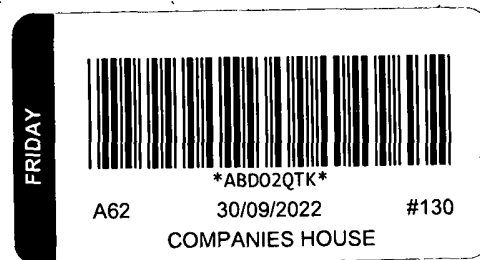


Company Registration No. 04326560

Bonhams 1793 Limited

**Annual report and financial statements
for the year ended 31 December 2021**



Bonhams 1793 Limited

Annual report and financial statements for the year ended 31 December 2021

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Statement of Directors' responsibilities	7
Independent auditor's report	8
Income statement and statement of comprehensive income	12
Statement of changes in equity	13
Statement of financial position	14
Cash flow statement	15
Notes to the financial statements	16

Bonhams 1793 Limited

Annual report and financial statements for the year ended 31 December 2021

Officers and professional advisers

Executive 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

Solicitors

Ropes & Gray
60 Ludgate Hill
London EC4M 7HX

Auditor

Deloitte LLP
Statutory Auditor
London

Bonhams 1793 Limited

Strategic report

The Directors of Bonhams 1793 Limited (“the Company”) have the pleasure in presenting their annual report and the audited financial statements of the Company for the year ended 31 December 2021.

The Directors, in preparing this strategic report for the year ended 31 December 2021, have complied with s414C of the Companies Act 2006.

Principal activity

The principal activity of the Company continues to be that of auctioneers and valuers.

Review of the business and future developments

The Board is pleased to be able to report positive results as the Company delivered ahead of all comparators. The increased level of digitally based customer activity is particularly satisfying given the focus the business has placed on this channel.

During 2021 the business reacted to the various waves of Covid-19 in the same manner as 2020, i.e., the Company pivoted to an online and hybrid auction model as necessary to satisfy the government restrictions in place in the various geographies it operates in. Where restrictions were relaxed more traditional sales were undertaken and we were pleased to physically welcome clients whenever appropriate. The Company kept close control of costs during the year and also availed itself of the various Government support packages available to it.

The gross profit margin for the Company is 76% (2020: 78%), this reduction is driven by the mix of sales categories and price points during the year.

The results for the period are set out on page 12. The Company’s operating profit for the period amounted to £8.4 million (2020: loss £0.9 million). The Company’s retained profit for the year attributable to shareholders of the parent amounted to £5.9 million (2020: loss £2.6 million). The Directors do not recommend the payment of a dividend (2020: £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 Company 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 Company’s wider digital capabilities remaining important strategic priorities.

Going concern

The Company had cash at 31 December 2021 of £23.1m (2020: £20.6m). After making appropriate enquiries, the Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements, for further details refer to note 1.

The Company has prepared forecasts through to September 2023 (the forecast period) which show that the Company has sufficient facilities to provide liquidity through the forecast period. After making enquiries, including reviewing the forecasts and considering downward sensitivities in respect of forecast revenue and operating profit, the Directors have concluded that they have a reasonable expectation that the Company has adequate resources available to them, to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Bonhams 1793 Limited

Strategic report

s172 statement - Engaging with stakeholders

The success of our business depends on the support of all our stakeholders – buyers, vendors, shareholders, employees and communities.

The Company 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 Company 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 Company's key stakeholders and how we engage with them are set out below.

Vendors / Buyers – the Company 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.

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 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 – Covid-19 continued to affect our charity events programme. We were, nevertheless, able to support several worthwhile charitable causes during the reporting period. We hosted an event for Combat Street to launch their Secret Postcard auction; a reception for the Creative Dimension Trust which helps young people develop the fine handskills required for careers in the craft sector; a reception in aid of Refuge Against Domestic Violence and a well-attended exhibition commemorating the tercentenary of the death of Grinling Gibbons in support of the charitable foundation the Grinling Gibbon Society. We also auctioned 32 life-sized lions, painted by internationally acclaimed artists, in aid of the wildlife charity Tusk. We have continued to offer a number of charity lots within our auctions.

Bonhams 1793 Limited

Strategic report

Principal risks and uncertainties

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 Company seeks to minimise this risk through providing market leading sales and exceptional customer service.

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

Credit risk

The Company's principal financial assets are receivables due from other group companies. The Company's credit risk is primarily attributable to these. The amounts presented in the balance sheet are net of any provisions made against these balances.

The Company's credit risk is also attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Interest rate risk

The Company is primarily exposed to interest rate risk on its intercompany 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 does not view the interest rate risk as significant.

Cash flow risk

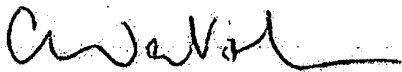
The Company monitors its liquidity issues by using a real time financial forecasting tool.

Key performance indicators (KPIs)

The Directors monitor the Company performance on a monthly basis using a wide range of financial and non-financial indicators, including the year to date results, EBITDA, cash flow performance and forecasts, margin and 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 Company, the Directors confirm that they are satisfied with the Company'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 year.

Approval

Approved by the Board and signed on its behalf by:



C Watson
Company Secretary

29 September 2022

Bonhams 1793 Limited

Directors' report

The Directors of Bonhams 1793 Limited ("the Company") present their annual report and the audited financial statements for the year ended 31 December 2021.

The Strategic Review forming part of this annual report and financial statements includes such matters that are otherwise required under section 416-418 of the Companies Act 2006 to be included in this Directors' report. The Strategic report contains disclosures in relation to results and dividends, going concern, financial risk management.

The company's Green House Gas (GHG) emissions and energy usage has been included in the consolidated financial statements of Vanquish Holdco Limited.

Future developments

The board is continuing a strategic review of the company with a view to significantly enhance its digital offering. The company's principal activities are not expected to change. Non-adjusting event after the balance sheet date are disclosed in note 26 of the financial statements.

Engagement with Employees

Regular meetings are held with all employees to discuss their prospects within the business. Opportunity is given at these meetings for senior executives to be questioned about matters which concern the employees.

The involvement of employees in the performance of the Company is encouraged.

The Company has a policy of providing information about the Company by regular meetings between management and certain employees. Employees are encouraged to present their suggestions and views on the Company's performance.

Disabled Employees

The Company and its subsidiaries 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 particular aptitudes and abilities. In the event of members of staff becoming disabled, reasonable efforts would be made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company 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.

Directors

The Directors of the Company throughout the year and up to the date of this report were as follows:

Executive Directors

J Buckley (Appointed 6 May 2021)

J Fairhurst

J Knight (Resigned 14 April 2021)

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors in the current and prior year and remain in force at the date of this report.

Existence of branches outside the UK

The Company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK in Australia, Belgium, Netherlands, Ireland, Italy, Portugal and Spain.

Bonhams 1793 Limited

Directors' report

Charitable and political donations

During the course of the year the Company made charitable donations of £8,000 (2020: £9,000). The Company made no political contributions in the year.

Auditor

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

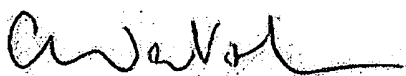
- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that he/she ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's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

This information is given and should be interpreted in accordance with s418 of the 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 by order of the Board:



C Watson
Company Secretary
29 September 2022

Bonhams 1793 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 are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Bonhams 1793 Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Bonhams 1793 Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement and the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law, and United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 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.

Independent auditor's report to the members of Bonhams 1793 Limited

Report on the audit of the financial statements (continued)

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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

Independent auditor's report to the members of Bonhams 1793 Limited

Report on the audit of the financial statements (continued)

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.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements. As a result, we identified the greatest potential for fraud in revenue recognition. The specific procedures performed included:

- assessing the design and implementation of the key internal controls in place in respect of buyer's premiums and vendor commissions;
- using data analytics and recalculations to profile the revenue populations to identify outliers and populations of greater audit interest; and
- performing substantive audit procedures which included agreeing revenue breakdowns to supporting documentation and contracts.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Independent auditor's report to the members of Bonhams 1793 Limited

Report on the audit of the financial statements (continued)

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 company and its 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

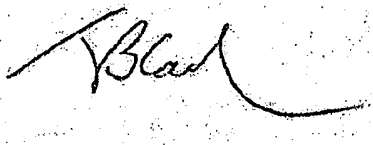
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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

29 September 2022

Bonhams 1793 Limited

Income statement and statement of comprehensive income for the year ended 31 December 2021

	Notes	2021 £ 000	2020 £ 000
Revenue	3	65,913	43,110
Cost of sales		(15,990)	(9,197)
Gross profit		<u>49,923</u>	<u>33,913</u>
Administrative expenses		(41,568)	(34,872)
Operating profit/(loss)		<u>8,355</u>	<u>(959)</u>
Net finance expense	7	(1,122)	(2,004)
Profit/(loss) before tax	4	<u>7,233</u>	<u>(2,963)</u>
Taxation	8	(1,215)	310
Profit/(loss) for the year		<u><u>6,018</u></u>	<u><u>(2,653)</u></u>
Exchange differences on translation of foreign branches		(131)	34
Total comprehensive income/(loss) for the year		<u><u>5,887</u></u>	<u><u>(2,619)</u></u>

All transactions are derived from continuing operations in the current and prior year.

Bonhams 1793 Limited

Statement of changes in equity for the year ended 31 December 2021

	Balance at 1 January 2020 £ 000	Profit for the year £ 000	Exchange difference on translation of foreign branches £ 000	Total compre- hensive loss for the year £ 000	Balance at 31 December 2020 £ 000
Share capital	19,024	-	-	-	19,024
Share premium account	29,899	-	-	-	29,899
Foreign exchange reserve	448	-	34	34	482
Retained earnings	45,804	(2,653)	-	(2,653)	43,151
Total equity	95,175	(2,653)	34	(2,619)	92,556

	Balance at 1 January 2021 £ 000	Profit for the year £ 000	Exchange difference on translation of foreign branches £ 000	Total compre- hensive income for the year £ 000	Balance at 31 December 2021 £ 000
Share capital	19,024	-	-	-	19,024
Share premium account	29,899	-	-	-	29,899
Foreign exchange reserve	482	-	(131)	(131)	351
Retained earnings	43,151	6,018	-	6,018	49,169
Total equity	92,556	6,018	(131)	5,887	98,443

Foreign exchange reserve

Differences arise on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

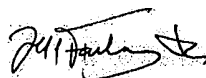
Bonhams 1793 Limited

Statement of financial position at 31 December 2021

	Notes	2021 £ 000	2020 £ 000	2019 £ 000
Non-current assets				
Intangible assets	10	37,850	37,299	37,441
Property and equipment	11	15,255	16,473	18,584
Right-of-use assets	12	22,894	25,590	23,645
Investments	13	7,423	2,143	2,143
Deferred tax asset	8	59	704	16
Trade and other receivables	14	90,914	37,010	36,210
Total non-current assets		174,395	119,219	118,039
Current assets				
Inventory		78	-	-
Trade and other receivables	14	32,808	28,019	22,924
Cash and cash equivalents	15	23,151	20,698	9,768
Total current assets		56,037	48,717	32,692
Total assets		230,432	167,936	150,731
Current liabilities				
Trade and other payables	16	(106,837)	(47,040)	(29,029)
Lease liability	20	(2,986)	(3,995)	(3,252)
Provisions	17	(1,740)	(1,893)	(2,706)
Current tax liabilities		(301)	(44)	(683)
Total current liabilities		(111,864)	(52,972)	(35,670)
Net current liabilities		(55,827)	(4,255)	(2,978)
Non-current liabilities				
Lease liability	20	(20,125)	(22,408)	(19,886)
Total non-current liabilities		(20,125)	(22,408)	(19,886)
Total liabilities		(131,989)	(75,380)	(55,556)
Net assets		98,443	92,556	95,175
Equity				
Share capital	18	19,024	19,024	19,024
Share premium account		29,899	29,899	29,899
Foreign exchange reserve		351	482	448
Retained earnings		49,169	43,151	45,804
Total equity		98,443	92,556	95,175

These financial statements of Bonhams 1793 Limited (Company number 04326560) were approved by the Board of Directors and authorised for issue on 29 September 2022.

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



Bonhams 1793 Limited

Cash flow statement for the year ended 31 December 2021

	Notes	2021 £ 000	2020 £ 000
Net cash generated from operating activities	21	<u>15,281</u>	<u>16,315</u>
Investing activities			
Interest received		294	216
Purchases of property and equipment	10, 11	(3,500)	(2,093)
Fixed asset investments	13	<u>(5,280)</u>	<u>-</u>
Net cash used in investing activities		<u>(8,486)</u>	<u>(1,877)</u>
Financing activities			
Repayments of lease liabilities		<u>(4,247)</u>	<u>(2,707)</u>
Net cash used in investing activities		<u>(4,247)</u>	<u>(2,707)</u>
Net increase in cash and cash equivalents		2,548	11,731
Cash and cash equivalents at beginning of year		20,698	9,768
Effect of foreign exchange rate changes		<u>(95)</u>	<u>(801)</u>
Cash and cash equivalents at end of year	15	<u>23,151</u>	<u>20,698</u>

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

1. Significant accounting policies

General information and basis of accounting

Bonhams 1793 Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1 and the principal activities of the Company and the nature of its operations are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB. The Financial Statements have been prepared on the historical cost basis and the functional currency is pounds sterling.

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

Basis of consolidation

These financial statements present information about the Company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of a company incorporated in the United Kingdom and registered in England and Wales and so is therefore exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare and deliver group financial statements. The only UK group company for which consolidated financial statements are prepared is Vanquish Holdco Limited whose registered address is disclosed in note 23.

Going concern

The Company had cash at 31 December 2021 of £23.1m (2020: £20.6m). After making appropriate enquiries, the Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements, for further details refer to note 1.

The Company has prepared forecasts through to September 2023 (the forecast period) which show that the Company has sufficient facilities to provide liquidity through the forecast period. After making enquiries, including reviewing the forecasts and considering downward sensitivities in respect of forecast revenue and operating profit, the Directors have concluded that they have a reasonable expectation that the Company has adequate resources available to them, to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

Significant accounting policies (continued)

Adoption of new and revised standards

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.

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.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

1. Significant accounting policies (continued)

Foreign currencies

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

In preparing the financial statement of the individual branches, 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 Statement of Financial Position 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 year. 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.

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

Retirement benefit costs

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework requiring revenue to be recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Company 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.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

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 year. 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 Company'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.

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 tax 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 Company 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 charges or credited directly to equity, in which case the deferred tax is also recognised in equity.

The deferred tax amounts shown in the Statement of Financial Position are not discounted.

Dividends

Dividends receivable are recognised as income in the year when they are declared and dividends payables are recognised as an appropriation of profit in the year in which they are declared.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities of a business at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually.

For the purpose of impairment testing, goodwill is allocated to each of the Company's 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.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

Significant accounting policies (continued)

Intangible assets

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. Amortisation is not provided for trademarks since they have an 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.

Internally-generated intangible assets – research and development expenditure

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.

Computer software - 25% straight line per annum

Property and equipment

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is calculated to write down the cost of all tangible fixed assets over their expected useful lives on the following basis:

Leasehold improvements	- over the length of the lease
Fixtures, fittings and office equipment	- 15% straight-line per annum
Computer 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.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

1. Significant accounting policies (continued)

Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company 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 Company 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 Company 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.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

1. Significant accounting policies (continued)

Leases (continued)

The Company 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 Company 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 Company 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 Company 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 (see Note 31).

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 Company 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 Company 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.

Investments

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

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company 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 Company 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.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

Significant accounting policies (continued)

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.

For trade receivables, the Group and Company recognises a loss allowance for expected credit losses at amount equal to the lifetime expected credit loss. 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.

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.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

Significant accounting policies (continued)

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.

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.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company 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 material.

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.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

2. Critical accounting estimates and judgements

In the application of the Company'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. 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.

There are no key accounting judgements 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.

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

Determining whether goodwill is 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 10).

Provisions

The Company'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 (see note 17).

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

3. Revenue

Revenue is derived from the rendering of auction and valuation services and a geographical split is shown below.

	2021 £ 000	2020 £ 000
United Kingdom	61,189	37,981
Other regions	4,724	5,129
	<u>65,913</u>	<u>43,110</u>

4. Profit/(loss) for the year

	2021 £ 000	2020 £ 000
Profit/(loss) is stated after charging/(crediting):		
Amortisation of intangible assets	950	1,003
Depreciation of property and equipment	3,216	3,260
Depreciation of right-of-use assets	2,644	3,016
Expense relating to low value assets and short-term leases	349	144
Staff costs	21,742	16,364
Government grant for the purpose of immediate financial support	(41)	(2,091)
COVID-19 rent waiver	-	(458)
(Reversal)/allowance on trade receivables	(22)	188
Foreign exchange loss	25	800
Auditor's remuneration:		
- Fees payable for the audit of Company's annual financial statements	73	68
	<u></u>	<u></u>

Fees payable to Deloitte LLP by the Company in respect of non-audit tax compliance services were £nil (2020: £nil).

In 2021, government grants of £41,000 (2020: £2,091,000) were received as part of Government initiatives to provide immediate financial support as a result of COVID-19. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

5. Directors' emoluments

	2021 £ 000	2020 £ 000
Remuneration in respect of Directors was as follows:		
Emoluments	473	504
Pension contributions	34	31
	<u>507</u>	<u>535</u>
Emoluments of the highest paid Director:		
Emoluments	327	285
Pension contributions	22	21
	<u>349</u>	<u>306</u>

Two directors were members of the Company's defined contribution pension scheme during the year (2020: three).

6. Staff costs

	2021 £ 000	2020 £ 000
Staff costs during the year (including Directors) were as follows:		
Wages and salaries	17,811	13,172
Social security costs	2,298	1,632
Pension costs	1,633	1,560
	<u>21,742</u>	<u>16,364</u>

The monthly average number of employees (including Directors) during the year was as follows:

	No.	No.
Auctioneers, valuers, specialists, porters and administration	<u>364</u>	<u>349</u>

7. Net finance expense

	2021 £ 000	2020 £ 000
Interest on bank deposits and other interest	79	1
Interest on loans to group undertakings	215	215
	<u>294</u>	<u>216</u>
Interest on bank overdrafts and loans	(139)	(290)
Interest on loans from group undertakings	(158)	(180)
Interest expense on lease liabilities	(1,066)	(912)
Exchange loss on intragroup loans	(53)	(838)
	<u>(1,416)</u>	<u>(2,220)</u>
Total borrowing costs net of exchange loss		
Net finance expense	<u>(1,122)</u>	<u>(2,004)</u>

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

8. Taxation

Tax on Profit/(loss)

	2021 £ 000	2020 £ 000
Current tax:		
- Current tax charge	(640)	(309)
- Amounts over/(under) provided in previous years	68	(69)
Total current tax	(572)	(378)
Deferred tax:		
- Change in tax rate	-	(3)
- Origination and reversal of temporary differences	(151)	683
- Amounts (under)/over provided in previous years	(492)	8
Total tax (charge)/credit in the income statement	(1,215)	310
Tax (charge)/credit in the income statement is disclosed as follows:		
Tax (charge)/credit on continuing operations	(1,215)	310
	(1,215)	310

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

Taxation (continued)

Reconciliation of the total tax charge

The tax assessed for the year is lower than (2020: higher than) that resulting from applying the average rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £ 000	2020 £ 000
Profit/(loss) before tax	7,233	(2,963)
Accounting profit/(loss) multiplied by the UK average rate of corporation tax at 19% (2020: 19%)	(1,374)	563
Expenses not deductible for tax purposes	(73)	(55)
Higher rates of overseas tax	(192)	(134)
Change in tax rate	-	(3)
Group relief surrendered	848	-
Amounts over/(under) provided in previous years:		
- Current tax	68	(69)
- Deferred tax	(492)	8
Total tax charge in the income statement	(1,215)	310

Deferred tax

	Capital allowances £ 000	Other assets £ 000	Total £ 000
At 1 January 2021	244	460	704
Amounts under provided in previous years	(516)	22	(494)
Charge/(credit) to income statement	159	(310)	(151)
Change in tax rate	-	-	-
At 31 December 2021	(113)	172	59

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 Company intends to settle its current tax assets and liabilities on a net basis

At the reporting date, the Company has unused tax losses of £nil (2020: £282,000) available for offset against future profits.

No deferred tax liability is recognised on temporary differences relating to the unremitted earnings of overseas subsidiaries as the Company 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.

An increase in the UK corporation tax rate to 25% from 1 April 2023 was announced in the Chancellor's Budget. At the balance sheet date, this increase has been substantively enacted. An appropriate tax rate has been used in these financial statements to measure the deferred tax assets and liabilities.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

9. Dividends paid

The Company did not pay a dividend in the year (2020: nil).

10. Intangible assets

	Goodwill £ 000	Computer software £ 000	Total £ 000
Cost			
At 1 January 2020	41,821	15,415	57,236
Additions	-	861	861
	<hr/>	<hr/>	<hr/>
At 31 December 2020	41,821	16,276	58,097
Additions	-	1,501	1,501
	<hr/>	<hr/>	<hr/>
At 31 December 2021	<u>41,821</u>	<u>17,777</u>	<u>59,598</u>
Accumulated amortisation			
At 1 January 2020	6,172	13,623	19,795
Charge for the year	-	1,003	1,003
	<hr/>	<hr/>	<hr/>
At 31 December 2020	6,172	14,626	20,798
Charge for the year	-	950	950
	<hr/>	<hr/>	<hr/>
At 31 December 2021	<u>6,172</u>	<u>15,576</u>	<u>21,748</u>
Net book value			
At 31 December 2021	<u>35,649</u>	<u>2,201</u>	<u>37,850</u>
At 31 December 2020	<u>35,649</u>	<u>1,650</u>	<u>37,299</u>

Goodwill acquired in a business combination is allocated, at acquisition to the cash generating unit (CGU) that is expected to benefit from that business combination. The carrying amount of goodwill allocation was:

	2021 £ 000	2020 £ 000
United Kingdom and mainland Europe	<u>35,649</u>	<u>35,649</u>

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 Company 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 2021 (2020: 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.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

Intangible assets (continued)

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 benefits associated the strategic investments and decisions 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% (2020: 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.

Sensitivity to changes in key assumptions

A change in a key assumption on which management has based its calculation of the unit's recoverable amount would cause the unit's carrying amount to equal its recoverable amount if the post-tax discount rate was higher than 30%.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

11. Property and equipment

	Leasehold improvements £ 000	Fixtures, fittings and office equipment £ 000	Computer equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost					
At 1 January 2020	33,384	2,741	7,451	172	43,748
Exchange differences	-	1	5	-	6
Additions	121	32	1,079	-	1,232
Disposals	(449)	-	-	-	(449)
At 31 December 2020	33,056	2,774	8,535	172	44,537
Exchange differences	-	(2)	(3)	-	(5)
Additions	480	71	1,428	20	1,999
At 31 December 2021	33,535	2,844	9,960	192	46,531
Depreciation					
At 1 January 2020	17,551	2,343	5,098	172	25,164
Exchange differences	-	2	4	-	6
Charge for the year	2,048	155	1,057	-	3,260
On disposals	(366)	-	-	-	(366)
At 31 December 2020	19,233	2,500	6,159	172	28,064
Exchange differences	-	(1)	(3)	-	(4)
Charge for the year	1,897	102	1,217	-	3,216
At 31 December 2021	21,130	2,601	7,373	172	31,276
Net book value					
At 31 December 2021	12,405	243	2,587	20	15,255
At 31 December 2020	13,823	274	2,376	-	16,473

There are no assets held under finance leases or under hire purchase contracts.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

12. Right-of-use assets

	Right-of-use assets £ 000
Cost	
At 1 January 2020	27,147
Exchange differences	43
Additions	4,936
Leases expiring in the year	(1,040)
	<hr/>
At 31 December 2020	31,086
Exchange differences	(54)
Additions	42
Leases expiring in the year	(187)
	<hr/>
At 31 December 2021	<u>30,887</u>
Depreciation	
At 1 January 2020	3,502
Exchange differences	18
Charge for the year	3,016
Leases expiring in the year	(1,040)
	<hr/>
At 31 December 2020	5,496
Exchange differences	(28)
Charge for the year	2,644
Leases expiring in the year	(119)
	<hr/>
At 31 December 2021	<u>7,993</u>
Net book value	
At 31 December 2021	<u>22,894</u>
At 31 December 2020	<u>25,590</u>

All right-of-use assets relate to property.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

13. Investments

	Shares in subsidiary undertakings £ 000
At 31 December 2020	2,143
Additions	5,280
	<hr/>
At 31 December 2021	7,423
	<hr/> <hr/>
Accumulated impairment losses	
At 31 December 2020 and at 31 December 2021	-
	<hr/> <hr/>
Net book value	
At 31 December 2021	7,423
	<hr/> <hr/>
At 31 December 2020	2,143
	<hr/> <hr/>

During the year the Company acquired Patina Classics Limited and 1793 Swedish Holdings AB. The subsidiary undertakings of the Company are listed below:

Registered address	Subsidiary undertakings	Activity	Portion of ordinary shares held %
	Direct subsidiary		
United Kingdom Montpelier Street, London SW7 1HH	Bonhams Credit Limited	Financing	100
	Bonhams UK Limited	Dormant	100
	Patina Classics Limited	Auctioneers & valuers	100
France 4 Rue de la Paix, 75002 Paris	Bonhams France SAS	Auctioneers & valuers	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	Dormant	100
Sweden Box 1754 111 87 Stockholm	1793 Swedish Holdings AB	Holding company	100
	Indirect subsidiary		
United Kingdom Montpelier Street, London, SW7 1HH	Bonhams Scotland Limited	Dormant	100
Finland Mastgatan 4-6 00160 Helsingfors	Bukowski OY	Auctioneers & valuers	100
Sweden Box 1754 111 87 Stockholm	Bukowski Auktioner AB	Auctioneers & valuers	100

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

14. Trade and other receivables

	2021 £ 000	2020 £ 000
Current assets		
Trade receivables	18,879	17,236
Amounts owed by fellow subsidiary undertakings	12,745	9,509
Other receivables	78	463
Prepayments and other debtors	1,106	811
	<u>32,808</u>	<u>28,019</u>

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.

	2021 £ 000	2020 £ 000
Non-current assets		
Amounts owed by parent undertakings	36,210	36,210
Amounts owed by fellow subsidiary undertakings	54,704	800
	<u>90,914</u>	<u>37,010</u>

The above-mentioned amounts due from parent undertakings recognised as a non-current asset represents a funding balance provided to its parent, interest is not charged on this loan. The above-mentioned amounts due from subsidiary undertakings recognised as a non-current asset represents a funding balance provided to its subsidiaries. The interest on this loan is charged at of 2% per annum above the appropriate central bank's base rate for each foreign currency balance and the amounts due are repayable on demand.

These amounts were previously presented within current assets as amounts due from related party undertakings for the year ended 31 December 2020. The Company believes it is more representative to present these items within non-current assets as they are not expected to be settled within the Company's normal operating cycle. Accordingly amounts presented in current receivables in the prior year have been reclassified to non-current receivables.

Credit risk

The Company'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 Company's maximum exposure to credit risk without taking account of the value of any collateral obtained. The Company's credit risk is significantly influenced by the level of its trade credit receivables. All such amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables.

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

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

Trade and other receivables (continued)

Past due but not impaired receivables

The Company'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 Company's peak trading season.

The amount of past due not impaired receivables at the year end is £18,305,000 (2020: £17,160,000). Over 97% of this balance has been received. The Directors fully expect the remainder to be paid in the near future. The average age of these receivables is 37 days (2020: 36 days).

Before accepting any new credit customer, the Company 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 5% of the total balance of trade receivables.

Ageing of past due but not impaired receivables:

	2021 £ 000	2020 £ 000
0-30 days	5,470	5,367
30-60 days	11,144	10,596
Over 60 days	1,691	1,197
	<u>18,305</u>	<u>17,160</u>

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.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

15. Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash and cash equivalents	23,151	20,698
Denominated as		
Cash and cash equivalents:		
Sterling	16,723	16,679
US Dollars	1,483	19
Euros	942	746
Australian Dollars	1,137	846
Hong Kong Dollars	2,770	2,202
Swiss Francs	96	206
	<u>23,151</u>	<u>20,698</u>

Cash within pooling arrangements is offset due to a contractual right. All bank facilities are secured by floating charges over the assets of this Company. The carrying value of cash and cash equivalents approximates to their fair value.

Interest rate risk management

The Company is exposed to interest rate risk on interest receivable on balances with subsidiary undertakings and surplus cash holdings. It is also exposed to interest rate risk on interest payable on balances with subsidiary undertakings.

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

- profit for the year ended 31 December 2021 would decrease/increase by £2,000 (2020: £33,000). This is mainly attributable to the Company's exposure to interest receivable at a variable rate on its intercompany balances and on its cash holdings; and
- other equity reserves would not be affected.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

16. Trade and other payables

	2021 £ 000	2020 £ 000
Trade payables	37,516	27,139
Amounts owed to parent undertakings	48,993	10,219
Amounts owed to fellow subsidiary undertakings	11,749	2,492
Other payables	4,447	4,694
Accruals and deferred income	4,132	2,496
	<u>106,837</u>	<u>47,040</u>

The average credit period taken for trade purchases is 36 days (2020: 36). 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.

17. Provisions

	Other provisions £ 000	Property provisions £ 000	Total £ 000
At 31 December 2020	969	924	1,893
Exchange differences	(10)		(10)
New	267	-	267
Released	(382)	(23)	(405)
Paid or used	(5)	-	(5)
At 31 December 2021	<u>839</u>	<u>901</u>	<u>1,740</u>

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

18. Share capital

	2021 £ 000	2020 £ 000
Authorised, allotted, called up and fully paid:		
18,572,800 Ordinary shares of £1 each	18,573	18,573
450,936 'P' Ordinary shares of £1 each	451	451
	<u>19,024</u>	<u>19,024</u>

The company carries 2 classes of ordinary shares – Ordinary shares and 'P' Ordinary shares. Both classes of ordinary shares entitle the holders to voting rights and no rights to fixed income. They also have no restrictions on dividend distributions or repayment of capital.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

19. Pension scheme

The Company 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 £1,633,000 (2020: £1,560,000). The amount of outstanding contributions at 31 December 2021 was £187,000 (2020: £nil).

20. Lease liability

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

	2021 £ 000	2020 £ 000
Current lease liability	2,986	3,995
Non-current lease liability	20,125	22,408
	<u>23,111</u>	<u>26,403</u>

Operating lease payments represent rentals payable by the Company for certain of its office properties. Leases are negotiated for an average term of 6.2 years and rentals are fixed for an average of 5.2 years.

	2021 £ 000	2020 £ 000
Within one year	2,987	3,995
In the second to fifth years inclusive	10,611	10,990
After five years	9,514	11,418
	<u>23,112</u>	<u>26,403</u>

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

21. Notes to the cash flow statement

	2021 £ 000	2020 £ 000
Operating profit/(loss)	8,355	(959)
Adjustments for:		
- Amortisation of intangible assets	950	1,003
- Depreciation of property and equipment	3,216	3,260
- Depreciation of right-of-use assets	2,644	3,016
- COVID-19 rent waiver	-	(458)
- Loss/(Profit) on disposal of property and equipment	-	80
- (Decrease)/increase in provisions	(144)	(813)
Operating cash flows before movements in working capital	15,021	5,129
(Increase)/decrease in stock	(78)	-
(Increase)/decrease in receivables	(1,572)	(10,825)
Increase in payables	11,730	17,063
Net movement in intercompany balances	(9,214)	6,431
Cash generated from operations	15,887	17,798
Income taxes paid	(310)	(1,013)
Interest paid	(296)	(470)
Net cash generated from operating activities	15,281	16,315

22. Contingent liabilities

Bank guarantees of up to £2 million (2020: £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.

23. Parent undertaking

At 31 December 2021, the immediate parent company is Bonhams Holdings Limited. The ultimate parent company and controlling party is Valkyrie Topco Limited, a company incorporated and registered in Jersey.

Valkyrie Topco Limited 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.

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

24. Related parties

One director is considered to be the key management personnel for the Company.

During the year there were the following transactions with group companies:

	2021 £ 000	2020 £ 000
Amounts paid		
Rent	2,170	2,170
Management charges	343	1,635
	<u>2,513</u>	<u>3,805</u>
Amounts received		
Management charges	5,687	1,525
	<u>5,687</u>	<u>1,525</u>

Amounts outstanding between group companies are detailed in notes 14 and 16.

BBPS&N Property Investments Limited, a fellow subsidiary undertaking, has sublet 101 New Bond Street to the Company. The combined annual rent of the subleases is £2,170,000. The subleases run through to 21 December 2032 and are excluded from the security of tenure provisions of the Landlord and Tenant Act 1954. The rent review arrangements follow the superior leases with IPD index-linked reviews in 2022 and 2027 but no automatic uplift in 2022.

Bonhams Brooks PS&N Limited, a fellow subsidiary undertaking, has guaranteed the performance of BBPS&N Property Investments Limited and the Company under all leases held.

The transactions during the period are summarised as follows:

	Rental of property		Amounts owed to related parties	
	2021 £ 000	2020 £ 000	2021 £ 000	2020 £ 000
BBPS&N Property Investments Limited	(2,170)	(2,170)	(2,960)	(2,590)

Amounts owed by and to group undertakings

The Company has a number of intercompany balances with both United Kingdom and overseas entities. Hence, exposures to exchange rate fluctuations arise. Foreign exchange risk is borne by the Company, rather than its overseas subsidiaries.

At the reporting date the carrying amounts of the intercompany assets and liabilities held by the Company were denominated as follows:

	Assets		Liabilities	
	2021 £ 000	2020 £ 000	2021 £ 000	2020 £ 000
Sterling	36,640	58,085	(48,926)	(40,452)
US Dollars	10,346	6,157	-	-
Euros	169	-	(8,477)	(5,253)
Canadian Dollars	-	-	(397)	(122)
Hong Kong Dollars	1,802	1,350	-	-
Swiss Francs	-	-	(2,708)	(3,485)
Swedish Krona	54,702	-	-	-
Other	-	334	(234)	(138)
	<u>103,659</u>	<u>65,926</u>	<u>(60,742)</u>	<u>(49,450)</u>

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

25. Financial Risk Management

The Directors note that the financial risks relating to the operations of the Company 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 are provided in note 14 and on interest rate risk in note 15.

Foreign currency risk management

The Company undertakes certain transactions denominated in different currencies. Hence, exposure to exchange rate fluctuations arises: this is predominantly US Dollar and Euro currency risk. However, these are considered by the Directors to be insignificant as all inter-country transactions are effected in the same currency.

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

	Assets		Liabilities	
	2021 £ 000	2020 £ 000	2021 £ 000	2020 £ 000
US Dollar	10,346	6,178	-	-
Euro	116	736	(5,568)	(5,254)
Australian Dollar	-	1,154	(396)	(138)
Canadian Dollar	1,802	-	-	(122)
Hong Kong Dollar	-	3,552	-	-
Swiss Franc	-	206	(2,708)	(3,485)
Taiwanese Dollar	155	-	(545)	-
	<u>12,419</u>	<u>11,826</u>	<u>(9,217)</u>	<u>(8,999)</u>

Foreign currency sensitivity analysis

The Company is predominantly exposed to currency risk on the US Dollar, Euro, Hong Kong Dollar and the Swiss Franc.

The following table details the Company's sensitivity to a 10% increase and decrease in Sterling against those currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. This represents management's assessment of what might constitute an appropriate sensitivity. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Sterling strengthens 10%. For a 10% weakening of Sterling, there would be an equal and opposite impact on profit and other equity, and the balances below would be negative.

	Currency impact	
	2021 £ 000	2020 £ 000
Profit or loss	320	283
Other equity	-	-

Bonhams 1793 Limited

Notes to the financial statements for the year ended 31 December 2021

Financial Risk Management (continued)

Capital management risk

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

The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company might adjust the dividend payment to shareholders, issue new shares, or capitalise loans outstanding.

No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio at an appropriate level. The Company 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 Company.

	2021 £ 000	2020 £ 000
Trade and other payables (note 16)	106,837	47,040
Provisions (note 17)	1,740	1,893
Less cash and short-term deposits (note 15)	(23,151)	(20,698)
Net debt	85,426	28,235
Equity (including share premium)	98,443	92,556
Total capital	98,443	92,556
Capital and net debt	183,869	120,791
Gearing ratio	46%	23%

26. Non-adjusting event after the balance sheet date

On 22 April 2022 the Company acquired 100% of the share capital of Bruun Rasmussen Auctioneers in Denmark. The acquisition was funded through a combination of debt and equity.

On 28 June 2022 the Company acquired 100% of the share capital of Cornette de Saint Cyr Maison de Ventes SAS in France. The acquisition was funded through a combination of debt and equity.