

PATTISON LANE ESTATE AGENTS LIMITED

DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS

31 December 2021

(Registered Number 04730529)



Pattison Lane Estate Agents Limited
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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 annual report and the unaudited financial statements for the year ended 31 December 2021.

INTRODUCTION AND OVERVIEW

Pattison Lane Estate Agents Limited is a private limited company registered in England and Wales, registered number 04730529. The registered office address is Cumbria House, 16 - 20 Hockliffe Street, Leighton Buzzard, Bedfordshire, LU7 1GN.

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

The Company made a profit before tax of £282,000 for the year (2020: £233,000).

DIRECTORS

The Directors who served during the year were:

R S Shipperley
M A Sharman
DC Livesey
RJ Twigg
DK Plumtree

DIVIDENDS

During the year interim dividends of £200,000 (2020: £200,000) were paid. The Directors do not propose the 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, including the continuing impact of Covid-19 on its operations within the UK.

The Company is funded by its operating profits and the cash thereby generated. For the year ended 31 December 2021 the Company reported a net profit after tax of £227,000 (2020: £193,000) and at 31 December 2021 had cash balances amounting to £172,000 (2020: £216,000). At the date of signing these accounts, the Company has a similar cash balance and has no external debt.

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

Directors' Report *(continued)*

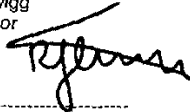
AUDITOR

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



22 April 2022

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, 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	971	773
Administrative expenses		<u>(690)</u>	<u>(541)</u>
Profit from operations		281	232
Finance expense	4	(1)	(1)
Finance income	5	<u>2</u>	<u>2</u>
Profit before tax		282	233
Taxation	7	<u>(55)</u>	<u>(40)</u>
Profit for the year being total comprehensive income		<u>227</u>	<u>193</u>

In both the current and preceding year the Company had no discontinued operations.

There were no recognised income and expense items in the current period (2020: £nil) other than those reflected in the above Statement of Comprehensive Income.

The notes on pages 9 to 20 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2021

			31 December 2021 £000		31 December 2020 £000
	Notes	£000		£000	
Non-current assets					
Property, plant and equipment	8	54		42	
Right of use assets	9	41		49	
Total non-current assets			95		91
Current assets					
Trade and other receivables	11	43		49	
Cash and cash equivalents	12	172		216	
Deferred tax asset	10	-		1	
Total current assets			215		266
Total assets			310		357
Current liabilities					
Trade and other payables	13	97		110	
Tax liabilities		6		46	
Provisions	15	12		13	
Lease liabilities	14	3		6	
Total current liabilities			118		175
Non-current liabilities					
Trade and other payables	13	2		2	
Provisions	15	8		17	
Lease liabilities	14	33		41	
Total non-current liabilities			43		60
Total liabilities			161		235
Share capital	16	1		1	
Retained earnings	16	148		121	
Total equity			149		122
Total equity and liabilities			310		357

These accounts were approved by the Board of Directors on 22 April 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: 04730529

The notes on pages 9 to 20 form part of these accounts.

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	1	121	122
Total income for the year	-	227	227
Dividend paid	-	(200)	(200)
Balance at 31 December 2021	<u>1</u>	<u>148</u>	<u>149</u>
Balance at 1 January 2020	1	128	129
Total income for the year	-	193	193
Dividend paid	-	(200)	(200)
Balance at 31 December 2020	<u>1</u>	<u>121</u>	<u>122</u>

The notes on pages 9 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Pattison Lane Estate Agents 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 1m).

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

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 Company's business activities are set out in the Directors' Report on page 3. The financial position of the Company and liquidity position are shown on pages 6 to 8. In addition, the Directors' Report and notes to these financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Directors have undertaken a thorough assessment of the Company's financial forecasts to 30 June 2023, including the continuing impact of Covid-19 on its operations within the UK.

The Company is funded by its operating profits and the cash thereby generated. For the year ended 31 December 2021 the Company reported a net profit after tax of £227,000 (2020: £193,000) and at 31 December 2021 had cash balances amounting to £172,000 (2020: £216,000). At the date of signing these accounts, the Company has a similar cash balance and has no external debt.

As a result of the above, the outputs of financial modelling 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:

- Estate Agency sales commissions, new homes, land sales and auctions income is recognised on the date contracts are exchanged unconditionally, at which point all performance obligations are considered to have been fulfilled. Invoices are usually payable on completion.
- Commission earned from property lettings is recognised when the underlying service has been performed, including tenant introduction, rent collection or full property management. Invoices are usually payable immediately when the rent or fee is collected from the tenant.
- Revenue from mortgage procurement fees is recognised on completion of the mortgage transaction, which is when all contractual obligations have been fulfilled. Invoices are usually payable within 30 days of the completion.
- Insurance commission income is recognised upon fulfilment of contractual obligations as part of the mortgage process, being when the insurance policy is put on risk; less a provision for expected future clawback repayment in the event of early termination by the customer.
- All other income is recognised in line with when contractual obligations have been met.

c) Property, plant and equipment

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

Buildings (excluding land)	-	Lower of 50 years or estimated useful life of premises
Office equipment	-	3 to 5 years
Motor vehicles	-	25% of net book value

All depreciation is charged on a straight-line basis, except motor vehicles, which is calculated on a reducing balance basis. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

d) Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses. The Company uses an allowance matrix to measure the expected credit losses (ECLs) of trade receivables, which comprise a large number of small balances. Loss rates are based on actual credit loss experience over the previous year, and adjusted for the Company's view of current economic conditions over the expected lives of the receivables. However given the low levels of impairment loss experience, the ECL allowance is very small.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies *(continued)*

e) 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.

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.

f) Trade and other payables

Trade and other payables are measured initially at fair value and then 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 Income Statement 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

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies (continued)

i) Cash and cash equivalents

Cash comprises cash in hand and loans 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.

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.

j) Provisions for liabilities and charges

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

k) Net financing costs

Interest income and interest payable is recognised in the income statement as they accrue, using the effective interest method.

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.

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

Provisions

The provision for insurance commission clawback is estimated using anticipated cancellation rates of term insurance policies. This provision is based on the clawback period from the sign up date of the term insurance policy. The cancellation rates used in calculating the provision are revisited every quarter.

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.

2. Expenses and auditor's remuneration

Profit after tax is stated after charging:
Depreciation of property, plant and equipment
Staff costs (see note 6)

	Year ended 2021 £000	Year ended 2020 £000
	14	13
	<u>540</u>	<u>398</u>

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.

2021	Products and services transferred at a point in time £000	Products and services transferred over time £000	Total 2021 £000
Commissions earned on property sales	453	-	453
Commissions earned on property lettings	225	-	225
Income from sale of financial services products	163	73	236
Conveyancing income	53	-	53
Other income and commissions	4	-	4
	898	73	971

2020	Products and services transferred at a point in time £000	Products and services transferred over time £000	Total 2020 £000
Commissions earned on property sales	360	-	360
Commissions earned on property lettings	208	-	208
Income from sale of financial services products	90	57	147
Conveyancing income	46	-	46
Other income and commissions	12	-	12
	716	57	773

4. Finance costs

	Year ended 2021 £000	Year ended 2020 £000
Interest on lease liabilities	1	1

5. Finance income

	Year ended 2021 £000	Year ended 2020 £000
Interest receivable from group undertakings	2	2

6. 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	5	5
Sales and administration	14	13
	19	18

	£000	£000
Wages and salaries	478	352
Social security costs	50	38
Other Pension Costs	12	8
	540	398

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. Staff numbers and costs *(continued)*

Wages and salaries are stated after crediting £nil (2020: £46,000) of government grants received under the Coronavirus Job Retention Scheme (CJRS). Further details are provided in note 20.

None of the directors are directly remunerated by the company. The notional allocation of cost to the Company for their services was £13,057 (2020: £14,199).

7. Taxation

a) Analysis of expense in the year at 2021: 19% (2020: 19%)

Current tax expense

Current tax at 19% (2020: 19%)

Total current tax

Year ended 2021 £000	Year ended 2020 £000
----------------------------	----------------------------

54	46
54	46

Deferred tax expense

Current year

Total deferred tax

1	(6)
1	(6)

Income tax expense

55	40
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b) Factors affecting current tax expense in the year

The tax assessed in the Income Statement is higher than (2020: lower than) the standard UK corporation tax rate.

	Year ended 2021 £000	Year ended 2020 £000
Profit before tax	282	233
Tax on profit at UK standard rate of 19% (2020: 19%)	54	44
Effects of:		
Adjustments in respect of prior years	-	(5)
Expenses not deductible	1	1
Income tax expense	55	40

8. Property, plant and equipment

	Land and Buildings £000	Office Equipment £000	Motor Vehicles £000	Total £000
Cost				
At 1 January 2021	47	4	16	67
Additions	16	10	-	26
At 31 December 2021	63	14	16	93
Accumulated depreciation and impairment				
At 1 January 2021	15	3	7	25
Depreciation charge for the year	9	2	3	14
At 31 December 2021	24	5	10	39
Carrying amounts				
At 1 January 2021	32	1	9	42
At 31 December 2021	39	9	6	54

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9. Right-of-use assets

	ROU Land and buildings 2021 £000	ROU Land and buildings 2020 £000
Cost		
At 1 January	74	65
Additions	15	9
Disposals	-	-
At 31 December	89	74
Accumulated depreciation and impairment		
At 1 January	25	3
Depreciation charge for the year	23	22
Disposals	-	-
At 31 December	48	25
Carrying amounts		
At 1 January	49	62
At 31 December	41	49

10. Deferred Tax

The movement on the deferred tax (asset)/ liability is as shown below:

	Year ended 2021 £000	Year ended 2020 £000
At 1 January	(1)	5
Adjustment in respect of prior years	-	(5)
Deferred tax credit to the income statement	1	(1)
At 31 December	-	(1)

Deferred tax assets are attributable to the following items:

	Asset/ (liability) £000	(Charged)/ credited to income £000
2021		
Capital allowances	-	(1)
Intangible assets	-	-
	-	(1)
2020		
Capital allowances	1	6
Intangible assets	-	-
	1	6

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)*

11. Trade and other receivables

	31 December 2021 £000	31 December 2020 £000
Trade receivables	21	20
Amounts owed by group undertakings	14	22
Prepayments and accrued income	8	7
Bad debt provision	-	-
	<u>43</u>	<u>49</u>

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

12. Cash and Cash Equivalents

	Year ended 2021 £000	Year ended 2020 £000
Bank balances	92	66
Call deposits	80	150
	<u>172</u>	<u>216</u>

The call deposits represent cash on deposit with Connells Limited, the immediate parent undertaking.

13. Trade and other payables

	31 December 2021 £000	31 December 2020 £000
Due within one year		
Trade payables	-	4
Other taxes and social security costs	13	23
Accruals and deferred income	84	83
	<u>97</u>	<u>110</u>
Due after more than one year		
Accruals and deferred income	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

14. 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	45	62
Additions	17	6
Disposals	-	-
Interest charged	1	1
Lease payments	(27)	(22)
At 31 December	<u>36</u>	<u>47</u>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

14. Lease liabilities *(continued)*

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	-	2
In more than 3 months but less than 1 year	4	4
In more than 1 year but less than 5 years	25	21
In more than 5 years	7	20
	<u>36</u>	<u>47</u>

The discount rates for the leases disclosed above ranged from 0.5% to 3.0%. The Company has several lease contracts that include 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.

15. Provisions

	Insurance commission clawback 2021 £000	Insurance commission clawback 2020 £000
Balance at 1 January	30	31
Provisions made during the year	10	3
Provisions used during the year	(20)	(4)
Balance at 31 December	<u>20</u>	<u>30</u>
Due within one year or less	12	13
Due after more than one year	8	17
	<u>20</u>	<u>30</u>

Provision for insurance commission clawback is estimated using anticipated cancellation rates of term insurance policies. This provision is based on the clawback period from the sign up date of the term insurance policy. The cancellation rates used in the provision are revisited every quarter. The provision is expected to reverse evenly over the next 3 years.

16. Share capital

	31 December 2021 £000	31 December 2020 £000
Allotted, issued and fully paid		
95,000 Ordinary A shares of £0.01 each (2020: 95,000)	1	1
5,000 Ordinary B shares of £0.01 each (2020: 5,000)	-	-
	<u>1</u>	<u>1</u>

Each shareholder is entitled to the number of votes as equal to the number of shares held by them save that where the A shares constitute more than 50% of the Company's issued equity share capital they shall have such number of votes as represents at least 75% of the votes capable of being cast on the resolution concerned. In all other respects the A and B ordinary shares rank pari passu.

There exists a Shareholders' agreement that includes an annual option entitling the ordinary "B" shareholders to require Sharnan Quinney Holdings Limited to purchase their shares at a price to be determined by an independent valuation of the Company.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. Share capital *(continued)*

Management of capital

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

	31 December 2021 £000	31 December 2020 £000
Capital		
Ordinary A and B shares	1	1
Accumulated deficit	-	-
Retained earnings	148	121
	<u>149</u>	<u>122</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.

17. Employee benefits

Defined contribution pension scheme

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 £12,000 (2020: £8,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

18. Capital commitments

The Company has no capital commitments at the year-end (2020: £nil).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

19. Related party transactions

Outstanding balances between Group entities as at the Statement of Financial Position date are disclosed within notes 11 and 13 above.

The Company has related party relationships within the Skipton group as detailed below. All such transactions are priced on an arm's length basis.

	2021			2020		
	Ultimate parent undertaking £000	Intermediate parent undertaking £000	Immediate parent undertaking £000	Ultimate parent undertaking £000	Intermediate parent undertaking £000	Immediate parent undertaking £000
a) Net interest						
Interest payable	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
b) Sales of goods and services						
Commission receivable	-	2	-	-	2	-
Total	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>
c) Purchase of goods and services						
	-	(27)	-	-	(36)	-
Total	<u>-</u>	<u>(27)</u>	<u>-</u>	<u>-</u>	<u>(36)</u>	<u>-</u>
d) Outstanding balances						
Receivables from related parties	-	-	14	-	-	22
Payables to related parties	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>-</u>	<u>22</u>

There are no provisions in respect of goods and services to Related Parties, either at 31 December 2021 or at 31 December 2020.

20. Government grants

	2021 Company £000	2020 Company £000
At 1 January	-	-
Received during the year	(5)	(55)
Released to the income statement	<u>5</u>	<u>55</u>
At 31 December	<u>-</u>	<u>-</u>
Current	-	-
Non-current	-	-

Government grants have been received relating to business rates relief £5,000 (2020: £8,000), the Coronavirus Job Retention Scheme £nil (2020: £46,000 within employee benefit expenses), Retail Cash Grant Scheme £nil (2020: £1,000 within other income).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

21. Ultimate parent undertaking

The Company is a 95% owned subsidiary of Sharman Quinney Holdings Limited. The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. The largest group in which the results are consolidated is that headed by Skipton Building Society. The smallest group is that headed by Connells Limited and the consolidated accounts of this company are available to the public and can be obtained from:

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