchisee offices, both remote and in-person.

All franchisees are required to be members of the industry's main trade body, *Propertymark* and to sign up to the consumer facing *Safeagent* accreditation scheme. They are also required to maintain membership of the *Property Redress Scheme*.

M WINKWORTH PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

LEGAL & REGULATORY ENVIRONMENT

Risk: The legal and regulatory environment in which Winkworth operates is changing and evolving. Winkworth must stay abreast of these changes, ensuring compliance while also proactively navigating situations or behaviours that could potentially harm its financial stability, brand integrity, and reputation.

Management action: Franchisee's membership of or accreditation by bodies which monitor developments ensures franchisees are kept up to date on potential regulatory changes and enables participation in industry forums set up to respond to issues. Winkworth's centralised in-house training academy is run by staff and trainers who are qualified members of the industry's main trade body, *Propertymark*. Training is made available to all staff employed by all franchisees, and direct support is provided to all offices by compliance teams made up of legal, industry and financial professionals who also oversee the group's dispute resolution procedure.

DIGITAL INFRASTRUCTURE AND IT RISK

Risk: Winkworth's IT and digital infrastructure serves as the backbone connecting our network, providing a crucial competitive edge. Nevertheless, it also entails reliance on IT systems, technology, and external suppliers, thereby exposing us to potential risks. These risks encompass technical malfunctions and the escalating menace of cyber-attacks. Any breakdown in systems or technology could lead to disruptions, and prolonged downtime or data loss could severely impede our business operations. Safeguarding our IT infrastructure is paramount to ensuring uninterrupted business continuity.

Management action: Firewalls and anti-virus software are installed to protect our networks. Information is routinely backed up and our in-house IT team works with external parties to ensure that the IT infrastructure is securely maintained in accordance with data protection regulations and appropriate disaster recovery and business continuity plans are in place. The IT needs of the business are regularly monitored, and we invest in new technology and services as necessary.

SECTION 172(1) STATEMENT

The directors set out their statement of compliance with s172 (1) of the Companies Act 2006 which should be read in conjunction with the rest of the annual report and with the Corporate Governance section of the M Winkworth plc website

Stakeholder

Shareholders

We value the significance of our partnership with shareholders and are committed to fostering long-term investor loyalty. To achieve this, we prioritise consistent communication by providing regular updates on market insights, our strategic positioning, and our financial returns

How we engage

- Annual report & accounts- Interim report & trading updates- AGM where directors can take questions- Investor roadshows- Stock Exchange announcements
- Online presentations and Q&A using the services provided by Investor Meet Company

Franchisees

The success of our franchisees, independent managers building businesses backed by our brand and support, is key to the performance of our Company

- Meetings with franchisee groups to establish a common agenda- Proactive and reactive contact with individual franchisees
- Up to-date regulatory information and practical guidance is published on the internal Intranet
- Centralised in-house training and on-site visits help with recruitment
- Working groups designed to align interests on specific projects

Employees

We enjoy a long average length of service, reflecting the positive and inclusive culture we seek to create. We are an equal opportunities employer

- Close and informative communications
- Regular assessments and equal opportunities
- Focus on employee retention
- Social events to encourage integration

Customers

We are constantly aware of the evolving needs of our customers, discerning property buyers and landlords requiring the highest levels of service

- Franchisees are provided with extensive training to update their understanding of regulatory issues and best practice
- Company website is systematically upgraded to provide highest levels of service and ease of access
- Winkworth undertakes market research to understand the perception of the Company and where we can improve

Community & Environment

We consider the impact on local communities and the environment in all of our decisions

Winkworth is a carbon neutral company. Our Corporate Carbon Footprint (CCF) has been independently calculated and we are continuously reducing our carbon emissions while offsetting unavoidable ones through carbon offset projects.- Encourage involvement in local communities across our network.- Rotate the charities that we support to match the footprint of our

business and the communities that we operate in.

- Promote the Eden Greenspace system to offices, allowing them to allocate a percentage of their fees to a number of different environmental projects in the UK and across the globe.

The directors preside over the Group for the benefit of all stakeholders. In making decisions, the directors take into account both their potential short- and long-term implications. The basic goal is the long-term sustainable growth of the business which will see returns to shareholders increasing, enable franchisees and employees to realise their ambitions, and help customers of the Winkworth network achieve their goals.

As a number of significant shareholders sit on the Board, the discussions on key strategic decisions and the quarterly dividend payments ensure that the wishes of shareholders are aligned with those of the company over both the short and longer term.

Winkworth strives to maintain a reputation for the highest standards of business conduct. The directors always endeavour to operate to the highest ethical standards in order to maintain and promote the reputation of the Company.

Our adoption of the QCA Corporate Governance Code provides the oversight and context for how we achieve these standards. We support best practice in estate agency through involvement with external bodies such as *Propertymark* and *Safeagent* as well as providing training and professional development through our centralised in-house training academy and online hub.

Looking at the individual stakeholder groups in more detail:

Shareholders

The board disseminates information to shareholders via various channels including the Annual General Meeting (AGM), the annual report, interim report, public announcements through Regulatory News Service (RNS), and the company website. Acknowledging the significance of the AGM, the board views it as an occasion to engage with private shareholders. Directors make themselves available for informal discussions with shareholders immediately after the AGM to hear their perspectives. Additionally, the CEO and CFO conduct roadshows for institutional investors coinciding with the release of interim and annual reports. They also employ Investor Meet Company's services to host online presentations and Q&A sessions with intermediaries and retail investors, ensuring all interested parties are informed and engaged.

Franchisees

We convene meetings with select groups of franchisees to gather their perspectives on important strategic and operational matters. The acquisition of Tooting Estates Limited and Crystal Palace Estates Limited, although aligned with our established franchising model, has enhanced our understanding of ongoing market dynamics and how they affect our customers, suppliers, and other stakeholders.

Employees

In ensuring the enduring success of the Company, the directors carefully weigh the impact of every decision on its employees and pledge to act in their best interests. Employees undergo routine evaluations and are granted equitable chances for advancement. We are dedicated to fostering a workspace that enhances employee well-being and enables optimal performance.

Customers

In a highly competitive environment, securing and retaining customers is paramount. Winkworth places significant value on the integrity of its brand, upholding it through exemplary standards of ethics and business conduct in all interactions. Through bolstering its digital footprint, the company is actively adapting to exceed the changing demands of both franchisees and their clientele, ensuring continued satisfaction and relevance.

Community and environment

The Company prioritises the awareness of how its operations affect both the community and the environment. It sets high standards for both its employees and suppliers, expecting them to adhere to stringent guidelines in their daily business practices.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

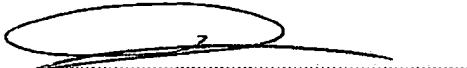
OUTLOOK

2024 has started more briskly than expected, with our sales agreed to the end of March 23% ahead of 2023, bolstered by mortgage providers reducing rates in anticipation of a rate cutting programme by the Bank of England. There is a sense that the worst of the cost-of-living crisis may now be past, and we are seeing a gradual return to more normal economic conditions. There is still much refinancing to be done in the market, with some realising far higher rates than initially locked in at, and sellers are coming to the market in equal numbers to potential buyers. We expect housing prices to remain broadly flat this year, with new interest instead feeding through into an increase in transactions, these having been held back over the past 18 months.

We have witnessed some price weakening in the rental market with supply increasing (29% ahead of 2023 to end of quarter 1) and demand declining (5% behind 2023 to end of quarter 1). We believe that affordability ceilings have now been reached and, in addition, that as financing costs fall from peak levels some landlords may be tempted back into the market.

We have already opened three new offices this year in St Leonard's, adding to our existing Exeter network through a supported acquisition, Leamington Spa and Stoke Newington. With up to eight new franchisees set to join our London network in 2024, and our portfolio management initiatives revitalising ambition and growth right across the business, we are excited by the outlook for the current year.

ON BEHALF OF THE BOARD:



.....
D C M Agace - Director

Date: 16.04.2024

M WINKWORTH PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023

PAYMENTS TO SHAREHOLDERS

Dividends of £1,487k (2022- £1,859k) were paid during the year

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2023 to the date of this report.

S P Agace
D C M Agace
L M Alkin
J S Nicol
A J D Nicol
T L Tan (appointed 13 February 2024)

The Directors names, together with biographical details, are shown on the group's website www.winkworthplc.com. The directors' remuneration for the year is set out in note 4 to the financial statements. There were no changes to the directors during the period.

Compliance with the QCA Code

As mentioned in the Chairman's Statement on Corporate Governance, Winkworth adheres to the QCA Code on Corporate Governance. Full details of how the ten principles have been applied are shown on our website www.winkworthplc.com.

The website was reviewed for compliance with the QCA Code on 26 March 2024 and was updated accordingly.

Composition, experience and training

The Board comprises three Executive Directors and three Non-executive Directors. The Non-executive Directors are all professionally qualified and experienced in Winkworth's areas of operation. Whilst Lawrence Alkin owns more than 3% of the Ordinary Shares of M Winkworth PLC, he is considered to be Independent, and all the non-executive Directors are considered to bring an independent judgement to bear notwithstanding their relationships, varying lengths of service, and investments in M Winkworth PLC.

The chairman and CEO review the balance of skills, knowledge and experience on the board and make appropriate recommendations for consideration by the whole board. The directors consider that the board is well-balanced and has the right number of members for the size of the group. The Non-executive Directors are professionally qualified and have considerable property, estate agency and franchise experience and expertise. Tara Tan is a lawyer with considerable franchise experience. Andrew Nicol is a chartered accountant with broad finance and operational experience. Dominic Agace has grown through the ranks of the business and has been CEO of Winkworth since flotation.

Regular briefings on legislative developments such as GDPR, Money Laundering, and the like are provided by the company's lawyers and General Counsel. The Board also received training on compliance with the AIM Rules for Companies and aspects of the Market Abuse Regulations. As members of the ICAEW, Andrew Nicol and John Nicol keep up-to-date through their CPD.

Performance evaluation

All Directors undergo a performance evaluation before being proposed for re-election to ensure that their performance is, and continues to be, effective; that, where appropriate, they maintain their independence; and that they are demonstrating continued commitment to the role. Appraisals are carried out each year for all Executive Directors.

The Board carries out an evaluation of its performance annually, taking into account the Financial Reporting Council's Guidance on Board Effectiveness.

Time commitments

The Executive Directors are expected to devote substantially the whole of their time, attention and ability to their duties, whereas, as one would expect, the Non-executives have a lesser time commitment. It is anticipated that each of the Non-executives will dedicate 15 days a year. The Non-executive directors have all confirmed that they are able to allocate sufficient time to meet the expectations of their role.

Meeting attendance

Details of the meetings of the Board and the various sub-committees of the Board during 2023, together with the attendance of the different Directors is as follows:-

M WINKWORTH PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023

Meeting attendance in 2023

Director	Board	Remuneration Committee	Audit Committee
Simon Agace	11	-	-
Lawrence Alkin	10	1	3
John Nicol	11	1	3
Dominic Agace	11	-	-
Andrew Nicol	11	-	-

Board Committee Reports

Remuneration Committee The Committee, chaired by Lawrence Alkin and with John Nicol in attendance met in December to discuss and approve certain bonuses in respect of 2023 and the 2024 remuneration of the Executive Directors and key senior managers in the group.

Audit Committee The Committee, chaired by John Nicol, and with Lawrence Alkin in attendance met three times in 2023. In March the Committee met with Crowe to discuss and approve the 2022 Accounts and to review the Audit. In September, the Committee met to discuss and approve the 2023 Interim results and Announcement. In December, the Committee met to discuss Risk and approve the Accounting Policies.

GOING CONCERN

The Board of Directors has undertaken a recent thorough review of the group's budgets and forecasts and has produced detailed and realistic cash flow projections. These cash flow projections, when considered in conjunction with the group's existing undrawn overdraft facilities and cash (including consideration of reasonable possible changes in trading performance), demonstrate that the group has sufficient working capital for the foreseeable future. Consequently, the directors believe that the group has adequate resources to continue its operational existence. The financial statements have accordingly been prepared on a going concern basis.

WEBSITES

The group's website is www.winkworthplc.com

The commercial website is www.winkworth.co.uk

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

M WINKWORTH PLC

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2023**

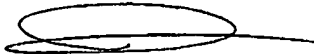
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

DIRECTORS' INDEMNITIES

Third-party Directors' and Officers' liability insurance was in place for all directors throughout the financial year and is currently in force.

ON BEHALF OF THE BOARD:



.....
D C M Agace - Director

Date:16.04.2024.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF M WINKWORTH PLC

Opinion

We have audited the financial statements of M Winkworth Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise:

- the Consolidated statement of comprehensive income for the year ended 31 December 2023;
- the Consolidated and Parent Company statements of financial position as at 31 December 2023;
- the Consolidated and Parent Company statements of changes in equity for the year ended 31 December 2023;
- the Consolidated and Parent Company statements of cash flows for the year ended 31 December 2023; and
- the notes to the financial statements, including a summary of material accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and in accordance with UK adopted International Accounting Standards.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- Reviewing management's financial projections for the Group and Parent Company for a period of more than 12 months from the date of approval of the financial statements.
- Checking the numerical accuracy of management's financial projections
- Challenging management on the assumptions underlying those projections and considering the impact of reductions in anticipated net cash inflows.
- Obtaining the latest management results after the reporting date to assess how the Group and Parent Company are performing compared to the projections.
- Performing sensitivity analysis on key inputs into the projections by calculating the impact of various scenarios and considering the impact on the Group and Parent Company's ability to continue as a going concern in the event that a downward scenario occurs.
- Assessing the completeness and accuracy of the matters described in the going concern disclosures within the significant accounting policies as set out in Note 2.

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

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

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £128,000 (2022: £120,000) based on 5% of the average profit before tax over the 3 financial years to the reporting date, a benchmark chosen to normalise the effects of the Covid-19 pandemic on the Group. Materiality for the Parent Company financial statements was set at £15,000 (2022: £15,000) based on a percentage of net assets, which we consider to be appropriate as the Parent Company is an investment holding company.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF M WINKWORTH PLC

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. We determined performance materiality for the Group financial statements as a whole to be £90,000 (2022: £84,000). Performance materiality for the Parent Company financial statements was set at £11,250 (2022: £11,250). Performance materiality allocated to the significant components of the Group was in the range £21,000 to £80,500 (2022: £23,800 to £70,000). Where considered appropriate performance materiality may be reduced to a lower level.

We agreed with the Audit Committee to report to it all identified errors in excess of £6,400 (2022: £6,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

There are three significant components in the group, the Parent Company, Winkworth Franchising and Tooting Estates. The Parent Company and Winkworth Franchising were subject to full scope audit by ourselves, Tooting Estates was audited by a component auditor.

For the work performed by component auditor, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole.

We directed the component auditor regarding the audit approach at the planning stage, issued instructions that detailed the significant risks to be addressed through the audit procedures and indicated the information we required to be reported on. The audit team, including the audit engagement partner, met with the component auditor to review the component auditors' working papers, discuss key findings directly with the component audit team and component auditor reporting partner and conclude on significant issues.

Key audit matters

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

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Completeness of revenue Group revenue was derived mainly from its principal activity, being commissions and subscriptions to the Group under franchise agreements, the accounting policy for which is disclosed in note 2. Revenue in respect of commissions due on house sales is recognized upon completion of the sale of the relevant property by the franchisee. Revenue in respect of commissions due on lettings, property management and administration services is recognized in the period to which the services relate. There is a risk that revenue is receivable and not recorded, especially due to the under reporting of revenue on the part of franchisees. Therefore there is a potential risk in terms of the completeness of revenue being recognised.	We performed audit procedures on the inputs into the model as follows: - ensuring internal compliance procedures over completeness of income had been undertaken throughout the period - performing a proof in total completeness check over the franchise commission income against income recognized - testing completeness of income from 'for sale' and 'lettings available' information on franchisee websites to subsequent receipt of commission - checking the accuracy of a sample of commissions receivable from rental and sales transactions to source documentation such as franchisee returns and completion statements and to the nominal ledger to ensure that revenue had been correctly calculated Based on the outcome of the above procedures, we did not identify any material misstatements in our assessment of the completeness of income.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF M WINKWORTH PLC

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and relevant UK taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
M WINKWORTH PLC**

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Stephen Bullock
Senior Statutory Auditor
For and on behalf of
Crowe U.K LLP
Statutory Auditor
London

Date: 16 April 2024

M WINKWORTH PLC

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

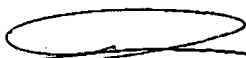
	Notes	2023 £'000	2022 £'000
CONTINUING OPERATIONS			
Revenue	3	9,265	9,307
Cost of sales		(1,573)	(1,594)
GROSS PROFIT		7,692	7,713
Other operating income		1	1
Administrative expenses		(5,848)	(5,246)
Negative goodwill	27	252	-
OPERATING PROFIT		2,097	2,468
Finance costs	5	(39)	(38)
Finance income	5	88	39
PROFIT BEFORE TAX	6	2,146	2,469
Tax	7	(467)	(488)
PROFIT FOR THE YEAR		1,679	1,981
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,679	1,981
Profit attributable to:			
Owners of the parent		1,668	1,951
Non-controlling interests		11	30
		1,679	1,981
Earnings per share expressed in pence per share:	10		
Basic		13.02	15.32
Diluted		13.00	15.18

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2023

	Notes	2023 £'000	2022 £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	11	1,300	906
Property, plant and equipment	12	984	666
Prepaid assisted acquisitions support	13	607	503
Investments	14	63	41
Trade and other receivables	15	350	385
		<u>3,304</u>	<u>2,501</u>
CURRENT ASSETS			
Trade and other receivables	15	1,450	1,146
Cash and cash equivalents	16	4,548	5,251
		<u>5,998</u>	<u>6,397</u>
TOTAL ASSETS		<u>9,302</u>	<u>8,898</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	18	65	64
Share premium	19	179	-
Other reserves	19	-	51
Retained earnings	19	6,396	6,212
		<u>6,640</u>	<u>6,327</u>
Non-controlling interests	17	-	102
TOTAL EQUITY		<u>6,640</u>	<u>6,429</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	20	767	433
Deferred tax	22	181	91
		<u>948</u>	<u>524</u>
CURRENT LIABILITIES			
Trade and other payables	20	1,556	1,575
Tax payable		158	370
		<u>1,714</u>	<u>1,945</u>
TOTAL LIABILITIES		<u>2,662</u>	<u>2,469</u>
TOTAL EQUITY AND LIABILITIES		<u>9,302</u>	<u>8,898</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16.04.2024 and were signed on its behalf by:



 D C M Agace - Director

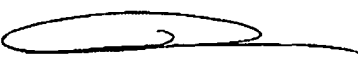
The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2023

	Notes	2023 £'000	2022 £'000
ASSETS			
NON-CURRENT ASSETS			
Investments	14	63	63
		<u>63</u>	<u>63</u>
CURRENT ASSETS			
Trade and other receivables	15	1,268	1,268
Cash and cash equivalents	16	1,008	425
		<u>2,276</u>	<u>1,693</u>
TOTAL ASSETS		<u>2,339</u>	<u>1,756</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	18	65	64
Share premium	19	179	-
Other reserves	19	-	51
Retained earnings	19	2,095	1,641
TOTAL EQUITY		<u>2,339</u>	<u>1,756</u>
LIABILITIES			
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
TOTAL EQUITY AND LIABILITIES		<u>2,339</u>	<u>1,756</u>

The profit for the financial year dealt with in the financial statements of the Parent Company was £1,890,000 (2022 - £1,859,000)

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 16.04.2024 and were signed on its behalf by:


.....
D C M Agace - Director

M WINKWORTH PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1 January 2022	64	6,145	-
Changes in equity			
Dividends	-	(1,884)	-
Total comprehensive income	-	1,951	-
Balance at 31 December 2022	64	6,212	-
Changes in equity			
Issue of share capital	1	-	179
NCI on acquisition of shares	-	(24)	-
Dividends	-	(1,511)	-
Total comprehensive income	-	1,719	-
Balance at 31 December 2023	65	6,396	179

	Other reserves £'000	Total £'000	Non-controlling Interests £'000	Total equity £'000
Balance at 1 January 2022	51	6,260	72	6,332
Changes in equity				
Dividends	-	(1,884)	-	(1,884)
Total comprehensive income	-	1,951	30	1,981
Balance at 31 December 2022	51	6,327	102	6,429
Changes in equity				
Issue of share capital	-	180	-	180
NCI on acquisition of shares	-	(24)	(113)	(137)
Dividends	-	(1,511)	-	(1,511)
Total comprehensive income	(51)	1,668	11	1,679
Balance at 31 December 2023	-	6,640	-	6,640

The notes form part of these financial statements

M WINKWORTH PLC

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2022	64	1,641	-	51	1,756
Changes in equity					
Dividends	-	(1,859)	-	-	(1,859)
Total comprehensive income	-	1,859	-	-	1,859
Balance at 31 December 2022	<u>64</u>	<u>1,641</u>	<u>-</u>	<u>51</u>	<u>1,756</u>
Changes in equity					
Issue of share capital	1	-	179	-	180
Dividends	-	(1,487)	-	-	(1,487)
Total comprehensive income	-	1,941	-	(51)	1,890
Balance at 31 December 2023	<u>65</u>	<u>2,095</u>	<u>179</u>	<u>-</u>	<u>2,339</u>

The notes form part of these financial statements

M WINKWORTH PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

		2023	2022
	Notes	£'000	£'000
Cash flows from operating activities			
Cash generated from operations	1	2,081	3,333
Interest paid		(1)	-
Tax paid		(670)	(521)
Net cash from operating activities		1,410	2,812
Cash flows from investing activities			
Purchase of intangible fixed assets		(229)	(123)
Purchase of tangible fixed assets		(35)	(19)
Purchase of fixed asset investments		-	1
Payments for prepaid assisted acquisitions		(217)	(316)
Interest received		88	39
Net cash used in investing activities		(393)	(418)
Cash flows from financing activities			
Payment of lease liabilities		(214)	(240)
Share issue		180	-
Purchase of non-controlling interest		(137)	-
Interest paid on lease liabilities		(38)	(38)
Equity dividends paid		(1,511)	(1,884)
Net cash used in financing activities		(1,720)	(2,162)
(Decrease)/increase in cash and cash equivalents		(703)	232
Cash and cash equivalents at beginning of year	2	5,251	5,019
Cash and cash equivalents at end of year	2	4,548	5,251

The notes form part of these financial statements

M WINKWORTH PLC

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Cash generated from operations	1	1	-
Tax paid		(1)	-
Net cash from operating activities		<u>-</u>	<u>-</u>
Cash flows from investing activities			
Interest received		3	-
Dividends received		1,887	1,859
Net cash from investing activities		<u>1,890</u>	<u>1,859</u>
Cash flows from financing activities			
Share issue		180	-
Equity dividends paid		(1,487)	(1,859)
Net cash used in financing activities		<u>(1,307)</u>	<u>(1,859)</u>
Increase in cash and cash equivalents		<u>583</u>	<u>-</u>
Cash and cash equivalents at beginning of year	2	425	425
Cash and cash equivalents at end of year	2	<u>1,008</u>	<u>425</u>

The notes form part of these financial statements

M WINKWORTH PLC

**NOTES TO THE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS
Group

	2023	2022
	£'000	£'000
Profit before tax	2,146	2,469
Depreciation charges	531	526
Gain on disposal of fixed assets	(9)	-
Fair value change in fixed asset investments	(22)	30
Negative goodwill	(252)	-
Finance costs	39	38
Finance income	(88)	(39)
	<u>2,345</u>	<u>3,024</u>
(Increase)/decrease in trade and other receivables	(269)	106
Increase in trade and other payables	5	203
	<u>2,081</u>	<u>3,333</u>

Company

	2023	2022
	£'000	£'000
Profit before tax	1,891	1,859
Finance income	(1,890)	(1,859)
	<u>1</u>	<u>-</u>
	<u>1</u>	<u>-</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statements of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	Group		Company	
Year ended 31 December 2023	31.12.23	1.1.23	31.12.23	1.1.23
	£'000	£'000	£'000	£'000
Cash and cash equivalents	<u>4,548</u>	<u>5,251</u>	<u>1,008</u>	<u>425</u>
Year ended 31 December 2022	31.12.22	1.1.22	31.12.22	1.1.22
	£'000	£'000	£'000	£'000
Cash and cash equivalents	<u>5,251</u>	<u>5,019</u>	<u>425</u>	<u>425</u>

The notes form part of these financial statements

M WINKWORTH PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. STATUTORY INFORMATION

M Winkworth Plc is a public company, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of financial instruments as set out below, and in accordance with UK adopted International Accounting Standards. The financial statements are presented in pound sterling, which is also the company's functional currency. The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of M Winkworth Plc and all its subsidiary undertakings. All subsidiary companies have coterminous year ends.

Acquisitions of companies that are consolidated are accounted for using the purchase method, by allocating their acquisition cost to the acquired identifiable assets and liabilities at the time of acquisition. Where the acquisition cost exceeds the net fair value of the acquired assets and liabilities, the difference is recognised as goodwill. Goodwill is not amortised but is tested for impairment at least annually and written down only in the event of impairment. Negative goodwill is recognised in the statement of comprehensive income immediately.

Revenue

Revenue represents the value of commissions and subscriptions due to the group under franchise agreements, together with the value of fees earned by its subsidiary lettings business. Revenue in respect of commissions due on house sales is recognised at the point of the relevant property sale having been completed by the franchisee. Revenue in respect of commissions due on lettings, property management and administration services is recognised in the period to which the services relate. The group earns a straight 8% by value on all sales and lettings income generated by the franchisees.

In Tooting Estates Limited, Crystal Palace Estates Limited and Lumley 1 Limited, revenue in respect of commissions due on house sales is recognised on completion. Revenue in respect of commissions due on lettings and property management is recognised over the life of the rental agreement.

Cash and cash equivalents

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. ACCOUNTING POLICIES - continued

Intangible assets

Intangible assets represent customer lists acquired with an acquisition in the year and website development costs relating to the franchisee platform.

The website development costs are amortised over their useful life which is deemed to be 3 - 6 years. Customer lists are amortised over 15 years on a straight line basis. They are assessed for impairment by performing a value in use calculation when indicators of impairment exist. Amortisation is included within administrative expenses in the statement of comprehensive income.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Prepaid assisted acquisitions support

Prepaid assisted acquisitions support represents amounts paid to franchisees on the incorporation of their business into the Winkworth brand. The amounts paid to franchisees are contributions towards their growth plans, which in turn will grow the Winkworth brand.

Amounts paid to franchisees are amortised over the initial 10 year franchise agreement on a straight-line basis as a reduction in revenue.

Property, plant and equipment

Property, plant and equipment is recognised at cost. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings - 25% straight line,
Computer equipment - 25% straight line.

Property, plant and equipment is subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Financial instruments

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. ACCOUNTING POLICIES - continued

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all material temporary differences that have originated but not reversed at the statement of financial position date.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Employee benefit costs

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

Investments

Investments in subsidiary undertakings are classified as non-current assets and are stated at cost less provision for any necessary impairments.

Listed investments are recognised at fair value by reference to publicly available share prices.

Share based payments

The company operates an Enterprise Management Incentive scheme which allows employees of the group to acquire shares in the parent company. The fair value of share-based payment awards granted is recognised as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The fair value is charged as an expense in the statement of comprehensive income over the vesting period and the charge is adjusted each year to reflect the expected and actual level of vesting, taking into account the terms and conditions upon which the options were granted. The share based payment vested in the year and the charge was immaterial.

Dividends

All dividends paid to shareholders are recognised when they have been paid.

Financial assets

Except for listed investments the group has only financial assets classified into the amortised cost category and these comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

These assets arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. 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.

The group recognises an allowance for expected credit losses (ECLs) based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. ACCOUNTING POLICIES - continued

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 cost of sales 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 due from related parties and loans to related parties are recognised on the general approach within IFRS 9 applying 12 months expected credit losses, unless there has been a significant increase in credit risk since initial recognition of the financial asset, in which case 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

The group has only financial liabilities classified into the amortised cost category. These liabilities consist of trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Leases

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.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received.

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. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Short term leases of 12 months or less or leases of low-value assets are charged to the statement of comprehensive income on a straight-line basis over the life of the lease.

Critical accounting estimates and judgements

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

(a) Impairment of website development and franchise branding prepaid acquisitions assisted support.

The group is required to test, where indicators of impairment exist, whether website development and franchise prepaid acquisitions assisted support branding have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires a number of estimates to be made including the estimation of future cash flows from franchisees, which are based on historic trends, and the choice of a discount rate in order to calculate the present value of the cash flows. At 31 December 2023 there were no indicators of impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES - continued

(b) Valuation and impairment of customer lists

The valuation of customer lists was based on industry multiples of 150% of the historic lettings revenue and 100% of the sales revenue, discounted by 30% for lettings and 70% for sales revenues, to reflect the future prospects and inherent goodwill relating to the staff of the business. An assumption has been made that cash flows from the lettings business will fall by 7% per annum.

The group is required to test, where indicators of impairment exist, whether customer lists have suffered any impairment. At 31 December 2023 there were no indications of impairment. Should future cashflows of the business fall by 15%, this would give rise to impairment of £85,769.

(c) Recoverability of trade receivables

The group determines concentrations of credit risk by quarterly monitoring of the creditworthiness rating of franchisees and through a monthly review of the trade receivables' ageing analysis. The group recognises an allowance for ECLs for trade receivables in accordance with the Financial assets accounting policy on page 38.

3. REVENUE

Segmental reporting

The board of directors, as the chief operating decision making body, review financial information and make decisions about the group's business and have identified a single operating segment, that of estate agency and related services and the franchising thereof.

The directors believe that there are two material revenue streams relevant to estate agency franchising.

	2023 £'000	2022 £'000
Revenue		
Corporate owned offices	2,695	2,781
Commissions and subscriptions due to the group under franchise agreements	6,570	6,526
	<u>9,265</u>	<u>9,307</u>

4. EMPLOYEES AND DIRECTORS

	2023 £'000	2022 £'000
Wages and salaries	3,417	3,064
Social security costs	464	363
Other pension costs	60	50
	<u>3,941</u>	<u>3,477</u>

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

	2023	2022
Office and management	<u>60</u>	<u>56</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

4. EMPLOYEES AND DIRECTORS - continued

Details of the remuneration of the directors individually and in total are shown below:

	Salary (including) bonus	Pension contributions	Benefits in kind	Share based payments	Year to 31 December 2023 Total	Year to 31 December 2022 Total
	£'000	£'000	£'000	£'000	£'000	£'000
D C M Agace	264	8	7	-	279	254
S P Agace	67	-	23	-	90	66
J Nicol	28	-	5	-	33	27
L M Alkin	28	-	-	-	28	26
A J D Nicol	166	5	-	-	171	164
Total	553	13	35	-	601	537

Key management personnel are defined as directors of the group.

The number of directors to whom retirement benefits were accruing during the year was 2 (2022 - 2).

On 23 June 2023, D C M Agace exercised 102,066 share options at a price of 102.38 pence per Ordinary Share.

At the year end, D C M Agace held 225,620 (2022 - 327,686) share options with a value of £Nil (2022 - £20,306) and A J D Nicol held 161,157 (2022 - 161,157).

Company

The company had no employees other than the directors, who were remunerated by Winkworth Franchising Limited.

5. NET FINANCE INCOME

	2023 £'000	2022 £'000
Finance income:		
Interest receivable	88	39
Finance costs:		
Lease interest payable	(39)	(38)
Net finance income/(cost)	49	1

M WINKWORTH PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

6. PROFIT BEFORE TAX

The profit before tax is stated after charging:

	2023	2022
	£'000	£'000
Depreciation - owned assets	38	53
Depreciation - right of use asset	209	247
Intangible assets and prepaid assisted acquisitions support amortisation	284	234
Fees attributable to the auditors of the parent company		
- audit of the group	55	55
Fees attributable to the component auditors' remuneration unaffiliated with the parent company auditors		
- audit of the subsidiary	14	14
non audit	31	31

Included within auditor's remuneration above is £11,000 (2022 - £11,000) relating to the company.

7. TAX

Analysis of tax expense

	2023	2022
	£'000	£'000
Current tax:		
Taxation	461	496
Adjustment re previous years	-	(2)
Total current tax	461	494
Deferred tax	6	(6)
Total tax expense in consolidated statement of profit or loss and other comprehensive income	467	488

Factors affecting the tax expense

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

	2023	2022
	£'000	£'000
Profit before income tax	2,146	2,469
Profit multiplied by the standard rate of corporation tax in the UK of 23.521% (2022 - 19%)	505	469
Effects of:		
Expenses not deductible for tax purposes	9	9
Adjustment in respect of prior periods taxable	-	(2)
Depreciation in excess of capital allowances	2	18
Income not taxable	(59)	-
Other movements	5	(6)
Change in tax rate	5	-
Tax expense	467	488

8. PROFIT OF PARENT COMPANY

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 £1,889,993 (2022 - £1,859,295).

M WINKWORTH PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

9. DIVIDENDS

	2023 £'000	2022 £'000
Ordinary shares of 0.5p each		
Interim	<u>1,511</u>	<u>1,884</u>

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	Earnings £'000	2023 Weighted average number of shares '000	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	1,668	12,814	13.02
Effect of dilutive securities			
Options	-	20	-
Diluted EPS			
Adjusted earnings	1,668	12,834	13.00

	Earnings £'000	2022 Weighted average number of shares '000	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	1,951	12,733	15.32
Effect of dilutive securities			
Options	-	122	-
Diluted EPS			
Adjusted earnings	1,951	12,855	15.18

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

11. INTANGIBLE ASSETS

	Customer lists £'000	Website Development £'000	Total £'000
COST			
At 1 January 2023	643	869	1,512
Additions	343	222	565
At 31 December 2023	986	1,091	2,077
AMORTISATION			
At 1 January 2023	148	458	606
Amortisation for year	51	120	171
At 31 December 2023	199	578	777
NET BOOK VALUE			
At 31 December 2023	787	513	1,300
At 31 December 2022	495	411	906

	Customer lists £'000	Development £'000	Total £'000
COST			
At 1 January 2022	643	746	1,389
Additions	-	123	123
At 31 December 2022	643	869	1,512
AMORTISATION			
At 1 January 2022	103	361	464
Amortisation for year	45	97	142
At 31 December 2022	148	458	606
NET BOOK VALUE			
At 31 December 2022	495	411	906

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

12. PROPERTY, PLANT AND EQUIPMENT

Group

Year ended 31 December 2023

	Right of use assets- buildings £'000	Computer equipment £'000	Fixtures and fittings £'000	Totals £'000
COST				
At 1 January 2023	1,199	30	475	1,704
Additions	645	9	26	680
Disposals	(653)	(2)	(5)	(660)
At 31 December 2023	1,191	37	496	1,724
DEPRECIATION				
At 1 January 2023	616	20	402	1,038
Charge for year	209	6	32	247
Eliminated on disposal	(541)	(2)	(2)	(545)
At 31 December 2023	284	24	432	740
NET BOOK VALUE				
At 31 December 2023	907	13	64	984

Year ended 31 December 2022

	Right of Use assets- buildings £'000	Computer equipment £'000	Fixtures and fittings £'000	Totals £'000
COST				
At 1 January 2022	1,199	28	459	1,686
Additions	-	3	16	19
Disposals	-	(1)	-	(1)
At 31 December 2022	1,199	30	475	1,704
DEPRECIATION				
At 1 January 2022	369	15	358	742
Charge for year	247	6	44	297
Eliminated on disposal	-	(1)	-	(1)
At 31 December 2022	616	20	402	1,038
NET BOOK VALUE				
At 31 December 2022	583	10	73	666

The average remaining term of the group's buildings leases is 6 years (2022:3 years).

M WINKWORTH PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

**13. PREPAID ASSISTED ACQUISITIONS
SUPPORT**

Group

	Total £'000
FAIR VALUE	
At 1 January 2023	1,910
Additions	217
At 31 December 2023	2,127
DEPRECIATION	
At 1 January 2023	1,407
Charge for year	113
At 31 December 2023	1,520
NET BOOK VALUE	
At 31 December 2023	607
At 31 December 2022	503

M WINKWORTH PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

14. INVESTMENTS

**Group
Listed Investments**

	Listed Investments £'000
COST	
At 1 January 2023	41
Fair value uplift	22
At 31 December 2023	63
NET BOOK VALUE	
At 31 December 2023	63

	Listed Investments £'000
COST	
At 1 January 2022	71
Impairment of fair value	(30)
At 31 December 2022	41
NET BOOK VALUE	
At 31 December 2022	41

The listed investments are considered at level 1 under the IFRS 13 hierarchy.

Company

	2023 £'000	2022 £'000
COST		
At 1 January	63	63
NET BOOK VALUE		
At 31 December	63	63

M WINKWORTH PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

14. INVESTMENTS - continued

Subsidiary undertakings

M Winkworth Plc had the following subsidiary undertakings as at 31 December 2023:

Winkworth Franchising Limited
Country of Incorporation: England and Wales
Nature of business: Franchisor to the Winkworth estate agencies

% holding

Class of shares: Ordinary shares 100

The following are shares held indirectly:

Company Name	Country of Incorporation	Nature of Business	Class of Shares	% Holding
Group				
Winkworth Client Services Limited	England and Wales	Administration services to estate agencies	Ordinary Shares	100
Winkworth Financial Services Limited	England and Wales	Dormant	Ordinary Shares	100
Winkworth Auctions Limited	England and Wales	Dormant	Ordinary Shares	100
Winkworth Conveyancing Limited	England and Wales	Dormant	Ordinary Shares	100
Winkworth Land and New Homes Limited	England and Wales	Dormant	Ordinary Shares	100
Winkworth Management Limited	England and Wales	Dormant	Ordinary Shares	100
Winkworth Private Clients Limited	England and Wales	Dormant	Ordinary Shares	100
Winkworth Property Management Limited	England and Wales	Dormant	Ordinary Shares	100
Winkworth Residential Lettings Limited	England and Wales	Dormant	Ordinary Shares	100
Winkworth Residential Sales Limited	England and Wales	Dormant	Ordinary Shares	100
Winkworth Short Lets Limited	England and Wales	Dormant	Ordinary Shares	100
Winkworth Surveying Limited	England and Wales	Dormant	Ordinary Shares	100
Winkworth Surveyors Limited	England and Wales	Dormant	Ordinary Shares	100
Winkworth Surveys Limited	England and Wales	Dormant	Ordinary Shares	100
See Things Differently Limited	England and Wales	Dormant	Ordinary Shares	100
Tooting Estates Limited	England and Wales	Estate agency and lettings management	Ordinary Shares	100
Crystal Palace Estates Limited	England and Wales	Estate agency and lettings management	Ordinary Shares	100
Winkworth Development and Commercial Investment Limited	England and Wales	Other business support service activities	Ordinary Shares	100
Lumley 1 Limited	England and Wales	Estate agency and lettings management	Ordinary Shares	100
Lumley 2 Limited	England and Wales	Dormant	Ordinary Shares	100
Lumley 3 Limited	England and Wales	Dormant	Ordinary Shares	100
Lumley 4 Limited	England and Wales	Dormant	Ordinary Shares	100

M WINKWORTH PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

14. INVESTMENTS - continued

The registered office for Tooting Estates Limited is 17 Upper Tooting Road, London, SW17 7TS.

The registered office for each of the other above subsidiaries is 13 Charles II Street, St James's, London, England, SW1Y 4QU.

Winkworth Client Services Limited has taken advantage of S479A of the Companies Act 2006 to dispense with the need to have an audit. In order to qualify for this exemption M Winkworth Plc has provided a guarantee under this section of the act.

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Current:				
Trade receivables	976	657	-	-
Amounts owed by group undertakings	-	-	1,268	1,268
Loans to franchisees	232	177	-	-
Other receivables	64	140	-	-
Prepayments and accrued income	178	172	-	-
	<u>1,450</u>	<u>1,146</u>	<u>1,268</u>	<u>1,268</u>
Non-current:				
Loans to franchisees	350	385	-	-
	<u>350</u>	<u>385</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>1,800</u>	<u>1,531</u>	<u>1,268</u>	<u>1,268</u>

Trade receivables are stated net of bad debt provisions of £117,987 (2022 - £78,768). A bad debt reversal of £Nil (2022 - £Nil) has been released to the statement of comprehensive income.

The company applies IFRS 9 simplified approach to measuring 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 aging. The expected loss rates are based on the company's historical credit losses experienced over the previous year.

Expected credit loss assessment for customers as at 31 December 2023

The following table provides information about the exposure to credit risk and ECLs (expected credit losses) for trade receivables as at 31 December 2023. The simplified approach has been used, as permitted by IFRS 9.

31 December 2023	Weighted average loss rate	Gross carrying amount	Impairment loss allowance
		£'000	£'000
Current (not past due)	0%	680	-
1-30 days past due	1%	93	1
31-60 days past due	2%	104	1
over 60 days past due	53%	217	116

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

15. TRADE AND OTHER RECEIVABLES - continued

31 December 2022	Weighted average loss rate	Gross carrying amount £'000	Impairment loss allowance £'000
Current (not past due)	0%	387	-
1-30 days past due	1%	100	1
31-60 days past due	2%	25	-
over 60 days past due	31%	145	78

Loss rates are based on actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Impaired receivables are only written off following the conclusion of administration proceedings.

Movements in the allowance for impairment in respect of trade receivables

Movements in the allowance for impairment in respect of trade receivables during the year was as follows:

	2023 £'000	2022 £'000
Balance at 1 January	78.8	66.5
Amounts written off	-	-
Net remeasurement of loss allowance	39.1	12.3
Balance at 31 December	117.9	78.8

The directors consider that the carrying value of trade and other receivables approximates to their fair value.

Loans to franchisees are spread across varying terms and the agreements do not include any collateral on behalf of the franchisees. No bad debt provisions have been recognised in respect of franchise loans and other debtors in the current or previous years.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank accounts	4,548	5,251	1,008	425
	<u>4,548</u>	<u>5,251</u>	<u>1,008</u>	<u>425</u>

There were no overdrafts at either year end.

17. NON-CONTROLLING INTERESTS

Non-controlling Interests related to minority 10% in Tooting Estates Limited until 30 June 2023 when it became a 100% subsidiary.

M WINKWORTH PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

18. CALLED UP SHARE CAPITAL

Authorised:		2023 £'000	2022 £'000
20,000,000	Ordinary shares of 0.5p	100	100
Issued and fully paid: 12,908,792 (2022:12,733,238)	Ordinary shares of 0.5p	65	64

19. RESERVES

Retained earnings are earnings retained by the company not paid out in dividends.

Share premium is the premium paid on shares purchased in the company.

Other reserves are the fair value equity components recognised over the vesting period of share based payments.

20. TRADE AND OTHER PAYABLES

	Group 2023 £'000	Group 2022 £'000
Current:		
Trade payables	449	393
Other taxes and social security	512	373
Other payables	24	22
Lease liability	173	200
Accruals and deferred income	272	462
VAT	126	125
	<u>1,556</u>	<u>1,575</u>
Non-current:		
Lease liability	767	433
	<u>767</u>	<u>433</u>
Aggregate amounts	<u>2,323</u>	<u>2,008</u>
Maturity analysis of lease liabilities:		
	2023 £'000	2022 £'000
Not later than one year	173	200
Later than one year and not more than five years	412	230
Later than five years	355	203
	<u>940</u>	<u>633</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

20. TRADE AND OTHER PAYABLES - continued

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

21. FINANCIAL INSTRUMENTS

Capital management

The group manages its capital to ensure its operations are adequately provided for, while maximising the return to shareholders through the effective management of its resources.

The group's objectives when managing capital are to safeguard its ability to continue as a going concern and so provide returns for shareholders and benefits for other members. The group meets its objectives by aiming to achieve a steady growth while mitigating risk, which will generate regular and increasing returns to the shareholders.

The group also seeks to minimise the cost of capital and optimise its capital structure. The capital structure of the group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. The group currently does not carry any debt.

Risk management

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

- Credit risk
- Liquidity risk
- Market risk

In common with all other businesses, the group is also exposed to risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

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

Categories of financial instruments

The group has the following financial instruments:

	2023 £'000	2022 £'000
Financial assets that are debt instruments measured at amortised cost		
Trade receivables	976	657
Loans to franchisees	582	562
Other receivables	64	140
Financial liabilities measured at amortised cost		
Trade payables	449	393
Lease liability	940	633
Other payables	24	23
Financial assets measured at fair value		
Listed Investments	63	41

Listed Investment are valued by reference to publicly available share prices.

Principal financial instruments

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

- trade receivables
- cash at bank
- trade and other payables

These are considered below.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

21. FINANCIAL INSTRUMENTS - continued

General objectives, policies and processes

The Board has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The Board receives monthly reports from the group financial controller 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. There are no significant concentrations of risk within the group. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the group if a franchisee or a counterparty to a financial instrument fails to meet its contractual obligations. The group is mainly exposed to credit risk from franchise commissions and loans to franchisees. It is group policy to assess the credit risk of new franchisees before entering contracts.

The directors have established a credit policy under which each new franchisee is analysed individually for creditworthiness before a franchise is offered. The group's review includes external ratings, when available, and in some cases bank references.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

The group does not enter into derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated.

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. The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

A maturity analysis of financial liabilities is provided in the table in the Trade and other payables note.

Market risk

Market risks are the inherent risks which arise from the group's presence within the market in which it operates. The directors consider there to be no key risks to the group that can be quantified and so no sensitivity analysis has been carried out on any potential impacts to the financial statements. No material market risk arises from the listed investments due to the size of the holding.

Interest rate and currency of cash balances

Floating rate financial assets of £4,547,138 (2022 - £5,250,963) comprise sterling cash deposits. There are no fixed rate financial assets. If interest rates had been 0.25% higher during the year, then the group would have generated c£12,000 of additional interest income.

Fair values of financial instruments

As a result of their short term nature, there are no material differences between book value and fair value of financial instruments as, where appropriate, all are subject to floating rates as set by the market.

22. DEFERRED TAX

	2023	2022
	£'000	£'000
Balance at 1 January	91	97
Transfer from/(to) profit or loss	6	(6)
Deferred tax liability recognised on acquisition of business	84	-
Balance at 31 December	181	91

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

23. RELATED PARTY DISCLOSURES

During the year total dividends of £756,127 (2022 - £935,523) were paid to directors.

During the year the company received a dividend of £1,887,239 (2022- £1,859,053) from its subsidiary undertaking Winkworth Franchising Limited.

The balance owed by Winkworth Franchising Limited to the company at the year end was £1,267,587 (2022 - £1,267,587).

24. SHARE-BASED PAYMENT TRANSACTIONS

Share options are granted to directors and to selected employees. The exercise price of the granted options is equal to the market price of the shares at date of the grant. Options are conditional on the employee completing two years' service (the vesting period). The options are exercisable starting two years from the grant date and expire ten years from the grant date. The company has no legal or constructive obligation to repurchase or settle the options in cash.

The Reduction of Capital, authorised by the High Court on 24 July 2018, impacted the calculations around the Share Options granted before that date. In order to adhere to the Rules of the Option Plan, the exercise price and number of options over shares had to be adjusted so that the amount payable on full exercise and the value of the shares acquired on full exercise, and hence the value of the options, were kept constant. HMRC has agreed to the terms of the adjustment and the numbers have been amended accordingly with effect from the date of the Capital Reduction. There is no impact on the cost of the options to the group.

Movements in the number of share options outstanding and their related weighted average exercise prices following the Reduction of Capital are as follows:

Option series	Number	Grant date	Expiry date	Exercise price (p)	Fair value at grant date (p)
Granted on 10 May 2017	386,777	10/05/2017	09/05/2027	139.62	6

The following reconciles the share options outstanding at the beginning and end of the year:

	2023		2022	
	Number of options	Weighted average exercise price (p)	Number of options	Weighted average exercise price (p)
Balance at beginning of year	562,331	128	562,331	128
Exercised during the year	(175,554)	102	-	-
Balance at end of year	<u>386,777</u>	<u>140</u>	<u>562,331</u>	<u>128</u>

All the options were exercisable with 175,554 options being exercised in 2023. The share option outstanding at the year-end had a weighted average contractual life of 3.36 years.

M WINKWORTH PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

25. ACQUISITION OF NON CONTROLLING INTEREST

On 1 July 2023, an agreement was signed in relation to Winkworth Franchising Limited's acquisition of a further 10% of Tooting Estates Limited, which operates in the Winkworth franchise in the Tooting area, for £136,500.

Per IFRS 10, when the holding in a subsidiary changes but the parent retains control, which is the case with the purchase of the additional shares in Tooting Estates Limited, the NCI is to be adjusted to reflect the change in ownership as demonstrated below:

	10% NCI 6m to July 23
Tooting Estates Limited Profit after tax	111,000
NCI in the year	11,000
	10% NCI
NCI b/fwd	102,000
NCI to July 2023	11,000
NCI on acquisition of shares at 1 July 2023	113,000

The excess of the payment of £136,500 to acquire the remaining NCI over the equity attributed to the NCI immediately before the acquisition has been adjusted against retained earnings.

26. POST BALANCE SHEET EVENTS

On 10 January 2024, M Winkworth Plc declared a dividend of 3p per ordinary share for the fourth quarter of 2023.

On 10 April 2024, M Winkworth Plc declared a dividend of 3p per ordinary share for the first quarter of 2024.

27. ACQUISITION OF A BUSINESS

The franchisee of the Winkworth business in Pimlico did not renew their franchise agreements and, as a result, on 20 October 2023, Lumley 1 Limited, a subsidiary of Winkworth Franchising Limited, took control of the trade and assets of the business. There was no consideration for the transaction. In the opinion of the directors the transaction qualified to be accounted for as a business combination in accordance with IFRS 3.

As with the acquisitions of Tooting Estates Limited and Crystal Palace Estates Limited, Lumley 1 Limited will keep Winkworth in touch with and learning from front end experiences and industry trends. It will also provide a live platform to test and develop future digital initiatives and evolve our centralised CRM systems, which will be of benefit to all our franchisees.

	Acquisition £'000	Fair value adjustment £'000	Fair value of net assets £'000
Intangible	-	336	336
Other assets/liabilities	-	-	-
Deferred tax at 25%	-	(84)	(84)
	-	252	252
Consideration			-
Less net assets acquired			(252)
Negative goodwill			(252)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

27. ACQUISITION OF A BUSINESS - continued

The acquired intangible asset represents the fair value of the customer lists of the business which have been valued by the directors through the application of a revenue multiple.

The negative goodwill is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The post-acquisition results for the period to 31 December 2023 are as follows:

	£'000
Revenue	74
Loss before tax and negative goodwill	(82)
Negative goodwill	252
Profit before tax	170

It is impracticable to estimate the pre-acquisition results because of the different cost structure of the franchised business prior to its acquisition.