

SUTTON GROUP HOLDINGS LIMITED

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

COMPANY NUMBER: 02448730

Limited company incorporated in England

REGISTERED OFFICE

St James House

Grosvenor Road

Twickenham

Middlesex

TW1 4AJ



Sutton Group Holdings Limited

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Sutton Group Holdings Limited

Strategic report for the year ended 31 March 2023

On 1 January 2023 Acrisure UK Retail Limited acquired 100% of the issued share capital of the company.

PRINCIPAL ACTIVITY

The company controls and co-ordinates the activities of its subsidiary undertakings, whose principal activities are insurance broking, including acting as managing general agent for insurers via delegated authorities. There has been no material change in the nature of the group's activities during the year, nor is any foreseen at the date of this report.

REVIEW OF THE BUSINESS

The company's results are affected by the trading environment in which its subsidiary undertakings operate. The general insurance market continues to experience hard market conditions across many sectors and the group has continued to achieve rate increases across its commission bearing business sectors.

Despite being a challenging economic environment with continuing economic uncertainty and rising costs, the businesses coped well and continued to grow, which highlights the strength of the business and its people.

People are the business's primary asset and the long-held strategy of supporting professional training at all levels through the Chartered Insurance Institute exams continued throughout the year. In addition, soft and technical skills training was delivered through professional training providers, workshops led by insurance company product specialists and management training facilitated by the UNA Broker Alliance. The business delivered mental health awareness training to all its directors and managers, and in addition offered mental health awareness seminars to all members of staff.

Being office based, the business has limited opportunities to reduce environmental damage. The group recycles material and conserves energy where possible and uses document imaging and electronic communication to reduce paper usage. Employees are encouraged to cycle to work where possible and technology has been put in place to enable working from home.

The results for the group are shown in the Consolidated Statement of Comprehensive Income on page 11. Turnover increased by 25% to £21.1 million which was a combination of new business and rating increases in certain areas. However transactions relating to the change of control during the year resulted in a £5.2 million loss before tax. See Key Performance Indicators for an analysis of adjusted EBITDA which shows the underlying earnings of the business of £6.7 million (2022: £3.6 million).

The Consolidated Statement of Financial Position on page 12 shows the group's assets and liabilities at the year end. Equity attributable to the parent at 31 March 2023 were £7.3 million (2022: £7 million) which leaves the group in a strong financial position to fund future growth and to ensure that the group is able to withstand the impact of the uncertain economic environment.

Rising interest rates resulted in a five-fold increase in interest income during the year, this return on surplus cash is now a growing source of income for the group. The group maintains tight control over cash flow and investing surplus cash resulting in a healthy cash position and a strong balance sheet. At the year end the group did not have external debt.

Sutton Group Holdings Limited

Strategic report for the year ended 31 March 2023 (continued)

KEY PERFORMANCE INDICATORS

The principal KPI's used by the directors to assess the performance of the group and its financial position are as follows:

Adjusted EBITDA

EBITDA is a common measure used by investors and analysts to evaluate the financial performance of companies. It is defined as a company's profit or loss (earnings) Before Interest expenses, Taxation, Depreciation and Amortisation. In addition to measuring financial performance based on operating profit, the directors consider Adjusted EBITDA to be an important measure of operating performance because it reflects the underlying operating cash profits by eliminating many of the non-cash items such as depreciation and amortisation.

A reconciliation of the group's profit to Adjusted EBITDA is set out below.

Adjusted EBITDA bridge

For the year ended 31 December 2023

	Notes	2023 £	2022 £	2021 £
TURNOVER		21,074,517	16,808,187	14,597,432
(Loss) / Profit before tax		(5,200,622)	3,263,201	2,176,320
Add back:				
Goodwill amortisation	5	91,876	64,000	40,891
Computer Software amortisation	5	92,601	98,165	144,652
Depreciation	5	152,454	184,939	213,302
Share based payments	5	4,896,363	-	-
Interest expense	5	-	-	519
Acquisition related costs		6,638,320	-	-
Adjusted EBITDA		6,670,992	3,610,306	2,575,684
Adjusted EBITDA Margin %		32%	21%	18%

The directors have presented an adjusted EBITDA which excludes share based payments and acquisition related costs because they are one off costs relating to the change of control during the year. Share based payments were made to remunerate the directors, while acquisition related costs largely comprise of retention payments and buyouts to staff.

Cash position

The directors monitor the cash position of the group to ensure that strong controls are maintained over cash flow and investment. At the year end the group's own cash amounted to £5.4 million (£2022: £4.1 million) which leaves the group in a strong financial position to withstand the impact of future economic uncertainty. The group does not have any borrowings.

Sutton Group Holdings Limited

Strategic report for the year ended 31 March 2023 (continued)

PRINCIPAL FINANCIAL RISKS AND UNCERTAINTIES

The directors are responsible for the identification of key business risks and their management. They monitor on a systematic and regular basis all of the group's activities and environments to positively identify, assess, treat and manage risks, which either threaten the group's resources or provide beneficial opportunities, to enable the group's business objectives to be achieved.

FINANCIAL RISK MANAGEMENT

Key financial risk exposures to the group include liquidity risk and credit risk. These financial risks are managed through:

- Financial processes and controls that allow us to monitor and control insurance and company funds accurately and in a timely manner;
- Appropriate banking relationship and facilities to allow working capital requirements to be managed efficiently; and
- Managing a spread of banking relationships to minimise credit and liquidity risks.

Market risk

The group operates in a competitive environment. Periodic tenders of clients' contract and rates increasing are market forces that require the group to deliver an exceptional service and product. Additionally, the group also faces economic risks that may change the clients' buying habits. The group continues to diversify and expand current services to mitigate the risk.

Operational risk

The group operates in a highly regulated domain and it is imperative to have effective processes, governance and overall operations in place at a high standard. The group continues to monitor and review these process on an annual basis.

Liquidity risk

The group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the group has sufficient liquid resources to meet the operating needs of its business.

FUTURE DEVELOPMENTS

The directors expect the group to leverage its relationship with Acrisure and continue on a growth trajectory, through a combination of organic growth and through strategic acquisitions.

The directors believe the group will continue to trade for the foreseeable future.

Approved by the Board and signed on its behalf



S E WOOD – Director

Date:

28 March 2024

Sutton Group Holdings Limited

Report of the directors for the year ended 31 March 2023

The directors present their report together with the financial statements of the company and the group for the year ended 31 March 2023.

The Company has chosen, in accordance with section 414c(11) of the Companies Act 2006 to include certain information, including principal activities and future developments, in its Strategic Report that would otherwise be required to be disclosed in the Directors' Report.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2023 (2022: £53.60 per share).

DIRECTORS

The directors of the company during the year and up to the date of signing were as follows:

S E Wood (appointed 1 January 2023)	E Mathison (appointed 1 January 2023)
M B Baldwin (resigned 1 January 2023)	K Lyle (resigned 1 January 2023)
P I Jones (resigned 1 January 2023)	K MacEvoy (resigned 1 January 2023)

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. The premium for this policy is paid by the company for the benefit of the directors and officers of the company and its subsidiaries.

POLITICAL CONTRIBUTIONS

During the year the company made no political contributions (2022: £nil).

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The future developments and review of the business are included in the strategic report.

FINANCIAL RISK MANAGEMENT

The company's financial risk management is discussed in note 23 of the Financial Statements.

EVENTS AFTER THE BALANCE SHEET DATE

Post balance sheet events are disclosed in note 25 of the Financial Statements.

GOING CONCERN

After making enquires, the directors are satisfied that the company has sufficient resources to continue to meet its liabilities for the at least 12 months after the date of signing these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements. (see note 2).

Sutton Group Holdings Limited

Report of the directors for the year ended 31 March 2023

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

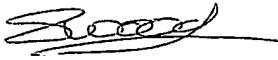
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Deloitte LLP were appointed as the company's external auditor commencing with the 31 March 2023 financial year. They have expressed their willingness to continue in office and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in accordance with section 487(2) of the Companies Act 2006.

Approved by the Board and signed on its behalf



S E WOOD – Director

Date: 28 March 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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, the directors are required to:

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

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 to 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.

Sutton Group Holdings Limited

Independent Auditor's Report to the Members of Sutton Group Holdings Limited

Opinion on the financial statements

In our opinion, the financial statements of Sutton Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Parent Company Statement of Financial Position;
- the Consolidated and Parent Company Statement of Changes in Equity;
- the Consolidated Statement of Cash Flows; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard, 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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent Auditor's Report to the Members of Sutton Group Holdings Limited (continued)

Other information

The other information comprises the information included in the Annual report and consolidated financial statements 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' responsibility statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

Sutton Group Holdings Limited

Independent Auditor's Report to the Members of Sutton Group Holdings Limited (continued)

We obtained an understanding of the legal and regulatory framework that the group 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. This included UK Companies Act, FCA regulations and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. This included Health and Safety regulations, Bribery Act and General Data Protection Regulation (GDPR).

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 of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

Risk of fraud in revenue recognition relates to the premature recognition of revenue especially towards the end of the financial year. We have selected samples especially from the last month of the year and verified with relevant invoices and agreements to ensure the revenue is recognised in the correct period. We have also verified the validity of deferred income.

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 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 and reviewing correspondence with the Financial Conduct Authority (FCA).

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Sutton Group Holdings Limited

Independent Auditor's Report to the Members of Sutton Group Holdings Limited (continued)

Matters on which we are required to report by exception

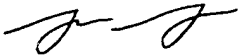
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Boyle CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
28 March 2024

Sutton Group Holdings Limited

Consolidated Statement of Comprehensive Income for the year ended 31 March 2023

	Notes	2023 £	2022 £
TURNOVER		21,074,516	16,808,187
Administrative expenses		<u>(26,557,302)</u>	<u>(13,583,676)</u>
OPERATING (LOSS) / PROFIT		(5,482,786)	3,224,511
Other operating income	4	<u>282,164</u>	<u>38,690</u>
(LOSS) / PROFIT BEFORE TAX		(5,200,622)	3,263,201
Tax on (loss) / profit	9	<u>986,803</u>	<u>(570,255)</u>
(LOSS) / PROFIT AFTER TAX		<u>(4,213,819)</u>	<u>2,692,946</u>
(LOSS) / PROFIT FOR THE YEAR ATTRIBUTABLE TO;			
NON CONTROLLING INTEREST		(206,613)	814,914
EQUITY SHAREHOLDERS OF THE COMPANY		<u>(4,007,206)</u>	<u>1,878,032</u>
		<u><u>(4,213,819)</u></u>	<u><u>2,692,946</u></u>

Loss / profit before taxation is wholly attributable to continuing activities. The group has no other comprehensive income or expenses for the year (2022: £nil).

The notes on pages 17 to 31 form part of these financial statements.

Sutton Group Holdings Limited

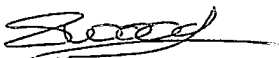
Consolidated Statement of Financial Position at 31 March 2023

		2023	2023	2022	2022
		£	£	£	£
FIXED ASSETS					
Intangible assets - goodwill	11	237,602		329,478	
- capitalised software	11	55,816		131,412	
Tangible assets	12	<u>1,387,135</u>		<u>1,547,869</u>	
			1,680,553		2,008,759
CURRENT ASSETS					
Debtors	14	12,128,699		6,428,192	
Cash at bank and in hand	15	<u>15,262,133</u>		<u>14,982,702</u>	
		27,390,832		21,410,894	
CREDITORS: Amounts falling due within One year	16	<u>(17,737,639)</u>		<u>(14,700,347)</u>	
NET CURRENT ASSETS			9,653,193		6,710,547
CREDITORS: Amounts falling due after more than one year	16	<u>(1,738,552)</u>		<u>-</u>	
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>(202,500)</u>		<u>(10,000)</u>	
NET ASSETS		<u>9,392,694</u>		<u>8,709,306</u>	
CAPITAL AND RESERVES					
Called up share capital	18	10,969		10,125	
Share premium account		161,170		161,170	
Reserve on consolidation		58,137		58,137	
Retained earnings		<u>7,052,381</u>		<u>6,766,249</u>	
SHAREHOLDERS' FUNDS		7,282,657		6,995,681	
NON CONTROLLING INTEREST		<u>2,110,037</u>		<u>1,713,625</u>	
TOTAL CAPITAL EMPLOYED		<u>9,392,694</u>		<u>8,709,306</u>	

The notes on pages 17 to 31 form part of these financial statements.

The Financial statements were approved by the Board on 28 March 2024.

SIGNED ON BEHALF OF THE BOARD



S E Wood – Director

Sutton Group Holdings Limited

Statement of Parent Company Financial Position at 31 March 2023

		2023 £	2023 £	2022 £	2022 £
FIXED ASSETS					
Tangible assets	12	-		415	
Investments	13	<u>159,101</u>		<u>159,101</u>	
			159,101		159,516
CURRENT ASSETS					
Debtors	14	1,484,327		225,300	
Cash at bank and in hand	15	<u>9,762</u>		<u>1,752,335</u>	
		1,494,089		1,977,635	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	16	<u>(48,176)</u>		<u>(176,096)</u>	
NET CURRENT ASSETS			1,445,913		1,801,539
TOTAL NET ASSETS			<u>1,605,014</u>		<u>1,961,055</u>
CAPITAL AND RESERVES					
Called up share capital	18		10,969		10,125
Share premium account			161,170		161,170
Retained earnings			<u>1,432,875</u>		<u>1,789,760</u>
SHAREHOLDERS' FUNDS			<u>1,605,014</u>		<u>1,961,055</u>

The notes on pages 17 to 31 form part of these financial statements.

The loss for the financial year dealt with in the financial statements of the parent company was £2,381,565 (2022: £389,772).

The Financial statements were approved by the Board on 28 March 2024

SIGNED ON BEHALF OF THE BOARD



S E Wood - Director

Sutton Group Holdings Limited - registered number 2448730

Sutton Group Holdings Limited

Consolidated Statement of Changes in Equity for the year ended 31 March 2023

I-----attributable to owners of the parent company-----I

	Notes	Called up share capital	Share premium	Reserve on consolidation	Retained earnings	Total	Non controlling interest	Total equity
		£	£	£	£	£	£	£
Equity at 1 April 2021		10,125	161,170	58,137	5,430,917	5,660,349	898,711	6,559,060
Total comprehensive income		-	-	-	1,878,032	1,878,032	814,914	2,692,946
Dividends payable		-	-	-	(542,700)	(542,700)	-	(542,700)
Equity at 31 March 2022	18	10,125	161,170	58,137	6,766,249	6,995,681	1,713,625	8,709,306
Total comprehensive loss		-	-	-	(4,007,206)	(4,007,206)	(206,613)	(4,213,819)
Share based payments	6	-	-	-	4,293,338	4,293,338	603,025	4,896,363
Shares issued	18	844	-	-	-	844	-	844
Equity at 31 March 2023		<u>10,969</u>	<u>161,170</u>	<u>58,137</u>	<u>7,052,381</u>	<u>7,282,657</u>	<u>2,110,037</u>	<u>9,392,694</u>

The notes on pages 17 to 31 form part of these financial statements.

Sutton Group Holdings Limited

Statement of Parent Company Changes in Equity for the year ended 31 March 2023 - company

	Notes	Called up share capital £	Share premium £	Retained earnings £	Total £
Equity at 1 April 2021		10,125	161,170	2,722,232	2,893,527
Total comprehensive loss		-	-	(389,772)	(389,772)
Dividends payable		-	-	(542,700)	(542,700)
Equity at 31 March 2022	18	10,125	161,170	1,789,760	1,961,055
Total comprehensive loss		-	-	(2,381,565)	(2,381,565)
Shares issued	18	844	-	-	844
Share based payments	6	-	-	2,024,680	2,024,680
Equity at 31 March 2023		10,969	161,170	1,432,875	1,605,014

The notes on pages 17 to 31 form part of these financial statements.

Sutton Group Holdings Limited

Consolidated Statement of Cash Flows for the year ended 31 March 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Cash flows from operating activities					
Cash generated from operations	19	507,361		4,003,569	
Taxation					
- tax paid during the year		(629,032)		(534,528)	
- return of over payments		<u>153,386</u>		<u>94,644</u>	
Net cash generated from operating activities			31,715		3,563,685
Cash flows from investing activities					
Purchases of capitalised software		(17,005)		(55,900)	
Purchases of property, plant and equipment		(33,690)		(131,986)	
Proceeds from sale of property, plant and equipment		67,563		27,540	
Proceeds from sale of investment		94,415		-	
Interest received		<u>135,589</u>		<u>23,125</u>	
Net cash generated from / (used in) investing activities			246,872		(137,221)
Cash flows from financing activities					
Shares issued		844		-	
Equity dividends paid to minority shareholders		-		(348,783)	
Equity dividends paid to company's shareholders		<u>-</u>		<u>(947,700)</u>	
Net generated from / (used in) financing activities			<u>844</u>		<u>(1,296,483)</u>
Net increase in cash and cash equivalents			279,431		2,129,981
Cash and cash equivalents at the beginning of the year			<u>14,982,702</u>		<u>12,852,721</u>
Cash and cash equivalents at the end of the year	15		<u><u>15,262,133</u></u>		<u><u>14,982,702</u></u>

The notes on pages 17 to 31 form part of these financial statements.

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

1 Company information

Sutton Group Holdings Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. Its registered office is St James House, Grosvenor Road, Twickenham, Middlesex, TW1 4AJ and its registered number is 02448730.

2 Accounting Policies

Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 ("FRS 102") as issued by the Financial Reporting Council and the Companies Act 2006.

Going concern

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonable possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period. As such the financial statements are prepared on the going concern basis.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March each year. The results of subsidiaries acquired are consolidated for the periods from or to the date on which control passed. The group uses the acquisition method of accounting.

Sutton Group Holdings Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to presentation of a cash flow statement. A separate profit and loss account dealing only with the results of the company has not been presented as permitted by section 408 of the Companies Act 2006.

Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets of the acquired business at the date of acquisition. Goodwill is amortised over the expected useful life of the business up to a maximum of five years.

Computer software represents the costs of developing in house systems and the one off costs of software licence acquisition. Software is amortised over its expected useful life of up to three years.

Investments in group undertakings

Investments in group undertakings are stated at cost unless their value has been impaired in which case they are valued at the lower of their net realisable value or value in use.

Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. The asset is written down to its estimated recoverable amount in the event that its carrying amount is greater than the recoverable amount. Such movements are recognised in profit or loss. Repairs and maintenance costs are expensed as incurred.

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

2 Accounting policies (continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Land and buildings	2% per annum on cost of buildings
Computer equipment	33.33% on cost
Motor vehicles	25% of reducing balance
Office equipment	15% to 20% on cost

Land is not depreciated as it is deemed to have an indefinite useful life.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Cash and cash equivalents

Cash and cash equivalents include cash at hand, deposits held with banks, other short term highly liquid investments which can be withdrawn at any time without notice and bank overdrafts where there is a right of set off and clearing arrangements in place.

Insurance broking debtors and creditors

The group acts as agent in broking the insurable risks of clients and is not normally liable as principal for premiums due to insurance companies or for claims payable to clients. Notwithstanding the legal relationship with clients and insurance companies, the group has followed the recognition criteria of FRS 102 by not recognising gross debtors or gross creditors relating to insurance business.

Insurance debtors represent commission due to the group. Insurance creditors represent the liability that arises once insurance cash has been received by the group.

Provisions for liabilities and charges

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event whereby it is possible that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where it is material the group provides for annual leave accrued by employees as a result of services rendered in the current period which employees are entitled to carry forward and use within the next twelve months. The provision is measured at the salary cost payable for the period of absence.

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

2 Accounting policies (continued)

Financial instruments

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The company holds basic financial instruments, which comprise cash at bank and in hand, trade and other debtors, trade and other creditors. The company has chosen to apply the measurement and recognition provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' in full.

Financial assets – classified as basic financial instruments

1. Insurance and other debtors

Insurance and other debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Amounts that are receivable within one year are measured at the undiscounted amount expected to be received net of any impairment.

At the end of each reporting year, the company assesses whether there is objective evidence that any financial asset may be impaired. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the financial assets. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of any impairment is recognised immediately.

Financial liabilities – classified as basic financial instruments

2. Insurance and other creditors

Insurance and other creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Amounts that are payable within one year are measured at the undiscounted amount expected to be payable.

Pensions

The group operates defined contribution pension schemes together with a number of stand alone defined contribution pension plans. Contributions payable for the year are charged in the Consolidated Statement of Comprehensive Income. The group's liability is limited to the amount of the contributions.

The assets of the schemes are held separately from those of the group in independently administered funds.

Dividends

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

2 Accounting policies (continued)

Taxation

Taxation expense represents the sum of current and deferred tax. The charge for current tax is based on the result for the year adjusted for items which are disallowed. It is calculated using tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

Foreign and presentational currencies

The Company's presentational currency is Sterling.

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the date of the Statement of Financial Position. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange differences are recognised in the Consolidated Statement of Comprehensive Income.

Operating leases

Rentals payable under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the term of the lease.

Turnover

Commission and fees are recognised in the Statement of Comprehensive Income at the effective date of the policy.

Alterations in commission arising from premium adjustments are taken into account as and when such adjustments are notified. To the extent that the company is contractually obliged to provide services after the date of the Statement of Financial Position, a suitable proportion of income is deferred and recognised over the life of the relevant contracts to ensure that revenue appropriately reflects the fulfilment of those obligations.

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

2 Accounting policies (continued)

Turnover (continued)

Other fees receivable, including profit commissions, are recognised in the period to which they relate or when they can be measured with reasonable certainty.

The group carries out one activity, that of insurance broking. All business is carried out in the United Kingdom.

Share based payments

The Company issues equity-settled share options to certain employees within the Group. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is considered by management to be the most appropriate method of valuation. Fair value is measured using the entity specific observable market data such as recent transaction in the entity's shares

3 Critical accounting estimates and judgements

In preparing the financial statements the directors are required to make estimates and assumptions which may affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. The directors do not consider that any judgement made in preparing the company's and the group's accounts will have a significant effect on the amounts recognised.

4 Other operating income

	2023 £	2022 £
Bank interest receivable	143,155	27,298
Profit on sale of fixed assets	120,009	11,392
Dividend from Sutton Winson Wealth Management Limited	19,000	-
	<u>282,164</u>	<u>38,690</u>

5 Operating loss / profit

	2023 £	2022 £
This is stated after charging:		
Amortisation - goodwill	91,876	64,000
Amortisation - computer software	92,601	98,165
Depreciation	152,635	184,939
(Profit) / Loss on sale of fixed assets	(120,009)	11,392
Operating lease payments on property	251,435	248,280
Auditors' remuneration	80,000	100,724
Share based payments	4,896,363	-
Salaries and other employment costs (note 7)	17,572,511	10,107,152
Directors' remuneration (note 8)	<u>483,031</u>	<u>392,340</u>

The auditors' remuneration of £80,000 (2022: £100,724) represents the fee for the audit of these financial statements and non-audit fee of £nil (2022: £30,940).

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

6 Share based payments

Equity-settled share option schemes

Details of the unapproved share options during the year are as follows:

	2023 Number of share options	2023 Weighted average exercise price (£)	2022 Number of share options	2022 Weighted average exercise price (£)
Outstanding at beginning of the year	-	-	-	-
Granted during the year	844	1	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	844	1	-	-
Outstanding at the end of the year	-	-	-	-

The group recognised total expenses of £4,896,363 (2022: £nil) related to equity-settled share based payment transactions.

7 Salaries and other employment costs

	2023 £	2022 £
Staff costs, including directors' remuneration, are comprised of:		
Wages and salaries	14,300,459	8,451,782
Social security costs	2,662,158	1,046,450
Pension costs	609,894	608,920
	<u>17,572,511</u>	<u>10,107,152</u>

The consolidated average number of employees during the year was 177 (2022: 170), of which 123 were operational (2022: 115), 25 management (2022: 25) and 29 administration (2022: 30).

The average number of employees of the company during the year was 2 (2022: 2).

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

8 Directors' and key management remuneration

	2023 £	2022 £
Emoluments	483,031	392,340
Share based payments	2,024,680	-
	<u>2,507,711</u>	<u>392,340</u>

No pension contributions were paid for any director of the company.

Directors' emoluments include benefits in kind of £6,583 (2022: £19,006).

Directors' remuneration includes all remuneration payable to the directors by group companies for services carried out for both group companies and the company.

The remuneration of the highest paid director, including benefits in kind, was:

	2023 £	2022 £
Emoluments / share based payments	<u>2,293,730</u>	<u>128,726</u>

No pension contributions were paid for the highest paid director.

9 Taxation on (loss) / profit

	2023 £	2022 £
Taxation based on (loss)/profit for the year:		
UK corporation tax at 19% (2022: 19%)	(14,890)	669,510
Research and development tax credit	-	(20,000)
Over provision in respect of prior years	(31,532)	(79,255)
Total current tax	<u>(46,422)</u>	<u>570,255</u>
Deferred tax timing differences	(940,381)	-
Total tax charge for the year	<u>(986,803)</u>	<u>570,255</u>

The tax loss in the current year will be carried forward to set against trading profits in future tax years.

	2023 £	2022 £
Loss / profit before tax	(5,200,622)	3,263,201
Taxation on profit for the year at UK standard rate of 19% (2022: 19%)	(988,118)	620,008
Fixed assets difference	23,811	27,515
Expenses not deductible for tax purposes	44,793	21,299
Other items	17,022	688
Research and development tax credit	-	(20,000)
Adjustment to tax in respect of prior periods	47,710	(79,255)
Remeasurement of deferred tax for change in tax rates	(132,021)	-
Taxation on profit for the year	<u>(986,803)</u>	<u>570,255</u>

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

9 Taxation on (loss) / profit (continued)

UK corporation tax is assessed on the (loss) / profit on ordinary activities for the year. The standard rate for 2023 is 19% (2022: 19%). The standard rate changes to UK corporation rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase in the corporation tax rate to 25% from 1st April 2023.

10 Dividends

	2023 £	2022 £
Interim dividend	-	542,700
	-	542,700

Total dividends for the year ended 31 March 2023 were £nil per share (2022: £53.60).

11 Intangible assets

Group	Goodwill £	Capitalised computer software £	Total £
COST			
At 1 April 2022	1,086,137	520,858	1,606,995
Additions	-	17,005	17,005
At 31 March 2023	1,086,137	537,863	1,624,000
ACCUMULATED AMORTISATION			
At 1 April 2022	756,659	389,446	1,146,105
Charge for year	91,876	92,601	184,477
At 31 March 2023	848,535	482,047	1,330,582
NET BOOK VALUE			
At 31 March 2023	237,602	55,816	293,418
At 31 March 2022	329,478	131,412	460,890

The group continued to invest in Information & Communication Technology during the year and further costs relating to software development were recognised. Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

12 Tangible assets

Company	Computer equipment £
COST	
At 1 April 2022	788
Disposals	(788)
At 31 March 2023	-
ACCUMULATED DEPRECIATION	
At 1 April 2022	373
Charge for year	197
Disposals	(570)
At 31 March 2023	-
NET BOOK VALUE	
At 31 March 2023	-
At 31 March 2022	415

Group	Freehold land and buildings £	Office furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
COST					
At 1 April 2022	1,820,000	982,549	694,254	276,715	3,773,518
Additions	-	11,216	22,474	-	33,690
Disposals	-	-	(193,546)	(116,051)	(309,597)
At 31 March 2023	1,820,000	993,765	523,182	160,664	3,497,611
ACCUMULATED DEPRECIATION					
At 1 April 2022	531,830	952,921	568,026	172,872	2,225,649
Charge for year	36,400	9,453	89,148	17,453	152,454
Disposals	-	-	(192,640)	(74,987)	(267,627)
At 31 March 2023	568,230	962,374	464,534	115,338	2,110,476
NET BOOK VALUE					
At 31 March 2023	1,251,770	31,391	58,648	45,326	1,387,135
At 31 March 2022	1,288,170	29,628	126,228	103,843	1,547,869

The Group has no contractual commitments for acquisition of tangible assets.

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

13 Investments

Company

Shares in subsidiary and associated undertakings at cost	2023 £	2022 £
At 31 March 2023	159,101	159,101

Shares held in subsidiary undertakings are included at cost with the exception of 14,000 shares acquired in Sutton Winson Limited as a result of an exchange for 810 shares in the company. These shares are included in the financial statements at fair value at the time the share exchange took place.

At the year end the company owned shareholdings in the following companies:

Subsidiary undertakings	Ordinary shares	Principal Activity	(Loss) / profit after tax for the year	Net assets at year end
Sutton Winson Limited	79.0%	Insurance brokers	£(4,052,226)	£2,855,001
Sutton Specialist Risks Limited	70.1%	Insurance brokers	£900,207	£3,894,704

The company indirectly owns 79% of ordinary shares of Sutton Winson Consultancy Services Limited which provides risk management consultancy services.

The company indirectly owns 79% of ordinary shares of Flexible Health Insurance Brokers Limited which provides insurance broking services.

During the year Sutton Winson Limited sold its 50% of the ordinary shares in Sutton Winson Wealth Management Limited, a company registered in England, to Ascot Wealth Management Limited. This was previously held at £nil value and the group received proceeds which are included in note 4.

Company

All subsidiaries and associated companies are registered in England and operate in the United Kingdom. The registered address of Sutton Specialist Risks Limited is Bull Wharf, Redcliff Street, Bristol, BS1 6QR. The registered address of all other group companies is St James House, Grosvenor Road, Twickenham, Middlesex, TW1 4AJ.

Pursuant to section 479A of the Companies Act 2006, Sutton Group Holdings Limited, being the Parent Undertaking, has given a statutory guarantee of all the outstanding liabilities to which the following is subject to for the period ending 31 March 2023, and that by virtue of section 479A(2)(d), the entities are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts:

Subsidiary undertaking	Company number
Sutton Winson Limited	00546706
Sutton Specialist Risks Limited	02409309
Sutton Winson Consultancy Services Limited	09925154
Flexible Health Insurance Brokers Limited	06032602

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

14 Debtors	I-----group-----I		I-----company-----I	
	2023	2022	2023	2022
	£	£	£	£
Due within one year				
Insurance debtors	4,737,569	4,370,923	-	-
Amounts owed by group undertakings	-	-	1,484,327	58,471
Other debtors	2,686,661	958,081	-	68,189
Deferred tax	355,222	-	-	90,000
Prepayments and accrued income	3,438,076	1,099,188	-	8,640
	<u>11,217,528</u>	<u>6,428,192</u>	<u>1,484,327</u>	<u>225,300</u>
Due after one year				
Deferred tax	911,171	-	-	-
	<u>12,128,699</u>	<u>6,428,192</u>	<u>1,484,327</u>	<u>225,300</u>

Amounts owed by group undertakings to the company refers to a balance owed by the subsidiary Sutton Winsor Limited. The amount is not secured, does not bear any interest and fully repayable on demand.

Other debtors includes deposits of £1,506,000 which a term of more than three months.

15 Cash at bank and in hand	I-----group-----I		I-----company-----I	
	2023	2022	2023	2022
	£	£	£	£
Insurance broking bank accounts				
Short term deposits	87,244	3,559,837	-	-
Current accounts	9,770,390	7,306,380	-	-
	<u>9,857,634</u>	<u>10,866,217</u>	<u>-</u>	<u>-</u>
Group bank accounts and cash				
Short term deposits	-	1,525,037	-	1,508,719
Current accounts	5,403,672	2,591,048	9,762	243,616
Cash in hand	827	400	-	-
	<u>15,262,133</u>	<u>14,982,702</u>	<u>9,762</u>	<u>1,752,335</u>

The insurance broking accounts have restricted usage. They may only be used for the receipt of client monies and the payment of money to clients and to insurance companies in respect of insurance business, after deduction of commission earned.

16 Creditors: amounts falling due within one year

	I-----group-----I		I-----company-----I	
	2023	2022	2023	2022
	£	£	£	£
Due within one year				
Corporation tax	-	196,057	-	-
Social security and other taxes	463,239	983,528	-	-
Insurance creditors	11,363,634	10,866,217	-	-
Other creditors	2,250,465	853,494	-	-
Deferred income	322,752	246,518	-	-
Accruals	3,337,549	1,554,533	48,176	176,096
	<u>17,737,639</u>	<u>14,700,347</u>	<u>48,176</u>	<u>176,096</u>
Due after one year				
Accruals	1,738,552	-	-	-

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

17 Provisions for liabilities and charges

Group	2023 £	2022 £
At 1 April 2022	10,000	288,769
Additions during the year	192,500	-
Releases during the year	-	(278,769)
At 31 March 2023	<u>202,500</u>	<u>10,000</u>

Provisions for liabilities and charges relate to probable obligations of the group. Timing of the transfer of economic benefits is dependent on factors external to the group and therefore cannot be determined with certainty.

18 Share capital

Authorised	2023 £	2022 £
100,844 Ordinary Shares of £1 each (2022: 100,000 ordinary shares)	<u>100,844</u>	<u>100,000</u>
Issued and fully paid	£	£
10,969 Ordinary Shares of £1 each (2022: 10,125 ordinary shares)	<u>10,969</u>	<u>10,125</u>

During the year 844 ordinary shares having a nominal value of £1 each were allotted and fully paid for an aggregate consideration of £844.

By virtue of merger relief under section 612(2) of the Companies Act 2006, a reserve on consolidation has been recognised on consolidation of the subsidiary companies into the Group's financial statements.

19 Cash generated from operations

	2023 £	2022 £
Operating profit	(5,200,622)	3,263,201
Interest receivable	(143,155)	(27,298)
Depreciation	152,454	184,939
Amortisation	184,477	162,165
Net (profit)/ loss on sale of fixed assets	(120,009)	878
Share based payments	4,896,363	-
Increase in debtors	(4,426,547)	(1,557,456)
Increase in creditors	5,164,400	1,977,140
Cash generated from operations	<u>507,361</u>	<u>4,003,569</u>

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

20 Leases and hire purchase contracts

Amounts payable on non cancellable operating lease rentals are payable as follows:

	2023	2022
	£	£
Not later than one year	269,252	182,899
Within two to five years	438,168	697,291
Later than five years	-	-
	<u>707,420</u>	<u>880,190</u>

Operating lease rentals relate to the leases on two properties occupied by the group. The amounts above relate to the whole of the lease terms. Both leases contain break clauses.

21 Related party transactions

During the year the company received £58,471 of corporation tax group relief from Sutton Winson Limited relating to the 2020-21 financial year.

During the year the company transferred excess cash of £875,000 to Sutton Winson Limited.

At the year end the company was owed £975,335 by Sutton Winson Limited (2022: £58,471).

All related party transactions are at arm's length.

22 Financial assets and financial liabilities at amortised cost

Financial assets	I-----group-----I		I-----company-----I	
	2023	2022	2023	2022
	£	£	£	£
Cash	15,262,133	14,982,702	9,762	1,752,335
Insurance debtors	4,737,569	4,370,923	-	-
Amounts owed by group undertakings	-	-	975,335	58,471
Other debtors	2,686,661	958,081	-	68,189
Deferred tax	1,266,393	-	508,991	90,000
	<u>23,952,756</u>	<u>20,311,706</u>	<u>1,494,088</u>	<u>1,968,995</u>
Financial liabilities	I-----group-----I		I-----company-----I	
	2023	2022	2023	2022
	£	£	£	£
Corporation tax	-	196,057	-	-
Social security and other taxes	463,239	983,528	-	-
Insurance creditors	11,363,634	10,866,217	-	-
Other creditors	2,250,465	853,494	-	-
	<u>14,077,338</u>	<u>12,899,296</u>		

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

23 Financial Risks

Credit risk

The financial instrument which most crucially subjects the group to credit risk is cash. The group manages this risk by maintaining investment practices that restrict placement of cash and investments to financial institutions considered to be secure and creditworthy. In addition, there is a risk that third party debtors do not settle amounts due. The group seeks to minimise this risk by maintaining robust credit control and collection practices.

Exchange rate risk

The group carries out an immaterial number of transactions and holds a small amount of assets in foreign currencies such that exchange rate risk is minimal.

Liquidity risk

The group manages its cash closely to ensure it has sufficient liquid resources to finance operations on a day to day basis. Projected future cash requirements are closely monitored and banks used by the group to hold cash are periodically reviewed. Where applicable client money is held in accordance with FCA regulations.

Interest rate risk

The amount of interest earned by the group is subject to the risk of interest rate fluctuations on interest bearing cash deposits and loan finance. The group seeks to mitigate this risk by periodically reviewing its investment strategy and using variable rate instruments to act as a natural hedge.

Insurances

The group considers that it carries sufficient insurance cover to mitigate most losses or claims that might reasonably occur in the course of its business.

24 Insurance balances

The company's subsidiaries are insurance brokers which place risks with underwriters on behalf of their clients. Insurance debtors and creditors are not generally considered to be assets or liabilities of the group until cash has been received and so are not included in these financial statements. As such insurance creditors are only recognised to the extent that cash has been received by the group. Fiduciary cash meets the definition of an asset and so is reported in these financial statements. Gross insurance balances are disclosed in the table below for information purposes only.

	2023 £	2022 £
Gross fiduciary debtors	13,587,086	12,742,355
Fiduciary cash balances	11,363,634	10,866,217
Gross fiduciary creditors	(20,213,151)	(19,237,649)
Net fiduciary assets	4,737,569	4,370,923

Sutton Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2023

25 Post balance sheet events

On 27 July 2023 Acrisure UK Retail Limited sold its shareholding in Sutton Specialist Risks Limited to Acrisure UK MGA Holdings Limited as part of an internal re-structure.

On 27 July 2023 Acrisure UK Retail Limited sold its shareholding in Sutton Group Holdings Limited to Acrisure UK Broking Limited as part of an internal re-structure.

On 27 July 2023 Acrisure UK Retail Limited sold its 21% shareholding in Sutton Winson Limited to Acrisure UK Broking Limited as part of an internal re-structure.

On 1st November 2023 Sutton Winson Limited entered into a business transfer agreement with Global Re Broking Solutions Limited trading as GBS Insurance Services for the commercial book.

The next accounting period has been shortened and ended on 31 December 2023.

26 Controlling party

As at 31 March 2023, Acrisure UK Retail Limited, a company registered in England, owned 100% of the issued share capital of the Company. Copies of the consolidated financial statements can be obtained from Walsingham House, 35 Seething Lane, London, EC3N 4AH.

On 27 July 2023, shortly after the Acrisure acquisition, as part of an internal re-structure, Acrisure UK Broking Limited acquired 100% of the issued share capital of the Company.

Acrisure International Holdings Limited is the highest holding company in the UK. Copies of the consolidated financial statements can be obtained from Walsingham House, 35 Seething Lane, London, EC3N 4AH. These are drawn up to 31 December 2022 and do not include Sutton Group Holdings limited or any of its subsidiary for that period.

The smallest and the largest consolidation in which Sutton Group Holdings Limited is included, is these consolidated financial statements.

The immediate parent undertaking is Acrisure UK Broking Limited, a company incorporated in England.

The ultimate parent undertaking is Acrisure Holdings Inc. a company incorporated in the USA.