

Registered Number 235326

**Andrews And Partners Limited**  
**Financial statements and Financial**  
**Statements**  
**for the year ended 31 December 2015**

THURSDAY



\*A5GK0OR5\*

A33

29/09/2016

#179

COMPANIES HOUSE

# **Andrews And Partners Limited**

## **Financial statements and Financial Statements for the year ended 31 December 2015**

### **Contents**

Directors and advisers .....	1
Strategic Report .....	2
Directors' Report .....	5
Independent Auditors' Report .....	7
Consolidated Profit and Loss Account .....	10
Consolidated Statement of Comprehensive Income.....	11
Consolidated Balance Sheet .....	12
Company Balance Sheet .....	13
Consolidated Statement of Changes in Equity.....	14
Consolidated Cash Flow Statement .....	15
Note to the Consolidated Cash Flow Statement.....	16
Notes to the Financial Statements for the year ended 31 December 2015.....	17

# **Andrews & Partners Limited**

## **Directors and advisers for the year ended 31 December 2015**

### **Directors**

The directors of the company, who served throughout the year and up to the date of signing the financial statements, were:-

WJ Glover                      (Chairman)  
P Heal  
M Robson  
N K Wright

### **Secretary**

N K Wright

### **Registered Office**

The Clockhouse  
Bath Hill  
Keynsham  
Bristol  
BS31 1HL

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
2 Glass Wharf  
Bristol  
BS2 0FR

### **Solicitors**

Harris and Harris  
14 Market Place  
Wells  
Somerset  
BA5 2RE

### **Bankers**

Barclays Bank Plc  
Corporate Banking Centre  
Bridgewater House  
Counterslip  
Finzels Reach  
Bristol  
BS1 6BX

# **Andrews & Partners Limited**

## **Strategic Report for the year ended 31 December 2015**

The directors have pleasure in presenting their Strategic report and the audited consolidated financial statements of Andrews & Partners Limited for the year ended 31 December 2015.

### **Principal activities and review of the business**

The principal activities of the group are in residential estate agency, letting and management, surveying and financial services. Revenue in the year of £38,314,828 was up 6% on 2014 and was the highest ever for the group. It was the seventh consecutive year of revenue growth.

#### *Estate Agents*

The Estate Agency division remained the largest division in 2015 comprising 48% of group revenue (2014 50%). It was a challenging year for the residential sales market with the first half significantly impacted by the uncertainty surrounding the General Election. Although market conditions improved in the second half the volume of transactions overall was lower than the previous year. The company completed on 6% less sales in 2015 than 2014 which was broadly in line with the market. However, a positive factor was that average commission per sale increased 9% which meant that revenue overall rose. During the year revenue increased 2.6% from £18,058,457 in 2014 to £18,530,592 in 2015. Another factor contributing to the rise in revenue was new branches. The three new branches opened in 2014 made good progress whilst one new estate agency operation was opened in late 2015. The estate agency result for the year was lower than 2014 partly due to increased expenditure on new branches and longer term strategic expenditure which will bring positive returns in the future. A major brand review took place during the year aimed at ensuring the company remains up to date and competitive in the changing market. This involved considerable customer research and investment in brand masterclasses for staff, an updated website and a new selling app. The brand identity will be fully rolled out to all the branches during 2016. Service is a key area of focus and the strategy includes maximising cross selling opportunities to ensure a full customer service proposition.

#### *Lettings and Management*

The Letting and Management division is the group's second largest division and comprised 31% of group turnover (2014 31%). Turnover in this division rose 5% compared to 2014 in a challenging market place. This division benefits from a strong base of recurring revenues and provides a healthy balance to the naturally more cyclical sales revenues of the Estate Agency division. During 2015 two brand new start-ups from green field sites were opened in Gloucestershire strengthening the network there. Organic start-ups have the advantage of very little up-front costs compared to acquisitions but there are inevitable new branch losses as the businesses are established. This contributed to an overall fall in divisional profit in the year. The residential lettings market continues to be highly competitive and there is a new threat from the entrance of on line competitors. A new initiative planned for 2016 is the launch of an on line lettings service as an alternative proposition to customers. This marketing initiative together with the group rebrand should help the business retain and grow market share in the future.

# **Andrews & Partners Limited**

## **Strategic Report for the year ended 31 December 2015 (continued)**

### *Financial Services*

The Financial Services division works closely with the estate agency division and managed to increase revenue by 24% compared to 2014. This was achieved from less mortgage completions than in 2014. Following the Mortgage Market Review more time is spent with each client to ensure they are offered a fully protected mortgage. This has resulted in more protection products being sold and a higher average commission per case. The profit from this division was the highest for over a decade.

### *Landmark Surveyors:*

Landmark Surveyors had a record year in 2015 for both revenue and profit. Revenue increased 19% compared to 2014 including a 12% increase in fee per unit. The company believes in robust risk management and this has contributed to a very good claims record which in turn has helped profitability. In recent years the company has strengthened the management team by creating the new roles of Operations Manager and Technical Manager. The group is planning to move from being an appointed representative of Legal & General to being directly regulated for financial services in 2016.

### **Results and dividends**

The trading results for the year and the financial position of the company and group are shown in the annexed financial statements. The directors do not recommend the payment of a dividend. The profit for the financial year of £686,366 (2014: profit of £851,258) has been added to reserves.

### **Principal Risks**

The group takes a proactive approach to risk management with the aim of protecting its' employees and customers and safeguarding the interests of the company and its' shareholders. The most significant external risk factor for the group is UK macroeconomic conditions. This includes the availability and cost of mortgage finance and confidence in the residential property market particularly in the south of England where the majority of branches are located. All these factors influence the volume of transactions in the market. The core driver for the housing market remains supply. The directors regularly review the market conditions and forward indicators to assess whether any action is required to reduce costs or vary the pace of expansion. In the last year this risk has stayed fairly even. However, the EU Referendum in 2016 is expected to create uncertainty in the property market which could adversely affect the volume of transactions in the middle of the year. The market conditions are more challenging in the lettings business where the impact of the increased tax burden for buy to let landlords and second home owners is yet to play out in the lettings market. However yields do still remain attractive in the sector in the context of a low interest rate environment.

In May 2016 Andrews Estate Agents Limited is moving from being an appointed representative of Legal and General to being directly authorised by the FCA for financial services. This potentially increases regulatory compliance risk but steps are being taken to mitigate this risk including appointing a Compliance Manager and using external consultancy advice as appropriate.

# **Andrews & Partners Limited**

## **Strategic Report for the year ended 31 December 2015 (continued)**

Internally the principal risk factor is ensuring that sufficient high quality people are recruited, developed and retained. The group invests a considerable amount in recruitment, training and development to mitigate this risk. The culture of the company generates significant loyalty within senior and mid-management. Landmark Surveyors took steps in 2015 to strengthen risk management in line with the growing business by appointing an Operational Manager and a Technical Manager.

Another internal risk factor for the group is dependency on IT systems which could potentially fail leading to interruption of service. All key IT systems are closely monitored to mitigate this risk and business continuity plans are in place to build resilience.

### **Future developments**

The housing market in the coming year is expected to be fairly flat in terms of sales transactions with continued house price inflation due to stock shortages. There is a good availability of mortgages which will assist buyers wishing to move in the coming year.

The group is continuing to seek opportunities for profitable expansion either organically or by acquisition. The physical rebrand is being rolled out to all the branches in the coming year to ensure the group remains up to date and competitive in the changing market.

2016 will be the company's 70<sup>th</sup> year of trading as a property group. Project 70 is an initiative launched for the staff to raise £70,000 for charity in 2016 to commemorate the occasion.

By Order of the Board



N K Wright  
Secretary  
6<sup>th</sup> June 2016

# **Andrews & Partners Limited**

## **Directors' Report for the year ended 31 December 2015**

The directors have pleasure in presenting their report and the audited consolidated financial statements of Andrews & Partners Limited and subsidiaries ("The Group") for the year ended 31 December 2015.

### **Registration number**

235326

### **Directors**

The directors who held office during the year and up to the date of signing the financial statements are set out on page 1.

### **Financial risks**

The group's turnover is dependent on the volume of activity in the property market which is sensitive to interest rate movements as they affect the cost of borrowing to finance house purchases. Movements in interest rates also impact the group in terms of the interest receivable on tenants' deposits. During 2015 the Bank of England kept base rates at 0.5% throughout the year. The outlook is for rates to continue at this level in the foreseeable future.

### **Directors' indemnities**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' 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 prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

# **Andrews & Partners Limited**

## **Directors' Report for the year ended 31 December 2015 (continued)**

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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Provision of information to auditors**

In accordance with Section 418 of the Companies Act 2006, each director in office at the date the directors' report is approved, confirms that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues. Training, career development and promotion of a disabled person is, as far as possible, identical to that of other employees who are not disabled.

### **Employee involvement**

The company has continued this year the practice of consulting and keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. This is achieved by the company intranet, regular information sheets circulated to all staff, regular training courses, meetings and conferences. During 2015 every member of staff attended two group strategy update meetings which are aimed at ensuring all staff understand the group strategy.

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By Order of the Board



N K Wright  
Secretary  
6<sup>th</sup> June 2016



# **Andrews & Partners Limited**

## **Independent Auditors' report to the members of Andrews & Partners Limited**

### **Our opinion**

In our opinion, Andrews & Partners Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **What we have audited**

Andrews & Partners Limited's financial statements comprise:

- the consolidated balance sheet and the company balance sheet as at 31 December 2015;
- the consolidated profit and loss account for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, 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.

# **Andrews & Partners Limited**

## **Independent Auditors' report to the members of Andrews & Partners Limited (continued)**

**Other matters on which we are required to report by exception:**

### **Adequacy of accounting records and information and explanations received**

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

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

We have no exceptions to report arising from this responsibility.

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit:**

#### **Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# **Andrews & Partners Limited**

## **Independent Auditors' report to the members of Andrews & Partners Limited (continued)**

### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements. We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Andrew Latham (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol

## Andrews & Partners Limited

### Consolidated profit and loss account for the year ended 31 December 2015

	Note	2015 £	2014(as restated) £
<b>Revenue</b>	5	<b>38,314,828</b>	36,001,625
Administrative expenses		(37,035,851)	(34,439,376)
Other operating income		<b>65,589</b>	<b>63,737</b>
Profit from participating interests	11	<b>59,974</b>	-
Unrealised gain on revaluation of available-for-sale financial assets	12	<b>56,905</b>	-
<b>Profit on ordinary activities before interest and taxation</b>		<b>1,461,445</b>	<b>1,625,986</b>
Interest receivable and similar income	6	<b>157,252</b>	159,547
Interest payable and similar charges	6	<b>(88,820)</b>	(93,397)
<b>Profit on ordinary activities before taxation and charitable donations</b>		<b>1,529,877</b>	1,692,136
Charitable donations	23	<b>(633,000)</b>	(596,060)
<b>Profit on ordinary activities before taxation</b>	6	<b>896,877</b>	1,096,076
Tax on profit on ordinary activities	9	<b>(210,511)</b>	(244,818)
<b>Profit for the financial year</b>		<b>686,366</b>	851,258
<b>Profit attributable to:</b>			
Owners of the parent		497,958	617,587
Non-controlling interests		188,408	233,671
		<b>686,366</b>	851,258

The company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the company profit and loss account. The profit for the company for the year was £95,440 (2014: £32,249).

## Andrews & Partners Limited

### Consolidated statement of comprehensive income for the year ended 31 December 2015

	Note	2015 £	2014(as restated) £
<hr/>			
<b>Profit for the financial year</b>		<b>686,366</b>	<b>851,258</b>
<hr/>			
<b>Other comprehensive income:</b>			
Deferred tax relating to revalued properties	18	5,349	9,166
<hr/>			
<b>Other comprehensive income for the year</b>		<b>5,349</b>	<b>9,166</b>
<hr/>			
<b>Total comprehensive income for the year</b>		<b>691,715</b>	<b>860,424</b>
<hr/>			
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		501,839	624,237
Non-controlling interests		189,876	236,187
<hr/>			
		<b>691,715</b>	<b>860,424</b>
<hr/>			

# Andrews & Partners Limited

## Consolidated Balance sheet as at 31 December 2015

- company number 235326

	Note	2015	2015	2014	2014
				(as restated)	(as restated)
		£	£	£	£
<b>Non-current assets</b>					
Property, plant and equipment	10		7,146,382		7,131,942
Investments	11		-		40,021
Available-for-sale financial assets	12		56,929		-
Goodwill	13		303,176		384,020
<b>Total non-current assets</b>			<b>7,506,487</b>		<b>7,555,983</b>
<b>Current assets</b>					
Debtors	14	2,274,146		2,386,760	
Cash		9,594,659		8,094,109	
		<b>11,868,805</b>		<b>10,480,869</b>	
Creditors - amounts falling due within one year	15	(6,758,349)		(5,525,571)	
<b>Net current assets</b>			<b>5,110,456</b>		<b>4,955,298</b>
<b>Total assets less current liabilities</b>			<b>12,616,943</b>		<b>12,511,281</b>
Creditors - amounts falling due after more than one year	16		(530,620)		(1,250,027)
Provision for liabilities	17		(657,548)		(524,194)
<b>Net assets</b>			<b>11,428,775</b>		<b>10,737,060</b>
<b>Capital and reserves</b>					
Called up share capital	19		146,630		146,630
Revaluation reserve			1,430,377		1,430,377
Profit and loss account			9,851,768		9,160,053
<b>Total shareholders' funds</b>			<b>11,428,775</b>		<b>10,737,060</b>

The financial statements on pages 10 to 37 were approved by the board of directors on 6<sup>th</sup> June 2016 and were signed on its behalf by:

  
M. Robson  
Director

# Andrews & Partners Limited

## Company Balance sheet as at 31 December 2015

- company number 235326

	Note	2015 £	2015 £	2014 £	2014 £
<b>Non-current assets</b>					
Investments	11		200,201		200,201
<b>Current assets</b>					
Debtors	14	2,002,250		1,307,770	
Cash		16,900		2,430	
		2,019,150		1,310,200	
Creditors - amounts falling due within one year	15	(1,791,156)		(1,177,646)	
<b>Net current assets</b>			<b>227,994</b>		<b>132,554</b>
<b>Total assets less current liabilities and net assets</b>			<b>428,195</b>		<b>332,755</b>
<b>Capital and reserves</b>					
Called up share capital	19		146,630		146,630
Profit and loss account			281,565		186,125
<b>Total shareholders' funds</b>			<b>428,195</b>		<b>332,755</b>

The financial statements on pages 10 to 37 were approved by the Board of Directors on 6<sup>th</sup> June 2016 and were signed on its behalf by:

  
M Robson  
Director

## Andrews & Partners Limited

### Consolidated Statement of Changes in Equity as at 31 December 2015

	Share Capital	Revaluation reserve	Retained earnings	Total equity	Non- controlling interests	Total attributable to owners
	£	£	£	£	£	£
<b>Balance at 1 January 2015</b>	146,630	1,430,377	9,160,053	10,737,060	2,947,328	7,789,732
<b>Profit for the year</b>			686,366	686,366	188,408	497,958
<b>Other comprehensive income for the year</b>			5,349	5,349	1,468	3,881
<b>Total comprehensive income for the year</b>			691,715	691,715	189,876	501,839
<b>Balance at 31 December 2015</b>	146,630	1,430,377	9,851,768	11,428,775	3,137,204	8,291,571

- I. Revaluation reserve represents the difference between the revalued amount of properties in the balance sheet and their original cost.
- II. Retained earnings represents the cumulative net gains and losses recognised in the consolidated profit and loss account and consolidated statement of comprehensive income.
- III. Non-controlling interests represents the value of equity owned by shareholders who do not have a controlling interest in the group.



## Andrews & Partners Limited

### Consolidated cash flow statement for the year ended 31 December 2015

	2015	2015	2014	2014
	£	£	(as restated)	(as restated)
<b>Net cash from operating activities</b>		<b>3,659,505</b>		<b>2,174,849</b>
Taxation paid		(140,030)		(165,990)
<b>Net cash generated from operating activities</b>		<b>3,519,475</b>		<b>2,008,859</b>
<b>Cash flow from investing activities</b>				
Receipts from disposal of participating interest	99,995		-	
Purchase of available-for-sale financial assets	(24)		-	
Payments to acquire property, plant and equipment	(1,562,943)		(2,041,095)	
Payments to acquire goodwill	-		(543,150)	
Receipts from sale of property, plant and equipment	117,779		155,544	
<b>Net cash used in investing activities</b>		<b>(1,345,193)</b>		<b>(2,428,701)</b>
<b>Cash flow from financing activities</b>				
Interest received	152,483		157,846	
Interest paid	(88,820)		(93,397)	
Net repayments of loans	(141,335)		38,596	
Charitable donations	(596,060)		(586,437)	
<b>Net cash used in financing activities</b>		<b>(673,732)</b>		<b>(483,392)</b>
<b>Net Increase/(decrease) in cash in the year</b>		<b>1,500,550</b>		<b>(903,234)</b>
Cash acquired in purchase of subsidiary		-		159,862
Net funds at 1 January		8,094,109		8,837,481
<b>Net funds at 31 December</b>		<b>9,594,659</b>		<b>8,094,109</b>

# Andrews & Partners Limited

## Note to the cash flow statement

### Reconciliation of cash flow from operating activities with profit for the financial year

	2015	2014
	£	£
<b>Profit for the financial year</b>	<b>686,366</b>	<b>851,258</b>
Adjustments for:		
Tax on profit on ordinary activities	210,511	244,818
Charitable donations	633,000	596,060
Interest receivable	(157,252)	(159,547)
Interest payable	88,820	93,397
Profit from participating interest	(59,974)	-
Unrealised gain on available-for-sale financial assets	(56,905)	-
Depreciation charges	1,465,836	1,243,793
Amortisation charges	80,844	60,200
Profit on sale of property, plant and equipment	(35,112)	(82,974)
Increase in provision for liabilities and charges	133,354	112,975
Working capital movements:		
Decrease/(increase) in debtors	117,383	(521,602)
Increase/(decrease) in creditors	552,634	(263,529)
<b>Cash flow from operating activities</b>	<b>3,659,505</b>	<b>2,174,849</b>

# **Andrews & Partners Limited**

## **Notes to the financial statements for the year ended 31 December 2015**

### **1. General Information**

Andrews & Partners Limited ("the company") and its subsidiaries (together "the group") is a residential estate agency and property group operating from a network of branches in the South of England. It offers estate agency and letting services, together with a range of complementary services including financial services and surveying.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is The Clockhouse, Bath Hill, Keynsham, Bristol BS31 1HL.

### **2. Statement of compliance**

The group and individual financial statements of Andrews & Partners Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### **3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements for the first time. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS102 was 1 January 2014. These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain freehold properties. The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

#### **Revenue recognition**

Revenue from services is recognised in the period in which the service is rendered, when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the entity, and when the specific criteria relating to each of the company's sales channels have been met, as described below:

#### **a) Estate Agency:**

Commission receivable in respect of the sale of property on behalf of clients is recognised in the financial statements on the exchange of each sale.

#### **b) Other Activities:**

Turnover represents commission and fees from property letting and management, and commissions from financial services. Initial commission on financial services is recognised as income when the policy goes on risk. A provision is made for future clawbacks of initial commission anticipated to

## **Andrews & Partners Limited**

### **Notes to the financial statements for the year ended 31 December 2015 (continued)**

arise in the indemnity period. Renewal commission is recognisable on a received basis. Fees and commissions receivable from clients of the property letting and management business are credited to the profit and loss account on completion of the letting of the property, as rents fall due or over the duration of the management contract. Commission receivable in respect of surveys is recognised when the work has been completed.

#### **Property, plant and equipment**

The group has continued to adopt a policy of revaluation for its properties and separates these assets into components where they have significantly different economic useful lives. Property, plant and equipment are stated at cost or valuation less depreciation calculated on the following basis:

##### **a) Freehold premises:**

Freehold buildings are depreciated on a straight-line basis over 50 years.  
Freehold land is not depreciated.

##### **b) Short leasehold premises:**

Premises with leases with less than 50 years to run are depreciated over the unexpired period of the lease.

##### **c) Furniture and equipment**

Furniture and equipment is depreciated on a straight-line basis at varying rates from 20% to 33% per annum.

##### **d) Motor vehicles**

Owned motor vehicles are depreciated on a straight-line basis over 4 years.

#### **Goodwill**

Purchased goodwill on the acquisition of existing businesses has been accounted for at cost. Goodwill has been written off over a period of five years. The directors consider that this reflects the useful economic life of the managed lettings contracts taken over when acquiring the business. The carrying value of goodwill is reviewed annually for impairment.

#### **Financial assets:**

Available-for-sale financial assets are non-derivative financial assets. They are carried at fair value and included in non-current assets. Gains and losses arising from changes in fair value are recognised in the profit and loss account. Dividends are recognised in the profit and loss account when the group's right to receive the dividends is established.

#### **Financial liabilities: loans receivables**

Loans which meet the definition of a 'basic financial instrument' under FRS102, are initially recognised at the transaction price and subsequently held at amortised cost, using the effective interest method.

# **Andrews & Partners Limited**

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **Revaluation reserve**

Increases in valuations arising on the revaluation of property are taken to the revaluation reserve. Any decreases in valuations are taken to the revaluation reserve to the extent that the individual properties have been revalued upwards previously.

### **Deferred taxation**

Provision is made for deferred taxation on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

### **Operating leases**

Payments under operating leases are expensed when incurred. Premiums paid under operating leases to secure a leasehold property are capitalised within fixed assets and amortised over the life of the lease.

### **Employee Benefits**

The group provides a range of benefits to employees, including bonus arrangements, paid holiday arrangements and pensions.

The group provides defined contribution pension plans for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plans are held separately from the group in independently administered funds.

Short term benefits, including holiday pay, are recognised as an expense in the period in which the service is received.

### **Charitable donations**

Charitable donations are recognised when payable.

## **Andrews & Partners Limited**

### **Notes to the financial statements for the year ended 31 December 2015 (continued)**

#### **4. Critical accounting judgements and estimation uncertainty**

Estimations and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates, given the uncertainty surrounding the assumptions and conditions upon which the estimates are based.

The directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the group's consolidated financial statements:

a) Surveying Claims (note 17)

Provision is made for compensation payable in respect of claims arising from residential surveys carried out by Landmark Surveyors Limited. The provision is made up of two categories. Firstly, appropriate reserves are made for known claims already received and recorded in the insurance bordereaux. Secondly, the group makes provision for liabilities in respect of unknown future claims yet to be received in respect of surveys already done. The second category of provision is judgemental by its very nature. It will depend on claim rate, claim liability rate and average loss all of which are very sensitive to any changes in trend. The provision made in this category is based on previous experience of losses based on historical data and experience.

b) Impairment of goodwill (note 13)

Determining whether goodwill is impaired requires a management estimate of future cash flows. The goodwill in the group's financial statements relates to the future value of managed lettings contracts acquired when the business was purchased. The key judgement here is the attrition rate of the lets over time and this is monitored by management on an ongoing basis.

c) Property, plant and equipment (note 10)

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated economic useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually, and are amended to reflect current estimates based on market conditions. Assets are revalued on a periodic basis using appropriate assumptions; further detail is provided in note 10 to these accounts.

## Andrews & Partners Limited

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 5. Revenue

Revenue arises wholly in the UK and represents amounts receivable for services provided to third parties and comprises:

	2015 £	2014 £
Estate agency	18,530,292	18,058,457
Letting and management	11,730,285	11,176,710
Surveying	4,986,598	4,199,531
Financial services	3,067,653	2,566,927
	38,314,828	36,001,625

## Andrews & Partners Limited

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 6. Profit on ordinary activities before taxation

	2015 £	2014 £
Estate Agency	23,793	446,480
Financial services	318,966	224,551
Letting and management	511,390	720,690
Surveying	675,747	300,415
Charitable donations	(633,000)	(596,060)
Profit on ordinary activities before taxation	896,877	1,096,076
And is stated after (crediting)/charging:		
Interest payable on:		
-corporation tax	1,445	-
- other loans	87,375	93,397
	88,820	93,397
Interest receivable on:		
- bank deposits	(157,252)	(159,547)
	(157,252)	(159,547)
Profit on sale of property, plant and equipment	(35,112)	(82,926)
Depreciation	1,465,836	1,243,793
Operating lease charges - Land and Buildings	1,192,711	1,174,735
Services provided by the company's auditors:		
Fees payable for the audit of the parent and group financial statements	7,000	4,000
Fees payable for the audit of subsidiaries	36,317	29,100
Fees payable for tax compliance	28,700	26,700
Fees payable for other services required by legislation	8,970	8,375



## Andrews & Partners Limited

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 7. Staff costs

(a) Staff costs (including directors' remuneration comprise):

	2015	2014
	£	£
Wages and salaries	21,300,432	19,768,909
Social security costs	2,247,166	2,090,443
Other pension costs (defined contribution plans)	700,346	662,866
	24,247,944	22,522,218

(b) The full time equivalent monthly average number of persons employed by the group was:

	2015	2014
	Number	Number
Estate agency	261	253
Lettings	180	183
Surveying	31	36
Financial services	29	25
Administration and support	80	72
	581	569

## Andrews & Partners Limited

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 8. Directors' emoluments (Company)

	2015 £	2014 £
Aggregate emoluments	741,427	620,750
Company contribution paid to:		
Defined contribution pension scheme	21,462	33,500
Number of directors to whom retirement benefits are accruing under the defined contribution pension scheme	2	2
<b>Highest paid director</b>		
Aggregate emoluments	452,158	367,177
Company contribution paid to:		
Defined contribution pension scheme	12	14,000

# Andrews & Partners Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

<b>9. Tax on profit on ordinary activities</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Tax expense included in profit and loss</b>		
- current year at 20.25% (2014: 21.49%)	<b>306,721</b>	129,613
- adjustments in respect of previous periods	<b>(1,093)</b>	-
<b>Total current tax</b>	<b>305,628</b>	129,613
Deferred tax - prior year (note 18)	<b>(957)</b>	-
- effect of rate change (note 18)	<b>2,976</b>	(8,595)
- current year (note 18)	<b>(97,136)</b>	123,800
<b>Tax on profit on ordinary activities</b>	<b>210,511</b>	244,818

The tax for the year is lower than the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The differences are explained below:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities at the UK tax rate at 20.25% (2014: 21.49%)	<b>181,620</b>	218,408
<i>Effects of:</i>		
Expenses not deductible for tax purposes	<b>28,096</b>	27,579
Tax at marginal rates	<b>(142)</b>	(992)
Amortisation of investment	-	8,596
Unrecognised deferred tax	-	(178)
Impact of change in tax rate	<b>2,976</b>	(8,595)
Adjustments in respect of previous periods	<b>(2,039)</b>	-
<b>Total tax charge</b>	<b>210,511</b>	244,818

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements and the deferred tax assets and liabilities are measured at 18%.

# Andrews & Partners Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 10. Property, plant and equipment

The group	Freehold premises	Short leasehold premises	Furniture and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>At cost/valuation</b>					
At 1 January 2015	3,437,300	285,069	7,243,772	2,879,559	13,845,700
Additions	-	-	1,063,795	499,148	1,562,943
Disposals	-	-	(172,051)	(399,040)	(571,091)
<b>At 31 December 2015</b>	<b>3,437,300</b>	<b>285,069</b>	<b>8,135,516</b>	<b>2,979,667</b>	<b>14,837,552</b>
<b>Analysis</b>					
At cost	-	234,569	8,135,516	2,979,667	11,349,752
At valuation	3,437,300	50,500	-	-	3,487,800
	3,437,300	285,069	8,135,516	2,979,667	14,837,552
<b>Accumulated depreciation</b>					
1 January 2015	45,831	153,236	5,058,660	1,456,031	6,713,758
Charge for year	45,831	18,290	841,770	559,945	1,465,836
Disposals	-	-	(129,143)	(359,281)	(488,424)
<b>31 December 2015</b>	<b>91,662</b>	<b>171,526</b>	<b>5,771,287</b>	<b>1,656,695</b>	<b>7,691,170</b>
<b>Net book amounts</b>					
<b>31 December 2015</b>	<b>3,345,638</b>	<b>113,543</b>	<b>2,364,229</b>	<b>1,322,972</b>	<b>7,146,382</b>
31 December 2014	3,391,469	131,833	2,185,112	1,423,528	7,131,942

## **Andrews & Partners Limited**

### **Notes to the financial statements for the year ended 31 December 2015 (continued)**

#### **10. Property, plant and equipment (continued)**

The group's freehold properties are formally revalued every five years and subject to an impairment review in the intervening years. They were last formally revalued at 31 December 2013 on the basis of open market value by Colliers International who are independent qualified valuers. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors in the United Kingdom. These valuations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken both to the revaluation reserve and the profit and loss account

At 31 December 2015 the historical cost of the revalued freehold premises was £2,259,543 (2014: £2,259,543) and short leasehold premises £50,500 (2013: £50,500).

There were no capital commitments at 31 December 2015 (31 December 2014: nil).

# Andrews & Partners Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 11. Fixed asset investments

The group	2015 £	2014 £
At 1 January 2015		
- Net assets	-	-
- Goodwill	40,021	80,021
Net book amount at 1 January 2015	<b>40,021</b>	80,021
Disposal in year	(40,021)	-
Amortisation in year	-	(40,000)
At 31 December 2015		
- Net assets	-	-
- Goodwill	-	40,021
Net book amount at 31 December 2015	-	40,021

Name of participating interest:	Country of incorporation	Nature of business
Mortgage Options (Partnership Division) Limited	UK	Financial services

Mortgage Options (Partnership Division) Limited is a company specialised in arranging mortgages and Legal & General insurance products. Andrews Estate Agents Limited owned 21% of the ordinary share capital and 100% of the preference shares. During the year the ordinary shares were sold for £21 (nil gain/loss). The preference shares were sold during the year for £99,974. The resultant profit of £59,974 is shown in the profit and loss account as "profit from participating interests".

## Andrews & Partners Limited

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 11. Fixed asset investments (continued)

##### The Company

##### Shares in subsidiaries

At 1 January 2015 and 31 December 2015	200,201
--	---------

The subsidiaries, all of which have been consolidated, wholly owned and incorporated in England and Wales are:

	Proportion of nominal value of shares held		Nature of Business
	By the Company	By the Group	
	%	%	
Andrews Estate Agents Limited	100	100	Estate Agents
Andrews Letting and Management Limited	100	100	Letting Agents
Accredited Lettings Limited	0	100	Letting Agents
Andrews Pension Trust Limited	100	100	Pension Trustee
Landmark Surveyors Limited	100	100	Surveying
Andrews West Street Management Limited	0	100	Property Management
Andrews ESOP Limited	100	100	ESOP Trustee

Accredited Lettings Limited (company number 04676394) and Andrews West Street Management Limited (company number 05619715) are exempt from the requirements of this Act relating to the audit of accounts under section 479A of the Companies Act 2006.

#### 12. Available-for-sale financial assets

	2015
	£
Zoopla Property Group PLC shares purchased for cash	24
Unrealised gain on revaluation	56,905
<b>At 31 December</b>	<b>56,929</b>

Zoopla Property Group PLC shares are listed equity securities which are all sterling denominated.

## Andrews & Partners Limited

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 13. Goodwill

	Goodwill £
<b>At cost</b>	
1 January 2015	404,220
Additions	-
31 December 2015	404,220
<b>Aggregate amortisation</b>	
1 January 2015	20,200
Charge for year	80,844
31 December 2015	101,044
<b>Net book amount</b>	
31 December 2015	303,176
31 December 2014	384,020

#### 14. Debtors

	2015	2014
	£	£
<b>The Group</b>		
Trade debtors	1,539,243	1,670,580
Other debtors	67,534	46,089
Prepayments and accrued income	667,369	670,091
	<b>2,274,146</b>	<b>2,386,760</b>
<b>The Company</b>		
Amounts owed by subsidiary undertakings	2,002,250	1,307,770



# Andrews & Partners Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 15. Creditors – Amounts falling due within one year

	2015	2014
	£	£
<b>The Group</b>		
Trade creditors	665,406	651,190
Outstanding pension contributions	123,844	125,694
Corporation tax	306,108	140,510
Deferred tax liability (note 18)	40,131	140,597
Other taxation and social security	1,846,337	1,663,620
Proposed gift aid donation	633,000	596,060
Debenture loan	604,981	23,000
Loan repayments due within 12 months	495,537	499,446
Accruals and deferred income	2,043,005	1,685,454
	<b>6,758,349</b>	<b>5,525,571</b>

The debenture loan is secured on two of the freeholds of the company which have a net book value of £1,065,600 at 31 December 2015. Repayment of capital is due in 2016. Interest is charged at a fixed rate of 5.825%.

The other loans are secured against the motor vehicles of the company which have a net book value of £1,322,972 at 31 December 2015. Repayment of capital and interest is made on a monthly basis until 2019. Interest payable on these loans is fixed over the duration of the loans and averages 3.1%.

	2015	2014
	£	£
<b>The Company</b>		
Amounts owed to group undertakings	1,147,492	569,236
Proposed gift aid donation	633,000	596,060
Accruals and deferred income	10,664	12,350
	<b>1,791,156</b>	<b>1,177,646</b>

## Andrews & Partners Limited

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 16. Creditors – Amounts falling due after more than one year

The Group	2015 £	2014 £
Debenture loan – amount due between one and two years	-	605,334
Other loans – amount due between one and two years	340,633	371,567
Other loans – amount due between two and five years	189,987	273,126
	<b>530,620</b>	<b>1,250,027</b>

#### 17. Provisions for liabilities

The Group	Clawback Provision (Note (i)) £	Surveying Claims (Note (ii)) £	Total £
At 1 January 2015	236,737	287,457	524,194
Utilised in the year	(82,568)	(30,550)	(113,118)
Provided in the year	134,933	111,539	246,472
At 31 December 2015	289,102	368,446	657,548

##### (i) Clawbacks

Provision is made for future clawbacks of initial financial services commission anticipated to arise in the 38 month indemnity period. The group has analysed historical data to calculate the rate of projected future clawbacks based on past experience.

##### (ii) Surveying claims

Provision is made for compensation payable in respect of claims arising from residential surveys carried out by Landmark Surveyors Limited. The provision is made up of two categories. Firstly, appropriate reserves are made for known claims already received and recorded in the insurance bordereaux. Secondly, the group makes provision for liabilities in respect of unknown future claims yet to be received in respect of surveys already done. The second category of provision is judgemental by its very nature. It will depend on claim rate, claim liability rate and average loss all of which are very sensitive to any changes in trend. The provision made in this category is based on previous experience of losses based on historical data and experience.

# Andrews & Partners Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 18. Deferred taxation

	2015 £	2014 £
<b>The Group</b>		
The provision for deferred tax consists of the following:		
Accelerated capital allowances	11,730	20,675
Revaluation of investments	10,243	-
Revaluation of properties	39,962	52,643
Other timing differences	(21,804)	67,279
	<b>40,131</b>	<b>140,597</b>

Reconciliation of movement in deferred tax during the year:

At 1 January 2015	140,597
Adjustment in respect of previous periods	(957)
Profit and loss – current year (note 8)	(94,160)
Amounts charged to other comprehensive income	(5,349)
<b>At 31 December 2015</b>	<b>40,131</b>
Deferred Tax split between (assets)/liabilities:	
<u>Deferred tax asset</u>	
Recoverable within 12 months	(8,955)
Recoverable after 12 months	(20,905)
	<u>(29,860)</u>
<u>Deferred tax liabilities</u>	
Payable within 12 months	1,310
Payable after 12 months	68,681
	<u>69,991</u>
<u>Total deferred tax provision</u>	<u>40,131</u>

## Andrews & Partners Limited

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 19. Called up share capital

The Group and the Company

	Ordinary shares of 50p each	
	Number	£
<b>Allotted, issued and fully paid:</b>		
At 1 January 2015 and 31 December 2015	293,260	146,630

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

#### 20. Operating lease commitments

Minimum lease payments under non-cancellable property operating leases due are as follows:

	2015 Land and Buildings £	2014 Land and Buildings £
Within one year	882,146	956,618
Later than one year and less than five years	2,170,835	1,645,160
After five years	920,216	869,220
	<b>3,973,197</b>	<b>3,477,352</b>

The company itself had no operating lease commitments at 31 December 2015 (2014: nil).

#### 21. Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking and controlling party is the charity Andrews Charitable Trust, which holds 72.5% of the allotted share capital of Andrews & Partners Limited. There were no amounts due to or from Andrews Charitable Trust at the balance sheet date.

#### 22. Financial Commitment to subsidiary company

Landmark Surveyors Limited is 100% owned by the company and had net liabilities of £73,786 at 31 December 2015. The company has issued a letter of financial support to Landmark Surveyors to guarantee its liabilities for the 12 months following the signing of these financial statements.

## Andrews & Partners Limited

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 23. Related party disclosure

The company made charitable donations to the three shareholding charitable trusts as follows:

	2015 £	2014 £
Andrews Charitable Trust	459,241	432,442
Christian Book Promotion Trust	99,291	93,496
Christian Initiative Trust	74,468	70,122
	633,000	596,060

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions and balances with entities that are part of the Andrews & Partners Limited group that have been eliminated on consolidation.

## Andrews & Partners Limited

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 24. Transition to FRS 102

This is the first year that the group and company has presented its results under FRS102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS102.

##### Reconciliation of group profit for the financial year 2014

	2014 £
Profit as previously reported under UK GAAP	751,160
Increase in revenue under FRS 102	100,098
Profit as reported under FRS102	851,258

##### Statement of Changes in Equity year ended 31 December 2014

The Group	As previously stated £	Effect of transition £	FRS 102 as restated £
At 1 January 2014	9,668,874	226,094	9,894,968
Profit for the year	751,160	100,098	851,258
Other comprehensive income	-	(9,166)	(9,166)
At 31 December 2014	10,420,034	317,026	10,737,060

##### i) Revenue recognition under FRS102

Under previous UK GAAP the group recognised commission earned on sales of residential property on completion. Under FRS 102, the directors consider it is more appropriate to recognise such commission on exchange of contracts rather than completion, as this is the point at which the likelihood of the associated sales completing is assessed as probable. The impact of this change is to increase the balance sheet debtors at 1 January 2014 (the date of transition) by £361,988 and at 31 December 2014 by £462,086, with a corresponding increase in revenue and profit for the financial year ending 31 December 2014 of £100,098.

## **Andrews & Partners Limited**

### **Notes to the financial statements for the year ended 31 December 2015 (continued)**

#### **24. Transition to FRS 102 (continued)**

##### **ii) Deferred taxation**

There is a transitional adjustment under FRS 102 regarding revenue recognition increasing the deferred tax liability at 1st January 2014 by £92,417.

There is also a transitional adjustment regarding the treatment of deferred tax on revalued properties which was not previously recognised under UK GAAP. Under FRS102 the deferred tax liability increased by £43,477 at 1<sup>st</sup> January 2014 and £9,166 is charged in 2014 to Other Comprehensive Income. The total transitional adjustment for FRS 102 for deferred tax is therefore a charge of £145,060.

The net effect of these transitional FRS 102 adjustments is to increase equity at 31 December 2014 by £317,026 with debtors increasing by £462,086 and deferred tax liability increasing by £145,060.