

RMS MORTGAGE SERVICES LIMITED

DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Registered Number 05605493)

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DIRECTORS' REPORT

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

INTRODUCTION AND OVERVIEW

RMS Mortgage Services Limited is a private Limited Company incorporated in England & Wales, registered number 05605493. The registered office address is Cumbria House, 16-20 Hockliffe Street, Leighton Buzzard, Bedfordshire, England, LU7 1GN

All new business of the Company was transferred to RMS Estate Agents Limited in 2016, when the RMS Group was acquired by Connells Limited. The Company provides mortgages and ancillary services to participants in the UK residential property market and will continue to do so for the foreseeable future

DIRECTORS

The Directors who served during the year were:

J Walker
R S Shipperley
D C Livesey
R J Twigg
D K Plumtree

DIVIDENDS

No interim ordinary dividends were paid (2020: £14,000). The Directors do not recommend payment of a final dividend (2020: £nil)

DONATIONS

There have been no charitable or political donations in the year (2020: £nil)

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 profitably over the past year.

Due to the strong position of the business 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 net profit after tax of £17,000 (2020: £20,000) and at 31 December 2021 had cash balances amounting to £68,000 (2020: £55,000). At the date of signing these accounts, the Company has a similar cash balance and has no external debt.

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

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	2	21	24
Operating expenses		-	-
Profit before tax		21	24
Tax expense	4	(4)	(4)
Profit for the year		17	20

There were no recognised income and expense items in the current year (2020: £nil) other than those reflected above.

The notes on pages 8 to 13 form part of these financial statements.

RMS Mortgage Services Limited
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31 December 2021

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

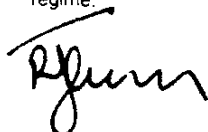
	Notes	£000	31 December 2021 £000	£000	31 December 2020 £000
Current assets					
Trade and other receivables	5	5		3	
Cash and cash equivalents	6	68		55	
Total current assets			73		58
Total assets			73		58
Current liabilities					
Trade and other payables		1		-	
Tax liabilities	7	1		4	
Total current liabilities			2		4
Total liabilities			2		4
Equity – attributable to equity holders of the Company					
Share capital	9	-		-	
Retained earnings	9	71		54	
Total equity			71		54
Total equity and liabilities			73		58

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: 05605493

The notes on pages 8 to 13 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	-	54	54
Total comprehensive income for the year	-	17	17
Dividends	-	-	-
Balance at 31 December 2021	-	71	71
Balance at 1 January 2020	-	48	48
Total comprehensive income for the year	-	20	20
Dividends	-	(14)	(14)
Balance at 31 December 2020	-	54	54

The notes on pages 8 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

RMS Mortgage Services Limited (the 'Company') is a Company incorporated, registered and domiciled in the UK. The following accounting policies have been applied consistently in these Company's accounts:

a) Basis of accounting

The Company's financial statements have been prepared 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 1h)

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 IFRS 7 Financial Instruments: Disclosures
- d) 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

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)*

Measurement convention

These financial statements are prepared on the historical cost basis.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies (continued)

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.

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 profitably over the past year.

Due to the strong position of the business, 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 net profit after tax of £17,000 (2020: £20,000) and at 31 December 2021 had cash balances amounting to £68,000 (2020: £55,000). At the date of signing these accounts, the Company has a similar cash balance and has no external debt.

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.

b) Revenue recognition

Revenue, which excludes value added tax, represents insurance renewal commissions received which are recognised on a cash received basis, which is when all contractual obligations have been fulfilled.

c) 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.

d) Trade and other payables

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

e) 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 of the company.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

e) Taxation (continued)

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.

f) Cash and cash equivalents

Cash comprises cash in hand and balances with banks and similar institutions. Cash and 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.

g) Net financing costs

Interest income and interest payable is recognised in the Statement of Comprehensive Income as they accrue using the effective interest method.

h) Critical accounting judgements and estimates

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

- Accounting policies – certain critical judgments have been made in applying the Company's accounting policies in relation to provisions for clawback of insurance commission (note 8)

2. 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
Income from sale of financial services products	21
	<u>21</u>
2020	Products and services transferred at a point in time £000
Income from sale of financial services products	24
	<u>24</u>

3. 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	<u>5</u>	<u>5</u>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. Staff numbers and costs *(continued)*

	Year ended 2021 £000	Year ended 2020 £000
The aggregate payroll costs of these persons were as follows		
Wages and salaries	-	-
	<u>-</u>	<u>-</u>

The aggregate payroll costs of these persons £nil (2020: £nil). All (2020: all) of the directors are remunerated by other group entities. Their services to the Company are inconsequential to attract a notional charge.

4. Taxation

	Year ended 2021 £000	Year ended 2020 £000
a) Analysis of expense in the year at 19% (2020: 19%)		
Current tax expense		
Current tax at 19% (2020: 19%)	4	4
Total current tax	<u>4</u>	<u>4</u>
Total deferred tax	<u>-</u>	<u>-</u>
Tax expense	<u>4</u>	<u>4</u>

b) Factors affecting current tax expense in the year

The tax assessed in the Income Statement is equal to (2020: equal to) the standard UK corporation tax rate as follows.

	Year ended 2021 £000	Year ended 2020 £000
Profit before tax	21	24
Tax on profit at UK standard rate of 19% (2020: 19%)	4	4
Tax expense	<u>4</u>	<u>4</u>

5. Trade and other receivables

	31 December 2021 £000	31 December 2020 £000
Trade receivables	5	3
	<u>5</u>	<u>3</u>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. Cash and Cash Equivalents

	31 December 2021 £000	31 December 2020 £000
Cash at bank and in hand	68	55
	<u>68</u>	<u>55</u>

7. Trade and other payable

	31 December 2021 £000	31 December 2020 £000
Amounts due to group undertakings	1	-
	<u>1</u>	<u>-</u>

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

8. Provisions

	Insurance Commission Clawback 2021 £000	Insurance Commission Clawback 2020 £000
At 1 January	-	1
Released during the year	-	(1)
Provisions made during the year	-	-
At 31 December	<u>-</u>	<u>-</u>
Due within one year	-	-
Due after one year	<u>-</u>	<u>-</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.

9. Share capital

	31 December 2021 £000	31 December 2020 £000
Authorised, called up and fully paid		
1 Ordinary share of £1	<u>-</u>	<u>-</u>

Management of capital

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

	31 December 2021 £000	31 December 2020 £000
Capital		
Ordinary shares	-	-
Retained earnings	<u>71</u>	<u>54</u>
	<u>71</u>	<u>54</u>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9. Share capital *(continued)*

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. No dividends were paid in the year (2020: £14,000).

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.

10. Related party transactions

RMS Estate Agents Limited owns 100% of the share capital of RMS Mortgage Services Limited. During the year no dividends were paid (2020: £14,000).

11. Capital commitments

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

12. Ultimate parent undertaking

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

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