



Registered number: 02757768

Cushman & Wakefield Debenham Tie Leung Limited

**Annual report and financial statements
for the year ended 31 December 2018**



Cushman & Wakefield Debenham Tie Leung Limited

Company information

Directors	M Uriar Fernandez J Forrester P R Patel G Roberts C J Wilson
Registered number	02757768
Registered office	125 Old Broad Street London England EC2N 1AR
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL

Cushman & Wakefield Debenham Tie Leung Limited

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Cushman & Wakefield Debenham Tie Leung Limited

Strategic report for the year ended 31 December 2018

The directors present their strategic report of Cushman & Wakefield Debenham Tie Leung Limited (the "company") for the year ended 31 December 2018.

Business review, principal activities and future developments

The company acts as national and international property advisers in the United Kingdom and Ireland, offering comprehensive and integrated property advice to clients. There have been no significant changes in the company's principal activities in the period under review. There are six principal activities: Investment & Asset Management, Investment Agency, Occupational & Development Markets, Professional Services, Valuations and Consulting & Research. In addition, the company provides group infrastructure services to other group companies.

Cushman & Wakefield Debenham Tie Leung Limited's turnover for the year was £142,512,000 (2017: £124,019,000) and net loss after tax was £14,316,000 (2017: profit of £6,768,000). The financial position of the company as at 31 December 2018 was net current liabilities of £192,876,000 (2017: £198,668,000) and net liabilities of £64,515,000 (2017: £52,012,000).

Management is in the process of recapitalising the company in order to significantly improve its balance sheet position, which suffered as a result of the integration and restructuring costs incurred following the merger in 2015 between the legacy Cushman & Wakefield group and DTZ.

The turnover of the company has increased due to improved market share in core service lines, and also reflects the impact of investments made in the business. This has flowed through to operating profit which has also benefited from the synergies realised following the successful merger in 2015 between the legacy Cushman & Wakefield group and DTZ which have delivered improved efficiency and profitability. The comparative performance against last year also benefits from the reduction in the level of integration and restructuring costs incurred as part of the group reorganisation, which is reflected in the lower level of exceptional costs reported. Interest payable has increased significantly during the year, due to the full year impact of an increase in intercompany loan balances relating to the acquisition of Cushman & Wakefield (U.K) Limited, as described in the following paragraph.

During the prior year, Cushman & Wakefield (U.K.) Services Limited transferred its 15,398,536 ordinary shares of £1 each in Cushman & Wakefield (U.K.) Limited to Cushman & Wakefield Debenham Tie Leung Limited in exchange for US\$ denominated loan notes with a principal value of \$157,500,000 (£127,600,000) being the fair market value of 100% of the issued share capital.

The Management Board of C&W Management Services LLP, of which the company is a corporate partner, allocated profits of £7,000,000 to the company during the year. The allocation of profits for 2017 was £9,196,000.

The directors are currently considering the dividend strategy of the company and its subsidiaries and consider it likely that in future periods this company will be receiving increased dividends from subsidiaries.

The directors are not aware, at the date of signing this report, of any likely major changes in the company's activities in the next year.

Cushman & Wakefield Debenham Tie Leung Limited

Strategic report (continued) for the year ended 31 December 2018

Principal risks and uncertainties

On 23 June 2016, the UK electorate voted to discontinue its membership of the EU. Until there is further clarity regarding the terms under which the UK will exit the EU, the directors are not able to fully assess the impact on the company. The company is continuing to evaluate the potential impact on the company's business strategy and business risk in the short, medium and long term. In the short term, change to the existing business strategy is not envisaged, however actions are being taken to manage our cost base to better prepare the business for the potential negative impact of an exit. Overall, at this stage, on the basis that a continuing trade agreement is secured with the EU, the directors do not believe that there will be a significant impact on the trade and operations of the company beyond the 'normal' cyclical impact on real estate markets. The company will continue to monitor developments closely.

Geographic and macro-economic uncertainties, as well as the decision to leave the EU means that the UK business environment continues to be challenging. These all have the potential to affect the UK real estate market through reduced international capital flows. As a consequence, the board monitors the specific business risks and processes are put in place to mitigate them. The Board seeks to mitigate risks generally by adopting a strategy of growth in core market sectors, capitalising on new market opportunities and developing new service offerings. Disciplined cost control ensures that margins from the services we choose to provide are maintained at desired levels.

Competitive pressure internationally and in the UK is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers and by maintaining strong relationships with customers.

Historically, reduced activity in the property sector and increased levels of litigation claims for work carried out in prior periods, has impacted all market participants and this remains a risk for the company. This risk is managed by internal operational controls to assess and monitor the quality of services provided to clients and by not engaging in activities that we do not have appropriate skills to provide. The ongoing monitoring of claims or potential claims acts as an early warning mechanism.

Financial instruments utilised within the company include trade debtors. The company considers a risk to be the non-payment of trade debtors. This risk is mitigated through the use of dedicated credit control teams to control debtor levels.

The company has formal financial risk management policies in place that cover those financial risks which are considered material to its operations and results. These policies are reviewed regularly to ensure that they are appropriate.

The company's employees are crucial to its success and future development. It is essential the company rewards and manages the development of its employees, thus securing their continued contribution to the business. Retention schemes have been put in place for key staff and the company is constantly reviewing all aspects of its compensation and reward structure to ensure its ability to attract and retain high performing employees.

The failure to deliver on its contractual obligations to clients could expose the company to disputes over fee payments and/or claims against the company for alleged negligence. The company maintains strong quality management procedures to ensure that its services are delivered in a consistent and professional manner.

The directors have identified a number of key quantitative elements that underpin the company strategy. The board monitors the progress of the company by reference to the following KPIs:

Cushman & Wakefield Debenham Tie Leung Limited

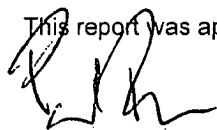
Strategic report (continued) for the year ended 31 December 2018

Key performance indicators ('KPIs')

	2018 £000	2017 £000
Turnover	142,512	124,019
Staff costs	(74,887)	(73,563)
Gross profit	67,625	50,456
Gross profit margin	47%	41%
Operating profit	18,855	1,183
EBITDA* before exceptional items	24,513	14,657
EBITDA* before exceptional items margin	17%	12%

*EBITDA = operating profit before depreciation and amortisation

This report was approved by the board on 25-04-19



P R Patel
Director

and signed on its behalf by:

Cushman & Wakefield Debenham Tie Leung Limited

Directors' report for the year ended 31 December 2018

The directors present their report and the audited financial statements of Cushman & Wakefield Debenham Tie Leung Limited (the "company") for the year ended 31 December 2018.

Principal activities

The company acts as national and international property advisers in the United Kingdom and Ireland, offering comprehensive and integrated property advice to clients. There have been no significant changes in the company's principal activities in the period under review. There are six principal activities: Investment & Asset Management, Investment Agency, Occupational & Development Markets, Professional Services, Valuations and Consulting & Research. In addition, the company provides group infrastructure services to other group companies.

Future developments

An indication of likely future developments is provided in the strategic report.

Results and dividends

The loss for the financial year, after taxation, amounted to £14,316,000 (2017: profit £6,768,000).

The directors do not recommend the payment of a dividend (2017: £Nil).

Going concern

Notwithstanding, the loss for the current financial year of £14,316,000 (2017: profit £6,768,000), net current liabilities of £192,876,000 as at 31 December 2018 (2017: £198,668,000) and net liabilities of £64,515,000 (2017: £52,012,000), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors consider that the company will have sufficient funds, through funding from its parent company, DTZ Worldwide Limited, to meet its liabilities as they fall due for a period of 12 months from the date of approval of these financial statements.

The company is dependent on DTZ Worldwide Limited providing additional financial support during that period. DTZ Worldwide Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period of 12 months from date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

M Uria Fernandez
J Forrester
S Kaushal (resigned 5 August 2019)
P R Patel
G Roberts (appointed 12 March 2018)
C J Wilson

Cushman & Wakefield Debenham Tie Leung Limited

Directors' report (continued) for the year ended 31 December 2018

Financial instruments

Historically, the company entered into currency swaps in order to reduce its foreign currency exposure by fixing the exchange rate on foreign currency transactions. On 6 September 2018, the company agreed to terminate its cross-currency swap derivative instrument.

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements.

The directors recognise that the key to delivering consistent high quality client service lies in the skill, loyalty and motivation of all its employees. It is the policy of the company that all employees are provided with support, advice, training and development opportunities to allow them to achieve their own potential within the framework of the business.

The company has made and continues to make substantial investment in IT network technology. All staff are included on the network, which as well as helping deliver improved services to clients, has already proved a great success for facilitating internal communications on important business developments within the company.

The company recognises that the maintenance of high standards of health & safety management is imperative to ensure the welfare of its employees.

The company has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons taking into account their particular aptitudes and abilities and the nature of the work involved. Appropriate training is available for disabled employees, including retraining for alternative work if necessary for those employees who become disabled, to promote their career development within the group.

Environment

The company regards the promotion of an environmental strategy an important element in operating a successful business not only to minimise its impact on global resources but also to maintain good investor and client relations. The company operates in accordance with group policies, which does not form part of this report. Initiatives designed to minimise the company's impact on the environment include the introduction of improved waste streaming and recycling, energy-efficiency measures and the development of advice and support services to our clients.

Political and charitable contributions

The company made no political or charitable donations or incurred any political or charitable expenditure during the current or previous financial year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Cushman & Wakefield Debenham Tie Leung Limited

Directors' report (continued) for the year ended 31 December 2018

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 25-09-2019

and signed on its behalf by:



**P R Patel
Director**

Cushman & Wakefield Debenham Tie Leung Limited

Statement of directors' responsibilities in respect of the annual report and the financial statements for the year ended 31 December 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Cushman & Wakefield Debenham Tie Leung Limited

Independent auditor's report to the members of Cushman & Wakefield Debenham Tie Leung Limited

Opinion

We have audited the financial statements of Cushman & Wakefield Debenham Tie Leung (the "company") for the year ended 31 December 2018 which comprise the profit and loss account, statement of other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as future cash flows and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Cushman & Wakefield Debenham Tie Leung Limited

Independent auditor's report to the members of Cushman & Wakefield Debenham Tie Leung Limited

Strategic and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Cushman & Wakefield Debenham Tie Leung Limited

Independent auditor's report to the members of Cushman & Wakefield Debenham Tie Leung Limited

The purpose of our audit work and to whom we owe our responsibilities

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



Mike Woodward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

25 SEPT 2019

Cushman & Wakefield Debenham Tie Leung Limited

Profit and loss account for the year ended 31 December 2018

	Note	Before exceptional items 2018 £000	Exceptional items 2018 £000	Total 2018 £000	Before exceptional items 2017 £000	Exceptional items 2017 £000	Total 2017 £000
Turnover	4	142,512	-	142,512	124,019	-	124,019
Staff costs	5	(74,887)	-	(74,887)	(67,890)	(5,673)	(73,563)
Gross profit		67,625	-	67,625	56,129	(5,673)	50,456
Other operating income/(costs)		(43,112)	-	(43,112)	(41,472)	(2,558)	(44,030)
Depreciation and amortisation		(5,658)	-	(5,658)	(5,243)	-	(5,243)
Operating profit	8	18,855	-	18,855	9,414	(8,231)	1,183
Income from investments		7,000	-	7,000	18,283	-	18,283
Interest receivable and similar income	10	234	-	234	998	-	998
Interest payable and similar charges	11	(17,135)	-	(17,135)	(7,415)	-	(7,415)
Net fair value losses on financial assets	16	-	-	-	(2,967)	-	(2,967)
Profit before tax		8,954	-	8,954	18,313	(8,231)	10,082
Tax on (loss)/profit	12	(23,270)	-	(23,270)	(4,898)	1,584	(3,314)
(Loss)/profit for the financial year		(14,316)	-	(14,316)	13,415	(6,647)	6,768

There have been no exceptional items in the current year, please refer to note 7 for more details.

The notes on pages 15 to 42 form part of these financial statements.

All of the above results arise from continuing activities.

Cushman & Wakefield Debenham Tie Leung Limited

Statement of other comprehensive income for the year ended 31 December 2018

	Note	2018 £000	2017 £000
(Loss)/profit for the financial year		(14,316)	6,768
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit asset/liability		1,674	2,250
Deferred tax charge		(285)	(410)
Termination of derivative swap		424	-
Total comprehensive (expense)/income for the year		(12,503)	8,608

The notes on pages 15 to 42 form part of these financial statements.

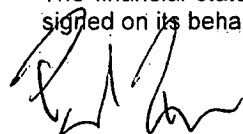
Cushman & Wakefield Debenham Tie Leung Limited

Registered number: 02757768

Balance sheet as at 31 December 2018

	Note	2018 £000	2017 £000
Non-current assets			
Intangible assets	13	14,506	14,489
Tangible assets	14	7,100	6,125
Investments	15	127,619	127,619
Derivative financial instruments	16	-	2,713
Debtors: amounts falling in more than one year	17	-	27,231
		<u>149,225</u>	<u>178,177</u>
Current assets			
Debtors: amounts falling due within one year	17	125,627	145,793
Cash at hand and in hand		933	303
		<u>126,560</u>	<u>146,096</u>
Creditors: amounts falling due within one year	18	(319,436)	(344,764)
Net current liabilities		<u>(192,876)</u>	<u>(198,668)</u>
Total assets less current liabilities		<u>(43,651)</u>	<u>(20,491)</u>
Creditors: amounts falling due after more than one year	19	(7,646)	(5,430)
Other provisions	22	(14,909)	(23,697)
Pension asset/(liability)	24	1,691	(2,394)
Net liabilities		<u>(64,515)</u>	<u>(52,012)</u>
Capital and reserves			
Called up share capital	23	102	102
Capital contribution		58,174	58,174
Hedging reserve		-	(424)
Retained deficit		<u>(122,791)</u>	<u>(109,864)</u>
Total deficit		<u>(64,515)</u>	<u>(52,012)</u>

The financial statements on pages 11 to 42 were approved and authorised for issue by the board and were signed on its behalf on 25 SEPTEMBER 2019 by:



P R Patel
Director

The notes on pages 15 to 42 form part of these financial statements.

Cushman & Wakefield Debenham Tie Leung Limited

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital	Capital contribution	Hedging reserve	Retained deficit	Total deficit
	£000	£000	£000	£000	£000
At 1 January 2018	102	58,174	(424)	(109,864)	(52,012)
Loss for the financial year	-	-	-	(14,316)	(14,316)
Remeasurement of defined benefit asset	-	-	-	1,674	1,674
Deferred tax charge	-	-	-	(285)	(285)
Termination of derivative swap	-	-	424	-	424
At 31 December 2018	102	58,174	-	(122,791)	(64,515)

Statement of changes in equity for the year ended 31 December 2017

	Called up share capital	Capital contribution	Hedging reserve	Retained deficit	Total deficit
	£000	£000	£000	£000	£000
At 1 January 2017	102	58,174	(424)	(118,472)	(60,620)
Profit for the financial year	-	-	-	6,768	6,768
Remeasurement of defined benefit liability	-	-	-	2,250	2,250
Deferred tax charge	-	-	-	(410)	(410)
At 31 December 2017	102	58,174	(424)	(109,864)	(52,012)

The notes on pages 15 to 42 form part of these financial statements.

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

1. General information

Cushman & Wakefield Debenham Tie Leung Limited acts as national and international property advisor in the United Kingdom and Ireland, offering comprehensive and integrated property advice to clients.

The company is a private company limited by shares and incorporated and domiciled in England in the UK. The address of its registered office is 125 Old Broad Street, London, England, EC2N 1AR.

2. Significant accounting policies

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

2.1 Basis of preparation

These financial statements 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 and in accordance with the Companies Act 2006.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B to D (additional comparative information);
 - 111 (cash flow information);
 - 134 to 136 (capital management disclosures);
- IAS 7 'Statement of cash flows';
- Paragraph 17 and 18A of IAS 24 'Related party disclosures' (key management compensation);
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- IFRS 7, 'Financial Instruments; Disclosures'; and
- Paragraph 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

For the purposes of FRS 101 reduced disclosure exemptions, where equivalent disclosures are required these are included in the publicly available consolidated financial statements of Cushman & Wakefield plc. See note 28 for details.

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

2. Significant accounting policies (continued)

2.2 Going concern

Notwithstanding, the loss for the current financial year of £14,316,000 (2017: profit £6,768,000), net current liabilities of £192,876,000 as at 31 December 2018 (2017: £198,668,000) and net liabilities of £64,515,000 (2017: £52,012,000), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors consider that the company will have sufficient funds, through funding from its parent company, DTZ Worldwide Limited, to meet its liabilities as they fall due for a period of 12 months from the date of approval of these financial statements.

The company is dependent on DTZ Worldwide Limited providing additional financial support during that period. DTZ Worldwide Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period of 12 months from date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.3 Consolidation

The financial statements contain information about Cushman & Wakefield Debenham Tie Leung Limited as an individual company and do not contain consolidated information as the parent of a group, as the company has taken advantage of the exemption available under section 400 of the Companies Act 2006.

2.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable. Turnover comprises commissions and fees receivable from agency and professional activities, exclusive of sales-related taxes and amounts due to third parties.

Agency commissions are recognised either on the unconditional completion of a contract or when a fee is contractually due. Professional fees are recognised on an ongoing basis and are accounted for in accordance with the work in progress policy.

The company adopted the IFRS 15 'Revenue from Contracts with Customers' from 1 January 2018 using the modified retrospective transition method. The impact of the application of the new revenue recognition guidance resulted in an acceleration of some revenues that are based, in part, on future contingent events. For example, brokerage revenues from leasing commissions has been recognised earlier. Under the new revenue guidance, the company's performance obligation will be typically satisfied at lease signing and therefore the portion of the commission that is contingent on future event will be recognised earlier if not deemed probably of significant reversal.

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

2. Significant accounting policies (continued)

2.5 Foreign currencies

(i) Functional and presentation currency

The company's functional and presentation currency is pound sterling and rounded to thousands.

(ii) Transactions and balances

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences arising on translation are recognised in the profit and loss account.

2.6 Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in the profit and loss account using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see note 2.5).

Interest income and interest payable is recognised in the profit and loss account as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2.7 Current and deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

2. Significant accounting policies (continued)

2.8 Leases

Operating lease payments

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases. Benefits received and receivable as an incentive to enter in to an operating lease are spread on a straight-line basis over the lease term.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

2.9 Other intangible assets

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is amortised over 20 years.

Project establishment

Project establishment expenditure incurred in tendering and establishing facilities to secure contracts for services is capitalised and amortised over the initial term of the contract, which is usually 1-3 years.

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Amortisation of software is charged to the profit and loss account on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful lives are as follows:

Software	-	1 to 10 years
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Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

2. Significant accounting policies (continued)

2.10 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present-value of the minimum lease payments at inception of the lease, less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Short leaseholds	- over term of lease
Fixtures and equipment	- 3 to 20 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

2.11 Derivative financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

2. Significant accounting policies (continued)

2.12 Non-derivative financial instruments

Non-derivative financial instruments comprise of investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and other borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors: amounts falling due within one year

Trade and other creditors: amounts falling due within one year are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2.13 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit and loss account.

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

2. Significant accounting policies (continued)

2.14 Impairment of non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit and loss account. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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.

2.15 Provisions

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, that can be reliably measured 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 risks specific to the liability.

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

2. Significant accounting policies (continued)

2.16 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probably and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is amortised. In addition, it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss.

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

2. Significant accounting policies (continued)

2.17 Employee benefits

Pension benefits to employees are provided by three schemes which are funded by contributions from the company and employees.

Defined contribution plans

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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The company determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurement's arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in the profit and loss account.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

2.18 Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

2.19 Called up share capital

Ordinary shares are classified as equity.

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

2. Significant accounting policies (continued)

2.20 Changes in accounting policy and disclosures

Below are outlined new standards and amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2018, which are relevant to the company.

Leases

IFRS 16 'Leases' is effective for accounting periods beginning on or after 1 January 2019 and will replace IAS 17 'Leases'. It will eliminate the classification of leases as either operating leases or finance leases and, instead, introduce a single lessee accounting model. The standard was endorsed by the EU on 31 October 2017. The adoption of IFRS 16 will result in the company recognising lease liabilities, and corresponding 'right to use' assets, for agreements that are currently classified as operating leases. The company is currently finalising the impact that the guidance will have on its financial statements. See note 26 for further details on operating leases currently held.

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

3. Critical accounting estimates and judgements

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 amounts of assets and liabilities within the next financial year are addressed below.

(i) Estimated impairment of goodwill

The company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.16. The recoverable amounts of cash-generating units ("CGUs") have been determined based on value-in-use calculations. These calculations require the use of estimates (note 13).

(ii) Taxes

Determining income tax provisions involves judgements on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used on temporary differences where it is probable that there will be taxable income against which these can be offset. See note 21 for details of deferred tax recognised.

(iii) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 24 for the disclosures of the defined benefit pension scheme.

(iv) Provisions

The company considers the potential obligations which may be incurred as a result of past events and the uncertainty of the impact on the company. Where the company identifies a present obligation for which payment is probable and the amount can be reliably estimated a provision is recognised. See note 22 for details.

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £000	2017 £000
Asset services	8,972	8,841
Occupier services	20,599	19,389
Agency services	50,807	36,985
Professional services	62,134	58,804
	<u>142,512</u>	<u>124,019</u>

Analysis of turnover by geographical market:

	2018 £000	2017 £000
United Kingdom and Ireland	<u>142,512</u>	<u>124,019</u>

As at 31 December 2018, Cushman & Wakefield Debenham Tie Leung Limited recognised a contract asset of £1,472,000 and a related contract liability of £676,000.

Turnover from contracts with customers

(i) Disaggregation of revenue

	2018 £000
Asset services	8,972
Occupier services	20,599
Agency services	50,807
Professional services	62,134
	<u>142,512</u>

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

4. Turnover (continued)

(ii) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

	2018 £000
Receivables	36,940
Contract assets (included in accrued income in note 17)	1,472
Contract liabilities (included in accruals in note 18)	676
Accrued income	<u>15,082</u>

The contract assets primarily relate to the company's rights to consideration for work completed but not yet billable at the reporting date on brokerage revenue from leasing commissions. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the commissions payable on the contracts.

The accrued income relates to revenue which the company is entitled to bill but no invoice has been raised as at 31 December 2018.

The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods was £nil.

5. Staff numbers and costs

Staff costs during the year were as follows:

	2018 £000	2017 £000
Wages and salaries	64,045	63,780
Social security	7,695	6,024
Pension costs	3,147	3,759
	<u>74,887</u>	<u>73,563</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Professional	997	989
Administration	136	142
	<u>1,133</u>	<u>1,131</u>

The comparatives have been adjusted to accord with this year's classification.

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

6. Directors' remuneration

In the current and previous year the directors were not paid directly by Cushman & Wakefield Debenham Tie Leung Limited. Given the wider responsibilities held by the directors within the group we do not consider it practical to apportion costs to Cushman & Wakefield Debenham Tie Leung Limited on an arbitrary basis which would not be appropriate or reflective of the circumstances under which the business operates or is managed. Remuneration for directors of the group are disclosed in the financial statements of Cushman & Wakefield plc.

7. Exceptional items

	2018 £000	2017 £000
Restructuring costs	-	8,231
Tax	-	(1,584)
	<u>-</u>	<u>6,647</u>

Restructuring costs - comprises severance of £Nil (2017: £5,673,000), legal and consulting £Nil (2017: £871,000) and other restructuring costs of £Nil (2017: £1,687,000).

Tax on exceptional items - a tax credit of £Nil (2017: £1,584,000) arose on exceptional items.

8. Operating profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation on tangible assets (note 14)	1,406	1,822
Amortisation of intangible assets, including goodwill (note 13)	4,252	3,421
Rentals under operating leases	<u>1,854</u>	<u>5,180</u>

The rentals under operating leases are net of income received from sub-let parties.

9. Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the company:

	2018 £000	2017 £000
Audit of these financial statements and subsidiaries	<u>236</u>	<u>220</u>

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

10. Interest receivable and similar income

	2018 £000	2017 £000
Intercompany interest receivable	20	-
Other interest receivable	214	998
	<u>234</u>	<u>998</u>

11. Interest payable and similar charges

	2018 £000	2017 £000
Intercompany interest payable	16,727	7,415
Other interest payable	408	-
	<u>17,135</u>	<u>7,415</u>

Intercompany interest payable has increased significantly during the year due to the full year impact of an increase in intercompany loan balances relating to the acquisition of Cushman & Wakefield (U.K.) Limited during the prior year.

12. Taxation

	2018 £000	2017 £000
Current tax		
Adjustment in respect of previous periods	131	228
Deferred tax		
Adjustment in respect of previous periods	(87)	619
Effect of changes in tax rates	(2,732)	(326)
Current year	25,958	2,793
	<u>23,139</u>	<u>3,086</u>
Taxation on profit	<u>23,270</u>	<u>3,314</u>

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before taxation	8,954	10,082
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	1,701	1,941
Effects of:		
Adjustments in respect of previous periods	44	847
Income not taxable	(1,398)	(42)
Effects of changes in tax rates	-	(326)
Non-qualifying depreciation	-	152
Non deductible expenses	455	742
Transfer pricing adjustments	322	-
Effects of group relief	(769)	-
Reversal of deferred tax asset previously recognised	22,915	-
Total tax charge for the year	23,270	3,314

Factors that may affect future tax charges

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

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

13. Intangible assets

	Software £000	Goodwill £000	Total £000
Cost			
At 1 January 2018	3,584	48,747	52,331
Additions	4,269	-	4,269
At 31 December 2018	7,853	48,747	56,600
Amortisation and impairment			
At 1 January 2018	2,330	35,512	37,842
Charge for the year	1,815	2,437	4,252
At 31 December 2018	4,145	37,949	42,094
Net book value			
At 31 December 2018	3,708	10,798	14,506
At 31 December 2017	1,254	13,235	14,489

An assessment of the existing goodwill balance, all of which relates to an acquisition of trade and assets made in the 2008 financial year, was performed during the year. A value-in-use calculation was performed, determined by discounting the future cash flows to be generated from the continuing use of the business. The key assumptions used in the estimation of value-in-use were a pre-tax discount rate of 10.0% (2017: 10.0%), revenue growth rate of 5.0% (2017: 6.0%) and operating costs growth rate of 2.0% (2017: 1.5%). Five years of cash flows were included in the discounted cash flow model. Revenue and operating cost growth were projected taking into account the average growth levels experienced over the past five years.

The recoverable amount of the income-generating unit exceeds its carrying amount, therefore no impairment of the goodwill balance was required during the year ended 31 December 2018 (2017: no impairment).

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

14. Tangible assets

	Fixtures and equipment £000	Short leasehold £000	Total £000
Cost			
At 1 January 2018	7,773	17,799	25,572
Additions	2,034	347	2,381
At 31 December 2018	9,807	18,146	27,953
Depreciation			
At 1 January 2018	6,265	13,182	19,447
Charge for the year	634	772	1,406
At 31 December 2018	6,899	13,954	20,853
Net book value			
At 31 December 2018	2,908	4,192	7,100
At 31 December 2017	1,508	4,617	6,125

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

15. Investments

	Investments in subsidiary and associate companies £000	Investments in debentures £000	Total £000
Cost			
At 1 January 2018	127,602	22	127,624
At 31 December 2018	127,602	22	127,624
Provision for impairment			
At 1 January 2018	-	5	5
At 31 December 2018	-	5	5
Net book value			
At 31 December 2018	127,602	17	127,619
At 31 December 2017	127,602	17	127,619

Direct and indirect investments

The company has the following direct and indirect investments, including subsidiaries and associates, all incorporated in the United Kingdom:

Name	Class of shares	Holding	Registered office
Buying Force Limited	Ordinary	95 %	125 Old Broad Street, London, EC2N 1AR
DTZ Management Services Limited	Ordinary	100 %	125 Old Broad Street, London, EC2N 1AR
DTZ (Northern Ireland) Limited	Ordinary	100 %	125 Old Broad Street, London, EC2N 1AR
DTZ Pension Trustee Limited	Ordinary	100 %	125 Old Broad Street, London, EC2N 1AR
Cushman & Wakefield (U.K.) Limited	Ordinary	100 %	125 Old Broad Street, London, EC2N 1AR
Cushman & Wakefield UK USD Holdco (II) Limited*	Ordinary	100 %	125 Old Broad Street, London, EC2N 1AR
Cushman & Wakefield V.O.F.*	Ordinary	45 %	Gustav Mah, 362, 1082 ME, Amsterdam, Netherlands
DTZ Bahrain WLL	Ordinary	0.5 %	Bahrain Financial Harbour, West Tower, Level 22, Suite 2230, P.O. Box 10676, Manama, Bahrain
DTZ Saudi Arabia Co.*	Ordinary	0.25 %	Howshan building, Ihsaa Street, Riyadh, Saudi Arabia
Cushman & Wakefield Debenham Tie Leung Limited Magyarországi Fióktelepe	Ordinary	100 %	Czuczor utca 2-10, 3. em., Budapest, 1093
C&W Management Services LLP	Capital	50 %	125 Old Broad Street, London EC2N 1AR

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

15. Investments (continued)

C&W (U.K.) LLP	Capital	50 %	125 Old Broad Street, London EC2N 1AR
			5 Oxford Street, Belfast, Co Antrim, BT1
McCombe Pierce LLP*	Capital	14.7 %	3LA, United Kingdom

*Indirectly held

16. Derivative financial instruments

	2018 £000	2017 £000
Currency swap	-	2,713

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Derivative financial instruments are measured at fair value through profit or loss. The fair value loss on remeasurement for the year was £683,000 (2017: £2,967,000).

On 6 September 2018, the company agreed to terminate its cross-currency swap derivative instrument. As at 31 December 2018, the company has no derivative financial instruments.

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

17. Debtors

	2018 £000	2017 £000
Due after more than one year		
Other debtors	-	3,808
Deferred tax asset (note 21)	-	23,423
	<u>-</u>	<u>27,231</u>
	2018 £000	2017 £000
Due within one year		
Trade debtors	36,940	31,184
Amounts owed by group undertakings	68,200	97,608
Other debtors	121	4,285
Prepayments	3,812	1,780
Accrued income	16,554	10,936
	<u>125,627</u>	<u>145,793</u>

Amounts owed by group undertakings are unsecured and repayable on demand. Included within the total balance are trading balances which are non-interest bearing and amounts which bear interest at the 3 month adjusted LIBOR rate plus 1%.

18. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	3,517	3,446
Amounts owed to group undertakings	282,711	314,764
Other taxation and social security	5,882	2,708
Other creditors	923	-
Finance leases	1,225	452
Accruals	24,717	21,519
Deferred income	461	1,875
	<u>319,436</u>	<u>344,764</u>

Amounts owed to group undertakings are unsecured and repayable on demand. Included within the total balance are trading balances which are non-interest bearing and amounts which bear interest at rates between 4.25% and 6.29%.

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Notes to the financial statements for the year ended 31 December 2018

19. Creditors: amounts falling due after more than one year

	2018 £000	2017 £000
Finance leases	1,420	790
Rent inducement	6,226	4,640
	<u>7,646</u>	<u>5,430</u>

20. Finance leases

	Minimum lease payments 2018 £000	Interest 2018 £000	Principal 2018 £000	Minimum lease payments 2017 £000	Interest 2017 £000	Principal 2017 £000
Less than one year	1,225	61	1,164	452	22	430
Between one and five years	1,420	32	1,388	790	21	769
More than five years	-	-	-	-	-	-
	<u>2,645</u>	<u>93</u>	<u>2,552</u>	<u>1,242</u>	<u>43</u>	<u>1,199</u>

21. Deferred taxation

	2018 £000	2017 £000
At beginning of year	23,423	26,920
Charged to the profit and loss account	(23,225)	(2,468)
Charged to other comprehensive income	(285)	(410)
Adjustment in respect of prior periods	87	(619)
At end of year	<u>-</u>	<u>23,423</u>

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Notes to the financial statements for the year ended 31 December 2018

21. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Fixed asset timing differences	-	2,785
Temporary differences defined benefit scheme	-	486
Tax losses carried forward	-	20,152
	<u>-</u>	<u>23,423</u>

The directors have taken the decision to write off a deferred tax asset that had been recognised in previous periods; they do not believe it to be appropriate to recognise the deferred tax asset any more as the company is not making sufficient taxable profits and a previously planned restructure which may have utilised the asset is not under current consideration. Should the position change in the coming years or the restructuring plan be revived, then the directors would reconsider recognition of a partial or full deferred tax asset. Accordingly, a deferred tax asset on losses of £123,170,000 is not being recognised.

22. Provisions

	Claims £000	Property provision £000	Total £000
At 1 January 2018	19,920	3,777	23,697
Amount provided	-	715	715
Amount utilised	(7,718)	(1,785)	(9,503)
At 31 December 2018	<u>12,202</u>	<u>2,707</u>	<u>14,909</u>

In accordance with the requirements of IAS 37 "Provisions, contingent liabilities and contingent assets" the following provisions have been recognised:

Property

Property provisions represent onerous leases on rental agreements and dilapidation provisions that will be settled or unwound by the end of each lease period, which expire over the next ten years.

Claims

Claims provisions are for known and reported claims and legal costs where litigation has been commenced, or it is probable that litigation will commence and where the directors consider that such claims are not covered by professional indemnity insurance. Provision is also made for the company's liability for incurred but not reported (IBNR) claims, based on the directors' assessment using the company's prior claims history and the insurance cover likely to be available in future years.

The movement in the overall claims provision is due to settlement and associated legal costs of the known and reported claims over the course of the year.

The company expects the majority of the claims provision to be used within the next five years.

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Notes to the financial statements for the year ended 31 December 2018

23. Called up share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
10,242,813 (2017: 10,242,813) Ordinary shares of £0.01 each	102	102

24. Pension commitments

Within the UK the company provides funded defined benefit plans to certain employees and former employees based on final pensionable salary, but has been closed to new members and future accrual since 31 October 2009 (the DTZ 2002 Retirement Plan). The company also has an obligation to pay unfunded pensions to former employees or their surviving spouses (Bernard Thorpe Annuitants). As the pension obligation is in substance that of a defined benefit scheme, this obligation has been recorded as a retirement benefit liability and is reported together with the funded defined benefit plan. The assets of all pension schemes are held separately from those of the company.

The total asset of the company at 31 December 2018 was £1,691,000 (2017: liability £2,394,000) comprising the DTZ 2002 Retirement Plan of £3,761,000 (2017: liability £153,000) and the DTL Bernard Thorpe Retirement Plans liability of £2,070,000 (2017: liability £2,241,000).

The company also operates a defined contribution scheme for employees. During the year ended 31 December 2018 the company paid £3,147,000 (2017: £3,759,000) of pension contributions to the company's defined contribution scheme. As at 31 December 2018, there were no amounts accrued or prepaid.

DTZ 2002 Retirement Plan

The estimated amount of total employer contributions expected to be paid to the 2002 Retirement Plan during the year ended 31 December 2019 is £2,497,000 (2017: £2,315,000).

	2018 £000	2017 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	81,018	82,600
Interest cost	1,861	2,071
Actuarial (gains)/losses	(6,854)	2,253
Benefits paid	(7,072)	(5,906)
At the end of the year	68,953	81,018

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

24. Pension commitments (continued)

	2018 £000	2017 £000
Reconciliation of fair value of plan assets		
At the beginning of the year	80,865	78,000
Interest on plan assets	1,885	1,979
Actuarial (losses)/gains	(5,279)	4,651
Contributions by employer	2,315	2,141
Benefits paid	(7,072)	(5,906)
At the end of the year	72,714	80,865

The amounts recognised in the balance sheet are as follows:

	2018 £000	2017 £000
Fair value of plan assets	72,714	80,865
Present value of plan liabilities	(68,953)	(81,018)
Net pension scheme asset/(liability)	3,761	(153)

The amounts recognised in the profit and loss account are as follows:

	2018 £000	2017 £000
Net interest on net defined benefit asset/(liability)	(24)	92

The fair value of plan assets were as follows:

	2018 £000	2017 £000
Domestic equities	4,363	6,469
International equities	15,997	16,982
Diversified growth funds	16,724	17,790
Multi-asset credit funds	10,180	10,512
Emerging market multi-asset funds	3,636	4,852
Private credit	5,090	5,661
Government bonds, LDI portfolios and cash	16,724	18,599
	72,714	80,865

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

24. Pension commitments (continued)

	2018 £000	2017 £000
Sensitivity analysis - (decrease)/increase in present value of plan liabilities		
Discount rate + 0.1% pa	(1,077)	(1,315)
Inflation assumption + 0.1% pa	623	766
Life expectancy + 1 year	1,724	2,025
Return-seeking assets fall 25% in value	14,085	15,260

DTZ Bernard Thorpe Retirement Plan

	2018 £000	2017 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	2,241	2,200
Past service costs	46	-
Interest cost	52	55
Actuarial (gains)/losses	(99)	148
Benefits paid	(170)	(162)
At the end of the year	2,070	2,241
Net pension scheme liability	2,070	2,241

Cushman & Wakefield Debenham Tie Leung Limited

Notes to the financial statements for the year ended 31 December 2018

24. Pension commitments (continued)

The amounts recognised in the profit and loss account are as follows:

	2018 £000	2017 £000
Net interest on net defined benefit liability	52	55
Past service costs	46	-
	<u>98</u>	<u>55</u>

The total amounts recognised in the balance sheet for both schemes is as follows:

	2018 £000	2017 £000
Fair value of plan assets	72,714	80,865
Present value of plan liabilities	(71,023)	(83,259)
Net pension scheme asset/(liability)	<u>1,691</u>	<u>(2,394)</u>

The following table sets out the key FRS 101 assumptions used:

Assumptions	2018	2017
RPI Price inflation	3.2% pa	3.2% pa
CPI Price inflation	2.2% pa	2.2% pa
Pension increases in payment:		
- 5% or inflation	3.1% pa	3.1% pa
- 2.5% or inflation	2.1% pa	2.1% pa
The mortality assumptions used were as follows:		
Life expectancy of male aged 60 at the accounting date	27.7 years	28.2 years
Life expectancy of male aged 60, 20 years after the accounting date	29.2 years	30.0 years

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Notes to the financial statements for the year ended 31 December 2018

25. Contingent liabilities

In the normal course of business, the company may be subject to threatened or pending legal actions arising from its activities. Such liabilities include the potential costs to carry out further works and/or costs of litigation by or against the company. The business carries professional indemnity insurance and no separate disclosure is made of the costs of claims covered by insurance as to do so could seriously prejudice the position of the company.

Where such costs are not covered by professional indemnity insurance, provision is made for legal costs and claims where litigation has been commenced, or it is probable that litigation will commence. Provision is also made for the group's liability for incurred but not reported (IBNR) claims, based on assessment using prior claims history.

Based on previous experience, amounts specifically provided, and the circumstances of specific claims outstanding, no additional costs are anticipated. However, as the ultimate outcome of these claims cannot be reliably determined at the date of this report, contingent liabilities may exist for any amounts that ultimately become payable in excess of current provisioning levels.

26. Commitments under operating leases

At 31 December the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than 1 year	5,691	9,193
Later than 1 year and not later than 5 years	21,960	21,558
Later than 5 years	19,777	25,174
	<u>47,428</u>	<u>55,925</u>

27. Related party transactions

At the year end the company had outstanding receivable and payable balances with C&W Management Services LLP, a fellow group undertaking, of £23,273,138 (2017: £18,283,000) and £8,757,038 (2017: £3,979,000) respectively. During the year operating costs of £21,460,000 (2017: £18,642,000) were recognised through the profit and loss account relating to services provided by C&W Management Services LLP to the company and £7,000,000 of allocations (2017: £18,283,000) as the company is a corporate partner of the LLP.

As a wholly owned subsidiary undertaking, the Company has taken advantage of the exemption in Financial Reporting Standard 101.8 (FRS 101) Related Party Disclosures and not disclosed transactions with other entities in the group wholly owned by Cushman & Wakefield plc.

28. Immediate parent undertaking and ultimate controlling party

The ultimate owners of the company are the TPG Capital, PAG Asia Capital and Ontario Teachers' Pension Plan (the "Consortium" or "ultimate owners"). The company's immediate parent undertaking and the immediate controlling party is DTZ Europe Limited, a company incorporated in the UK.

Cushman & Wakefield plc, a company incorporated in the UK, is the parent of the smallest and largest group to consolidate these financial statements. Consolidated financial statements of Cushman & Wakefield plc are obtainable from the company secretary at 125 Old Broad Street, London, EC2N 1AR.