

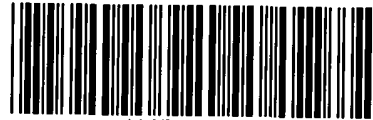
**CONNELLS RESIDENTIAL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

31 December 2016

(Registered Number 01489613)

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## Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2016.

### INTRODUCTION AND OVERVIEW

Connells Residential is a private unlimited company incorporated in England & Wales, registered number 01489613.

#### Overview of the business

Connells Residential provides estate agency, mortgage services, conveyancing and ancillary services to participants in the UK residential property market. The business operates from 180 (2015:156) branches under the Connells, Burchell Edwards and Atkinson Stilgoe brands.

### DIRECTORS

The Directors who served during the year and up to the date of this report were:

RS Shipperley  
DC Livesey  
DK Plumtree  
RJ Twigg

### DIVIDENDS

During the year interim dividends of £6,000,000 (2015: £13,000,000) were paid. The Directors do not recommend payment of a final dividend (2015:£nil).

### EMPLOYEES

It is Company policy to provide employees with information concerning their roles and responsibilities and the trading performance of the Company. This policy is to ensure opportunities are available at every level to improve employees' and corporate performance. Regular meetings are held which involve directors, managers and staff.

### CHARITABLE AND POLITICAL DONATIONS

The Company made charitable donations of £700 in 2016 (2015: £1,500). The Company made no political donations in 2016 (2015: £nil).

### DISABLED PERSONS

The Company continues to recognise its social and statutory duty to employ disabled persons and will do all that is practicable to meet this responsibility.

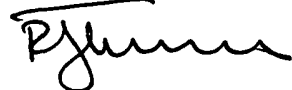
Full consideration will be given to the recruitment of disabled persons, where a disabled person can adequately fulfil the requirements of the job.

If an employee becomes disabled he or she will continue wherever possible to be employed in the same job. If this action is not practicable or possible, then every effort will be made to find suitable alternative employment.

### DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



RJ Twigg  
Director

3 March 2017

Cumbria House  
16-20 Hockliffe Street  
Leighton Buzzard  
Bedfordshire  
LU7 1GN

## Strategic Report

### BUSINESS REVIEW

The UK residential property market experienced buoyant conditions during the first half of the year, with strong levels of demand from buyers aided by a rush amongst second home buyers to complete transactions before the changes to Stamp Duty Land Tax, effective on 1 April 2016. The UK's Brexit decision created a great deal of uncertainty and a fall in sales activity was experienced for two to three months around the date of the vote, which gradually recovered by the end of the year.

The company benefited from the favourable conditions during the early part of the year and continued to perform well during the more challenging second half. The company continued to expand during the year and opened a further two branches, introduced a lettings capability into 13 branches, acquired 5 branches and a further 16 from the transfer of the trade and assets of Burchell Edwards (Midlands) Limited. Additionally, the company continued to invest in both its high street branch network with £1,300,000 (2015: £875,000) being spent on refurbishment and additional investment in its on-line and digital offering. Consequently, total revenue increased by 10% to £90,394,000 (2015: £81,890,000) with EBITDA of £15,093,000 (2015: £16,534,000). Profit before tax was £10,253,000 (2015: £12,941,000).

The total number of property exchanges reduced by 3% during the year. Good progress was made in respect of new homes sales with 6% more exchanges on new homes than in 2015. Following the Brexit related downturn in the UK housing market in the second half of 2016, the company ended the year with a residential sales pipeline 4% lower than the previous year.

Set out below is an overview of the objectives of the business and the challenges it faces, as well as the key measures used to monitor the performance of the business.

#### *Objectives and strategy of the company*

The Company's objectives are to maximise the long-term value and revenue for its shareholder and to deliver a high quality service to participants in the UK residential property market.

The Company aims to deliver strong profits via a lean management cost structure, giving the ability to adapt to market opportunities. Connells recognises that the housing market is cyclical and can vary from one location to another, and it actively encourages and supports its managers in running successful and profitable offices. This "grass roots" awareness has been at the core of Connells' success and is a key component to its future strategy.

The Company aims to grow its operations through both new branch openings and via acquisition. Where a good strategic fit exists, the Company pro-actively explores the possible acquisition of smaller regional players, who are often market leaders in their locality.

#### *Operational performance and key performance indicators*

The Directors monitor the business by using the following KPI's. Regular board meetings are held at which the results are discussed in detail. The table below shows the most significant financial KPI's that are monitored for the business.

	2016 £000	2015 £000	Change %
Total fees and commissions	90,394	81,890	10%
Profit from operations	10,171	12,805	-21%
Profit before tax	10,253	12,941	-21%
Net-assets	23,227	21,122	10%
<b>Movement in:</b>			
Estate agency exchanges	-1%	+3%	
Applicants	+15%	+17%	
Mortgage Services sign ups	+0.5%	+26%	
Occupied unit growth	+40%	+32%	

## Strategic Report *(continued)*

### ***Risks and uncertainties***

The company's objective is to appropriately manage all the risks that arise from its activities. Connells Limited, the immediate parent undertaking, and Skipton Building Society, the ultimate holding company, have a formal structure for managing risks throughout the group, which applies to all subsidiaries.

This has three elements:

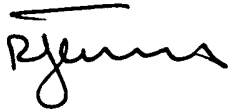
- The Company's risk appetite is documented in detailed policy risk statements, which are reviewed and approved annually by the Board.
- The primary responsibility for managing risk and ensuring appropriate controls are in place lies with the Company's management. The immediate and ultimate parent undertakings, Skipton Building Society and Connells Limited, through their risk and compliance functions provide monitoring and oversight on behalf of the Society's Board.
- The Board Audit Committee of Skipton Building Society oversees the effectiveness of the risk management framework and the control environment through Skipton Group's Internal Audit function, whose reports are also provided to the Company's Board.

In common with other estate agencies, the Company is reasonably highly operationally geared. Performance is affected by transaction volumes in the residential housing market. In the short term, many costs are fixed and so when income falls it has a direct and adverse impact on profits and cash flows. Therefore the Company's policy is to retain sufficient cash to ensure that any future deterioration in trading can be funded without recourse to external borrowing.

The continued good progress in the housing market is being assisted by the current low levels of unemployment, low interest rate environment and the availability of attractive mortgage rates from lenders. While the outlook is for a continuance of low interest rates in the short term, a period of interest rate increases, or a significant downturn in the UK economy, would have a negative impact on the market.

Estate agency is also a people business and as such is reliant on the ability, training, skills and motivation of its people. A key risk to the business is the possibility of losing key people, particularly senior managers and Directors. In order to combat this, the Board ensure that service agreements, remuneration packages, training and development and human resources policies are designed to attract, motivate and retain high quality people.

By order of the board



RJ Twigg  
Director

3 March 2017

Cumbria House  
16-20 Hockliffe Street  
Leighton Buzzard  
Bedfordshire  
LU7 1GN

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT, STRATEGIC REPORT AND THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the Directors' Report, Strategic 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU 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 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 estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNELLS RESIDENTIAL

We have audited the financial statements of Connells Residential for the year ended 31 December 2016 set out on pages 8 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

## Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report and Strategic Report:

- We have not identified material misstatements in those reports; and
- In our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## Matters on which we are required to report by exception

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

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



6 March 2017

David BurrIDGE (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
Altius House  
One North Fourth Street  
Milton Keynes  
MK9 1NE

## Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Year ended 2016 £000	Year ended 2015 £000
Revenue	1	90,394	81,890
Other operating income	3	258	356
Operating expenses		<u>(80,481)</u>	<u>(69,441)</u>
<b>Operating profit</b>		<b>10,171</b>	<b>12,805</b>
<b>Presented as:</b>			
Earnings before interest, tax, depreciation, amortisation, impairment and contingent consideration		15,080	16,532
Depreciation		(3,217)	(2,474)
Amortisation of intangibles		(1,692)	(1,253)
<b>Operating profit</b>		<b>10,171</b>	<b>12,805</b>
Finance income	4	<u>82</u>	<u>136</u>
<b>Profit before tax</b>		<b>10,253</b>	<b>12,941</b>
Tax expense	6	<u>(2,248)</u>	<u>(3,072)</u>
<b>Profit for the year</b>		<b><u>8,005</u></b>	<b><u>9,869</u></b>

Acquisitions in the current year are disclosed in note 19. In 2015 the Company made no material acquisitions and had no discontinued operations.

The notes on pages 12 to 25 form part of these financial statements.



## Statement of Financial Position

AT 31 DECEMBER 2016

	Notes	£000	31 December 2016 £000	£000	31 December 2015 £000
<b>Non-current assets</b>					
Property, plant and equipment	7	15,886		12,696	
Intangible assets	8	7,196		3,133	
Investment property	9	96		98	
Deferred tax assets	10	510		543	
<b>Total non-current assets</b>			23,688		16,470
<b>Current assets</b>					
Trade and other receivables	11	13,552		10,286	
Cash and cash equivalents		4,433		8,748	
<b>Total current assets</b>			17,985		19,034
<b>Total assets</b>			<b>41,673</b>		<b>35,504</b>
<b>Current liabilities</b>					
Trade and other payables	12	14,192		9,477	
Tax liabilities		925		1,328	
<b>Total current liabilities</b>			15,117		10,805
<b>Non-current liabilities</b>					
Trade and other payables	12	1,062		1,329	
Provisions	13	2,267		2,148	
<b>Total non-current liabilities</b>			3,329		3,477
<b>Total liabilities</b>			18,446		14,282
<b>Equity – attributable to equity holders of the company</b>					
Share capital	14	6,347		6,347	
Retained earnings	14	16,880		14,875	
<b>Total equity</b>			23,227		21,222
<b>Total equity and liabilities</b>			<b>41,673</b>		<b>35,504</b>

These accounts were approved by the Board of Directors on 3 March 2017 and signed on its behalf by:

  
RJ Twigg  
Director

Company registration number: 01489613

The notes on pages 12 to 25 form part of these accounts.

## Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share Capital £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2016	6,347	14,875	21,222
Total income for the year	-	8,005	8,005
Dividends paid in the year	-	(6,000)	(6,000)
<b>Balance at 31 December 2016</b>	<b><u>6,347</u></b>	<b><u>16,880</u></b>	<b><u>23,227</u></b>
Balance at 1 January 2015	6,347	18,006	24,353
Total income for the year	-	9,869	9,869
Dividends paid in the year	-	(13,000)	(13,000)
<b>Balance at 31 December 2015</b>	<b><u>6,347</u></b>	<b><u>14,875</u></b>	<b><u>21,222</u></b>

The notes on pages 12 to 25 form part of these financial statements.

## Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Year ended 2016 £000	Year ended 2015 £000
<b>Cash flows from operating activities</b>			
Profit for the year		8,005	9,869
Adjustments for:			
Depreciation of property, plant and equipment	7	3,214	2,471
Amortisation of intangibles	8	1,269	649
Write off of intangible assets on small business asset purchases		423	604
Depreciation of Investment properties	9	3	3
Finance income	4	(82)	(136)
(Profit) / loss on disposal of property, plant and equipment	2	(19)	(13)
Tax expense	6	2,248	3,072
<b>Operating profit before changes in working capital and provisions</b>		<b>15,061</b>	<b>16,519</b>
(Increase) / decrease in trade and other receivables		(2,761)	8,646
Increase / (decrease) in trade and other payables		2,451	(3,744)
Decrease in provisions		(56)	(161)
<b>Cash generated from operations</b>		<b>14,695</b>	<b>21,260</b>
Tax paid		(2,869)	(2,652)
<b>Net cash inflow from operating activities</b>		<b>11,826</b>	<b>18,608</b>
<b>Cash flows from investing activities</b>			
Interest received	4	82	136
Purchase of property, plant and equipment	7	(6,107)	(5,019)
Purchase of computer software	8	(932)	(983)
Purchase of business assets, net of cash acquired	19	(3,461)	(604)
Additions to investment properties	9	1	-
Proceeds on disposal of property, plant and equipment		276	212
<b>Net cash outflow from investing activities</b>		<b>(10,141)</b>	<b>(6,258)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(6,000)	(13,000)
<b>Net cash outflow from financing activities</b>		<b>(6,000)</b>	<b>(13,000)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(4,315)</b>	<b>(650)</b>
Cash and cash equivalents at 1 January		8,748	9,398
<b>Cash and cash equivalents at 31 December</b>		<b>4,433</b>	<b>8,748</b>

The notes on pages 12 to 25 form part of these accounts.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies

Connells Residential (the "Company") is a company incorporated, registered and domiciled in the UK. The following accounting policies have been applied consistently in these Company's accounts:

#### a. Basis of accounting

The Company's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and effective as at 31 December 2016, and those parts of the Companies Act 2006 applicable to Companies reporting under IFRS.

The Company has applied the following changes in accounting standards during the year:

- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38);
- Annual Improvements to IFRSs 2012 – 2014 cycle – various standards; and
- Disclosure Initiative (Amendments to IAS 1).

These amendments have had no material impact on these financial statements.

Disclosed below are the new IFRS and amendments which at 31 December 2016 have been endorsed by the EU but were not effective and have therefore not been applied in preparing these financial statements:

- Disclosure Initiative (Amendments to IAS 7);
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12);
- IFRS 15 Revenue from Contracts with Customers;
- IFRS 9 Financial Instruments; and
- IFRS 16 Leases.

The new revenue recognition standard IFRS 15 will be effective for periods beginning on or after 1 January 2018. The new leasing standard, IFRS 16, will be effective from 1 January 2019. The standard will have a significant effect on the group's income statement and balance sheet as the Company leases a large number of its high street branches and these will be brought on balance sheet under the new standard. The income statement will also be affected as the profile of the expensing of the lease payments is changed. Currently, the lease expense is recognised evenly over the life of the lease. Under the new standard, while the charge will remain the same over the lease period, the cost recognised in the income statement in earlier years will be higher, with this reducing over the life of the lease.

The impact of the other IFRS and amendments is not expected to be material.

#### Measurement convention

These financial statements are prepared on the historical cost basis. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

#### Currency presentation

These financial statements are presented in pounds sterling and, except where otherwise indicated, have been rounded to the nearest one thousand pounds.

#### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review on pages 4 and 5. The financial position of the Company, its cash flows, and liquidity position are shown on pages 8 to 11. In addition, the Directors Report and notes to these financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The company has sufficient financial resources to enable the Directors to conclude that it is well placed to manage its financial risks successfully in the event of an economic downturn. As a result, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 1. Accounting policies *(continued)*

#### b. Revenue recognition

Revenue, which excludes value added tax, represents total invoiced sales of the Company.

- Estate Agency sales commissions, new homes, and land sales are recognised on the date contracts are exchanged.
- Property management income is recognised when cash is received, which reflects the point when income is earned and contractual obligations have been fulfilled.
- Revenue on mortgage procurement fees is recognised on completion of the mortgage transaction, when all contractual obligations have been fulfilled.
- Insurance commission income is recognised upon fulfilment of contractual obligations with a provision for future clawback repayment in the event of early termination by the customer.

#### c. Property, plant and equipment

Property, plant and equipment are stated in the Statement of Financial Position at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of assets over their estimated useful lives on the following bases:

Freehold buildings	-	Lower of 50 years or estimated useful life of premises
Leasehold premises	-	Over the unexpired term of the lease in equal instalments
Office equipment	-	3 to 5 years
Motor vehicles	-	25% of net book value

All depreciation is charged on a straight-line basis, except motor vehicles, which is calculated on a reducing balance basis.

#### d. Goodwill

Goodwill arising on the acquisition of subsidiary undertakings or businesses represents the excess of the fair value of consideration over the fair value of identifiable net assets and contingent liabilities acquired at the date of acquisition. Goodwill is calculated after also taking into account the fair value of contingent liabilities of the acquiree.

In accordance with IAS 36, Impairment of Assets, goodwill is not amortised but is tested for impairment at each year end date or when there is an indication of impairment. The recoverable amount of goodwill is determined as the higher of its fair value less costs to sell and its value in use. The value in use calculations are carried out by discounting the future cash flows of the cash generating unit ("CGU"), and comparing this to its value in use. Future cash flows are based upon approved profit budgets for the next five years (adjusted for depreciation and amortisation) and assumed growth thereafter for the next 10 years at 2.5% (2015: 2.5%). The Company estimates discount rates based on the current cost of capital of the business. Impairment of goodwill is recognised where the present value of future cash flows of the business is less than its carrying value. A fifteen year time horizon has been used to reflect that businesses are held for the long term.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. On the sale of a business, the profit or loss on sale is calculated after charging or crediting the net book value of any related goodwill.

Negative goodwill arising on an acquisition would be recognised directly in the Income Statement.

#### e. Intangible assets

Intangible assets include acquired customer contracts and relationships, software development costs and purchased software that in the opinion of the directors meets the definition of an intangible asset. Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the day they are available for use. The estimated useful lives are as follows:

Computer software	-	3 to 5 years
Customer contracts and relationships	-	1 to 10 years

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

#### f. Leases

A lease that transfers substantially all the risks and rewards of ownership of an asset is treated as a finance lease. The asset is recorded in the Statement of Financial Position as an item of property, plant and equipment at an amount equal to the lower of its fair value and the present value of the minimum lease payments, less accumulated depreciation and impairment losses. Rentals payable are apportioned between the finance element, which is charged to the Income Statement, and the capital element, which reduces the outstanding obligation. Costs of operating leases are charged to the Income Statement on a straight-line basis over the lease term.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 1. Accounting policies (continued)

#### g. Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation. The cost model is used to value the investment properties, and amortisation is charged on a straight-line basis.

Freehold buildings - 50 years

#### h. Trade and other receivables

Trade and other receivables are stated at their nominal value (discounted if material) less any impairment.

#### i. Trade and other payables

Trade and other payables are stated initially at their fair value and then subsequently carried at amortised cost.

#### j. Taxation

Income tax on the profits for the year comprises current tax and deferred tax. Income tax is recognised in the Income Statement except where items are recognised directly in other comprehensive income, in which case the associated income tax asset or liability is recognised via equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantially enacted at the year-end date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Statement of Financial Position liability method, which recognises temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the year end.

#### k. Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement in the periods during which services are rendered by employees.

##### *Short term benefits*

Short term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### l. Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash comprises cash in hand and loans and advances to credit institutions repayable on demand, and cash and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. The Statement of Cash Flows has been prepared using the indirect method.

#### m. Provisions for liabilities and charges

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects market assessments of the time value of money and, if appropriate, the risks specific to the liability.

#### n. Net financing costs

Interest income and interest payable are recognised in the Income Statement as they accrue, using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 1. Accounting policies (continued)

#### ***o. Critical accounting estimates, and judgements in applying accounting policies***

The Company makes estimates and assumptions regarding the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

- Provisions – certain critical judgments have been made in applying the Company's accounting policies in relation to closed branch and onerous lease provisions (note 13), provisions for clawback of insurance commission and impairment provisions on trade receivables (note 11).
- Investment property – the Company has sublet vacant properties (see provisions for onerous contracts) but has decided not to treat the properties as investment properties because it is not the intention to hold them for the long term, for capital appreciation or for rental. Accordingly, they are still treated as a lease of property, plant and equipment.
- Taxation - significant estimates are required in determining the provision for deferred and corporation tax.
- Impairment of investments and goodwill - in determining whether an impairment loss should be recognised in the Income Statement, management compare the future cash flows of each subsidiary against its carrying value (see note 8).

### 2. Expenses and auditors' remuneration

	Year ended 2016 £000	Year ended 2015 £000
Profit before tax is stated after charging / (crediting) the following:		
Depreciation of property, plant and equipment	3,214	2,471
Depreciation of investment property	3	3
Amortisation of intangible assets	1,692	649
(Profit) / loss on disposal of property, plant, and equipment	(19)	(13)
Rentals payable under operating leases	3,530	3,132
Auditors' remuneration and expenses:		
Audit of these financial statements	<u>32</u>	<u>44</u>

### 3. Other operating income

	Year ended 2016 £000	Year ended 2015 £000
Rents receivable under operating leases	239	343
Profit / (loss) on disposal of property, plant, and equipment	<u>19</u>	<u>13</u>
	<u>258</u>	<u>356</u>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 4. Finance income

	Year ended 2016 £000	Year ended 2015 £000
Interest on bank deposits	8	1
Interest receivable from other group undertakings	74	135
	<u>82</u>	<u>136</u>

### 5. Staff numbers and costs

The average monthly number of persons employed by the company (including Directors) during the year was as follows:

	Year ended 2016 No.	Year ended 2015 No.
Directors	4	4
Other	1,909	1,714
	<u>1,913</u>	<u>1,718</u>

The aggregate payroll costs of these persons was as follows:

	£000	£000
Wages and salaries	57,435	49,304
Social security costs	5,848	5,052
Other pension costs	713	595
	<u>63,996</u>	<u>54,951</u>

All the directors were remunerated by other group companies.

### 6. Tax expense

#### a) Analysis of expense in the year at 20.00% (2015: 20.25%)

	Year ended 2016 £000	Year ended 2015 £000
<b>Current tax expense</b>		
Current tax at 20.00% (2015: 20.25%)	2,455	2,952
Adjustment for prior years	(56)	13
Total current tax	<u>2,399</u>	<u>2,965</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(115)	17
Adjustment in respect of prior years	(36)	90
Total deferred tax	<u>(151)</u>	<u>107</u>
<b>Tax expense</b>	<u>2,248</u>	<u>3,072</u>



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 6. Tax expense (continued)

#### b) Factors affecting current tax expense in the year

The tax assessed in the Income Statement is higher (2015: higher) than the standard UK corporation tax rate because of the following factors:

	Year ended 2016 £000	Year ended 2015 £000
Profit before tax	10,253	12,941
Tax on profit at UK standard rate of 20.00% (2015: 20.25%)	2,051	2,620
Expenses not deductible for tax purposes	465	287
Adjustment to tax expense in respect of prior periods	(92)	103
Effects of other tax rates	23	62
Other	(199)	-
<b>Tax expense</b>	<b>2,248</b>	<b>3,072</b>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

### 7. Property, plant and equipment

	Land and Buildings £000	Office Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>				
At 1 January 2016	9,569	10,190	3,940	23,699
Additions	1,563	2,625	1,919	6,107
Transferred from another group company	601	317	91	1,009
Disposals	-	-	(834)	(834)
At 31 December 2016	<b>11,733</b>	<b>13,132</b>	<b>5,116</b>	<b>29,981</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2016	3,818	5,218	1,967	11,003
Depreciation charge for the year	558	1,931	725	3,214
Transferred from another group company	269	162	24	455
Disposals	-	-	(577)	(577)
At 31 December 2016	<b>4,645</b>	<b>7,311</b>	<b>2,139</b>	<b>14,095</b>
<b>Carrying amounts</b>				
At 1 January 2016	5,751	4,972	1,973	12,696
At 31 December 2016	<b>7,088</b>	<b>5,821</b>	<b>2,977</b>	<b>15,886</b>
	Land and Buildings £000	Office Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>				
At 1 January 2015	7,618	7,592	4,049	19,259
Additions	1,951	2,598	470	5,019
Disposals	-	-	(579)	(579)
At 31 December 2015	<b>9,569</b>	<b>10,190</b>	<b>3,940</b>	<b>23,699</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2015	3,505	3,693	1,714	8,912
Depreciation charge for the year	313	1,525	633	2,471
Disposals	-	-	(380)	(380)
At 31 December 2015	<b>3,818</b>	<b>5,218</b>	<b>1,967</b>	<b>11,003</b>
<b>Carrying amounts</b>				
At 1 January 2015	4,113	3,899	2,335	10,347
At 31 December 2015	<b>5,751</b>	<b>4,972</b>	<b>1,973</b>	<b>12,696</b>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 8. Intangible assets

	Goodwill £000	Computer Software £000	Customer Contracts & Relationships £000	Total £000
<b>Cost</b>				
At 1 January 2016	1,409	3,208	1,224	5,841
Acquisitions	3,295	-	1,528	4,823
Additions	-	932	-	932
At 31 December 2016	<u>4,704</u>	<u>4,140</u>	<u>2,752</u>	<u>11,596</u>
<b>Amortisation and impairment losses</b>				
At 1 January 2016	253	1,299	1,156	2,708
Amortisation for the year	-	666	1,026	1,692
At 31 December 2016	<u>253</u>	<u>1,965</u>	<u>2,182</u>	<u>4,400</u>
<b>Carrying amounts</b>				
At 1 January 2016	<u>1,156</u>	<u>1,909</u>	<u>68</u>	<u>3,133</u>
At 31 December 2016	<u>4,451</u>	<u>2,175</u>	<u>570</u>	<u>7,196</u>

	Goodwill £000	Computer Software £000	Customer Contracts & Relationships £000	Total £000
<b>Cost</b>				
At 1 January 2015	1,409	2,225	620	4,254
Acquisitions	-	-	604	604
Additions	-	983	-	983
At 31 December 2015	<u>1,409</u>	<u>3,208</u>	<u>1,224</u>	<u>5,841</u>
<b>Amortisation and impairment losses</b>				
At 1 January 2015	253	812	390	1,455
Amortisation for the year	-	487	766	1,253
At 31 December 2015	<u>253</u>	<u>1,299</u>	<u>1,156</u>	<u>2,708</u>
<b>Carrying amounts</b>				
At 1 January 2015	<u>1,156</u>	<u>1,413</u>	<u>230</u>	<u>2,799</u>
At 31 December 2015	<u>1,156</u>	<u>1,909</u>	<u>68</u>	<u>3,133</u>

All amortisation charges in the year have been charged through operating expenses.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGU's) that are expected to benefit from that business combination. The only CGU is the Estate Agency Business. Before recognition of impairment losses, the cost of goodwill has been allocated to this CGU.

The recoverable amounts of the CGU's are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the cash flows, discount rates and growth rates.

The Company prepares cash flow forecasts on the assumption that the businesses are held for long-term investment. The cash flows are derived from the most recent financial budgets for the next five years, which take into account the risks inherent in the businesses, and extrapolate cash flows for subsequent years (up to an additional 10 years) based on a long-term growth rate of 2.5% (2015: 2.5%).

The Company estimates pre-tax discount rates based on the current cost of capital adjusted for the risks inherent in each cash generating unit of 10.62% (2015: 13.31%).

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 9. Investment Properties

	Year ended 2016 £000	Year ended 2015 £000
At 1 January	141	141
Additions	1	-
At 31 December	<u>142</u>	<u>141</u>
<b>Accumulated depreciation</b>		
At 1 January	43	40
Charge for the year	3	3
At 31 December	<u>46</u>	<u>43</u>
<b>Carrying amount</b>		
At 1 January	<u>98</u>	<u>101</u>
At 31 December	<u>96</u>	<u>98</u>

The market value of the above properties is £185,000 (2015: £185,000). The estimated market value of the properties was determined by an appropriately qualified internal valuer in accordance with RICS Appraisal and Valuation standards.

The investment properties relate to one commercial property that is leased to a third party.

### 10. Deferred tax

Deferred taxes are calculated on temporary differences under the liability method using an effective tax rate of 17% (2015: 18%) as this is the enacted rate that is expected to apply when the temporary differences reverse.

The movement on the deferred tax account is as shown below:

	Year ended 2016 £000	Year ended 2015 £000
At 1 January	543	650
Income Statement (charge)/credit	151	(107)
Movement arising from acquisition of business	(184)	-
At 31 December	<u>510</u>	<u>543</u>

#### Deferred tax assets

	Accelerated capital allowances £000	Other £000	Total £000
At 1 January 2016	-	543	543
(Charged) / credited to Income Statement	-	151	151
Movement arising from acquisition of business	-	(184)	(184)
At 31 December 2016	<u>-</u>	<u>510</u>	<u>510</u>

#### Net deferred tax assets

At 1 January 2016	<u>-</u>	<u>543</u>	<u>543</u>
At 31 December 2016	<u>-</u>	<u>510</u>	<u>510</u>

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at least annually and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 11. Trade and other receivables

	2016 £000	2015 £000
Trade receivables	5,313	5,219
Amounts due from group companies	4,007	1,988
Amounts due from ultimate parent company	23	-
Prepayments and accrued income	4,610	3,419
Bad debt provision	(401)	(340)
	<u>13,552</u>	<u>10,286</u>

The ageing of trade receivables (which all arose in the UK) at the year end was:

	2016 £000 Gross	2016 £000 Impairment	2015 £000 Gross	2015 £000 Impairment
Not overdue	2,674	-	2,537	-
Overdue 0 – 30 days	1,249	(11)	1,506	(9)
Overdue 31 – 120 days	1,134	(175)	985	(176)
Overdue 120 days plus	256	(215)	191	(155)
	<u>5,313</u>	<u>(401)</u>	<u>5,219</u>	<u>(340)</u>

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

	Year ended 2016 £000	Year ended 2015 £000
At 1 January	(340)	(584)
Provision (released) / made during the year	(203)	158
Transfer from other group company	(23)	-
Receivables written off during the year	165	86
At 31 December	<u>(401)</u>	<u>(340)</u>

### 12. Trade and other payables

#### Due within one year

	Year ended 2016 £000	Year ended 2015 £000
Trade and other payables	4,909	3,485
Amounts owed to ultimate parent undertaking	-	907
Amounts owed to group undertakings	3,661	59
Accruals and deferred income	5,622	5,026
	<u>14,192</u>	<u>9,477</u>

#### Due after more than one year

Trade and other payables	890	1,329
Accruals and deferred income	172	-
	<u>1,062</u>	<u>1,329</u>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 13. Provisions

	Lease cost of closed branches & dilapidations £000	Insurance commission clawback £000	Other provisions £000	Total £000
Balance at 1 January 2016	900	1,053	195	2,148
Provisions made during the year	203	1,704	-	1,907
Released during the year	-	-	(50)	(50)
Provisions used during the year	(56)	(1,894)	(60)	(2,010)
Transfer from Group Companies	272	-	-	272
Balance at 31 December 2016	<u>1,319</u>	<u>863</u>	<u>85</u>	<u>2,267</u>
Balance at 1 January 2015	1,048	1,102	159	2,309
Provisions made during the year	137	950	190	1,277
Released during the year	(85)	(29)	(118)	(232)
Provisions used during the year	(200)	(970)	(36)	(1,206)
Balance at 31 December 2015	<u>900</u>	<u>1,053</u>	<u>195</u>	<u>2,148</u>

All provisions are classed as non-current. The dilapidations provision is accrued on the basis of amounts identified at the date of property acquisition, less any subsequent expenditure, or where a section 412 notice or schedule of dilapidations has been received from the landlord. Provision is made for properties with non-cancellable leases where the Company no longer occupies the property. The provision represents the rent to the end of the lease, less any rental income from subletting the properties. The provision for the costs of closed branches is expected to reverse over the remaining life of the leases, or period to the anticipated date of disposal, if sooner.

The provision for insurance commission clawback is estimated based upon anticipated cancellation rates of term insurance policies. Included within other are provisions for legal claims.

### 14. Share capital

	Year ended 2016 £000	Year ended 2015 £000
<b>Allotted, called up and fully paid</b>		
6,347,000 (2015: 6,347,000) ordinary shares of £1 each	<u>6,347</u>	<u>6,347</u>

### Management of capital

Capital is considered to be the audited retained earnings and ordinary share capital in issue.

	Year ended 2016 £000	Year ended 2015 £000
<b>Capital</b>		
Ordinary shares	6,347	6,347
Retained earnings	<u>16,880</u>	<u>14,875</u>
	<u>23,227</u>	<u>21,222</u>

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act, with which it complies.

The capital position is reported to the Board regularly. The capital position is also given due consideration when corporate plans are prepared. The Company manages the capital balance in order to ensure that an internal limit is not breached.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 15. Related party transactions

The company has related party relationships within the Skipton Group as detailed below. All such transactions are priced on an arms-length basis.

	2016			2015		
	Ultimate parent undertaking £000	Immediate Parent undertaking £000	Other group companies £000	Ultimate parent undertaking £000	Immediate Parent undertaking £000	Other group companies £000
<b>a) Net interest</b>						
Interest receivable	74	-	-	135	-	-
Interest payable	-	-	-	-	-	-
<b>Total</b>	<b>74</b>	<b>-</b>	<b>-</b>	<b>135</b>	<b>-</b>	<b>-</b>
<b>b) Sales of goods and services</b>						
Estate agency services	261	-	1,017	267	-	891
Shared service recharges	-	27,296	-	-	817	12,554
Administration charges	-	-	-	15	-	-
Search fees	-	-	867	-	-	781
<b>Total</b>	<b>261</b>	<b>27,296</b>	<b>1,884</b>	<b>282</b>	<b>817</b>	<b>14,226</b>
<b>c) Purchase of goods and services</b>						
Shared service recharges	-	(7,164)	(5,409)	-	-	(2,251)
Administration charges	-	-	-	(1,720)	-	-
Energy performance certificates	-	-	(637)	-	-	(331)
<b>Total</b>	<b>-</b>	<b>(7,164)</b>	<b>(6,046)</b>	<b>(1,720)</b>	<b>-</b>	<b>(2,582)</b>
<b>d) Outstanding balances</b>						
Receivables from related parties	23	3,673	334	-	-	1,988
Payables to related parties	-	(1,387)	(2,274)	(907)	(10)	(49)
<b>Total</b>	<b>23</b>	<b>2,286</b>	<b>(1,940)</b>	<b>(907)</b>	<b>(10)</b>	<b>(1,939)</b>

There are no provisions in respect of goods and services to Related Parties, either at 31 December 2016 or at 31 December 2015.

There is no cash held on deposit with the Skipton Building Society (2015: £7,500,000) included in cash and cash equivalents.

During the year, a family member of one of the Directors purchased a company vehicle for £1,500 (2015: nil). This transaction was at arm's length. The balance was paid in full during the year.

All transactions are dealt with on normal credit terms.

On 4 March 2016 the trade and assets of Baldwins Estate Agents Limited were transferred to the Company for a consideration of £1.

On 28 October 2016 the trade and assets of Burchell Edwards (Midlands) Limited were transferred to the Company at a book value of £350,000. This expanded the Company's branch network by 16 branches.

### 16. Capital commitments

Capital commitments at the year-end for which no provision has been made were as follows:

	Year ended 2016 £000	Year ended 2015 £000
Office equipment	340	979
Motor vehicles	74	1,341
	<b>414</b>	<b>2,320</b>

The Company has commitments due under operating leases in respect of rent payable on land and buildings. Total commitments under these non-cancellable operating leases are as follows:

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 16. Capital commitments (continued)

	2016 £000	2015 £000 (Restated)
<i>Amounts falling due:</i>		
Less than one year	5,913	5,395
Between one and five years	7,150	8,863
More than five years	3,492	2,223
	<u>16,555</u>	<u>16,481</u>

Property rental income earned from investment properties during the year was £5,000 (2015: £5,000).

At the year end the Company had contracts with tenants for the following total lease payments under non-cancellable operating leases as follows:

	Year ended 2016 £000	Year ended 2015 £000
<i>Amounts falling due:</i>		
Less than one year	107	190
Between one and five years	37	396
More than five years	-	104
	<u>144</u>	<u>690</u>

### 17. Pensions

#### Defined contribution schemes

The Company operates a defined contribution pension scheme, the assets of which are held separately from those of the Company, in independently administered funds. The amount charged to the Income Statement in respect of the defined contribution schemes is the contribution payable in the year and amounted to £713,000 (2015: £595,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 18. Financial instruments

#### Financial risks

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity.

The principal financial risks to which the Company is exposed are liquidity risk, market risk and credit risk and these are monitored on a regular basis by management. Each of these is considered below.

#### Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost.

The Company's liquidity policy is to maintain sufficient liquid resources to cover imbalances and fluctuations in funding, to maintain solvency of the Company and to enable the Company to meet its financial obligations as they fall due. This is achieved through maintaining a prudent level of liquid assets and through rigorous management control of the growth of the business.

The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount £000	Contractual cash flows £000	In not more than one month £000	In not more than 3 months £000	In more than 3 months but not less than 1 year £000	In more than one year but not more than 5 years £000
Trade and other payables	11,232	11,232	6,116	3,759	387	970
Amounts owing to group companies	3,661	3,661	3,661	-	-	-
<b>Total</b>	<u>14,893</u>	<u>14,893</u>	<u>9,777</u>	<u>3,759</u>	<u>387</u>	<u>970</u>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 18. Financial instruments *(continued)*

There are no differences between the fair values of financial assets and liabilities and their carrying amounts showing in the Statement of Financial Position.

#### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

#### **Currency risk**

The Company is not exposed to any currency risk as all transactions are denominated in Sterling.

#### **Interest rate risk**

The Company has no interest bearing liabilities.

#### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Based on historic default rates, the Company believes that no impairment provision is necessary in respect of most trade receivables not overdue or over due by up to 30 days. Specific impairment provisions are made for customers who do not have a good payment record with the company before 30 days. For maximum credit exposure see note 11. Management carefully manages its exposure to credit risk.

#### **Capital management**

The Board's policy is to maintain a strong capital base so as to maintain, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and level of dividends to ordinary shareholders. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

### 19. Acquisitions

On 5 May 2016, the Company acquired the business and assets of Touchstone Residential Lettings (Touchstone) for consideration of £3,390,000. Touchstone is a specialist retail lettings and property management business, with nine branches in three key areas – Kent, Buckinghamshire and the West Country. The acquisition complements the Company's continued expansion and investment in its lettings business.

On 13 May 2016, the Company acquired the business and assets of Paul Dubberley Estate Agents (Paul Dubberley) for £800,000. Paul Dubberley operates from 5 branches and has strengthened the Company's position in the Black Country and West Midlands.

These acquisitions generated the following goodwill:

	Touchstone £'000	Paul Dubberley £'000
Property, plant and equipment	26	34
Other assets	27	-
Intangible assets	717	388
Deferred tax	(130)	(70)
Provisions	(69)	(28)
<b>Net assets</b>	<b>571</b>	<b>324</b>
<b>Cash paid to acquire the business</b>	<b>3,390</b>	<b>800</b>
<b>Goodwill</b>	<b>2,819</b>	<b>476</b>
<b>Contribution to income from acquisition</b>	<b>1,425</b>	<b>670</b>
<b>Contribution to profit from acquisition</b>	<b>308</b>	<b>12</b>

During the year, the Company also purchased 3 (2015: 4) other lettings and estate agency businesses for total consideration of £423,000 (2015: £604,000) which was immediately expensed on the grounds of materiality.



## 20. Investments

At 31 December 2016, the Company owns equity share capital in its subsidiary undertaking, which is incorporated in the UK, as follows:

Name of subsidiary undertaking	Nature of business	Registered Address	Proportion of ordinary shares held 2016	Proportion of ordinary shares held 2015
Baldwins Estate Agents Limited	Dormant	Cumbria House, 16 - 20 Hockliffe Street Leighton Buzzard Bedfordshire LU7 1GN	100%	-

Following the hive up of the business and assets of the subsidiary undertaking, Baldwins Estate Agents Limited went into a member's voluntary liquidation on 15 December 2016.

## 21. Ultimate parent undertaking

The Company is a wholly owned subsidiary of Connells Limited. The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. The largest group in which the results are consolidated is that headed by Skipton Building Society. The smallest group is that headed by Connells Limited and the consolidated accounts of this Company are available to the public and can be obtained from:

Connells Limited  
Cumbria House  
16 - 20 Hockliffe Street  
Leighton Buzzard  
Bedfordshire  
LU7 1GN