

REDSTONE WILLS LIMITED

DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS

31 December 2021

(Registered Number 03673190)

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COMPANIES HOUSE

CONTENTS

Directors' Report	3
Statement of Directors' Responsibilities	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Notes	9

Directors' Report

The Directors present their Directors' report and the unaudited financial statements for the year ended 31 December 2021.

INTRODUCTION AND OVERVIEW

The principal activity is the provision of will writing and associated services, and will continue to be so for the foreseeable future.

Redstone Wills Limited is a private limited company incorporated in England & Wales, registered number: 03673190. The registered office address is Redstone Wills Limited, Windmill Road, St. Leonards-On-Sea, East Sussex, TN38 9BY.

The Company made a profit before tax of £379,000 for the year (2020: £194,000).

DIRECTORS

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

JP Cosson
DC Livesey
RJ Twigg
J M Davy (Resigned 18 February 2022)
C Piper (Appointed 18 February 2022)

DIVIDENDS

An interim dividend of £250,000 was paid during the year (2020: £100,000). The directors do not recommend payment of a final dividend (2020: £nil).

EMPLOYEES

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

CHARITABLE AND POLITICAL DONATIONS

The Company made no charitable or political donations in 2021 (2020: £nil).

EMPLOYEE DEVELOPMENT AND EQUAL OPPORTUNITIES

The Company's approach is to ensure it recruits and promotes the right people regardless of gender, disability, age, sexual orientation or race, and is committed to a culture of meritocracy whereby career progression is based on ability. It facilitates opportunities for all employees to progress and regularly reviews practices and policies. It regards its people as its most valuable asset and is committed to investing in them to achieve their full potential, without discrimination.

People with disabilities are given equal opportunities wherever they can fulfil the requirements of the job. If an employee becomes disabled during their employment with the Company every reasonable effort is made to enable them to continue their career within the Company.

GOING CONCERN

The Directors have undertaken a thorough assessment of the Company's financial forecasts to 30 June 2023. Despite the ongoing global pandemic, the Company has performed resiliently over the past year, continuing to operate effectively despite continuing restrictions and further lockdowns. The Company's ability to react quickly to changing market and operational conditions enabled it to report an increased profit for the year, and increase its cash resources.

The Directors have deemed it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements of the Company for the year ended 31 December 2021.

The Company is funded by its operating profits and the cash thereby generated. For the year ended 31 December 2021 the Company reported a profit after tax of £307,000 (2020: £157,000) and at 31 December 2021 had cash balances amounting to £854,000 (2020: £692,000), even after paying a dividend of £250,000 (2020: £100,000) to its shareholders. At the date of signing these accounts, the Company still has a similar cash balance and has no external debt.

The Company has modelled downturn scenarios as detailed below, which include mitigating actions including reducing headcount, capital and other discretionary spend and, where appropriate, using available government support. As a result of the modelling, the Directors have deemed it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements of the Company for the year ended 31 December 2021.

Directors' Report (continued)

GOING CONCERN (continued)

In forming their view on going concern, the Directors continue to perform extensive forecasting to model the ongoing impact of market uncertainty. The key assumptions used in this severe stress scenario are as follows.

- A two month lockdown forces the UK housing market to close, reducing transactions to the level seen in April and May 2020 before slowly recovering.
- Taking mitigating actions to reduce headcount, capital expenditure and marketing spend.

The Company's financial strength means that it is well positioned to withstand any further downturn. As at 31 December 2021 the Company has no long term debt and therefore no covenant tests that it must meet.

As a result of the above and following careful consideration, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

AUDITOR

The Directors have relied upon the exemption from the obligation to appoint auditors permitted under section 479A of the Companies Act 2006 in submitting these unaudited Financial Statements. There is a parent guarantee in place from Connells Limited.

The company has taken advantage of the small companies' exemptions in presenting this Directors' report.

By order of the board

RJ Twigg
Director



27 May 2022

Windmill Road
St Leonards on Sea
East Sussex
TN38 9BY

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom 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 accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The directors confirm, to the best of their knowledge

- that the financial statements, prepared in accordance with UK Accounting Standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the company;
- that the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face; and
- that they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 2021 £000	Year ended 2020 £000
Revenue	3	1,400	1,105
Employee benefit expenses	4	(423)	(357)
Other operating expenses	2	<u>(598)</u>	<u>(554)</u>
Profit before tax		379	194
Taxation	5	<u>(72)</u>	<u>(37)</u>
Profit for the year being total comprehensive income		<u>307</u>	<u>157</u>

In both the current and preceding year the Company made no material acquisitions and had no discontinued operations

There were no recognised income and expense items in the current or preceding year other than those reflected in the above Income Statement.

The notes on pages 9 to 18 form part of these financial statements

Statement of Financial Position

AT 31 DECEMBER 2021

	Notes	£000	31 December 2021 £000	£000	31 December 2020 £000
Non-current assets					
Intangible assets	6	18		34	
Property plant & equipment	7	6		7	
Right-of-use assets	8	15		34	
Deferred Tax asset	9	2		2	
Total non-current assets			41		77
Current assets					
Trade and other receivables	10	95		96	
Cash and cash equivalents	11	854	949	692	
Total current assets					788
Total assets			990		865
Current liabilities					
Trade and other payables	12	432		355	
Tax liability		10		1	
Lease liabilities	13	16		19	
Total current liabilities			458		375
Non-current liabilities					
Lease liabilities	13	-		15	
Total non-current liabilities					15
Total liabilities			458		390
Equity—attributable to equity holders of the Company					
Share capital	14	-		-	
Retained earnings	14	532	532	475	475
Total equity					475
Total equity and liabilities			990		865

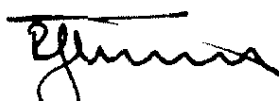
The notes on pages 9 to 18 form part of these accounts

These accounts were approved by the Board of Directors on **27** May 2022 and signed on its behalf by:

The Directors:

- (a) confirm that for the financial period in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act 2006 and
- (b) acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime


RJ Twigg
Director

Company registration number 03673190

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021	-	475	475
Total income for the year	-	307	307
Dividend paid	-	(250)	(250)
Balance at 31 December 2021	-	532	532
Balance at 1 January 2020	-	418	418
Total income for the year	-	157	157
Dividend paid	-	(100)	(100)
Balance at 31 December 2020	-	475	475

The notes on pages 9 to 18 form part of these financial statements

NOTES TO FINANCIAL STATEMENTS

1. Accounting Policies

Redstone Wills Limited (the 'Company') is a company incorporated, registered and domiciled in the UK. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts.

a) Basis of accounting

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' in conformity with the requirements of the Companies Act 2006.

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 1k).

Transition to FRS 101

The Company transitioned from IFRS to FRS 101 Reduced Disclosure Framework as at 1 January 2021. The accounting policies applied under the previous accounting framework are not materially different to FRS 101 and as a result, no transitional adjustments were required in equity or comprehensive income as at the transition date nor the year ended 31 December 2021.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements.
- b) The requirements of IAS 7 Statement of Cash Flows.
- c) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures.
- d) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is a wholly owned member of the group.
- e) The requirements of IFRS 7 Financial Instruments Disclosures.
- f) 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.
- g) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16.
- h) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36.
- i) The requirements in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - i. paragraph 73(e) in respect of IAS 16 Property, Plant and Equipment
 - ii. paragraph 118(e) in respect of IAS 38 Intangible Assets

The Company's financial statements are consolidated into the consolidated financial statements of Connells Limited (the Company's immediate parent undertaking) as at 31 December 2021. Those accounts may be obtained on request from Cumbria House, 16-20 Hockliffe Street, Leighton Buzzard, Bedfordshire, United Kingdom, LU7 1GN.

The Company's financial statements are consolidated into the consolidated financial statements of Skipton Building Society (the Company's ultimate parent undertaking) as at 31 December 2021. Those accounts are available online at www.skipton.co.uk/about-us or on request from The Secretary, Skipton Building Society, The Bailey, Skipton, North Yorkshire, BD23 1DN.

Adoption of new and revised UK Financial Reporting Standards

The Company adopted during the year the following amendment to existing accounting standards, which did not have a material impact on these financial statements:

- COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

Standards issued but not yet effective

A number of new and amended accounting standards and interpretations will be effective for future reporting periods, none of which has been early adopted by the Company in preparing these financial statements. These new and amended standards and interpretations, details of which are set out below, are not expected to have a material impact on the Company's financial statements.

- IFRS 17 Insurance Contracts.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37).
- Fees in the '10 per cent' test for derecognition of financial liabilities (Amendments to IFRS 9).
- Definition of Accounting Estimates (Amendments to IAS 8).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), and
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

These amendments have had no material impact on these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The Directors have undertaken a thorough assessment of the Company's financial forecasts to 30 June 2023. Despite the ongoing global pandemic, the Company has performed resiliently over the past year, continuing to operate effectively despite continuing restrictions and further lockdowns. The Company's ability to react quickly to changing market and operational conditions enabled it to report an increased profit for the year, and increase its cash resources.

The Directors have deemed it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements of the Company for the year ended 31 December 2021.

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The Company has modelled downturn scenarios as detailed below, which include mitigating actions including reducing headcount, capital and other discretionary spend and, where appropriate, using available government support. As a result of the modelling, the Directors have deemed it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements of the Company for the year ended 31 December 2021.

In forming their view on going concern, the Directors continue to perform extensive forecasting to model the ongoing impact of market uncertainty. The key assumptions used in this severe stress scenario are as follows:

- A two month lockdown forces the UK housing market to close, reducing transactions to the level seen in April and May 2020 before slowly recovering.
- Taking mitigating actions to reduce headcount, capital expenditure and marketing spend

The Company's financial strength means that it is well positioned to withstand any further downturn. As at 31 December 2021 the Company has no long term debt and therefore no covenant tests that it must meet.

As a result of the above and following careful consideration, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Currency presentation

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

b) Revenue recognition

Revenue, which excludes value added tax, represents the total invoiced sales of the Company and is recognised as follows:

- Revenue is recognised upon completion of a draft will. The sales invoice is raised upon the instruction of a will and revenue associated with this invoice is deferred until completion of the service, which is when the performance obligation is considered to have been met, in accordance with IFRS 15.
- Revenue from will storage is recognised when the underlying service has been performed. Invoices are usually payable annually in advance.

c) Intangible assets

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

Computer software	-	3 to 5 years
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NOTES TO THE FINANCIAL STATEMENTS (continued)

d) Property, plant and equipment

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

Computer hardware	-	5 years
Fixtures and fittings	-	5 years

All depreciation is charged on a straight-line basis

e) Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses

The Company recognises an allowance for expected credit losses (ECLs). The Company takes a simplified approach and recognises a loss allowance based on lifetime ECLs at each reporting date. The Company uses a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment. This is applied to third party and intercompany receivables and cash balances.

f) Trade and other payables

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

g) Taxation

Income tax on the profits for the year comprises current tax and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except where items are recognised directly in other comprehensive income in which case the associated income tax charge or credit is recognised in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company.

The carrying amount of deferred tax assets is reviewed at each year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each year end and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

h) Employee benefits

The Company operates a Group Personal Pension Plan through another group company. Contributions are charged to the Statement of Comprehensive Income as they become payable and are included in staff costs in accordance with the rules of the scheme.

i) Cash and cash equivalents

Cash comprises cash in hand and balances with banks and similar institutions. Cash equivalents comprise highly liquid investments which are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

j) Leases

The Company's lease commitments relate mainly to properties and motor vehicles. Leases are typically negotiated on an individual basis and thus contain a wide range of terms and conditions, including options to extend or terminate. The lease liability is considered to be an indicator of the future cash outflows, there are no significant restrictions or covenants, residual value guarantees or sale and leaseback transactions. Previously payments made under operating leases were charged to the income statement on a straight-line basis over the period of the lease.

From 1 January 2019, the Company assesses at contract inception whether a contract is, or contains, a lease. The Company initially recognises a right-of-use asset and a corresponding liability at the date at which the leased asset is available.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

j) Leases (continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets is equal to the aggregate lease liabilities recognised on day 1, adjusted for any initial direct costs incurred, any lease incentives received and any lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight line basis over the lease term. Right of use assets are tested for impairment at each year end.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted at the incremental borrowing rate. The lease payments include fixed payments less any lease incentives received and amounts expected to be paid under residual value guarantees. In calculating the present value of the lease payments, the Company uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. Following recognition, the liability is reduced for the lease payments made and increased by the interest accrued. Moreover, the carrying amount of the lease liability is re-measured in the event of a modification, such as a change in the lease term or change in the lease payments. The interest cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining liability for each period.

The Company applies the short-term lease exemption to those leases that have a lease term of 12 months or less from the commencement date and also applies the exemption for leases of low value assets to office equipment. Lease payments relating to these exemptions are recognised in operating expenses on a straight line basis over the lease term. These exemptions are not applied to property leases and any short term property leases are accounted for as above.

During 2020 the Company adopted the IFRS 16 amendment, recognising short term rent concessions relating to the Covid pandemic direct in the income statement, and not recalculating the right of use asset or lease liability

k) Critical accounting estimates, and judgements in applying accounting policies

IFRS 16

The changes to critical estimates and assumptions used by the Company as a result of adopting IFRS 16 that have an effect on the reported amounts of assets and liabilities, are outlined below

Lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease where this is reasonably certain to be exercised, or any periods covered by an option to terminate the lease where this is reasonably certain not to be exercised.

Many of the Company's leases, particular property leases, contain options for the Company to extend and / or terminate the lease term. The Company applies judgement in evaluating whether it is reasonably certain to exercise these options, taking account of all relevant factors that create an economic incentive for it to do so. After the lease commencement date the Company reassesses the lease term if there has been a significant event or change in circumstances that is within its control and which affects its ability to exercise (or not to exercise) the option to renew and / or to terminate (e.g. a change in business strategy)

l) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income against the related cost, on a systematic basis over the periods the cost is incurred. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2. Expenses

Profit is stated after charging the following:

Amortisation of intangible assets
Depreciation of property plant and equipment

Year ended 2021 £000	Year ended 2020 £000
16	21
3	3

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Revenue

All revenue in the Company is considered to originate from contracts with customers. The table below disaggregates the revenue from contracts with customers into the significant service lines. All revenues are derived by the Company in the UK.

	Products and services transferred at a point in time £000	Products and services transferred over time £000	Total 2021 £000
2021			
Will writing	1,253	-	1,253
Storage	-	147	147
	<u>1,253</u>	<u>147</u>	<u>1,400</u>
2020			
Will writing	968	-	968
Storage	-	137	137
	<u>968</u>	<u>137</u>	<u>1,105</u>

4. Staff numbers and costs

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

	Year ended 2021 No	Year ended 2020 No
Directors	4	4
Employees	16	15
	<u>20</u>	<u>19</u>

The aggregate payroll costs of these persons was as follows:

	Year ended 2021 £000	Year ended 2020 £000
Wages and salaries	384	321
Social security costs	31	29
Other pension costs	8	7
	<u>423</u>	<u>357</u>

Wages and salaries are stated after crediting £nil (2020: £59,000) of government grants received under the Coronavirus Job Retention Scheme (CJRS). Further details are provided in note 18.

Directors' emoluments	Year ended 2021 £000	Year ended 2020 £000
Directors' emoluments	2	58
Contributions to defined contribution pension schemes	-	1
	<u>2</u>	<u>59</u>

Four (2020: four) of the directors are remunerated by other group entities. The notional allocation of cost to the Company for their services was £14,310 (2020: £16,338).

There are not considered to be further key management personnel other than the Directors of the Company noted above.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Taxation

a) Analysis of expense in the year at 19.00% (2020: 19.00%)

	Year ended 2021 £000	Year ended 2020 £000
Current tax expense		
Current tax at 19.00% (2020: 19.00%)	72	37
Adjustments in respect of prior years	-	-
Expenses not deductible for tax	-	-
Total current tax	72	37
Deferred tax expense		
Deferred tax expense	-	-
Adjustment in respect of prior years	-	-
Total Deferred Tax	-	-
Total tax expense	72	37

b) Factors affecting income tax expense in the year

The tax assessed in the Statement of Comprehensive Income is the same as (2020: the same as) the standard UK corporation tax rate because of the following factors:

	Year ended 2021 £000	Year ended 2020 £000
Profit before tax	379	194
Tax on profit at UK standard rate of 19.00% (2020: 19.00%)	72	37
Effects of:		
Expenses not deductible for tax	-	-
Tax expense	72	37

6. Intangible assets

	Computer software £000
Cost	
At 1 January 2021	182
Additions	-
Disposals	(106)
At 31 December 2021	76
Accumulated amortisation and impairment	
At 1 January 2021	148
Amortisation charge for the year	16
Disposals	(106)
At 31 December 2021	58
Carrying amounts	
At 1 January 2021	34
At 31 December 2021	18

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Property, plant and equipment

	Fixtures & fittings £000	Computer hardware £000	Total £000
Cost			
At 1 January 2021	83	43	126
Additions	2	-	2
Disposals	(80)	(33)	(113)
At 31 December 2021	5	10	15
Accumulated depreciation and impairment			
At 1 January 2021	81	38	119
Disposals	(80)	(33)	(113)
Depreciation charge for the year	1	2	3
At 31 December 2021	2	7	9
Carrying amounts			
At 1 January 2021	2	5	7
At 31 December 2021	3	3	6

8. Right-of-use assets

	Land and Buildings £000
Cost	
At 1 January 2021	55
Additions	-
Disposals	-
At 31 December 2021	55
Accumulated depreciation and impairment	
At 1 January 2021	21
Depreciation charge for the year	19
Disposals	-
At 31 December 2021	40
Carrying amounts	
At 1 January 2021	34
At 31 December 2021	15

9. Deferred tax

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

	Accelerated capital allowances 31 December 2021 £000	Accelerated capital allowances 31 December 2020 £000
At 1 January	2	2
Income statement credit / (charge)	-	-
Adjustment in respect of prior years	-	-
At 31 December	2	2

The deferred tax assets are considered to be recoverable in full. Where deferred tax balances are expected to reverse before 1 April 2023, they have been calculated at the currently enacted corporation tax rate of 19%.

The corporation tax rate increase from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24 May 2021 and deferred tax balances that are expected to reverse after this date have been calculated at 25%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Trade and other receivables

	Year ended 2021 £000	Year ended 2020 £000
Trade receivables	56	53
Amounts due from group companies	15	21
Prepayments and accrued income	24	22
	<u>95</u>	<u>96</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand

11. Cash and Cash Equivalents

	Year ended 2021 £000	Year ended 2020 £000
Cash at bank and in hand	854	692
	<u>854</u>	<u>692</u>

12. Trade and other payables

	Year ended 2021 £000	Year ended 2020 £000
Trade payables	5	2
Accruals and deferred income	229	176
Amounts owed to group undertakings	82	96
Other taxes and social security costs	35	35
Other creditors	81	46
	<u>432</u>	<u>355</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

13. Lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	Year ended 2021 £000	Year ended 2020 £000
Cost		
At 1 January	34	58
Additions	-	-
Disposals	-	(3)
Interest charged	(1)	-
Lease payments	(17)	(21)
At 31 December	<u>16</u>	<u>34</u>

The present value of lease liabilities by repayment date is as follows.

	£000	£000
<i>Lease liabilities are repayable:</i>		
In not more than 3 months	5	5
In more than 3 months but less than 1 year	11	14
In more than 1 year but less than 5 years	-	15
In more than 5 years	-	-
	<u>16</u>	<u>34</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Lease liabilities (continued)

The discount rate for the lease disclosed above is 2.06%. The Company has one lease contract that includes termination options, usually through a break clause. These options are negotiated by management to provide flexibility in managing the leased asset portfolio and adapt to the Company's business needs. Management exercises judgement in determining whether these termination options are reasonably certain to be exercised.

14. Share Capital

	Year ended 2021 £000	Year ended 2020 £000
Authorised, allotted, called up and fully paid	-	-
100 (2020: 100) Ordinary shares of £1 each	-	-

Management of capital

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

Capital	Year ended 2021 £000	Year ended 2020 £000
Ordinary shares	-	-
Retained earnings	532	475
	<u>532</u>	<u>475</u>

The Company's objectives when managing capital are:

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

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

The capital position is reported to the Board regularly. The capital position is also given due consideration when corporate plans are prepared.

15. Related Party Transactions

The Company has taken advantage of the exemptions conferred by FRS 101 from the requirements to make disclosures concerning transactions with other wholly owned members of the Connells Group and Skipton Group, as the company is a wholly owned subsidiary and consolidated accounts are publicly available for both the immediate parent and ultimate parent undertaking.

Outstanding balances between Group entities as at the Statement of Financial Position date are disclosed within notes 10 and 12 above.

16. Capital commitments

There were no capital commitments at the year-end (2020: £nil).

17. Pensions

Defined contribution schemes

The Company operates a defined contribution pension scheme, the assets of which are held separately from those of the Company, in independently administered funds. The amount charged to the Income Statement in respect of the defined contribution schemes is the contribution payable in the year and amounted to £7,500 (2020: £7,500). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Government grants

	2021 £000	2020 £000
At 1 January	-	-
Received during the year	-	59
Released to the income statement	-	(59)
At 31 December	-	-
Current	-	-
Non-current	-	-

Government grants totalling £nil (2020: £59,000) been received relating to the government Coronavirus Job Retention Scheme.

19. Ultimate Parent Undertaking

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

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