20230727706843

Årsredovisning

för

1793 Swedish Holdings AB

Org nr 559345-4241

Räkenskapsåret

2022-01-01—2022-12-31

Fastställelseintyg

Undertecknad styrelseledamot i 1793 Swedish Holdings AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 20 juli 2023. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att denna kopia av årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Stockholm den 20 juli 2023

Louise Arén

20230727706844

Årsredovisning

för

1793 Swedish Holdings AB

Org nr 559345-4241

Räkenskapsåret

2022-01-01—2022-12-31

Innehållsförteckning

Förvaltningsberättelse	1
Resultaträkning	3
Balansräkning	4
Noter	5

20230727065845

Styrelsen för 1793 Swedish Holdings AB får härmed avge årsredovisning för räkenskapsåret 2022-01-01—2022-12-31. Årsredovisningen är upprättad i svenska kronor, SEK. Belopp anges i tkr om inget annat anges.

Förvaltningsberättelse

Information om verksamheten

1793 Swedish Holdings AB är ett holdingbolag med säte i Stockholm. Bolaget har inga anställda.
I december 2021 förvärvades dotterkoncernen Bukowski Auktioner AB som bedriver auktionsverksamhet i Stockholm samt via lokalkontor i Göteborg, Malmö och Helsingfors.

Väsentliga händelser under räkenskapsåret

Bolagets moderbolag Bonhams 1793 Limited har lämnat ett villkorat aktieägartillskott uppgående till 33 000 TSEK.

Ägarförhållanden

Bolaget är ett helägt dotterbolag till Bonhams 1793 Limited med org nr 04326560 och adress Montpelier Galleries, Montpelier Street, London SW7 1HH.

Flerårsöversikt (Tkr)	**2022**	**2021**
Nettoomsättning	0	0
Resultat efter finansiella poster	-31 950	0
Balansomslutning	654 143	667 944
Soliditet (%)	5,7 %	0,003 %

För definitioner av nyckeltal, se Redovisnings- och värderingsprinciper.

Förändring av eget kapital (Tkr)

	Aktie-kapital	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	25	0	0	**25**
Villkorat aktieägartillskott		33 000		33 000
Årets resultat			3 994	3 994
Belopp vid årets utgång	**25**	**33 000**	**3 994**	**37 019**

Ej återbetalda villkorade aktieägartillskott uppgår per balansdagen till 33 000.

20230727065846

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

Balanserad vinst	33 000 000
Årets vinst	3 994 319
	36 994 319

disponeras enligt nedan:

i ny räkning balanseras	36 994 319

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med tilläggsupplysningar.

20230727106847

Resultaträkning
Tkr

	Not	2022-01-01 -2022-12-31	2021-11-10 -2021-12-31
Rörelsens intäkter			
Nettoomsättning		0	0
		0	**0**
Rörelsens kostnader			
Övriga externa kostnader		0	0
Rörelseresultat		**0**	**0**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag		63 006	0
Nedskrivning av andelar i koncernföretag	2	-63 006	
Räntekostnader och liknande resultatposter	3	-31 950	0
Resultat efter finansiella poster		**-31 950**	**0**
Bokslutsdispositioner			
Erhållet koncernbidrag		42 000	0
Resultat före skatt		**10 050**	**0**
Skatt på årets resultat		-6 056	0
Årets resultat		**3 994**	**0**

20230727065848

Balansräkning

	Not	2022-12-31	2021-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	2	612 118	667 944
Summa anläggningstillgångar		**612 118**	**667 944**
Omsättningstillgångar			
Fordran på koncernföretag		42 000	0
Bankmedel		25	0
Summa omsättningstillgångar		**42 025**	**0**
SUMMA TILLGÅNGAR		**654 143**	**667 944**
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	4	25	25
Fritt eget kapital			
Balanserad vinst		33 000	0
Årets resultat		3 994	0
Summa eget kapital		**37 019**	**25**
Långfristiga skulder			
Skulder till koncernföretag	5	611 068	667 919
Kortfristiga skulder			
Skatteskuld		6 056	0
SUMMA EGET KAPITAL OCH SKULDER		**654 143**	**667 944**

20230727706849

Noter

Tkr

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar

Årsredovisningen är upprättad i enlighet med årsredovisningslagen (1995:1554) och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3). Koncernredovisning har inte upprättats, i enlighet med undantaget i ÅRL 7:2. Koncernredovisning har upprättats av Vanquish Holdco Limited med org nr 11511720 och adress Montpelier Galleries, Montpelier Street, London SW7 1HH.

Fordringar har upptagits till de belopp varmed de beräknas inflyta.

Övriga tillgångar och skulder har upptagits till anskaffningsvärden där inget annat anges.

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Intäktsredovisning

Intäkter har tagits upp till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt.

Nyckeltalsdefinitioner

Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader, men före extraordinära intäkter och kostnader.

Balansomslutning
Företagets samlade tillgångar.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

20230727065850

Redovisningsprinciper för enskilda balansposter

Uppskattningar och bedömningar

Upprättandet av bokslut och tillämpning av redovisningsprinciper, baseras ofta på ledningens bedömningar, uppskattningar och antaganden som anses vara rimliga vid den tidpunkt då bedömningen görs. Uppskattningar och bedömningar är baserade på historiska erfarenheter och ett antal andra faktorer, som under rådande omständigheter anses vara rimliga. Resultatet av dessa används för att bedöma de redovisade värdena på tillgångar och skulder, som inte annars framgår tydligt från andra källor. Det verkliga utfallet kan avvika från dessa uppskattningar och bedömningar. Uppskattningar och antaganden ses över regelbundet.

Inga väsentliga källor till osäkerhet i uppskattningar och antaganden på balansdagen bedöms kunna innebära en betydande risk för en väsentlig justering av redovisade värden för tillgångar och skulder under nästa räkenskapsår.

Inkomstskatter

Företaget tillämpar Bokföringsnämndens allmänna råd 2012:1 Inkomstskatter. Årets totala skatt för företaget utgörs av aktuell skatt samt justering av skattekostnad avseende tidigare år. Aktuell skatt är den skatt som beräknas på det skattepliktiga resultatet för perioden.

Skatt på årets resultat

Aktuell skatt avser inkomstskatt för innevarande räkenskapsår. Justering avseende tidigare års skatt avser den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Skattekostnaden beräknas utifrån den skattesats som gäller per balansdagen.

Not 2 Andelar i koncernföretag

Namn	Org nr	Säte	Kapital-andel	Rösträtts-andel	Antal andelar
Bukowski Auktioner AB	556434-1369	Stockholm	100 %	100%	1 235 421

	2022-12-31	2021-12-31
Ingående anskaffningsvärde	667 944	-
Förvärvade andelar		667 944
Erlagd tilläggsköpeskilling	7 180	
Utgående anskaffningsvärde	**675 124**	**667 944**
Ingående nedskrivning	0	-
Nedskrivningar	-63 006	0
Utgående nedskrivning	**-63 006**	**0**
Utgående redovisat värde	**612 118**	**667 944**

Not 3 Räntekostnader

Räntekostnader avser i sin helhet ränta på koncerninterna lån.

20230727706851

Not 4 Antal aktier och kvotvärde

Namn	Antal aktier	Kvotvärde
Antal A-aktier	25 000	1

Not 5 Långfristiga skulder

	2022-12-31	2021-12-31
Skulder som förfaller senare än fem år efter balansdagen	611 068	667 919

Not 6 Ställda säkerheter och eventualförpliktelser

	2022-12-31	2021-12-31
Aktier i dotterbolag	612 118	667 944

Not 7 Väsentliga händelser efter räkenskapsårets slut

Inga väsentliga händer har inträffat efter räkenskapsårets slut.

2023-06-08 London

Jonathan Fairhurst
Ordförande

2023-06-22 Paris

Patrick Masson

2023-06-28 Stockholm

Louise Arén

Vår revisionsberättelse har lämnats 14 juli 2023

Ernst & Young AB

Jens Karlsson
Auktoriserad revisor

20230727065852

Revisionsberättelse

Till bolagsstämman i 1793 Swedish Holdings AB, org.nr 559345-4241

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för 1793 Swedish Holdings AB för räkenskapsåret 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av 1793 Swedish Holdings ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till 1793 Swedish Holdings AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

20230727706853

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning av 1793 Swedish Holdings AB för räkenskapsåret 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till 1793 Swedish Holdings AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Anmärkning

Årsredovisningen avgavs inte i sådan tid att det, enligt 7 kap. 10 § aktiebolagslagen, varit möjligt att hålla årsstämma inom sex månader efter räkenskapsårets utgång.

Stockholm den 14 juli 2023

Ernst & Young AB

Jens Karlsson
Auktoriserad revisor

20231012052200

Company Registration No. 11511720

Vanquish Holdco Limited

Annual report and financial statements

for the year ended 31 December 2022

THURSDAY
ACDØ6PS2
A64
28/09/2023
#57
COMPANIES HOUSE

Vanquish Holdco Limited

Annual report and financial statements for the year ended 31 December 2022

Officers and professional advisers	2
Strategic report	3
Directors' report	8
Statement of Directors' responsibilities	10
Independent auditor's report	11
Consolidated income statement and statement of comprehensive income	15
Consolidated statement of changes in equity	16
Company statement of changes in equity	17
Consolidated statement of financial position	18
Company statement of financial position	19
Consolidated cash flow statement	20
Notes to the consolidated financial statements	21
Appendix to the consolidated financial statements	58

20231012052O1

Vanquish Holdco Limited

Annual report and financial statements for the year ended 31 December 2022

Officers and professional advisers

Directors

J Buckley
J Fairhurst

Company Secretary

C Watson

Registered office

Montpelier Galleries
Montpelier Street
London SW7 1HH

Bankers

HSBC
70 Pall Mall
London SW1Y 5EZ

The Royal Bank of Scotland plc
280 Bishopsgate
London EC2M 4RB

City National Bank
150 California Street
San Francisco 94111

Solicitors

Ropes & Gray
60 Ludgate Hill
London EC4M 7HX

Auditor

Deloitte LLP
Statutory Auditor
London

Vanquish Holdco Limited

Strategic report

The Directors of Vanquish Holdco Limited ("the Company") and its subsidiaries (collectively "the Group") have the pleasure in presenting their annual report and the audited consolidated financial statements of the Group and Company for the period ended 31 December 2022.

Principal activities

The Company's principal activity is that of a holding company for the companies which form the Bonhams Group. The subsidiary undertakings held by the Company are listed in note 11 to the financial statements, the principal activities of which is to provide auctioneering and valuation services.

Results and dividends

The Board is pleased to be able to report positive results and sees the benefit of acquisitions now impacting the wider business. The increased level of registered bidders and digitally based customer activity is particulary satisfying given the focus the business has placed in these areas.

The gross profit margin for the Group is 71.8% (2021: 77.1%), this reduction reflects the impact of the mix of sales categories, price points and geographical sale structure during the year.

The Group's adjusted EBITDA (which includes rental charges) for the period was £25.9 million (2021: £23.6 million). The Group's operating profit for the period amounted to £15.8 million (2021: profit £15.9 million). The Group's retained loss for the year attributable to shareholders of the parent amounted to £19.5 million (2021: £13.4 million). The Directors do not recommend the payment of a dividend (2021: £nil).

The historical and ongoing investment in Bonhams, its brand, its specialist staff, and its client and customer service, together with a clear strategy, allows the Directors to be confident that the Group will deliver profitable growth and increased free cash flow generation into the future. Ongoing investment in IT platforms will continue, with further development of Bonhams website and the Group's wider digital capabilities remaining important strategic priorities. The Board recognises the importance of building the wider auction network and has undertaken acquisitions during the year to enhance the businesses footprint, a strategy that will bring further opportunities in the future.

Engaging with stakeholders

The success of our business depends on the support of all our stakeholders – buyers, sellers, shareholders and staff.

The Group operates through its international network and brings a global perspective to meeting local requirements. The leadership teams of each office take decisions with a view to the long term and follow the highest standards of conduct in line with Group policies. Reports are regularly made to the Group Board by the business units about strategy, key decisions taken and performance. This provides the Board with assurance that stakeholder interests are being properly considered when it comes to decision-making.

Details of the Group's key stakeholders and how we engage with them are set out below.

Vendors / Buyers – the Group aims to create the very best market environment to help our clients achieve their objectives, whether they are selling or buying. We lay particular emphasis on building strong lasting relationships with our clients, devoting time and resources to work with them on understanding their needs and how we can continually improve the services we offer.

Vanquish Holdco Limited

Strategic report

Engaging with stakeholders (continued)

Shareholders – the Shareholder Agreement sets out not only the shareholders' rights of ownership but also their rights to be involved in discussions with the Board on matters including financial performance, strategy, outlook, governance and ethical practices. We appreciate and welcome this involvement.

Employees - Bonhams employees are at the core of Bonhams success and 'one team' is one of the four pillars of our strategy. We want to attract the best people to our culture, which is different to our competitors. We want them to develop, build careers and help our people perform at the highest level. We have made numerous acquisitions, and this will add and extend our global 'one team'. Creating a culture for everyone and globally is a very important part of our success and continued success. We have implemented a new People System in 2022 which helps managers engage and communicate with their teams more efficiently and effectively on a global basis in areas including recruitment, performance management and compensation management. We also run a global employee engagement survey every 6 months to assess levels of engagement across the organisation. This gives invaluable insights into improvements that we can make to help improve engagement and we will continually evolve and improve on these results. .

Our commitment to Well-being and Diversity and Inclusion continues to encourage a progressive culture of transparency and openness. Bonhams is an equal opportunities employer and we value diversity and aim to set up and maintain a working environment, terms and conditions for services and employment practices which ensure that all employees, job applicants and potential applicants, agency and self-employed workers receive equal treatment. This approach extends beyond the hiring period to ensure that reasonable adjustments are made for any employees that have a disability. Our training and development program is open to all employees and any specific requests can be raised as part of our performance review process. We also offer a competitive reward proposition to attract, retain and drive our people to the desired outcomes.

Communities – Bonhams had an active Charitable Programme in 2023, beginning with Quentin Blake's auction "Drawing Hope for Ukraine" sale in May. This was followed by other initiatives for Ukraine, including The WBC Greatest Fights Opus: Ukraine Peace Special Edition Online Charity Auction" in June and "Portrait of War: A Benefit for United Help Ukraine". Bonhams also supported charities targeted at participation in sport, such as "The Big Pilot Challenge: A charity auction by IWC SCHAFFHAUSEN and LAUREUS Sport for Good" in June, and "Ignite: The IWC and Toto Wolff Charity Auction" in July to support greater diversity and inclusion in Motorsport. Additionally Bonhams was delighted to partner with the international gallery, Hauser and Wirth, to raise funds for The Hospital Room and to work with the Children's Cancer & Blood Foundation through a Charity Auction in October.

The Group is also focused on reducing environmental impacts where possible and has established a global working Group to identify and track progress.

Energy and carbon reporting

The data below and the supporting narrative summarise the Streamlined Energy and Carbon Reporting (SECR) disclosure in line with the requirements for a "large" unquoted company, as per The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

SECR Energy Use and Carbon Emissions Disclosure

Bonhams disclose their UK energy use and greenhouse gas emissions for which they are responsible in line with SECR requirements. This is the fourth year of SECR reporting and is aligned with the financial year 01/01/2022 to 31/12/2022.

Vanquish Holdco Limited

Strategic report

Energy Source	Current Year 2022	Historic Comparison Year 2019	Scope
Energy Consumption Used to Calculate Emissions: Gas Heating Fuels (kWh)	537,033	495,654	1
Energy Consumption Used to Calculate Emissions Electricity (kWh)	1,363,010	1,695,094	2
Energy Consumption Used to Calculate Emissions: Transport Consumption (kWh)	1,670,533	1,251,665	3
Scope 1 - Emissions Combustion from Gas Heating Fuels (tCO2e)	98	91	1
Scope 2 - Emissions from Purchased Electricity (tCO2e)	299	395	2
Scope 3 - Emissions Consumption from Business Travel (tCO2e)	444	237	3
Total Emissions (tCO2e)	841	723	
Intensity Ratio (Number of Employees)	408	359	
Total tCO2e / FTE	2.06	2.01	

- 2022 data has been collated and vetted by a third party specialist (ERA Ltd).

Methodology

The Green House Gas (GHG) Reporting Protocol – Corporate Standard has been followed to allow easy comparison with equivalent organisational reporting. Carbon emissions are therefore reported as Scope 1, 2 and 3.

The report uses the 2022 UK Government's Conversion Factors for Company Reporting

Benchmarking and Intesity Metrics

Bonhams has chosen to utilise an intensity metric that will support comparison to the baseline emissions in future years and will hopefully also seek to measure its emissions against peers for transparency. The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per the number of full-time employees, this is the recommended ratio for this sector.

20231012052O3

Energy efficiency actions

Bonhams has reviewed many aspects of their energy use and set out how this can be reduced. Furthermore, Bonhams has continued to install a number of LED lights to various buildings and intends to update the remaining lights in due course.

No formal targets have been set at this point, but it is expected to deliver reductions year on year as various element of the policy are implemented.

Comparisons of this year against the baseline year 2019 has demonstrated the efficacy of the policy with a reduction of 20%. It is noted that Scope 3 now includes taxis and homeworkers although the CO2 content is very low and therefore a fair comparison of year-on-year emissions can still be made.

When comparing the data, the main reduction is in electricity consumption, which is because of the changeover to LED lighting in the London sites together with a regime of switching unnecessary appliances and lights off.

As some work is now being carried out by staff at home (which can further change the overall energy consumption) the impact of this has been included in Scope 3 for 2022.

Going concern

The Group has prepared forecasts through to September 2024 (the forecast period) which show that the Group will comply with its financial covenants throughout the forecast period with appropriate headroom. The forecasts also show that the Group has sufficient facilities to provide liquidity through the forecast period. After making enquiries, including reviewing the forecasts and considering downward sensitivities in respective of forecast revenue and operating profit, the directors have concluded that they have a reasonable expectation that the Group and the Company have adequate resources available to them to continue in operational existence for the foreseeable future being at least 12 months from the date of approval of these financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the Going Concern basis can be found in the Statement of accounting policies in the financial statements.

Financial risk management

The market for providing auctioneering services and performing valuations is highly competitive. The key business risk is considered to be competition from other auction houses. The Group seeks to minimise this risk through providing market leading sales and exceptional customer service at competitive rates.

As an international Group, there are also macro-economic business risks. The Company believes that the Group's international reach mitigates this risk to an acceptable level.

The Group's operations expose it to a variety of financial risks. These risks and how the Group mitigates against these risks are noted below.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Financial risk management (continued)

Foreign exchange risk

The Group undertakes certain transactions denominated in different currencies. Hence, exposures to exchange rate fluctuations arise. However, the majority of in-country transactions are effected in the same currency. The Group is mainly exposed to US Dollar, Euro, Swedish Krona and Danish Krona currency risk through its operations in the United States and continental Europe – but also has exposure to the Australian and Hong Kong Dollar. The risk is mitigated through settlement of transactions predominantly being in the same in-country currency.

Interest rate risk

The Group is primarily exposed to interest rate risk on its long-term bank loans. It is, however, also marginally exposed on its interest receivable on surplus cash holdings and on interest payable in relation to bank borrowings, when used.

The Company currently has no interest hedging in place and is therefore exposed to movements in SONIA.

Cash flow risk

Cash flow risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors its liquidity issues by using a real time financial forecasting tool.

Key performance indicators ("KPIs")

The Directors monitor the Group and Company performance on a monthly basis using a wide range of financial and non-financial indicators, including the period to date results, EBITDA, cash flow performance and forecasts, margins, sales related ratios and other balance sheet ratio analysis. They also review the detailed results of each and every auction sale. Whilst the details of these KPIs are commercially sensitive to the Group, the Directors confirm that they are satisfied with the Group's performance against these KPIs and that the review of the business described above, alongside these financial statements appropriately describes the performance of the business during the period.

Approval

Approved by the Board of Directors and signed on its behalf by:

C Watson
Company Secretary

26 September 2023

20231012052O4

Vanquish Holdco Limited

Directors' report

The Directors submit their report together with the audited consolidated financial statements for the period ended 31 December 2022.

The Strategic Report forming part of this annual report and audited consolidated financial statements includes such matters that are otherwise required to be included in this Directors' report. The Strategic report contains disclosures in relation to principal activities, results and dividends, going concern, financial risk management and key performance indicators.

Future developments

Following recent acquisitions the Group's principal activities are not expected to change, nor is the focus on delivering international exposure for locally sourced lots through the development of enhanced digital offering combined with geographically diverse salerooms.

Engagement with Employees

All leaders in the organisation have regular meetings with their employees to coach, advise and support them. Wider all-hands, group meetings, staff forums and working groups (e.g. Diversity and Inclusion Committee) gather feedback, cascade messages and build plans to improve engagement . Opportunity is given at these meetings for senior executives to be questioned about matters which concern the employees and the involvement of employees in the performance of the Group is encouraged.

The Group also runs an anonymous employee survey covering all aspects of engagement, they cascade the results and build plans to improve the results. This has themes around strategy, communication, well-being, reward and development.

Disabled Employees

The Group have continued their policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard to their aptitudes and abilities. In the event of members of staff becoming disabled, reasonable efforts would be made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons shall, as far as is possible, be identical with that of other employees.

Engagement with Suppliers, Customers and Others

As outlined in the Strategic Report we lay particular emphasis on building strong lasting relationships with our partners and clients, devoting time and resources to work with them on understanding their needs and how we can continually improve the service we offer for the benefit of all parties.

Charitable donations and political contributions

During the course of the period the Group made charitable donations of £22,000 (2021: £13,000). The Group made no (2021: nil) political contributions in the period.

Directors

The Directors who served throughout the period and up to the date of this report were as follows:

J Buckley
J Fairhurst

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Vanquish Holdco Limited

Directors' report

Existence of branches outside the UK

The Group has branches, as defined by the Companies Act 2006, outside the UK in Australia, Belgium, Netherlands, Ireland, Italy, Portugal, Spain and Taiwan.

Auditor

In the case of each of the persons who are Directors at the time when this report was approved:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approval

Approved by the Board of Directors and signed on its behalf by:

C Watson
Company Secretary

26 September 2023

20231012052O5

Vanquish Holdco Limited

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have also chosen to prepare the parent company financial statements under United Kingdom adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's and Company's ability to continue as a going concern.

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This responsibility statement was approved by the board of directors and is signed on its behalf by:

C Watson
Company Secretary

26 September 2023

Independent auditor's report to the members of Vanquish Holdco Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Vanquish Holdco Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement and statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Revenue recognition on auctioneering services
Materiality	The materiality that we used for the group financial statements was £1,680,000 which was determined on the basis of approximately 1% of revenue.
Scoping	Through our work at all significant components of the group,, we have covered 92% of the group's revenue, 86% of the group's loss after tax and 99% of the group's net liabilities.
Significant changes in our approach	No change in approach from previous year.

20231012052O6

Independent auditor's report to the members of Vanquish Holdco Limited

Report on the audit of the financial statements (continued)

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:

- assessed the key assumptions in the cash flow forecasts relating to the revenue and operating profit made by the Directors to capture potential downside risks including macro-economic uncertainty, with a particular focus on the headroom available and the group's cash resources, under reasonably possible downside scenarios;
- assessed the group's existing and forecast compliance with debt covenants; and
- evaluated the appropriateness of the financial statement disclosures in respect of going concern.

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.

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.

Revenue recognition on auctioneering services

Key audit matter description	The Group has recognised revenue from rendering of auction services amounting to £188.8m (2021: £118.8m) that mainly comprises commission earned for lots sold via auctions. In accordance with *IFRS 15 Revenue from contracts with customers*, the Group acts as an agent and as such only recognises the fees charged to its clients. Given the wide range of customers, terms and conditions of sale, the varied range of commission charged in respect of each lot sold, there is a risk that revenue is overstated by inflating the buyer premium on hammer sales and vendor commission. Further information is in the significant accounting policies (note 3) disclosed in the financial statements.
How the scope of our audit responded to the key audit matter	We have performed the following procedures: • obtained an understanding of the relevant controls around management's review of revenue recognised; • tested the accuracy and completeness of sales listing reports by selecting samples to place reliance on information produced by entity; • used data analytics and recalculations to analyse the revenue from auctioneering services to identify outliers and populations of greater audit interest, for example, when the commission is higher or lower than the standard rate;

- tested a sample of these populations by agreeing to supporting documentation and contracts;
- assessed the accounting policy of the group in relation to revenue recognition against the requirements of IFRS 15.

Key observations	We concluded that revenue is recognised appropriately and in line with requirements of IFRS 15.

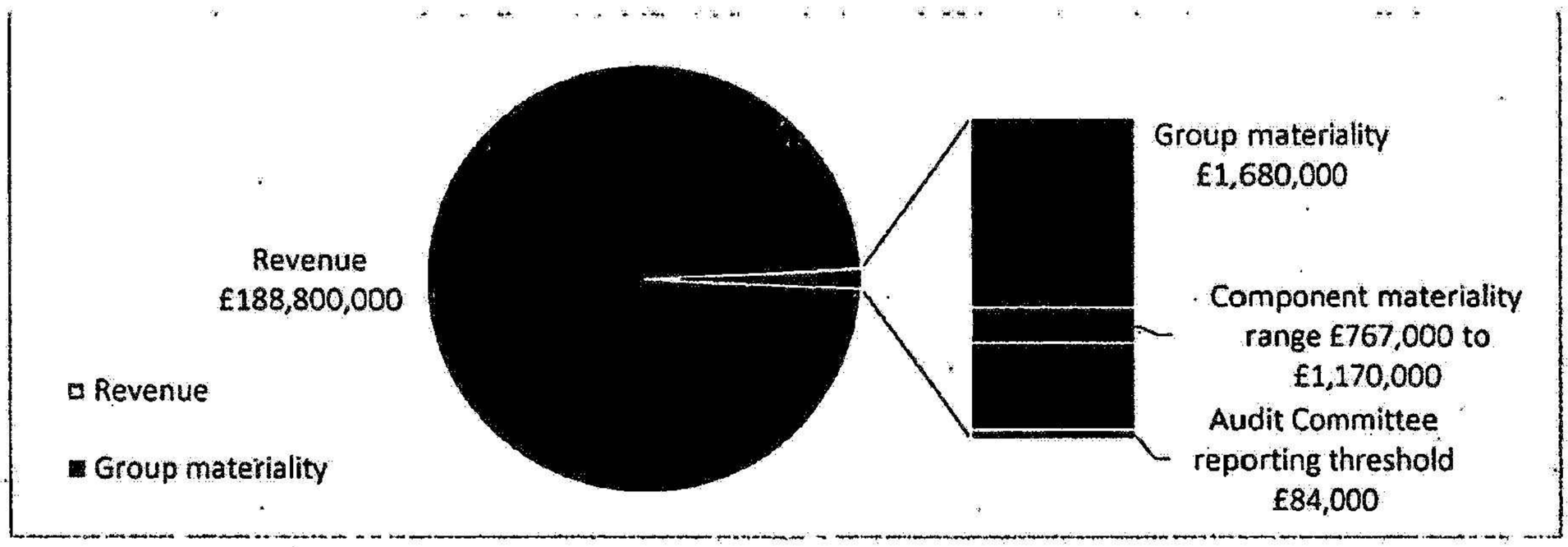
Our application of materiality

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Parent company financial statements
Materiality	£1,680,000 (2021: £1,343,000)	£767,000 (2021: £671,000)
Basis for determining materiality	1% (2021: 1.1%) of revenue	1% of total assets, capped at 50% of group materiality (2021: 50%).
Rationale for the benchmark applied	Revenue has been selected as the most appropriate benchmark as it is a key performance metric for the group.	Total assets are considered an appropriate benchmark for an investment holding company.



Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2021: 70%) of group materiality	70% (2021: 70%) of parent company materiality

Independent auditor's report to the members of Vanquish Holdco Limited

Report on the audit of the financial statements (continued)

Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • our risk assessment and understanding of the control environment • our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements in prior periods.

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £84,000 (2021: £67,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

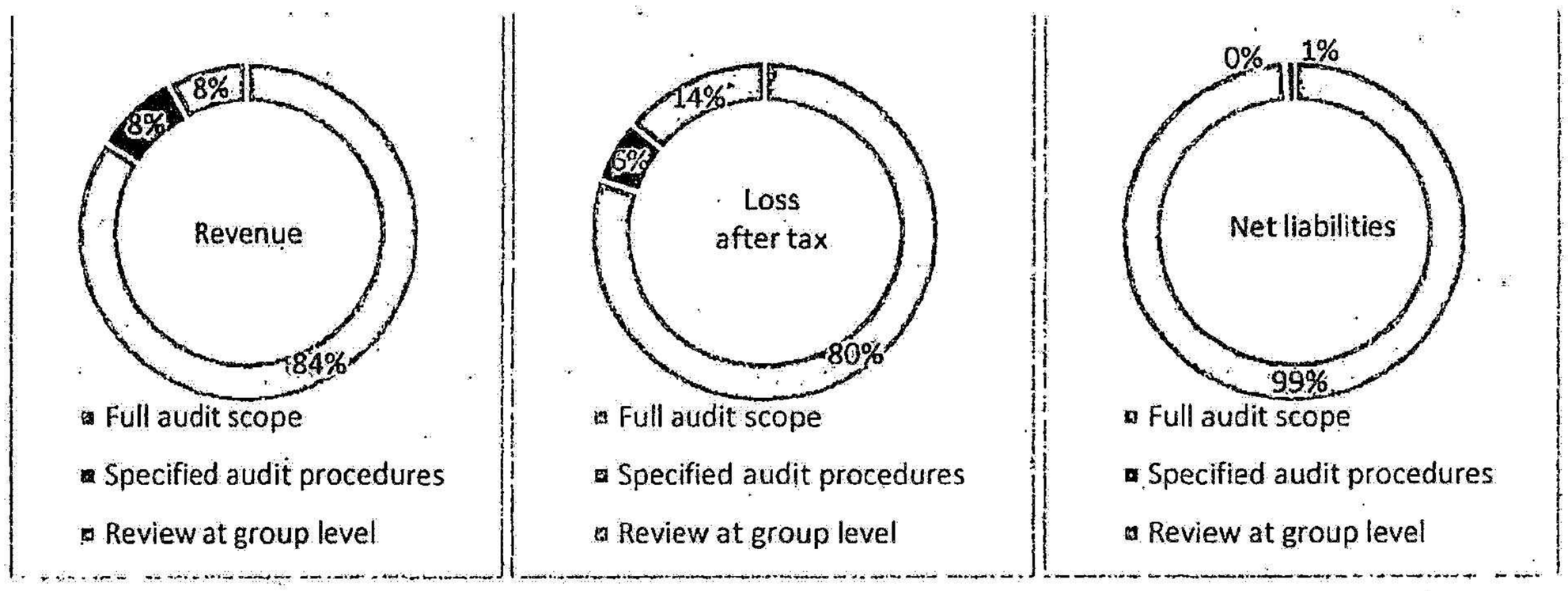
An overview of the scope of our audit

Identification and scoping of components

Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement in all significant components of the group was performed by the group audit engagement team and component team in Sweden.

Through our work at all significant components of the group, we have covered 92% of the group's revenue (2021: 93%), 86% of the group's loss after tax (2021: 86%) and 99% of the group's net liabilities (2021: 98%).

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or specified audit procedures.



Our consideration of the control environment

We identified and assessed the relevant controls over journal entries and revenue recognition process. We obtained an understanding of the IT environment and relevant business controls around journal entries posting.

We have not relied on the controls.

Our consideration of climate-related risks

Report on the audit of the financial statements (continued)

As part of our audit, we made enquiries of management to understand their assessment of the potential impact of climate change risk on the judgements and estimates used in the Group's financial statements, specifically in the impairment analysis. Management considers that the impact of climate change does not give rise to a material financial statement impact in this context. We used our knowledge of the Group to evaluate management's assessment. In particular, we considered how climate change risks could impact the assumptions made in the forecasts prepared by management. We also considered the consistency of the disclosures in relation to climate change made in the other information within the Annual Report with the financial statements and our knowledge from our audit.

Working with other auditors

The group audit team are responsible for the scope and direction of the audit process and provide direct oversight, review, and coordination of our component audit teams. We interacted with the component teams during stage of the audit and reviewed key working papers. We held a planning meeting, in which we set out the materiality and scoping for component teams, as well as considering significant risks across the Group.
The Senior Statutory Auditor or another senior member of the group audit team carried out a review of the component auditor files.
Our oversight of component auditors focused on the planning of their audit work and key judgements made. In particular, our supervision and direction focused on the work performed in relation to key audit matters by component teams and going concern assessments.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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

20231012052208

Independent auditor's report to the members of Vanquish Holdco Limited

Report on the audit of the financial statements (continued)

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.

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

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

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

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the directors about their own identification and assessment of the risks of irregularities including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams relevant internal specialists, including valuations specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in revenue recognition on auctioneering services . In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

Audit response to risks identified

As a result of performing the above, we identified revenue recognition on auctioneering services as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Report on the audit of the financial statements (continued)

- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In 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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jeremy Black ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 September 2023

20231012052O9

Vanquish Holdco Limited

Consolidated income statement and statement of comprehensive income for the year ended 31 December 2022

	Notes	2022 £ 000	2021 £ 000
Revenue	3	188,772	118,870
Cost of sales		(53,242)	(27,167)
Gross profit		135,530	91,703
Administrative expenses		(119,753)	(75,754)
Operating profit		15,777	15,949
Net finance expense	6	(31,729)	(20,179)
Loss before tax	4	(15,952)	(4,230)
Taxation	7	(3,235)	(8,771)
Loss for the year		(19,187)	(13,001)
Other comprehensive expense			
Exchange differences on translation of foreign operations		(280)	(427)
Loss and total comprehensive expense for the year		(19,467)	(13,428)

All losses are derived from continuing operations.

Vanquish Holdco Limited

Consolidated statement of changes in equity for the year ended 31 December 2022

	Share capital £ 000	Share premium £ 000	Foreign exchange reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	-	-	(124)	(54,084)	(54,208)
Shares issued during the year	-	12,526	-	-	12,526
Loss for the year	-	-	-	(13,001)	(13,001)
Exchange differences on translation of foreign operations	-	-	(427)	-	(427)
Total comprehensive expense for the year	-	-	(427)	(13,001)	(13,428)
At 31 December 2021	-	12,526	(551)	(67,085)	(55,110)

	Share capital £ 000	Share premium £ 000	Foreign exchange reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	-	12,526	(551)	(67,085)	(55,110)
Shares issued during the year	-	2,210	-	-	2,210
Loss for the year	-	-	-	(19,187)	(19,187)
Exchange differences on translation of foreign operations	-	-	(280)	-	(280)
Total comprehensive expense for the year	-	-	(280)	(19,187)	(19,467)
At 31 December 2022	-	14,736	(831)	(86,272)	(72,367)

The non-standard item included within equity is:

Foreign exchange reserve

Differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

20231012052210

Vanquish Holdco Limited

Company statement of changes in equity for the year ended 31 December 2022

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	-	-	-	-
Shares issued during the year	-	12,526	-	12,526
Result for the year	-	-	-	-
Total comprehensive result for the year	-	-	-	-
At 31 December 2021	-	12,526	-	12,526

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	-	12,526	-	12,526
Shares issued during the year	-	2,210	-	2,210
Result for the year	-	-	-	-
Total comprehensive result for the year	-	-	-	-
At 31 December 2022	-	14,736	-	14,736

Vanquish Holdco Limited

Consolidated statement of financial position at 31 December 2022

	Notes	2022 £ 000	2021 £ 000
Non-current assets			
Intangible assets	8	247,562	176,570
Property and equipment	9	22,856	19,256
Right-of-use assets	10	50;751	36,495
Total non-current assets		321,169	232,321
Current assets			
Inventory	13	726	490
Trade and other receivables	14	61,284	40,733
Current tax assets		361	1,285
Cash and cash equivalents	15	63,486	57,047
Total current assets		125,857	99,555
Total assets		447,026	331,876
Current liabilities			
Trade and other payables	16	(232,145)	(188,819)
Lease liability	25	(12,356)	(10,770)
Provisions	17	(4,584)	(3,231)
Total current liabilities		(249,085)	(202,820)
Net current liabilities		(123,228)	(103,265)
Non-current liabilities			
Lease liability	25	(44,044)	(32,977)
Loan notes	18	(14,824)	(14,415)
Bank loans	19	(163,717)	(100,653)
Trade and other payables	16	(4,538)	(3,047)
Deferred tax	7	(43,185)	(33,074)
Total non-current liabilities		(270,308)	(184,166)
Total liabilities		(519,393)	(386,986)
Net liabilities		(72,367)	(55,110)
Equity			
Share capital	20	-	-
Share premium	20	14,736	12,526
Foreign exchange reserve		(831)	(551)
Retained earnings		(86,272)	(67,085)
Total equity		(72,367)	(55,110)

These financial statements of Vanquish Holdco Limited (Company number 11511720) were approved by the Board of Directors and authorised for issue on 26 September 2023.

They were signed on its behalf by J Fairhurst (Director):

20231012052111

Vanquish Holdco Limited

Company statement of financial position at 31 December 2022

	Notes	2022 £ 000	2021 £ 000
Non-current assets			
Investments	11	14,736	12,526
Amounts owed by group undertakings	14	138,722	126,065
Total non-current assets		153,458	138,591
Total assets		153,458	138,591
Current liabilities			
Amounts owed by group undertakings	16	(119,360)	(108,603)
Total current liabilities		(119,360)	(108,603)
Net current liabilities		(119,360)	(108,603)
Non-current liabilities			
Loan notes	18	(14,824)	(14,415)
Trade and other payables	16	(4,538)	(3,047)
Total non-current liabilities		(19,362)	(17,462)
Total liabilities		(138,722)	(126,065)
Net assets		14,736	12,526
Equity			
Share capital	20	-	-
Share premium	20	14,736	12,526
Retained earnings		-	-
Total equity		14,736	12,526

The Company has elected not to present its own income statement and statement of comprehensive income for the year. The Company reported result for the year of £nil (2021: £nil).

These financial statements of Vanquish Holdco Limited (Company number 11511720) were approved by the Board of Directors and authorised for issue on 26 September 2023.

They were signed on its behalf by J Fairhurst (Director):

Vanquish Holdco Limited

Consolidated cash flow statement for the year ended 31 December 2022

	Notes	2022 £ 000	2021 £ 000
Net cash generated from operating activities	21	14,082	36,624
Investing activities			
Interest received	6	27	86
Purchases of intangible and tangible assets	8, 9	(8,628)	(4,096)
Fixed asset investments	12	(72,548)	(58,983)
Cash on acquisition of fixed asset investments	12	22,291	9,583
Purchase price adjustment		(862)	-
Net cash used in investing activities		(59,720)	(53,410)
Financing activities			
Payment from redemption of loan notes	18	-	(1,138)
Repayments of lease liabilities		(14,290)	(10,048)
Receipt from issue of share capital	20	2,210	12,526
(Payment)/receipt of inter-company loan from parent undertaking		(90)	12,038
Receipt of loan	19	62,490	37,600
Net cash generated from financing activities		50,320	50,978
Net increase in cash and cash equivalents		4,682	34,192
Cash and cash equivalents at the beginning of the year		57,047	23,697
Effect of foreign exchange rate changes		1,757	(842)
Cash and cash equivalents at the end of the year	15	63,486	57,047

The Company does not have a bank account and has therefore not presented a company cash flow statement.

20231012052212

Vanquish Holdco Limited

Notes to the consolidated financial statements for the year ended 31 December 2022

1. Significant accounting policies

Vanquish Holdco Limited is a company incorporated in Jersey.

General information and basis of accounting

Vanquish Holdco Limited (the Company) is a private company limited by shares incorporated in Jersey. The address of the Company's registered office is shown on page 2and the principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on pages 3 to 7.

The Financial Statements of the Group and the parent company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board ("IASB"). That is those International Accounting Standards, International Financial Reporting Standards and related interpretations (SIC-IFRIC interpretations), subsequent amendments to those standards and related interpretations, future standards and related interpretations issued by the International Accounting Standards Board ("IASB").

The Financial Statements have been prepared on the historical cost basis. The functional currency of the Group and Company is British Pounds.

The Financial Statements have been prepared on the going concern basis as outlined in the Strategic Report.

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

The Group has prepared forecasts through to September 2024 (the forecast period) which show that the Group will comply with its financial covenants throughout the forecast period with appropriate headroom. The forecasts also show that the Group has sufficient facilities to provide liquidity through the forecast period. After making enquiries, including reviewing the forecasts and considering downward sensitivities in respective of forecast revenue and operating profit, the directors have concluded that they have a reasonable expectation that the Group and the Company have adequate resources available to them, to continue in operational existence for the foreseeable future being at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

1. Significant accounting policies (continued)

Impact of the initial application of Covid-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16

In the prior year, the Group early adopted *Covid-19-Related Rent Concessions (Amendment to IFRS 16)* that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)* that extends the practical expedient to apply to reductions in lease payments originally due on or before 30 June 2022.

The practical expedient permits a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and
c) There is no substantive change to other terms and conditions of the lease.

1. Significant accounting policies (continued)

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	IFRS 9 Financial Instruments, IFRS 16 Leases

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods

1. Significant accounting policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

1. Significant accounting policies (continued)

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred and included in exceptional operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of acquired assets and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to Group's of cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The Group is considered to be the smallest relevant CGU for goodwill impairment testing, as this is the level at which goodwill is monitored internally.

Intangible assets

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques. The estimated value of the brand acquired is recorded as intangible fixed assets with indefinite useful lives and are therefore tested annually for impairment.

Purchased intangible assets comprise acquired information systems, software, licences and other identified rights. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives for a period not exceeding four years from the date of acquisition. Other purchased intangible assets include the Bonhams and Bukowskis brands which are deemed to have indefinite life. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

1. Significant accounting policies (continued)

Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Brand	-	indefinite useful life
Computer software	-	25% straight line per annum

Impairment testing

Following the assessment of the recoverable amount of goodwill the directors consider the recoverability dependant upon the achievement of the forecast. Forecasts comprise of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board. Whilst the Group is able to manage most of the costs, the revenue projections are inherently uncertain due to the nature of the business and market conditions. Revenue of the CGU is most sensitive to changes in the sectors demand for sales.

20231012052I5

1. Significant accounting policies (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.
Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.
Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.
The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework requiring revenue to be recognised at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer.

The Bonhams Group acts as an agent under IFRS 15 and as such only recognises fees charged to its clients.

Revenue represents commissions, premiums and income receivable from auctions held during the period and valuation fees receivable for the period, net of trade discounts, Value Added Tax ("VAT") and other sales-related taxes.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue is recognised at the point of sale of a lot at auction.

Interest income is accrued on a time basis, by reference to the amounts and effective interest rates applicable.

1. Significant accounting policies (continued)

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

20231012052216

1. Significant accounting policies (continued)

Leases (continued)

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (not part of this Appendix).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other operating expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1. Significant accounting policies (continued)

Foreign currencies

The individual Financial Statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the Financial Statement of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in comprehensive income.

Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Trust or client accounting

All balance sheet assets and liabilities are stated excluding client funds. This predominantly affects trade receivables, cash and cash equivalents, and trade payables. All client funds are held in separate bank accounts that are clearly designated as trust accounts, and, as such, form no part of the net assets of the Company.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

All client funds are held in separate bank accounts that are clearly designated as trust accounts, and, as such, form no part of the net assets of the Company.

1. Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

Current tax expense is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for accounting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which these items can be utilised. The recognition of deferred tax assets is limited to the amount of the deferred tax liability recognised at the balance sheet date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset and liability in a transaction other than a business combination and, at the time of the transaction, affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based upon tax rates and legislation that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also recognised in equity.

The deferred tax amounts shown in the balance sheet are not discounted.

Property and equipment

Property and equipment held for use in the general course of business, are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	-	over the length of the lease
Fixtures and fittings	-	10% - 25% straight line per annum
Computer and office equipment	-	25% straight line per annum
Motor vehicles	-	25% straight line per annum

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales' proceeds and the carrying amount of the asset at the point of disposal or retirement and is recognised in income.

1. Significant accounting policies (continued)

Inventory

Inventory is stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Financial instruments

The accounting policies with reference to financial instruments below reflect IFRS 9.

Financial assets and financial liabilities are recognised on the Group and Company balance sheet when the Group and Company becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value.

Under IFRS 9, the business model under which each portfolio of trade receivables held, has been assessed. The Group and Company hold loans and receivable in order to collect the contractual cash flows and is therefore measured at amortised cost.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. The impairment model under IFRS 9 reflects expected credit losses.

For trade receivables, the Group and Company uses the simplified approach under IFRS 9 to recognise lifetime expected credit losses. This is recorded through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Aside from trade receivables, the carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

1. Significant accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets

The Group and Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group and Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and Company are recognised at proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (FVTPL) or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group and Company derecognises financial liabilities when, and only when, the Group's and Company's obligations are discharged, cancelled or they expire.

1. Significant accounting policies (continued)

Related parties

For the purpose of these financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by, or affiliated with them, associated companies and other companies within the Bonhams group are considered and referred to as related parties. Transactions with related parties are priced predominantly at market rates.

Investments

Investment in subsidiary companies are stated at cost less provision for impairment.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is expected to be material.

Retirement benefit costs

Payments to a defined contribution pension scheme are charged as an expense as they fall due.

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated balance sheet and are disclosed as contingent assets or liabilities.

2. Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Whilst there are no critical accounting judgements the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill and other intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value (see note 8).

Provisions

The Group's provisions are based on the best information available to management at the balance sheet date. However, the future costs are inevitably only estimates, which may differ from those ultimately incurred.

3. Revenue

Revenue is derived from the rendering of auction services. The following is the geographical analysis of revenues:

	2022 £ 000	2021 £ 000
United Kingdom	54,960	54,832
United States of America	56,647	40,221
Europe	62,334	7,993
Other regions	14,831	15,824
	188,772	118,870

4. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

	Notes	2022 £ 000	2021 £ 000
Amortisation of intangible assets	8	3,337	2,490
Depreciation of property and equipment	9	4,968	3,256
Depreciation of right-of-use assets	10	9,480	6,125
Expense relating to low value assets and short-term leases		317	329
Staff costs	5	63,930	40,661
Government grant for the purpose of immediate financial support		(1,222)	(729)
Allowance on trade receivables		292	31
Foreign exchange gains		(406)	(33)
Fees payable for the audit of the Group's annual financial statements (see below)		306	170

As part of Government initiatives to provide immediate financial support as a result of COVID-19, of which £1,222,000 (2021: £729,000) is included in the profit and loss for the year. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

Auditor's remuneration

Fees payable for the audit of the Group's annual financial statements are shown below:

	2022 £ 000	2021 £ 000
Audit services:		
- Parent company	10	10
- Subsidiaries	296	160
	306	170

Fees payable to Deloitte LLP by the Company and its UK subsidiary undertakings in respect of non-audit tax compliance services were £nil (2021: £nil).

5. Staff costs

Group

The average number of persons employed by the Group per month, including Directors, during the year was as follows:

	2022 No.	2021 No.
Auctioneers, valuers, specialists, porters and administration	992	637

	2022 £ 000	2021 £ 000
The aggregate payroll costs of these persons were as follows:		
- Wages and salaries	54,046	34,698
- Social security	5,967	3,850
- Other pension costs	3,917	2,113
	63,930	40,661

Details of the pension scheme are given in note 24.

The total Directors' emoluments were as follows:		
- Emoluments	483	473
- Other pension costs	34	34
	517	507
Emoluments of the highest paid Director:		
- Emoluments	335	327
- Other pension costs	22	22
	357	349

Three of the Directors participated in the defined contribution pension scheme of a subsidiary company. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Company

There were no Director's remuneration or staff costs attributed to the Company during the year or prior period and there were no staff employed by the company.

6. Net finance expense

	2022	2021
	£ 000	£ 000
Interest on bank deposits	27	86
Interest on bank overdrafts and loans	(16,683)	(6,455)
Interest expense on lease liabilities	(2,458)	(2,309)
Loan note interest expense	(1,492)	(1,410)
Interest on amounts owed parent undertakings	(10,845)	(9,822)
Other financing costs	(278)	(269)
Total borrowing costs	(31,756)	(20,265)
Net finance expense	(31,729)	(20,179)

7. Taxation

	2022 £ 000	2021 £ 000
Current tax:		
UK income tax:		
- Current tax charge	-	-
- Amounts under provided in previous years	-	-
Foreign tax:		
- Current tax charge	(3,399)	(1,790)
- Amounts (under)/over provided in previous years	(124)	2,712
Total current income tax	(3,523)	922
Deferred tax:		
- Change in tax rate	-	(8,287)
- Origination and reversal of temporary differences	194	(188)
- Amounts over/(under) provided in previous years	94	(1,218)
Tax charge in the income statement	(3,235)	(8,771)

Reconciliation of the total tax charge

The tax assessed for the year is lower than (2021: higher than) that resulting from applying the average rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £ 000	2021 £ 000
Loss before tax	(15,952)	(4,230)
Accounting loss multiplied by the UK average rate of corporation tax at 19% (2021: 19%)	3,031	804
Expenses not deductible for tax purposes	(5,790)	(2,267)
Higher rates of overseas tax	(446)	(515)
Change in tax rate	-	(8,287)
Amounts (under)/over provided in previous years:		
- Current tax UK income tax	-	-
- Current tax foreign tax	(124)	2,712
- Deferred tax	94	(1,218)
Total tax expense in the income statement	(3,235)	(8,771)

7. **Taxation (continued)**

Deferred tax

	Capital allowances £ 000	Other deferred tax assets £ 000	Other deferred tax liabilities £ 000	Fair value adjustment £ 000	Total £ 000
At 1 January 2022	1,327	2,467	(96)	(36,772)	(33,074)
Exchange differences	186	277	(13)	-	450
Acquisition of subsidiary undertakings (note 12)	74	-	-	(10,923)	(10,849)
Amounts under provided in previous years	130	(2)	(34)	-	94
Credit to the income statement	(54)	(314)		562	194
Change in tax rates	(36)	36		-	-
At 31 December 2022	1,627	2,464	(143)	(47,133)	(43,185)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Other deferred tax assets relate mainly to the US business, these have been recognised in full.

At the reporting date, the Group has unused tax losses of £18.0 million (2021: £7.9 million) available for offset against future profits. A deferred tax asset has been recognised in respect of £nil million (2021: £nil) of such losses. No deferred tax asset has been recognised in respect of the remaining £18.0 million (2021: £7.9 million) as it is not considered probable that there will be future taxable profits available. Other losses may be carried forward indefinitely.

No deferred tax liability is recognised on temporary differences relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. Temporary differences arising in connection with interests in associates are insignificant.

The fair value adjustment relates to the recognition of other intangible assets of acquired business.

8. Intangible assets

	Brands £ 000	Goodwill £ 000	Computer software £ 000	Total £ 000
Cost				
At 1 January 2021	111,000	17,034	21,522	149,556
Exchange differences	-	-	5	5
Acquisition of subsidiary undertakings	37,700	17,611	5,059	60,370
Additions	-	-	1,524	1,524
At 31 December 2021	148,700	34,645	28,110	211,455
Exchange differences	-	-	82	82
Acquisition of subsidiary undertakings *	44,103	25,354	2,393	71,850
Purchase price adjustments	(25)	887	-	862
Additions	-	-	1,631	1,631
At 31 December 2022	192,778	60,886	32,216	285,880

* Note 12

Accumulated amortisation and impairment				
At 1 January 2021	-	14,500	17,842	32,342
Exchange differences	-	-	6	6
Acquisition of subsidiary undertakings	-	-	47	47
Charge for the year	-	-	2,490	2,490
At 31 December 2021	-	14,500	20,385	34,885
Exchange differences	-	-	62	62
Acquisition of subsidiary undertakings	-	-	34	34
Charge for the year	341	-	2,996	3,337
At 31 December 2022	341	14,500	23,477	38,318
Net book value				
At 31 December 2022	192,437	46,386	8,739	247,562
At 31 December 2021	148,700	20,145	7,725	176,570

Amortisation and impairment is charged through administrative expenses in the income statement

20231012205222

8. Intangible assets (continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination.

The Group tests goodwill and indefinite life intangible assets annually for impairment or more frequently if there are indicators of impairment. Net book value has been compared with its recoverable amount to assess any major variance in value.

The result of the impairment assessment showed headroom and therefore no impairment was required in 2022 (2021: £nil)

The recoverable amount of the cash generated unit based on a value in use calculation using cash flow projections for the next five years from financial budgets approved by senior management.

Key assumptions used in value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

- forecast revenue and operating profit;
- discount rate;
- growth rate used to extrapolate cash flows beyond five years; and
- capital expenditure.

Forecast revenue and operating profit: the forecast revenue and operating profits are based on past experience adjusted for the the benefits associated the strategic investments and decssions made within the CGUs.

Discount rate: the discount rate is estimated using rates that reflect current market assessment of the time value of money. The post-tax discount rate applied to cash flow projections is 12% (2021: 12%).

Growth rate: the growth rates used do not exceed the average long-term growth rates for the relevant markets.

Capital expenditure: assumptions are based on the Group's strategic objectives in improving its computer hardware and software to help maximise user efficiencies. They are also based on maintaining leasehold premises to align with the Group's brand values.

9. Property and equipment

	Leasehold improve-ments £ 000	Fixtures and fittings £ 000	Computer and office equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost					
At 1 January 2021	43,349	5,881	10,528	213	59,971
Exchange differences	86	18	72	-	176
Acquisition of subsidiary undertakings (note 12)	3,948	-	2,637	45	6,630
Additions	751	189	1,598	34	2,572
At 31 December 2021	48,134	6,088	14,835	292	69,349
Exchange differences	1,148	431	297	20	1,896
Acquisition of subsidiary undertakings	4,200	508	1,891	369	6,968
Additions	2,571	741	3,660	25	6,997
Disposals	-	-	-	(128)	(128)
At 31 December 2022	56,053	7,768	20,683	578	85,082
Depreciation					
At 1 January 2021	27,021	5,391	7,817	201	40,430
Exchange differences	(3)	15	1	1	14
Acquisition of subsidiary undertakings	3,878	-	2,472	43	6,393
Charge for the year	1,626	180	1,444	6	3,256
At 31 December 2021	32,522	5,586	11,734	251	50,093
Exchange differences	890	411	246	14	1,561
Acquisition of subsidiary undertakings	3,360	384	1,652	317	5,713
Charge for the year	2,831	208	1,892	37	4,968
Disposals	-	-	-	(109)	(109)
At 31 December 2022	39,603	6,589	15,524	510	62,226
Net book value					
At 31 December 2022	16,450	1,179	5,159	68	22,856
At 31 December 2021	15,612	502	3,101	41	19,256

10. Right-of-use assets

	Right-of-use assets £ 000
Cost	
At 1 January 2021	51,741
Exchange differences	49
Acquisition of subsidiary undertakings	3,073
Additions	406
Leases expiring in the year	(218)
At 31 December 2021	55,051
Exchange differences	3,314
Acquisition of subsidiary undertakings	9,198
Additions	12,829
Leases expiring in the year	(267)
At 31 December 2022	80,125
Depreciation	
At 1 January 2021	12,464
Exchange differences	59
Charge for the year	6,125
Leases expiring in the year	(92)
At 31 December 2021	18,556
Exchange differences	1,486
Charge for the year	9,480
Leases expiring in the year	(148)
At 31 December 2022	29,374
Net book value	
At 31 December 2022	50,751
At 31 December 2021	36,495

All right-of-use assets relate to property, the average lease term is 5.0 years (2021: 5.0 years).

The maturity analysis of lease liabilities is presented in note 25.

11. Investments

Company

	Shares in subsidiary undertakings £ 000
At 31 December 2021	12,526
Additions	2,210
At 31 December 2022	14,736
Accumulated impairment losses	
At 31 December 2021 and at 31 December 2022	-
Net book value	
At 31 December 2022	14,736
At 31 December 2021	12,526

During the year the company subscribed for two shares in Volante Midco Limited.

11. Investments – (continued)

Additional information on subsidiaries of the Company which form the "The Bonhams Group"

Registered address	Subsidiary undertakings	Activity	Portion of ordinary shares held %
	Direct subsidiary		
United Kingdom Montpelier Street, London, SW7 1HH	Volante Midco Limited	Holding company	100
	Indirect subsidiary		
United Kingdom Montpelier Street, London, SW7 1HH	BBPS&N Property Investments Limited	Property investment	100
	Bonhams 1793 Limited	Auctioneers & valuers	100
	Bonhams Limited	Dormant	100
	Bonhams & Brooks Limited	Dormant	100
	Bonhams Credit Limited	Financing	100
	Bonhams Holdings Limited	Holding company	100
	Bonhams Scotland Limited	Dormant	100
	Bonhams UK Limited	Dormant	100
	Robert Brooks (Auctioneers) Limited	Holding company	100
	Patina Classics Limited	Auctioneers & valuers	100
	PS&N Developments Limited	Dormant	100
	Vantage Bidco Limited	Holding company	100
	United Auctioneers Limited	Holding company	100
United States of America 580 Madison Avenue New York, NY 10022	Bonhams & Butterfields Auctioneers Corp	Auctioneers & valuers	100
	Butterfields Credit Corporation Inc	Financing	100
	Bonhams Corporation (Delaware)	Holding company	100
	7601 Sunset Boulevard Inc	Dormant	100
	220 San Bruno Inc	Dormant	100
274 Cedar Hill St, Marlborough, 01752	Skinner Auctions LLC	Auctioneers & valuers	100
Australia 97-99 Queen St, Woollahra, NSW 2025	Bonhams Australia Pty Limited	Dormant	100
Belgium Chaussée de Charleroi 89, Brussels, 1060	Cornette de Saint Cyr SA	Auctioneers & valuers	100
Canada 20 Hazelton Ave, Toronto, ON M5R 2E2	Bonhams Ward-Price Jacoby Inc	Valuation services	100
Denmark Bredgade 33, Copenhagen, 1260	1793 Danish Holdings AB	Holding company	100
	Bruun Rasmussen Kunstauktioner A/S	Auctioneers & valuers	100
Finland Mastgatan 4-6 00160 Helsingfors	Bukowski OY	Auctioneers & valuers	100

11. Investments – (continued)

Additional information on subsidiaries of the Company

Registered address	Subsidiary undertakings	Activity	Portion of ordinary shares held %
	Indirect subsidiary		
France 4 Rue de la Paix, 75002 Paris	Bonhams France SAS	Auctioneers & valuers	100
6 avenue Hoche, Paris, 75008	Cornette de Saint Cyr Maison de Ventes SAS	Auctioneers & valuers	100
Germany Maximilianstraße 52, 80538 München	Bonhams GmbH	Auctioneers	100
Hong Kong Suite 2001, One Pacific Place, 88 Queensway, Admiralty	Bonhams (Hong Kong) Limited	Auctioneers & valuers	100
Ireland 31 Molesworth St, Dublin, D2	Bonhams Auctions Limited	Valuation services	100
Monaco 9 Avenue D'Ostende Bloc AM, C98000	Bonhams SAM	Dormant	100
Sweden Box 1754 111 87 Stockholm	1793 Swedish Holdings AB Bukowski Auktioner AB	Holding company Auctioneers & valuers	100 100
Switzerland Rue Etienne-Dumont 10; 1204 Genève	Bonhams (Europe) SA	Auctioneers & valuers	100

All subsidiaries have been included in the consolidation. The proportion of voting rights of subsidiaries held by the Group is the same as the proportion of shares held and all shares above are ordinary shares held.

12. Acquisitions of subsidiary undertakings

On 14 March the entire share capital of Skinner Auctions LLC was acquired by a subsidiary undertaking, the fair value of the net asset acquired are shown below, total consideration was £16.3 million.

On 22 March the entire share capital of Bruun Rasmussen Kunstauktioner A/S was acquired by a subsidiary undertaking, the fair value of the net asset acquired are shown below, total consideration was £40.4 million.

On 28 June the entire share capital of Cornette de Saint Cyr Maison de Ventes SAS was acquired by a subsidiary undertaking, the fair value of the net asset acquired are shown below, total consideration was £15.9 million.

	Skinner £ 000	Bruun Rasmussen £ 000	Cornette £ 000	Total £ 000
Assets				
Fair value of other intangible assets	6,824	25,277	12,002	44,103
Fair value of computer software	-	2,359	-	2,359
Property and equipment	5,025	2,489	2,939	10,453
Inventory	-	103	2	105
Trade and other receivables	1,484	2,824	2,056	6,364
Current tax assets	-	6	80	86
Cash	9,867	11,582	842	22,291
Liabilities				
Trade and other payables	(5,179)	(9,985)	(1,913)	(17,077)
Provisions	(1,000)	(406)	(12)	(1,418)
Lease liability	(4,631)	(1,770)	(2,797)	(9,198)
Current tax liability	(25)	-	-	(25)
Deferred taxation	(1,843)	(6,005)	(3,001)	(10,849)
Total net separately identifiable assets	10,522	26,474	10,198	47,194
Goodwill	5,745	13,922	5,687	25,354
Purchase consideration	16,267	40,396	15,885	72,548

Provisional fair value adjustments principally relate to:

Other intangible assets: An income approach, the MEEM (Multi-period Earning Excess Method), was used to value the brands. Under the MEEM, the fair value of the intangible asset reflects the present value of the projected stream of cash flows that will be generated by the asset over its life. The intangible assets comprise the value of the brand and goodwill which is considered to represent the value of the assembled workforce. None of the goodwill recognised is expected to be deductible for income tax purposes.

Computer software: The estimated fair value of the software based on a replacement cost basis is £2.4 million.

Deferred tax: The intangible assets and the fair value adjustment to the computer software has an associated deferred tax liability, this has been calculated using the prevailing future tax rates.

13. Inventory

	2022 £ 000	2021 £ 000
Inventories	726	490

The inventory has been assessed at its net realisable value at the year end.

14. Trade and other receivables

Group	2022 £ 000	2021 £ 000
Trade receivables	55,452	37,861
Other receivables	2,744	1,168
Prepayments and other debtors	3,088	1,704
	61,284	40,733

The Directors consider that the carrying amount of trade receivables approximates to their fair value.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. The Group's credit risk is significantly influenced by the level of its trade credit receivables. All such amounts presented in the balance sheet are net of allowances for doubtful receivables.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and debentures.

Past due but not impaired receivables:

The Group's payment terms are two days from the date of sale, and therefore, the Directors fully expect a large amount of past due receivables. This effect is significantly increased at year end, due to the Christmas holidays following so soon after the Group's peak trading season.

The amount of past due not impaired receivables at the year end is £43,104,000 (2021: £35,420,000). Over 69% of this balance has been received subsequent to the year end. The Directors fully expect the remainder to be paid in the near future. The average age of these receivables is 37 days (2021 – 35 days).

20231012052226

14. Trade and other receivables (continued)

Before accepting any new credit customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. There are no customers who represent more than five per cent of the total balance of trade receivables.

Ageing of past due but not impaired receivables:

	2022 £ 000	2021 £ 000
0-30 days	17,642	17,845
31-60 days	13,289	15,115
Over 60 days	12,173	2,460
	43,104	35,420

Impaired receivables

In determining the expected credit loss of trade receivables the Group considers any change in the credit quality of the debtor from the date credit was initially granted, taking into account their payment history and economic conditions. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further provision required in excess of the expected credit loss.

Included in the allowance for expected credit losses are individually impaired trade receivables with a balance of £1,264,000 (2021: £2,216,000). The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected proceeds. The Group does not hold any collateral over these balances.

Ageing of impaired trade receivables:

	2022 £ 000	2021 £ 000
0-30 days	372	-
31-60 days	3	9
Over 60 days	889	2,207
	1,264	2,216

Company	2022 £ 000	2021 £ 000
Amounts due from subsidiary undertakings	138,722	126,065
	138,722	126,065

The above-mentioned amounts due from subsidiary undertakings recognised as a non-current asset represents a funding balance provided to its subsidiary. The interest on this loan is charged at 10% and the amounts due are repayable on demand.

15. Cash and cash equivalents

	2022 £ 000	2021 £ 000
Cash and cash equivalents	63,486	57,047
Denominated as		
Cash and cash equivalents:		
- Sterling	14,863	16,987
- US Dollars	14,634	13,343
- Euros	3,046	3,138
- Australian Dollars	635	1,137
- Canadian Dollars	26	15
- Danish Krone	13,859	-
- Hong Kong Dollars	11,857	14,114
- Swedish-Krona	3,850	-
- Swiss Francs	672	8,134
- Other currencies	44	179
	63,486	57,047

Cash within pooling arrangements is offset where a contractual right of set-off exists.

The carrying value of cash and cash equivalents approximates to their fair value.

The HSBC Bank plc ("HSBC") facilities are secured on the undertaking and assets of the Group.

Interest rate risk management

The Group is primarily exposed to interest rate risk through its bank debt held with Pemberton.

The Company is to a significantly lesser extent also exposed to interest rate risk on interest receivable on surplus cash holdings.

All further external borrowing held at the year end bears interest at a fixed rate.

The interest rate risk is managed by the Group maintaining a mix of fixed and floating rate borrowings.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's:

- loss for the year ended 31 December 2022 would increase/(decrease) by £713,000. This is mainly attributable to the Group's exposure to interest payable at a variable rate on its borrowings and interest receivable on its cash holdings and amounts charged to trade debtors; and
- other equity reserves would not be affected.

20231012052227

16. Trade and other payables

Group	2022 £ 000	2021 £ 000
Trade payables	92,582	63,339
Amounts owed to parent undertakings	119,360	108,603
Other payables	9,578	6,411
Accruals and deferred income	10,625	10,466
	232,145	188,819

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs and capital expenditure. Interest is not charged on the trade payables for late payment. The Group has financial risk management policies in place to ensure that all payables are paid within their credit terms.

The average credit period taken for trade purchases is 36 days (2021 – 36 days). The Directors consider that the carrying amount of trade payables approximates to their fair value.

Inter-company Group balances are unsecured, are repayable on demand and accrue interest at a rate of 2% per annum above the appropriate central bank's base rate for each foreign currency balance.

Current liabilities	2022 £ 000	2021 £ 000
Amounts owed by group undertakings	119,360	108,603

Company Non-current liabilities	2022 £ 000	2021 £ 000
Accrued interest on loan notes (Note 18)	4,538	3,047

17. Provisions

	Other provisions £ 000	Property provisions £ 000	Total £ 000
At 1 January 2022	1,118	2,113	3,231
Exchange differences	61	154	215
Acquisition of subsidiary undertakings	1,418	-	1,418
New provisions in the year	160	86	246
Release of provisions in the year	(526)	-	(526)
At 31 December 2022	2,231	2,353	4,584

Other provisions relate to probable settlements in relation to claims against the Group. Property provisions relate to the restoration of property which will crystallise on the cessation of the leases to which they relate.

18. Loan notes

	£ 000
At 1 January 2021	15,210
Loan notes redeemed in the year	(1,138)
Interest expense	343
At 1 January 2022	14,415
Interest expense	409
At 31 December 2022	14,824

Loan notes that have a face value of £11,362,000 are unsecured and provided for repayment of the loans on 10 September 2028 or earlier in the event of a default or a sale transaction. Interest accrues on the loan notes at the rate of 4% per annum. The notes are subordinated to the Company's obligations to its lenders.

Loan notes that have a face value of £7,500,000 are unsecured and provided for repayment of the loans on 10 September 2028 or earlier in the event of a default or a sale transaction. Interest accrues on the loan notes at the rate of 11% per annum. The notes are subordinated to the Company's obligations to its lenders.

19. Bank loans

	2022	2021
	£ 000	£ 000
1 January	100,653	57,528
Exchange differences	1,503	-
Interest capitalised during the year	-	6,384
Loan drawn during the year	62,490	37,600
Loan arrangement fee	(1,875)	(1,128)
Amortisation of arrangement fee	946	269
31 December	163,717	100,653

At 31 December 2022 the Group had a bank facility with Pemberton that expires on 10 September 2025. The term loan accrues interest at a rate based on SONIA plus a margin of 8.5% per annum.

At 31 December 2022 the Company had outstanding bank loans which fall due as follows:

	2022	2021
	£ 000	£ 000
Within one year	-	-
In the second to fifth years inclusive	166,769	102,777
After five years	-	-
	166,769	102,777

The fair value of the bank loan at 31 December 2022 was £166,769,000 (2021: 102,777,000).

20. Share capital – Group and Company

	Share capital 2022 £	Share capital 2021 £	Share premium 2022 £	Share premium 2021 £
Authorised, allotted, called up and fully paid				
4 ordinary shares of £1 each (2021: 2 ordinary share of £1)	4	2	14,736,456	12,526,048

The company carries one class of ordinary shares which entitle the holders to voting rights and no rights to fixed income. It also has no restrictions on dividend distributions or repayment of capital. During the year, company has issued 2 equity shares for £2,210,410.

21. *Notes to the cash flow statement*

Group	Note	2022 £ 000	2021 £ 000
Operating profit		15,777	15,949
Adjustments for:			
- Amortisation and impairment of intangible assets	8	3,337	2,490
- Depreciation of property and equipment	9	4,968	3,256
- Depreciation of right-of-use assets	10	9,480	6,125
- Net decrease in provisions	17	(280)	(238)
Operating cash flows before movements in working capital		33,282	27,582
Increase in stock		(92)	(381)
Increase in receivables		(12,651)	(13,842)
Increase in payables		12,619	24,555
Cash generated by operations		33,158	37,914
Income taxes (paid)/received		(2,366)	1,364
Interest paid		(16,710)	(2,654)
Net cash generated by operating activities		14,082	36,624

22. Contingent liabilities

Bank guarantees of up to £2 million (2021: £2 million) have been given in respect of VAT liabilities on goods imported from sellers for auction. The Directors do not expect any material loss in respect of the guarantee.

20231012052229

23. Related party transactions

Management have identified related party transactions requiring disclosure under IAS 24 – Related Party Disclosures:

- Epiris LLP, provides management services to the Group on an arm's length basis. During the year the amount charged was £60,000 (2021: £60,000) the amount outstanding at the end of the year was £18,000 (2021: £18,000).
- The directors are considered to be the key management personnel for the Group and their remuneration is disclosed note 5.

24. Pension scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the income statement in the year was £3,917,000 (2021: £2,113,000). The amount of outstanding contributions at 31 December 2022 was £584,000 (2021: £354,000).

25. Lease liability

At the Statement of Financial Position date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £ 000	2021 £ 000
Current lease liability	12,356	10,770
Non-current lease liability	44,044	32,977
	56,400	43,747

Lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 6.2 years (2021: 6.2 years) and rentals are fixed for an average of 5.2 years (2021: 5.2 years).

	2022 £ 000	2021 £ 000
Within one year	12,356	10,770
In the second to fifth years inclusive	27,957	23,128
After five years	16,087	9,849
	56,400	43,747

26. Financial risk management

The Directors note that the financial risks relating to the operations of the Group are limited, but managed through regular analysis of exposures by degree and magnitude of risk. These risks identified include currency risk, interest rate risk and credit risk.

Further detail on credit risk is provided in note 14, and on interest rate risk in note 15.

Foreign currency risk management

The Group undertakes certain transactions denominated in different currencies. Hence, exposures to exchange rate fluctuations arise. However, these are insignificant as all in-country transactions are effected in the same currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2022		2021	
	Assets £ 000	Liabilities £ 000	Assets £ 000	Liabilities £ 000
US Dollar	29,158	(27,300)	23,492	(16,546)
Euro	11,015	(5,505)	4,613	(288)
Australian Dollar	912	(365)	1,291	(544)
Canadian Dollar	29	(79)	27	(80)
Danish Krone	19,490	(15,295)	-	-
Hong Kong Dollar	29,551	(23,683)	26,411	(19,131)
Swedish Krona	5,947	(3,405)	10,450	(44)
Swiss Franc	672	(280)	624	(96)
Other currencies	88	(14)	113	(9)

26. Financial risk management (continued)

Capital management

Capital is the equity attributable to the equity holders of the parent less the net unrealised gains reserve.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

No changes were made in the objectives, policies or processes during the year ended 31 December 2022 and 31 December 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between sensible levels. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent.

	2022 £ 000	2021 £ 000
Loan notes	14,824	14,415
Bank loans (note 19)	163,717	100,653
Other payables (note 16)	4,538	3,047
Less cash and short-term deposits (note 15)	(63,486)	(57,047)
Net debt	119,593	61,068
Equity	(72,367)	(55,110)
Total capital	(72,367)	(55,110)
Capital and net debt	47,226	5,958
Gearing ratio	253%	1,025%

27. Non-adjusting events after the reporting period

There were no events after the balance sheet date.

28. Dividends paid

No dividends were declared or paid in the year or prior period.

29. Controlling party

Throughout the year ended 31 December 2022, the ultimate controlling party was Epiris LLP, a private equity firm based at Forum St Pauls, Gutter Lane, London, EC2V 8AS.

Valkyrie Topco Limited is the immediate parent undertaking and is the largest group for which consolidated financial statements are prepared of which the Company is a member, their registered address is Aztec Group House, PO Box 730, 11-15 Seaton Place, St Helier, Jersey JE4 0QH. Vanquish Holdco Limited is the smallest group for which consolidated financial statements are prepared of which the Company is a member, their registered address is Montpelier Galleries, Montpelier Street, London SW7 1HH.

Vanquish Holdco Limited

Appendix to the consolidated financial statements

for the year ended 31 December 2022

Reconciliation of operating profit to adjusted EBITDA (which includes rental charges)

The following is a reconciliation of the operating profit to the Group's adjusted EBITDA (which includes rental charges). This measure is used by the Directors to monitor underlying performance and is not defined by International Financial Reporting Standards (IFRS). As a result, this does not form part of the notes to the consolidated financial statements.

	2022 £ 000	2021 £ 000
Operating profit	15,777	15,949
Adjustments for:		
- Amortisation of intangible assets	3,337	2,490
- Depreciation of property and equipment	4,968	3,256
- Depreciation of right-of-use assets	9,480	6,125
EBITDA	33,562	27,820
Adjustments for:		
- Rent payable on right-of-use assets	(12,170)	(7,630)
- Restructuring costs	4,552	3,374
Adjusted EBITDA	25,944	23,564