Registration number: 01954031

Countrywide Surveyors Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

Countrywide Surveyors Limited
(Registration number: 01954031)

Contents

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Company Information

Directors	Matthew Cumber Paul Wareham Rebecca Freeman John Baguley
Company secretary	Gareth Williams Oakwood Corporate Secretary Ltd
Registered office	Greenwood House 1st Floor 91-99 New London Road Chelmsford Essex CM2 0PP
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Countrywide Surveyors Limited
(Registration number: 01954031)

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Business review

2020 started positively, but the closure of the housing market in March 2020 as a result of the COVID-19 pandemic impacted the operations of the business in the first half of 2020. Countrywide Surveyors Limited (the 'company') responded quickly to the immediate challenges posed by the initial lockdown through product innovation. Liaising closely with our Lender clients, we moved from a physical valuation model to a desktop valuation model.

The company took swift and decisive action to manage its cost base and liquidity in order to mitigate the effects of COVID-19. 20% of the company's surveyors were retained to deliver desktop valuations for lower loan to value mortgage offerings and 80% of surveyors were placed on furlough under the Government's Coronavirus Job Retention Scheme (CJRS). We secured 100% allocations from two of the largest UK lenders. Surveying instructions and valuations built back upon easing of the first lockdown in May and June 2020, and surveyors returned from furlough to meet client demand.

Revenue of £58.1 million was 19% lower than 2019 (£71.8 million), reflecting the impact of the pandemic on the housing market, particularly during the first half of the year. Surveys and valuations completed in house during 2020 totalled 349,000, 11% lower than 2019, at a lower average fee of £167 (2019: £183). Operating profit decreased by 28% to £12.1 million (2019: £16.9 million) due to the lower revenue, but administrative expenses were also 10% less than prior year. The company claimed £3.6 million (2019: £Nil) of CJRS grant funding during the year. The average number of surveyors decreased from 440 in 2019 to 423 in 2020, but we continued our investment in the future of the industry, with 13 surveyors qualifying through our trainee surveyor programme in 2020 and a further 13 surveyors qualifying in April 2021.

We continue to actively lead change in the industry, including in respect of climate change, energy efficiency and sustainability. In March 2021 we launched our new EnergyFact home energy report with Santander, providing information to homeowners as to how they can improve their property's energy efficiency and reduce its carbon footprint. The report is generated using energy information from sources such as the Energy Saving Trust and Landmark Valuation Services, together with current utility usage, size, age and construction of the property.

The company had net assets of £112.5 million at 31 December 2020 (2019: net assets of £102.4 million) and is reliant on financial support from the Countrywide Limited (formerly Countrywide plc) group (see Going Concern statement in Directors' Report).

Outlook

The business entered 2021 in a strong position, having successfully retained a material allocation from one of our largest lenders, and experienced robust results for the first quarter of the year. The company continues to benefit from strong market demand from extended Stamp Duty incentives and the introduction of 90% and 95% lending.

The company is a subsidiary of Countrywide Limited which was acquired by Connells Limited on 8 March 2021.

Key performance indicators

The company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Average valuation fee	£	167	183
Surveyor FTE	No.	423	440
Number of valuations	No.	349,000	393,000

Section 172 statement

The directors are aware of their responsibilities to promote the success of the company in accordance with section 172 of the Companies Act. They consider the impact that their decisions may have on the company, along with the company's stakeholders. The issues and factors which have guided the directors' decisions are outlined in the Business review section and Principal risks and uncertainties section of this report and the Financial risk management section of the Directors' Report.

The company's key stakeholders include, but are not limited to:

- Customers
- Employees
- Suppliers and business partners
- Society
- Shareholders

The company is a UK subsidiary of Countrywide Limited. From the perspective of the board, as a result of the Group governance structure, to the extent necessary for an understanding of the development, performance and position of the entity, the company's directors believe that the requirements of section 172 (1) (a) - (f) are discussed in detail in Countrywide Limited's Annual Report which does not form part of this report.

Principal risks and uncertainties

The directors have undertaken a robust assessment of the company's principal risks. Crystallisation of these risks could cause the company's future results of operations, financial condition and prospects to differ materially from current expectations. This includes the ability to maintain appropriate levels of capital or achieve stated targets and commitments and other expected benefits. In addition, risks relating to the company that are not currently known, or that are currently deemed immaterial, may individually or cumulatively also have the potential to have a material effect on the company's future results of operations, financial condition and prospects. The principal risks faced by the company are set out below:

COVID-19 pandemic

The long term economic effect of the COVID-19 pandemic on the UK economy is uncertain and could be severe. The full impact on the housing and mortgage markets remains impossible to predict.

The company continues to safeguard its business with measures to reduce cost, optimise profitability and preserve liquidity whilst also continuing to make full use of all Government financial support schemes for as long as possible.

It also continues to ensure that business continuity plans remain viable to accommodate the impact of further lockdowns.

Furthermore, the business has also responded with extensive measures on health and safety to keep colleagues and customers safe as well as developing new methods of working and broader ways in which customers can engage with the company at their time and method of choosing.

Financing and capital structure

The company is reliant on support from the Countrywide Limited (formerly Countrywide plc) Group (the "Group") (see Going Concern statement in Director's Report).

The effective management of the Group's capital structure, banking facilities and covenants is central to the achievement of its strategic objectives and profitability.

The Group has continued to undertake open and regular communication with its lending institutions and revised banking covenants were agreed during the year, essentially as a result of the trading uncertainties created by the COVID-19 pandemic.

The Group also acted swiftly to protect its liquidity by implementing a wide range of cost reduction measures and making full use of Government financial support schemes.

On 8 March 2021 the entire share capital of Countrywide Limited (formerly Countrywide plc) was acquired by Connells Limited; a wholly owned subsidiary of Skipton Building Society.

On 9 March 2021 the £125 million revolving credit facility was repaid in full by Connells Limited.

Principal risks and uncertainties (continued)

Exposure to UK housing market trends

Whilst over the longer term, the UK housing market continues to follow a cyclical trend, consumer confidence and behaviours nonetheless continue to be impacted by the effects of the COVID-19 pandemic. If evolving trends are not assessed and responded to adequately they could adversely affect the Group's operating model and profitability.

The company continuously monitors the UK housing market transaction levels, pricing, mortgage approvals and other forward-looking indicators such as interest rate predictions. Financial scenario planning is undertaken regularly to assess the impact of the COVID-19 pandemic. Mitigating actions include: exploring new ways to increase revenue through complementary services that benefit both the company and our customers; align its cost base; and developing new ways of working to align with shifts in Government, customer and corporate client requirements resulting from the pandemic.

Professional indemnity exposure

The previous downturn in the UK housing and commercial property markets caused by the global financial crisis, along with the impact of sub-prime lending, exposed the company to a higher level of professional indemnity insurance claims. Failure to control professional property valuation related risks adequately could result in a resurgence in costly claims.

The company continues to serve predominantly the UK's largest prime mortgage lenders and does not operate in the sub-prime market. The company has consciously changed its risk profile and continues to avoid property valuations relating to higher risk lending and client types and this has remained the case during the COVID-19 pandemic. Monitoring arrangements, including operational controls implemented for the review and audit of valuation reports along with the targeted use of automated valuation models, continue to aid checks in perceived higher risk cases. Further investment is also ongoing to provide the surveying workforce with technology that aids compliance. Close monitoring of legacy claim trends and related financial provisions remains ongoing.

The situation has remained stable in 2020 and the volume of claims over this period has been considerably reduced when compared to prior years.

Potential loss of a major business partner or contract

The loss of a material contract, or a significant reduction in volumes or fees, could have a significant impact on revenue and profitability.

The company has an agreed approach to corporate client relationship management with key relationship responsibilities defined at senior management level and supported by members of the Group's Executive Committee. Regular reviews are undertaken with key clients to ensure continued focus on investment, maintenance of service levels and compliance with contractual requirements. The Group has a highly experienced relationship management team with responsibility for key client liaison and developing new contract opportunities.

The company has successfully retained a number of key existing clients in 2020 and has also attracted additional instruction volumes through consistent service delivery and innovation (not least during the COVID-19 pandemic).

Principal risks and uncertainties (continued)

Resilience of IT infrastructure and arrangements for the protection of data

The business relies upon a series of interdependent systems for operational performance and financial information; a failure of one of these, a security breach, or a cyber-attack could impact the company's operations, reputation and future profitability.

A series of progressive IT system improvements to support operational performance were made during 2020 although some developments were suspended temporarily due to the curtailment of capital expenditure during the COVID-19 pandemic.

The Group's in-house information security, cyber security and data protection teams continue to monitor risks and any potential breaches closely. Ongoing company-wide training and communications are maintained to ensure that colleagues are aware of good information security, cyber security and data protection requirements at all times.

The Group's IT transformation programme has been reinstated fully and is expected to deliver substantive operational and financial benefits during 2021.

Changing regulatory environment

Failure to meet current legal or regulatory requirements could lead to financial penalties and reputational damage, including withdrawal of authorisation or licences required for the company to do business.

The company monitors the compliance of its business operations closely through its three lines of defence control framework and maintains an appropriate 'tone at the top', which is cascaded via our Code of Conduct, policies and management communications along with associated compliance and ethics training. Expertise is supported by centralised legal and compliance teams who monitor existing business practices and any changes closely.

The company maintains close links and open dialogue with its regulators and continues to monitor regulatory developments along with the consequent implications for its businesses.

Increasing competition in evolving markets

The company operates in highly competitive markets, a number of which continue to experience changes due to technological advancements and further impetus is also now being created as a result of the COVID-19 pandemic. Increasing competition, from existing competitors or new entrants, could lead to a reduction in market share and/or a decline in revenues.

Our strategy is to concentrate on the Group's strengths of being an integrated property services provider that brings people and property together through its sales, lettings and financial services businesses. We monitor our service offering continually to ensure that customer expectations are met.

The impact of the COVID-19 pandemic on the housing and mortgage markets remains under close scrutiny to ensure that the company adapts to evolving customer requirements as well as developing new ways of working, including flexible working and broader ways in which customers can engage with the Group at their time and method of choosing.

Principal risks and uncertainties (continued)

Securing and retaining excellent people

Our ability to deliver our strategy is dependent on us attracting, developing, motivating and retaining people of the highest quality. An inability to recruit or retain talent could impact the ability to deliver our financial performance and growth targets.

We continue to invest in our people and our training and development programmes across our business. We also continue to develop and embed our wellbeing programme (BeWell) to support colleagues' mental, physical and financial health as well as the environment; a focus which has been particularly relevant during the COVID-19 pandemic.

A range of employee benefits are also in place that seek to incentivise and motivate performance across all levels of management.

The strategic report was approved by the Board of directors and signed on its behalf by:

M.Cumber

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Matthew Cumber
Director
7 June 2021

Countrywide Surveyors Limited
(Registration number: 01954031)

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Acquisition by Connells
On 8 March 2021 the entire share capital of Countrywide Limited (formerly Countrywide plc), of which the company is a wholly owned subsidiary, was acquired by Connells Limited.

Principal activities and future developments
The principal activity of the company is residential surveying and valuation work for residential buildings, planning, development and other services. There have been no changes in the company's activities in the year under review and no future change in activity is anticipated.

Future developments are discussed further in the Outlook section of the Strategic Report.

Dividends
No interim dividend payment (2019: £Nil) has been made during the financial year ended 31 December 2020. The directors do not recommend the payment of a final dividend (2019: Nil).

Financial risk management
The company's activities expose it to a variety of financial risks. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out on a Group basis by the finance department of Countrywide Limited (formerly Countrywide plc), of which the company is a wholly owned subsidiary. The board provides principles for overall risk management, as well as specific areas such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) Market risk
(i) Foreign exchange risk
The company operates within the United Kingdom and all of the company's transactions are in sterling.

(ii) Cash flow and fair value interest rate risk
As the company has no significant interest bearing assets and liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk
Credit risk arises principally from the company's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

The company has implemented policies which require a credit risk assessment, and credit checks are made on potential clients as required in accordance with these assessments. The wide client base of the company also serves to mitigate the credit risk, reducing the exposure from a failure of any single client.

Financial risk management (continued)

(c) Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

Cash balances are managed through the Group treasury arrangement and cash outflows can be predicted with reasonable accuracy. Credit risk within the treasury function is also mitigated by maintaining a list of accepted deposit institutions whose credit ratings are kept under review.

Directors of the company

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Paul Wareham

Matthew Cumber

Matthew Emblem (resigned 21 August 2020)

James Gibson (resigned 8 March 2021)

Paul Creffield (appointed 30 September 2020 and resigned 31 March 2021)

Rebecca Freeman (appointed 30 September 2020)

Himanshu Raja (appointed 30 September 2020 and resigned 8 March 2021)

John Baguley (appointed 8 March 2021)

Employees

Our people are our greatest asset. As experts in their field who deliver for our customers, we recognise the importance of development and opportunity. Our vision is to be the provider of choice for property services in the UK. In order to achieve this, we develop, retain, and recruit dynamic, talented, professional people and create a culture where people are valued, can be themselves and realise their potential.

In 2020 we continued our 'Back to Basics' programme and continued to make significant progress in ensuring we have the right level of headcount and expertise and continued career development and progression. We recognise that our people need to be inspired to be the best they can be, feel valued and engaged. To support this, we offer a range of benefits and development opportunities for our people.

Share plans form a key part of the company's total reward offering. 2018 saw the successful introduction of a Save as You Earn (SAYE) plan on a three year term, which has continued during 202

Employees (continued)

Training and development

The company has a flexible approach to on-the-job learning and a commitment to keeping our teams safe and legal. Compliance training is managed through our online system and completion rates are at an all-time high. Modules provide colleagues with tailored courses to support them in the roles they perform. Further courses will become available as we introduce induction and on-boarding programmes and maximise our use of technology.

Our surveying business continues to attract trainee surveyors who benefit from intense training to then begin their career with an award winning surveying team.

This year saw the development of a range of online workshops and eLearning introduced to deliver a COVID-secure, compliant company. This included many different types of learning covering regulatory requirements, information and data security, safe home working and management development. Launched in June across the Group we now have a suite of 12 COVID related workshops and learning modules available to our colleagues to help them navigate the COVID-19 pandemic.

Communication and engagement

The company delivers timely, clear and consistent messaging to all colleagues. Updates include financial results and market updates through Our Place. Our Place is a key communication channel with the Group's colleagues regularly visiting the site for updates including: financial results, market updates, blogs and business related information.

Our Place hosts High Fives, a group-wide recognition programme, created to encourage colleagues, managers and executives to recognise performance and behaviours that reflect the values of the company. The long service programme recognises and celebrates key service milestones.

Charitable giving

The Group supports a workplace charitable giving scheme so that employees can donate to their charities of choice tax efficiently through payroll deduction.

Employees of the company are also encouraged to support causes within their local communities.

Diversity and inclusion

We recognise that the promotion of equality, diversity and inclusion concerns us all and is the responsibility of all colleagues. We all contribute to ensuring that the company continues to be a welcoming and productive environment, where there is equality of opportunity, fostered in an environment of mutual respect and dignity. We are committed to a policy of equal opportunity and diversity in employment and recognise that this is essential to ensuring the success and growth of the company. To this end, we make every effort to select, recruit, train and promote the best candidates for the job.

We are committed to treating everyone, colleagues and customers, with dignity and respect. We promote an environment free from discrimination, harassment and victimisation. We aim to treat all employees and applicants fairly and appropriately, regardless of age, gender, civil partnership or marital status, pregnancy or maternity leave, disability, race, religion or belief, sex or sexual orientation, and to ensure that all opportunities are available to everyone and that no one suffers discrimination, harassment or intimidation.

Employees (continued)

Human rights

Due to regulatory requirements in the UK, we have judged that human rights are not a material risk for the business. We do, however, work closely with our third-party external suppliers to ensure that their human rights and ethics policies are aligned with those of the company.

Modern slavery

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our anti-slavery policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking are not taking place anywhere in our business or in our supply chains.

Disabilities

The company makes reasonable adjustments to working arrangements, or to physical aspects of the workplace, if someone, as a disabled person, would be placed at a substantial disadvantage compared to a non-disabled person. All efforts are made to accommodate changes for anyone with a pre-existing or new medical condition, classified as a disability or not, to facilitate continued wellbeing at work.

Going concern

The company is a subsidiary of Countrywide Limited and operates as part of the wider Countrywide Limited Group ("the Group"). It is therefore dependent on financial and operational support from the Group. The directors have obtained written confirmation from Countrywide Limited that it will provide finance as necessary to enable the company to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Following the acquisition of the Group by Connells, the Group's Revolving Credit Facility was repaid in full on 9 March 2021 by Connells Limited and replaced with an inter-company loan arrangement. As a subsidiary of Connells, the Group is reliant on the financial and operational support from its parent and the directors of Countrywide Limited have obtained a letter from the directors of Connells confirming that support. The directors of Countrywide Limited have reviewed the financial strength of Connells, their financial forecasts and the stress testing of the forecasts and concluded that it is appropriate to prepare the Countrywide Limited financial statements on a going concern basis.

Accordingly, the directors of the company have concluded that it is appropriate to prepare the company's financial statements on a going concern basis, which assumes that the company will be able to meet its liabilities when they fall due.

Post balance sheet events

Material post balance sheet events are disclosed in note 24.

Directors' liabilities

The company has made qualifying third party indemnity provisions (as defined in the Companies Act 2006) for the benefit of its directors during the year. These provisions were in force during the financial year and remain in force at the date of approval of this report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;
• state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
• make judgements and accounting estimates that are reasonable and prudent; and
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:
• so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
• they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Countrywide Surveyors Limited
(Registration number: 01954031)

Directors' Report for the Year Ended 31 December 2020 (continued)

Independent auditors
Following the completion of the 2020 audit cycle, the directors expect to appoint Ernst & Young LLP as auditors in line with the Skipton and Connells group companies.

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

M.Cumber
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Matthew Cumber
Director
7 June 2021

Independent auditors' report to the members of Countrywide Surveyors Limited

Report on the audit of the financial statements

Opinion

In our opinion, Countrywide Surveyors Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to but are not limited to, compliance with the requirements of UK tax legislation and the Royal Institute of Chartered Surveyors, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to achieve desired financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- testing of a risk-based sample of journal entries, focussing in particular on those entries that improve reported financial performance by increasing revenue or reducing expenses;
- enquiries with management and the company's legal counsel, including consideration of known or suspected instances of fraud and non-compliance with laws and regulations;
- reading key correspondence with external legal counsel and regulators in relation to compliance with laws and regulations; and
- challenging the assumptions and judgements made by management in its significant accounting judgements and estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Kevin McGhee

Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 June 2021

Countrywide Surveyors Limited
(Registration number: 01954031)

Income Statement for the Year Ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	4	58,110	71,764
Administrative expenses		(49,541)	(54,877)
Other operating income	5	3,573	-
Operating profit	8	12,142	16,887
Finance income	9	141	110
Finance costs	10	(86)	(105)
Profit before taxation		12,197	16,892
Tax on profit	11	(2,152)	(3,326)
Profit for the financial year		10,045	13,566

The above results were derived from continuing operations.

A statement of comprehensive income has not been prepared as there was no other comprehensive income for the year other than that included in the results above.

Countrywide Surveyors Limited
(Registration number: 01954031)

Balance Sheet as at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	12	45	101
Intangible assets	13	3,486	4,188
Right-of-use assets	14	394	1,028
Financial assets at fair value through profit and loss	16	153	153
		4,078	5,470
Current assets			
Trade and other receivables	17	127,007	115,083
Deferred tax asset	11	546	528
Cash and cash equivalents		28	22
		127,581	115,633
Creditors: Amounts falling due within one year			
Trade and other payables	18	(13,776)	(12,929)
Lease liabilities	14	(252)	(671)
		(14,028)	(13,600)
Net current assets		113,553	102,033
Total assets less current liabilities		117,631	107,503
Creditors: Amounts falling due after more than one year			
Trade and other payables	18	(81)	(41)
Lease liabilities	14	(32)	(249)
		(113)	(290)
Provisions for liabilities	19	(5,058)	(4,798)
Net assets		112,460	102,415
Capital and reserves			
Called up share capital	22	500	500
Other reserves		1,090	1,090
Profit and loss account		110,870	100,825
Total shareholders' funds		112,460	102,415

The notes on pages 21 to 50 form an integral part of these financial statements.

Countrywide Surveyors Limited
(Registration number: 01954031)

Balance Sheet as at 31 December 2020

The financial statements on pages 17 to 50 were approved by the Board of directors and signed on its behalf by:

M.Cumber

Matthew Cumber

Director

7 June 2021

Countrywide Surveyors Limited
(Registration number: 01954031)

Statement of Changes in Equity for the Year Ended 31 December 2020

	Called up share capital	Other reserves	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
Balance at 1 January 2019	500	1,090	87,259	88,849
Profit for the financial year	-	-	13,566	13,566
Total comprehensive income	-	-	13,566	13,566
Equity settled share-based payments	-	(318)	-	(318)
Charge from parent for equity settled share-based payments	-	318	-	318
Balance at 31 December 2019	500	1,090	100,825	102,415
Profit for the financial year	-	-	10,045	10,045
Total comprehensive income	-	-	10,045	10,045
Equity settled share-based payments	-	(325)	-	(325)
Charge from parent for equity settled share-based payments	-	325	-	325
Balance at 31 December 2020	500	1,090	110,870	112,460

The notes on pages 21 to 50 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

Countrywide Surveyors Limited ('the company') provides surveying and valuation services.

The company is a private company limited by share capital which is incorporated and domiciled in the UK. The address of the registered office is Greenwood House, 1st Floor, 91-99 New London Road, Chelmsford, Essex, United Kingdom, CM2 0PP.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of the company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets at fair value through profit or loss, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Countrywide Limited (formerly Countrywide plc), the company's ultimate holding company in the United Kingdom as at 31 December 2020, produces a consolidated cash flow statement and is included in the consolidated financial statements. Consequently the company has taken advantage of the exemption not to produce its own cash flow statement.

The company is a wholly owned subsidiary of Countrywide Limited and is included in the consolidated financial statements of Countrywide Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006.

2 Significant accounting policies (continued)

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

• Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
• Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
(i) paragraph 79(a)(iv) of IAS 1
(ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment'
(iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and the end of the period)

The following paragraphs of IAS 1, 'Presentation of financial statements':
(i) 10(d) (statement of cash flows)
(ii) 16 (statement of compliance with all IFRS)
(iii) 38A (requirement for minimum of two primary statements, including cash flow statements)
(iv) 38B-D (additional comparative information)
(v) 40A-D (requirements for a third statement of financial position)
(vi) 111 (cash flow statement information)
(vii) 134-136 (capital management disclosures)
• IAS 7, 'Statement of cash flows';
• Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
• Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
• The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
• The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

• Paragraphs 91 to 99 of IFRS 13, 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
• The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers', (disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
• The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90 and 91 of IFRS 16 'Leases' (disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated).

2 Significant accounting policies (continued)

Going concern
The company is a subsidiary of Countrywide Limited and operates as part of the wider Countrywide Limited Group ("the Group"). It is therefore dependent on financial and operational support from the Group. The directors have obtained written confirmation from Countrywide Limited that it will provide finance as necessary to enable the company to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Following the acquisition of the Group by Connells, the Group's Revolving Credit Facility was repaid in full on 9 March 2021 by Connells Limited and replaced with an inter-company loan arrangement. As a subsidiary of Connells, the Group is reliant on the financial and operational support from its parent and the directors of Countrywide Limited have obtained a letter from the directors of Connells confirming that support. The directors of Countrywide Limited have reviewed the financial strength of Connells, their financial forecasts and the stress testing of the forecasts and concluded that it is appropriate to prepare the Countrywide Limited financial statements on a going concern basis.

Accordingly, the directors of the company have concluded that it is appropriate to prepare the company's financial statements on a going concern basis, which assumes that the company will be able to meet its liabilities when they fall due.

New standards, amendments and interpretations
During the year the Directors have adopted the following new or amended accounting standards and interpretations, all of which are effective for accounting periods starting on or after 1 January 2020:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- IFRS 16 Rent concessions (Amendment to IFRS 16)

None of these amendments have a material impact on the financial statements of the company.

Business combinations
Investments in subsidiaries
Investments in subsidiaries are held at cost less accumulated impairment losses.

Hive-up transactions
The transfer of the net assets of, and the business undertaken by, a subsidiary to its parent company or from one Group company to another Group company (hive-up transaction) is accounted for using predecessor accounting. Where a hive-up takes place some time after an acquisition, the facts and circumstances surrounding the transaction are reviewed in order to determine whether the carrying value of the intangible assets as recognised on original acquisition remain appropriate.

2 Significant accounting policies (continued)

Tangible assets

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Leased assets

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

• Fixed payments, less any lease incentives receivable; and
• Incremental payments in relation to extension options which are reasonably certain to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

The amount of any initial measurement of the lease liability;
• Any lease payments made at or before the commencement date less any lease incentives received; and
• Any initial direct costs.

Payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value items are those less than £3,000.

For critical judgements in determining the lease term see note 3.

Depreciation

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

• Leasehold improvements - over the period of the lease
• Furniture and equipment - three to five years

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2 Significant accounting policies (continued)

Intangible assets

Goodwill

Goodwill recognises the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquiree at the date of acquisition. Acquisition costs are written off to the income statement.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate potential impairment.

Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Internal costs that are incurred during the development of significant and separately identifiable computer software for use in the business are capitalised when the software is integral to the generation of future economic benefits. Internal costs that are capitalised are limited to incremental costs specific to the project. Other development expenditures that do not meet the criteria for capitalisation are recognised as an expense as incurred.

Amortisation

Amortisation is charged to profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful life of computer software is one to five years.

Impairment of non-financial assets

The carrying amounts of the company's non-financial assets are reviewed for impairment annually or whenever events and changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

In respect of goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Significant accounting policies (continued)

Financial assets and liabilities

Classification

The company classifies its financial assets as financial assets at amortised cost and financial assets at fair value through profit or loss. The classification depends on the purpose and business model for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of services to customers. They are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method. They are included in current assets, but any maturities greater than twelve months after the end of the reporting period are disclosed. Financial assets at amortised cost comprise mainly cash and cash equivalents and trade and other receivables.

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as fair value through profit or loss. The assets are subsequently measured at fair value with gains or losses recognised in profit or loss in the period they arise. Fair values are determined using valuation techniques where no active market exists.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date: the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial assets at amortised cost are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

The company applies the IFRS 9 simplified approach to measuring expected credit losses. In determining the expected credit losses for these assets, the company has taken into account the historical default experience and the financial position of the counterparties, in estimating the likelihood of default of each of these financial assets occurring within their loss assessment time horizon.

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Share capital

Ordinary shares are classified as equity.

2 Significant accounting policies (continued)

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the company intends to settle the balances on a net basis.

Defined contribution pension scheme

The company contributes to a defined contribution pension scheme which is open to eligible employees. The assets of the scheme are held in an independently administered fund. The amount charged against profit or loss represents the contributions payable to the scheme in respect of the year.

2 Significant accounting policies (continued)

Share-based payments
Countrywide Limited operates a number of equity settled share-based schemes under which the Group receives services from employees as consideration for equity instruments (options) of the parent. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

Where the share awards have non-market related performance criteria the Group has used the Binomial Lattice and Black Scholes option valuation models to establish the relevant fair values. Where the share awards have TSR market-related performance criteria the Group has used the Monte Carlo simulation valuation model to establish the relevant fair values. The resulting values are amortised through the income statement over the vesting period of the options and other grants.

At the end of each reporting period, the number of options that are expected to vest based on the non-market conditions are revised and the impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity. The grant by the parent company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period through the income statement, with a corresponding credit to equity in the subsidiary's financial statements only to the extent not recharged to the subsidiary.

The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge is treated as a cash-settled transaction.

Further details of the underlying Group schemes can be found in the Group's consolidated financial statements.

Provisions for liabilities
A provision is recognised in the balance sheet 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised in finance costs.

2 Significant accounting policies (continued)

Revenue recognition

Services rendered

A five-step approach is taken for recognising revenue from contracts with customers, namely to: identify the contract(s) with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) a performance obligation has been satisfied.

The company generates revenue from external customers in the UK from the provision of surveying and valuation services. All relevant factors and circumstances are taken into account when determining the revenue recognition methods that appropriately depict the transfer of control of goods or services to customers for each performance obligation.

Fees earned from surveying and valuation services are recognised at a point in time when we have fully provided the service to the customer.

The company acts as principal in the majority of contracts with customers, with the exception of revenue generated from surveying panel management contracts, where we act as an agent. Revenue from surveying panel management contracts is recognised at a point in time, net of any fees payable to other parties in the arrangement.

Management is required to make certain judgements, including: the determination of the performance obligations in the contract; whether the company is acting as principal or agent; the estimation of any variable consideration in determining the contract price; the allocation of the price to the performance obligations inherent in the contract; and an appropriate method of recognising revenue, including judging whether the performance obligations have been satisfied over a period of time or at a point in time.

Activity performance in excess of invoices raised is included within 'amounts due from customers for contract work'. Where amounts have been invoiced in excess of work performed, the excess is included within 'amounts due to customers for contract work'. If the right to consideration is conditional or contingent on a specified future event or outcome, the outcome of which is outside the control of the company, revenue is not recognised until that critical event occurs.

Finance income and costs policy

Finance income comprises interest receivable on funds invested. Interest income is recognised in profit or loss as it accrues using the effective interest method.

Interest costs accrue using the effective interest method, except for leases where the finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Dividends

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2 Significant accounting policies (continued)

Government grants

Grants from the Government are recognised at their fair value where there is reasonable assurance that the grant will be received and the company will comply with all attached conditions. Government grants relating to costs are recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates 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. The company makes estimates and assumptions concerning 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 addressed below.

Judgements

Determining lease terms for lease liabilities

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the company's leases, the following factors are normally the most relevant:

• If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
• If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate) the property lease.
• Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

<u>Estimates</u>

Professional indemnity provisions

Financial models have been updated to reflect the latest inputs and trends including claim rates, claim liability rates, average loss per claim and provisions on discrete cases of significance based on current legal advice. Evaluating these potential liabilities is highly judgemental and in smaller populations of claims, including older, more complex cases, estimates can be significantly affected by the outcome, good or bad, of a limited number of claims.

The company has made provision for claims received under its professional indemnity insurance arrangements. The provision can be broken down to three categories:

• Reserves for known claims: These losses are recommended by our professional claims handlers and approved panel law firms who take into account all the information available on the claims and recorded on our insurance bordereaux. Where there is insufficient information on which to assess the potential losses, initial reserves may be set at an initial level to cover investigative costs or nil. Further provisions are also made for specific large claims which may be subject to litigation and the directors assess the level of these provisions based on legal advice and the likelihood of success.

• Provision for the losses on known claims to increase: It can take one to two years for claims to develop after they are initially notified to the company. For this reason, the company creates a provision based on historical loss rates for closed claims and average losses for closed claims.

• Provision for incurred but not reported (IBNR): The company also provides for future liabilities arising from claims IBNR for mortgage valuation reports and home buyer reports. This provision is estimated on a future projection of historical data for all claims received based on the number of surveys undertaken to date. This projection takes into account the historic claim rate, the claim liability rate and the average loss per claim. In view of the very low number of claims received for surveys conducted over ten years ago and the volatility that can impact on the size of the provision, the data set has been limited to surveys conducted since 2010. Since the data set is now limited to claims for surveys beyond the 2004 to 2008 period prior to the financial crisis, we no longer hold a sub-set of data for surveys conducted during that period, which is now more than ten years ago.

The estimate of these provisions by their nature is judgemental. The three key inputs, claim rate, claim liability rate and average loss, are very sensitive to any change in trends.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Estimates (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the assets have been allocated which is subject to material swing in perception of the housing market, increasing the level of uncertainty and estimation risk. Calculating the cash flows requires the use of judgements and estimates that have been included in our strategic plans and long range forecasts. In addition, judgement is required to estimate the appropriate interest rate to be used to discount the future cash flows. The data necessary for the execution of the impairment tests are based on management estimates of future cash flows, which require estimating revenue growth rates and profit margins.

Impairment of investments in subsidiaries and intercompany receivables

The directors periodically review investments in subsidiaries and intercompany receivables for possible impairment, or reversal of prior impairments, when events or changes in circumstances indicate, in management's judgement, that either the carrying value of an asset may not be recoverable, or there is an increase in estimated service potential of assets since recognition of the last impairment loss of asset value. Such indicating events would include a significant change in market conditions or future operating cash flows.

Investment in subsidiaries

Determining whether investments in subsidiaries are impaired, or prior impairments can be reversed, requires an estimation of the value in use of the entity in which the company has invested. Calculating the cash flows requires the use of judgements and estimates. In addition, judgement is required to estimate the appropriate interest rate to be used to discount the future cash flows. The data necessary for the execution of the impairment tests is based on management estimates of future cash flows, which require estimating revenue growth rates and profit margins.

Intercompany receivables

The Group's cash flow forecasts, as used within the year end impairment assessment for goodwill and other non-current assets undertaken in the Group's consolidated financial statements was used to determine the recoverability of intercompany balances over a period of time and the level of discounting required to reflect the likely timing of future receipts against balances that are technically repayable on demand (in line with IFRS 9 expected credit loss methodology). Calculating the cash flows requires the use of judgements and estimates that have been included in our strategic plans and long range forecasts. In addition, judgement is required to estimate the appropriate interest rate to be used to discount the future cash flows.

4 Revenue

All of the company's revenues are generated in the United Kingdom from its surveying and valuation activities.

Disaggregation of revenue from contracts with customers	**2020**	**2019**
	£'000	**£'000**
Major service lines		
Surveying and valuation revenue	58,110	71,764

4 Revenue (continued)

Timing of revenue recognition

Services transferred at a point in time	58,110	71,764

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020 £ 000	2019 £ 000
JRS Grant income (1)	3,573	-

(1) Job retention scheme grant received from Government for employees placed on furlough leave due to the COVID-19 pandemic.

6 Employees and directors

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £'000	2019 £'000
Wages and salaries	28,130	30,972
Social security costs	3,543	3,955
Share-based payment expenses	325	318
Other pension costs	1,445	1,465
Contingent consideration deemed remuneration	(1)	5
	33,442	36,715

The average monthly number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2020 No.	2019 No.
Administration	236	235
Sales	423	440
Management	2	3
	661	678

7 Directors' remuneration

The directors' emoluments were:

	2020	2019
	£'000	£'000
Aggregate emoluments	620	401
Company contribution to defined contribution pension scheme	25	23
	645	424

Four directors were remunerated by the company throughout 2020 (2019: Three). The remaining three directors (2019: one) were remunerated by another company within the Countrywide Limited group. Their remuneration was not recharged to this company, but they were remunerated for their services to this company; it is not practical to allocate their remuneration between various Group entities. The emoluments disclosed above comprise the amounts charged to this company.

Post employment benefits are accruing for three (2019: three) directors under a defined contribution scheme.

The share of the highest paid director's emoluments charged to this company were as follows:

	2020	2019
	£'000	£'000
Emoluments	171	148
Company contribution to defined contribution pension scheme	8	11
	179	159

The highest paid director did not exercise any share options during the year (2019: nil).

8 Operating profit

Arrived at after charging:

	2020 £'000	2019 £'000
Depreciation expense	724	1,222
Amortisation expense	221	2,540
Auditors' remuneration for audit work	58	52

8 *Operating profit (continued)*

There are no non-audit fees payable to the company's auditors (2019: None).

9 Finance income

	2020 £'000	2019 £'000
Finance income	141	110

10 Finance costs

	2020 £'000	2019 £'000
Other finance costs (1)	50	-
Interest paid on lease liabilities	36	105
	86	105

(1) Interest accrued on deferred PAYE/NI payments

11 Tax on profit

Tax expense included in income statement:

	2020 £'000	2019 £'000
UK corporation tax on profit for the year	2,267	3,307
Adjustments in respect of prior years	(104)	82
Total current tax charge	2,163	3,389
Deferred tax on profit for the year:		
Origination and reversal of temporary differences	(62)	(44)
Adjustments in respect of prior years	51	(19)
Total deferred tax	(11)	(63)
Income tax charge	2,152	3,326

The tax charge for the year is lower than (2019: is higher than) the standard rate of corporation tax in the UK of 19 % (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit before taxation	12,197	16,892
Profit before taxation multiplied by the rate of corporation tax in the UK of 19% (2019: 19%)	2,317	3,209
Effects of:		
Other expenses not deductible	13	2
Deferred consideration	-	1
Impairment of intercompany debt	(77)	33
Tax relief on share-based payments charged to equity	3	5
Impact of accelerated unwind of deferred tax assets	(51)	13
Adjustments in respect of prior years	(53)	63
Total taxation charge	2,152	3,326

11 Tax on profit (continued)

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase from 19% to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to decrease the tax expense for the period by £92,000 and to increase the net deferred tax asset by £92,000.

Deferred tax

	2020 £'000	2019 £'000
Net deferred tax liability at 1 January	(382)	(445)
Credited to income statement	11	63
Net deferred tax liability at 31 December	(371)	(382)
Deferred tax asset	546	528
Deferred tax liability	(917)	(910)
Net deferred tax liability at 31 December	(371)	(382)
Deferred tax asset expected to unwind within one year	80	82
Deferred tax asset expected to unwind after one year	466	446
	546	528
Deferred tax liability expected to unwind within one year	(5)	(5)
Deferred tax liability expected to unwind after one year	(912)	(905)
	(917)	(910)

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets to the extent that it is probable that these assets will be recovered through future taxable profits.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the year are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

11 Tax on profit (continued)

	2020	
	Asset / (liability)	(Charged) / credited to income
	£'000	£'000
Origination and reversal of temporary differences		
Capital allowances	391	(42)
Share-based payments	115	57
Intangible assets	(29)	(7)
Gain deferred by roll-over relief	(887)	-
Other temporary and deductible differences	39	3
Total	(371)	11

	2019	
	Asset / (liability)	Credited / (charged) to income
	£'000	£'000
Origination and reversal of temporary differences		
Capital allowances	433	89
Share-based payments	58	29
Intangible assets	(22)	(4)
Gain deferred by roll-over relief	(887)	-
Other temporary and deductible differences	36	(51)
Total	(382)	63

There are no unused tax losses (2019: £Nil).

Deferred tax assets have not been recognised in respect of unused capital losses of £43,000 (2019: £43,000). There is no expiry date attributable to these unrecognised deferred tax assets, but no assets have been recognised as there are currently no expectations of offsetting income streams arising.

12 Tangible assets

	Leasehold improvements	Furniture and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2020	23	1,418	1,441
Additions	-	2	2
Disposals	-	(571)	(571)
At 31 December 2020	23	849	872
Accumulated depreciation			
At 1 January 2020	19	1,321	1,340
Charge for the year	4	54	58
Disposals	-	(571)	(571)
At 31 December 2020	23	804	827
Net book amount			
At 31 December 2020	-	45	45
At 31 December 2019	4	97	101

13 Intangible assets

	Goodwill	Computer software	Total
	£'000	£'000	£'000
Cost			
At 1 January 2020	7,856	3,283	11,139
Disposals	-	(481)	(481)
At 31 December 2020	7,856	2,802	10,658
Accumulated amortisation			
At 1 January 2020	4,443	2,508	6,951
Charge for the year	-	221	221
At 31 December 2020	4,443	2,729	7,172
Net book amount			
At 31 December 2020	3,413	73	3,486
At 31 December 2019	3,413	775	4,188

The directors undertook an impairment review of goodwill for the company at the end of 2020 in accordance with IAS36 'Impairment of assets'. The 2020 goodwill impairment review concluded that the recoverable amount exceeded its carrying amount.

14 Leases

(a) Right of Use Assets

	Right-of-use Property Assets	Right-of-use Vehicle Assets	Right-of-use IT Assets	Total Right-of-use Assets
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2020	306	1,067	508	1,881
Additions	61	-	-	61
Disposals	(35)	(595)	-	(630)
At 31 December 2020	332	472	508	1,312
Accumulated depreciation				
At 1 January 2020	157	513	183	853
Charge for the year	138	345	183	666
Disposals	(31)	(570)	-	(601)
At 31 December 2020	264	288	366	918
Net book amount				
At 31 December 2020	68	184	142	394
At 31 December 2019	149	554	325	1,028

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

14 Leases (continued)
(b) Lease liabilities

	Property lease liabilities	Vehicle lease liabilities	IT lease liabilities	Total lease liabilities
	£'000	£'000	£'000	£'000
Lease liabilities				
At 1 January 2020	(148)	(560)	(212)	(920)
Additions	(61)	-	-	(61)
Disposals	4	27	-	31
Payments	149	369	184	702
Interest	(5)	(27)	(4)	(36)
At 31 December 2020	(61)	(191)	(32)	(284)
Current	(61)	(162)	(29)	(252)
Non-current	-	(29)	(3)	(32)

The table below analyses the Company's lease liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	2020	2019
	£'000	£'000
In less than one year	285	743
In more than one year but not more than two years	35	230
In more than two years but not more than three years	-	58
	320	1,031

The expense related to short term and low value leases amounted to £Nil (2019: £Nil).

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Investments in subsidiaries

Shares in subsidiary undertakings

	2020	2019
	£'000	£'000
At 1 January and 31 December	-	-

Details of the company's subsidiary undertakings are as follows:

Subsidiary	Registered address (refer to note)	Country of incorporation	% owned	Direct / indirect	Active / dormant
Harvey Donaldson & Gibson Limited	1	UK	100%	Direct	Dormant
Kean Kennedy Limited	1	UK	100%	Direct	Dormant
Securemove Property Services Limited	2	UK	100%	Direct	Dormant
United Surveyors Limited	2	UK	100%	Direct	Dormant

Registered offices:

1. Suite 3.7, 3rd floor, Standard Buildings, 94 Hope Street, Glasgow G2 6PH
2. 3rd floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT

16 Financial assets at fair value through profit and loss

	2020 £'000	2019 £'000
At 1 January and 31 December	153	153

Financial assets at fair value through profit and loss, which are all Sterling denominated, comprise shares held in Vibrant Energy Matters Limited, a private limited company.

	2020 £'000	2019 £'000
Unlisted equity	153	153

17 Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	7,566	6,857
Amounts owed by group undertakings	117,945	106,930
Prepayments	1,468	1,293
Other receivables	28	3
	127,007	115,083

Trade and other receivables are all current and any fair value difference is not material. Trade receivables are considered past due once they have passed their contracted due date. Trade receivables are reviewed for impairment by taking into account the historical default experience and the financial position of the counterparties to estimate the likelihood of default. Trade receivables are written off when there is no reasonable expectation of recovery. Trade receivables are stated net of provisions for expected credit losses of £16,000 (2019: £17,000).

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Balances due from Countrywide Group Limited are subject to interest at base rate, whilst other balances are interest free. The amount is stated net of expected credit losses of £71,000 (2019: £476,000) which reflects the estimated discounting in respect of the likely timing of future receipts against balances that are technically repayable on demand.

18 Trade and other payables

	2020 £'000	2019 £'000
Trade payables	883	1,548
Amounts owed to group undertakings	1,739	1,178
Current tax liabilities	2,158	3,487
Social security and other taxes	6,222	4,158
Accruals and other payables	2,855	2,559
Other payables	-	40
	13,857	12,970
Trade and other payables due within one year	13,776	12,929
Trade and other payables due after more than one year	81	41
	13,857	12,970

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Social security and other taxes payable are higher in 2020 as they include £1,886,000 (2019: £Nil) of deferred payroll tax under the Government's time to pay scheme.

Trade and other payables due after more than one year comprise accrued National Insurance share-based payment charges of £45,000 (2019: £41,000) and LTIP bonus accrued of £36,000 (2019: £Nil).

19 Provisions for liabilities

	Property repairs	Claims and litigation	Deferred tax liability	Total
	£'000	£'000	£'000	£'000
At 1 January 2020	84	3,804	910	4,798
Utilised in year	-	(421)	-	(421)
Charged to income statement	-	674	7	681
At 31 December 2020	84	4,057	917	5,058
Due within one year or less	84	2,414	5	2,503
Due after more than one year	-	1,643	912	2,555
	84	4,057	917	5,058

The provision for property repairs represents estimates of the cost to repair existing dilapidations under leasehold covenants, in accordance with IAS 37 'Provisions, contingent liabilities and contingent assets'. The average unexpired lease length of properties against which a provision has been made is two years.

Claims and litigation provisions comprise amounts set aside to meet claims by customers below the level of any professional indemnity insurance excess, the estimation of any incurred but not reported (IBNR) claims and any amounts that might be payable as a result of any legal disputes. The provisions represent the directors' best estimate of the company's liability having taken professional advice.

The company provides for future liabilities arising from claims IBNR for mortgage valuation reports and home buyer reports. This provision is estimated on a future projection of historical data for all claims received based on the number of surveys undertaken to date. The projection takes into account the historic claim rate, the claim liability rate and the average loss per claim. The estimate of these provisions by their nature is judgemental. The three key inputs, claim rate, claim liability rate and average loss, are sensitive to any change in trends.

20 Pension and other schemes

Defined contribution pension scheme

The company offers membership of the group's defined contribution stakeholder pension scheme to eligible employees. The pension cost charged for the year represents contributions payable by the company to the scheme and amounted to £1,445,000 (2019: £1,465,000).

21 Share-based payments

The Group operates a number of share-based payment schemes for executive directors and other employees. The Group has no legal or constructive obligation to repurchase or settle any of the options in cash. All charges in relation to these schemes are fully recharged to the subsidiary companies that employ the designated individuals. The total cost recognised in the income statement was £325,000 in the year ended 31 December 2020 (2019: £318,000), comprising equity-settled share-based payments. Employer's NI is being accrued, where applicable, at the rate of 13.8% which management expects to be the prevailing rate at the time the options are exercised, based on the share price at the reporting date. The total NI charge for the year was £4,000 (2019: credit of £1,000).

The following table analyses the total cost to the company between each of the relevant schemes, together with the number of options outstanding:

	2020		2019	
	Charge	**Number of options / shares (pre - consolidation)**	**Charge**	**Number of options / shares**
	£'000	**(thousands)**	**£'000**	**(thousands)**
Long-term incentive plan	52	20	49	21
Save As You Earn plan	227	99	162	140
Share incentive plan	46	5	107	6
	325	124	318	167

A summary of the main features of each scheme is given below. The schemes have been split into two categories: executive schemes and other schemes.

Executive schemes

Long term incentive plan (LTIP)

The LTIP is open to executive directors and designated senior management, and awards are made at the discretion of the Countrywide Limited Remuneration Committee. Awards are subject to market and non-market performance criteria and vest over a three-year period.

21 Share-based payments (continued)

Other schemes

Save as You Earn (SAYE)

The Group implemented an HMRC approved Save As You Earn (SAYE) option scheme in May 2018 after cessation of the SIP scheme. Employees were invited to acquire options over ordinary shares at a discount of 20% to their market price. The scheme started in May 2018 and there have been two issues, the first starting May 2018 will vest in May 2021 and the second starting May 2019 will vest in May 2022. Options granted under the scheme can be exercised during a six month period starting on the third anniversary of the scheme. The SAYE scheme is not subject to any performance measures.

Share incentive plan (SIP)

A HMRC approved share incentive plan was introduced in October 2013. Under the SIP, eligible employees were invited to make regular monthly contributions into a scheme operated by Link Asset Services. Ordinary shares in the Company were purchased at the current market price and since May 2016 an award of two matching shares had been made for every three shares acquired by an employee, subject to a vesting period of three years from the date of each monthly grant. Prior to May 2016, the award comprised one matching share for every two shares acquired by an employee. The SIP scheme ended in April 2018.

The aggregate number of share awards outstanding for the company is shown below:

	2020			2019		
	Executive schemes	Other schemes		Executive schemes	Other schemes	Other schemes
	LTIP	SAYE	SIP	LTIP	SAYE	SIP
	Number of options (thousands)	Number of options (thousands)	Number of shares (thousands)	Number of options (thousands)	Number of options	Number of shares (thousands)
At 31 December after share consolidation	20	99	5	21	140	6

LTIP awards that were granted on 2 May 2017 and on 14 June 2017 lapsed during the year, as minimum threshold levels set out in the performance conditions were not met.

Countrywide Surveyors Limited
(Registration number: 01954031)

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

21 Share-based payments (continued)

Share options outstanding at the end of the year have the following expiry date (and, with the exception of the SAYE scheme, all have £Nil exercise prices):

Grant - vest	Expiry date	Exercise price pence	Share options (thousands) 2020	2019
LTIP grants				
2 May 2017 - 2 May 2020	2 May 2027	-	1	2
26 March 2018 - 26 March 2021	26 March 2028	-	8	8
27 March 2019 - 7 March 2022	27 March 2019	-	11	11
SAYE				
14 May 2018 - 14 May 2021	14 November 2021	1,221p	13	18
10 May 2019 - 10 May 2022	10 November 2022	295p	86	122
SIP		-		
Monthly rolling grants and vesting three years later		-	5	6
			124	167

22 Called up share capital

Allotted, called up and fully paid shares

	2020	2019
	£'000	£'000
500,000 (2019: 500,000) ordinary shares of £1 each	500	500

23 Contingent liabilities

The company, along with other fellow subsidiaries, has given a joint and several liability guarantee in respect of the bank borrowings of Countrywide Limited, amounting to £83 million at the year end (2019: £100 million). On 9 March 2021 the £125 million revolving credit facility was repaid in full by Connells Limited and the guarantee was extinguished.

24 Events after the balance sheet date

On 8 March 2021, the entire share capital of Countrywide plc was acquired by Connells Limited. Countrywide plc was subsequently re-registered as a private limited company and renamed as Countrywide Limited. Connells Limited is a wholly owned subsidiary of Skipton Building Society.

On 9 March 2021, the £125 million Revolving Credit Facility was repaid in full by Connells Limited and the guarantee was extinguished.

25 Parent and ultimate parent undertaking

The immediate parent undertaking is Countrywide Group Holdings Limited (formerly Balanus Limited). The ultimate parent undertaking and ultimate controlling party as at 31 December 2020 was Countrywide Limited (formerly Countrywide plc) which is incorporated and domiciled in the UK. Countrywide Limited is the parent undertaking of the only group of undertakings to consolidate these financial statements. The consolidated financial statements of Countrywide Limited can be obtained from Greenwood House, 1st Floor, 91-99 New London Road, Chelmsford, Essex, CM2 0PP.

On 8 March 2021, the entire share capital of Countrywide Limited was acquired by Connells Limited, a wholly owned subsidiary of Skipton Building Society.