

Registration number: 06725710

JAM Advisors Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



JAM Advisors Limited
(Registration number: 06725710)

Contents

Company Information	1
Directors' Report	2 to 6
Independent Auditors' Report to the Members of JAM Advisors Limited	7 to 9
Income Statement	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 to 26

JAM Advisors Limited
(Registration number: 06725710)

Company Information

Directors	Peter Curran Paul Creffield (appointed 24 July 2018)
Company secretary	G R Williams Oakwood Corporate Secretary Limited
Registered office	Suite 2a St David's Court Union Street Wolverhampton WV1 3JE
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

JAM Advisors Limited
(Registration number: 06725710)

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The Directors have also taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 and have not prepared a strategic report.

Principal activities and future developments

The principal activity of the company is that of a mortgage broker. There has been no change in the company's activities in the year under review and no future change in activity is anticipated.

Dividends

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

Operating results

Revenue of £5.2m (2017: £4.8m) and operating profit of £1.0m (2017: £0.9m).

Financial risk management

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

Risk management is carried out on a group basis by the finance department of Countrywide plc, the ultimate parent undertaking. The board provides principles for overall risk management, as well as specific areas such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The company operates within the United Kingdom and all of the company's transactions are in sterling.

(ii) Cash flow and fair value interest rate risk

As the company has no significant interest bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk arises principally from the company's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The company has implemented policies which require a credit risk assessment, and credit checks are made on potential clients as required in accordance with these assessments.

(c) Liquidity risk

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

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

JAM Advisors Limited
(Registration number: 06725710)

Directors' Report for the Year Ended 31 December 2018 (continued)

Directors of the company

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

Peter Curran

Paul Dixon (resigned 2 May 2018)

Paul Creffield (appointed 24 July 2018)

Employees

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

2018 was a year of reset. We made significant progress in ensuring we have the right level of headcount and expertise and continued career development and progression. We recognise that our people need to be inspired to be the best they can be, feel valued and engaged. To support this, we offer a range of benefits and development opportunities for our people.

Share plans form a key part of the company's total reward offering. During the year, an in depth review of the Group-wide share plans took place, resulting in closure of the Share Incentive Plan (SIP) and the successful introduction of a Save as You Earn (SAYE) plan on a three year term.

Training and development

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

Communication and engagement

The company delivers timely, clear and consistent messaging to all colleagues. Updates include financial results and market updates through Our Place. Our Place is a key communication channel with over 60% of the Group's colleagues regularly visiting the site for updates including: financial results, market updates, blogs and business related information.

Our Place hosts High Fives, a group-wide recognition programme, created to encourage colleagues, managers and executives to recognise performance and behaviours that reflect the values of the company. In 2018 we launched the long service programme to recognise and celebrate key service milestones.

Charitable giving

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

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

JAM Advisors Limited
(Registration number: 06725710)

Directors' Report for the Year Ended 31 December 2018 (continued)

Employees (continued)

Diversity and inclusion

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

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

Human rights

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

Our support function in India, WNS, has a foundation called WNS Cares Foundation. It takes care of providing education and a lot of other facilities and benefits to the children in the society. This foundation exists in all countries that WNS operates from and is actively involved in child education. More information on the foundation can be found by visiting www.wnscaresfoundation.org.

Modern slavery

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

JAM Advisors Limited
(Registration number: 06725710)

Directors' Report for the Year Ended 31 December 2018 (continued)

Going concern

The company is a subsidiary of Countrywide plc and operates as part of the wider Countrywide plc group (the "Group").

The Group finances its operations through a £125 million committed revolving credit facility and undertakes treasury management activities centrally; syndicated across a group of six lenders, expiring in September 2022.

There are two principal financial covenants relating to the Group's debt that test the ratio of net debt relative to Group adjusted EBITDA and interest cover. In addition, the Group's information covenants keep the lender group apprised of the Group's performance, including forecasts for income statement, balance sheet and cash flow liquidity.

As part of the Countrywide plc Board's assessment of going concern and ongoing liquidity, forecasts were prepared for the three years to December 2021. These forecasts included sensitivities on a variety of downside scenarios including future property transaction volumes, which recognise the uncertain UK political and Brexit environment, and options to mitigate the effects of these downside scenarios. These sensitivities have been used in assessing the Group's forecast compliance with its leverage and interest covenants over the three years and to assess liquidity.

In light of market uncertainty, during the first half of 2019 the Group has taken a series of actions across the business to reduce discretionary costs and overheads. This has underpinned the delivery of the Group's first half performance and gives the Board confidence in the outlook for the full year. The Board fully expects the Group to be in compliance with its leverage and interest covenants in 2019. For 2020 and 2021, the forecast scenarios assumed a continuing impact from the uncertain political and Brexit environment and in these scenarios the headroom on the leverage covenants reduced in 2020. In response to this, the Group has developed a series of further cost action plans to mitigate the downside risks.

At the same time, the Group agreed new leverage covenant levels in July 2019 which gives the Group the financial flexibility to execute its turnaround. The interest covenant level was deemed to be appropriate relative to current and anticipated levels of headroom throughout the plan period.

Having assessed the Group's liquidity outlook on the basis of the above projections and sensitivities, ongoing enhanced liquidity monitoring and the mitigating actions available to the Group, the Board concluded that the Group has sufficient headroom compared to its available borrowing facility.

The directors of the company have confirmed that, after due consideration, including the above factors relating to the Group's ability to continue as a going concern, the company will be able to meet its liabilities when they fall due. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' liabilities

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

JAM Advisors Limited
(Registration number: 06725710)

Directors' Report for the Year Ended 31 December 2018 (continued)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to reappoint will be proposed at the Annual General Meeting.

Approved by the Board on 27 September 2019 and signed on its behalf by:



Peter Curran
Director

JAM Advisors Limited
(Registration number: 06725710)

Independent Auditors' Report to the Members of JAM Advisors Limited

Report on the audit of the financial statements

Opinion

In our opinion, JAM Advisors Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the income statement, the Balance Sheet and the statement of changes in equity for the year then ended 31 December 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

JAM Advisors Limited
(Registration number: 06725710)

Independent Auditors' Report to the Members of JAM Advisors Limited (continued)

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

JAM Advisors Limited
(Registration number: 06725710)

Independent Auditors' Report to the Members of JAM Advisors Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

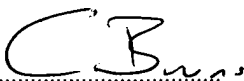
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



.....
Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 September 2019

JAM Advisors Limited
(Registration number: 06725710)

Income Statement for the Year Ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue	4	5,165	4,777
Other income		<u>62</u>	<u>121</u>
		5,227	4,898
Administrative expenses		<u>(4,215)</u>	<u>(3,970)</u>
Operating profit	6	<u>1,012</u>	<u>928</u>
Profit before taxation		1,012	928
Tax on profit	7	<u>(195)</u>	<u>(180)</u>
Profit for the financial year		<u><u>817</u></u>	<u><u>748</u></u>

The above results were derived from continuing operations.

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

JAM Advisors Limited
(Registration number: 06725710)

Balance Sheet as at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Property, plant and equipment	8	31	46
Deferred tax assets	7	3	-
		<u>34</u>	<u>46</u>
Current assets			
Trade and other receivables	9	3,400	2,017
Cash and cash equivalents		411	884
		<u>3,811</u>	<u>2,901</u>
Creditors: Amounts falling due within one year			
Trade and other payables	10	(847)	(873)
Provisions for liabilities	11	(130)	(68)
		<u>(977)</u>	<u>(941)</u>
Net current assets		<u>2,834</u>	<u>1,960</u>
Total assets less current liabilities		2,868	2,006
Creditors: Amounts falling due after more than one year			
Provisions for liabilities	11	(209)	(164)
Net assets		<u>2,659</u>	<u>1,842</u>
Capital and reserves			
Called up share capital	14	2	2
Profit and loss account		2,657	1,840
Total shareholders' funds		<u>2,659</u>	<u>1,842</u>

The financial statements on pages 10 to 26 were approved by the Board on 27 September 2019 and signed on its behalf by:



Peter Curran
Director

JAM Advisors Limited
(Registration number: 06725710)

Statement of Changes in Equity for the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
Balance at 1 January 2017	2	1,092	1,094
Profit for the financial year	-	748	748
Total comprehensive income for the year	-	748	748
Balance at 31 December 2017	2	1,840	1,842
Profit for the financial year	-	817	817
Total comprehensive income for the year	-	817	817
Balance at 31 December 2018	2	2,657	2,659

The notes on pages 13 to 26 form an integral part of these financial statements.

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

JAM Advisors Limited ('the company') sells mortgage related financial services products principally in the new-build residential housing sector.

The company is a private company limited by share capital which is incorporated and domiciled in the UK. The address of the registered office is Suite 2a, St David's Court, Union Street, Wolverhampton, WV1 3JE.

2 Summary of significant accounting policies

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

Basis of preparation

The financial statements of the company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, and in accordance with 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 3.

Countrywide plc, the company's ultimate holding company in the United Kingdom, produces a consolidated cash flow statement and this company is included in the consolidated financial statements. Consequently the company has taken advantage of the exemption not to produce its own cash flow statement.

Summary of disclosure exemptions

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

Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:

- (i) paragraph 79(a)(iv) of IAS 1
- (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment'
- (iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and the end of the period)

The following paragraphs of IAS 1, 'Presentation of financial statements':

- (i) 10(d), (statement of cash flows)
- (ii) 16 (statement of compliance with all IFRS)
- (iii) 38A (requirement for minimum of two primary statements, including cash flow statements)
- (iv) 38B-D (additional comparative information)
- (v) 40A-D (requirements for a third statement of financial position)
- (vi) 111 (cash flow statement information)

IAS 7, 'Statement of cash flows';

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Summary of significant accounting policies (continued)

Summary of disclosure exemptions (continued)

- Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going concern

The company is a subsidiary of Countrywide plc and operates as part of the wider Countrywide plc group (the "Group").

The Group finances its operations through a £125 million committed revolving credit facility and undertakes treasury management activities centrally; syndicated across a group of six lenders, expiring in September 2022.

There are two principal financial covenants relating to the Group's debt that test the ratio of net debt relative to Group adjusted EBITDA and interest cover. In addition, the Group's information covenants keep the lender group apprised of the Group's performance, including forecasts for income statement, balance sheet and cash flow liquidity.

As part of the Countrywide plc Board's assessment of going concern and ongoing liquidity, forecasts were prepared for the three years to December 2021. These forecasts included sensitivities on a variety of downside scenarios including future property transaction volumes, which recognise the uncertain UK political and Brexit environment, and options to mitigate the effects of these downside scenarios. These sensitivities have been used in assessing the Group's forecast compliance with its leverage and interest covenants over the three years and to assess liquidity.

In light of market uncertainty, during the first half of 2019 the Group has taken a series of actions across the business to reduce discretionary costs and overheads. This has underpinned the delivery of the Group's first half performance and gives the Board confidence in the outlook for the full year. The Board fully expects the Group to be in compliance with its leverage and interest covenants in 2019. For 2020 and 2021, the forecast scenarios assumed a continuing impact from the uncertain political and Brexit environment and in these scenarios the headroom on the leverage covenants reduced in 2020. In response to this, the Group has developed a series of further cost action plans to mitigate the downside risks.

At the same time, the Group agreed new leverage covenant levels in July 2019 which gives the Group the financial flexibility to execute its turnaround. The interest covenant level was deemed to be appropriate relative to current and anticipated levels of headroom throughout the plan period.

Having assessed the Group's liquidity outlook on the basis of the above projections and sensitivities, ongoing enhanced liquidity monitoring and the mitigating actions available to the Group, the Board concluded that the Group has sufficient headroom compared to its available borrowing facility.

The directors of the company have confirmed that, after due consideration, including the above factors relating to the Group's ability to continue as a going concern, the company will be able to meet its liabilities when they fall due. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Summary of significant accounting policies (continued)

New standards, amendments and interpretations

No New standards, amendments or interpretations effective for the first time for the financial year beginning on or after 1 January 2018 have had a material impact on the company.

Property, plant and equipment

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

Depreciation

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

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

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

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Summary of significant accounting policies (continued)

Financial assets and liabilities

Classification

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

Financial assets at amortised cost

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

Recognition and measurement

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

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

Impairment of financial assets

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

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

Previous accounting policy for impairment of trade receivables:

In the prior year, impairment provisions were recognised when there was objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company would be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net of provisions, such provisions are recorded in a separate provision account with the loss being recognised within other operating costs in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held on call with banks.

Share capital

Ordinary shares are classified as equity.

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Summary of significant accounting policies (continued)

Trade and other payables

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

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

Current and deferred income taxes

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

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

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

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

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

Defined contribution pension scheme

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

Provisions for liabilities

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in provision due to passage of time is recognised in finance costs.

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Summary of significant accounting policies (continued)

Revenue recognition

Services rendered

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

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

The company acts as agent and receives fees for the introduction of a financial services customer to a lender or insurance provider. Fees are recognised net of value added taxes at a point in time when we have fully provided the service to the customer.

Management is required to make certain judgements, including: the determination of the performance obligations in the contract; whether the company is acting as principal or agent; the estimation of any variable consideration in determining the contract price; the allocation of the price to the performance obligations inherent in the contract; and an appropriate method of recognising revenue, including judging whether the performance obligations have been satisfied over a period of time or at a point in time. For performance obligations that are satisfied over a period of time, judgements are made as to whether the output method or the input method is more appropriate to measure progress towards complete satisfaction of the performance obligation.

Deferred income

Where the company receives an amount upfront in respect of future income streams, the value of the receipt is amortised over the period of the contract as the services are delivered and the unexpired element is disclosed in liabilities as deferred income.

Dividends

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

Operating leases

Payments under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Revenue clawback provision

The company receives commission from third party life assurance policy providers for the referral of customers who purchase a policy. If the life assurance policy lapses following issue, a proportion of the income is clawed back. The company estimates the cost of repaying indemnity commission income received on life assurance policies that may lapse following issue. Details of the movement in the provision are provided in note 12.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting year.

4 Revenue

All of the company's revenues are generated in the United Kingdom from commission and fees earned on the sale of insurance policies, mortgages and related products.

Disaggregation of revenue from contracts with customers	2018	2017
	£'000	£'000
<i>Major service lines</i>		
Mortgage brokerage	3,221	2,845
Insurance brokerage	1,939	1,932
Other	5	-
	<u>5,165</u>	<u>4,777</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	<u>5,165</u>	<u>4,777</u>

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

5 Employees and Directors

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

	2018	2017
	£'000	£'000
Wages and salaries	1,202	1,183
Social security costs	111	99
Other pension costs	50	23
	<u>1,363</u>	<u>1,305</u>

The Directors were paid by a fellow Group undertaking. It is not practical to allocate their remuneration between various Group entities.

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

	2018	2017
	No.	No.
Sales	16	16
Administration and support	20	29
Management	3	3
	<u>39</u>	<u>48</u>

6 Operating profit

	2018	2017
	£'000	£'000
Depreciation expense	31	18
Auditors' remuneration for audit work	12	12
Operating lease expense	<u>103</u>	<u>104</u>

The fees payable for the audit of the company's financial statements total £12,000 (2017: £12,000). There are no non-audit fees payable to the company's auditors.

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

7 Tax on profit

Tax expense included in income statement:

	2018	2017
	£'000	£'000
UK corporation tax on profits for the year	198	183
Adjustments in respect of prior years	-	(1)
Total current tax charge	198	182
Deferred tax on profit for the year:		
Origination and reversal of temporary differences	(3)	(2)
Total deferred tax	(3)	(2)
Income tax charge	195	180

The tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018	2017
	£'000	£'000
Profit before taxation	1,012	928
Profit multiplied by the rate of corporation tax in the UK of 19% (2017: 19.25%)	192	179
Effects of:		
Other expenses not deductible	1	1
Permanent difference relating to depreciation not deductible	2	-
Total taxation charge	195	180

The changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

The relevant deferred tax balances have been re-measured using rates applicable to when the balances are expected to unwind.

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

7 Tax on profit (continued)

Deferred tax

The provision for deferred tax consists of the following deferred tax liabilities:

	2018	2017
	£'000	£'000
Net deferred tax asset/(liability) at 1 January	-	(2)
Credited to income statement	3	2
Net deferred tax assets at 31 December	<u>3</u>	<u>-</u>
Deferred tax asset expected to unwind within one year	<u>1</u>	<u>-</u>
Deferred tax asset expected to unwind after one year	<u>2</u>	<u>-</u>
	<u>3</u>	<u>-</u>

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

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

	2018	
	Asset	Credited to income
	£'000	£'000
Origination and reversal of temporary differences		
Capital allowances	1	2
Share-based payments	1	1
Other temporary and deductible differences	1	-
Total	<u>3</u>	<u>3</u>

	2017	
	Liability	Credited to income
	£'000	£'000
Origination and reversal of temporary differences		
Capital allowances	-	2
Total	<u>-</u>	<u>2</u>

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

7 Tax on profit (continued)

There are no unused tax losses (2017: £Nil).

8 Property, plant and equipment

	Leasehold improvements	Furniture and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2018	20	50	70
Additions	-	16	16
Disposals	-	(20)	(20)
At 31 December 2018	20	46	66
Accumulated depreciation			
At 1 January 2018	4	20	24
Charge for the year	12	19	31
Disposals	-	(20)	(20)
At 31 December 2018	16	19	35
Net book amount			
At 31 December 2018	4	27	31
At 31 December 2017	16	30	46

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

9 Trade and other receivables

	2018	2017
	£'000	£'000
Trade receivables	141	71
Amounts owed by group undertakings	2,701	1,564
Other receivables	558	382
	<u>3,400</u>	<u>2,017</u>

Trade and other receivables are all current and any fair value difference is not material. Trade receivables are considered past due once they have passed their contracted due date. Trade receivables are reviewed for impairment by taking into account the historical default experience and the financial position of the counterparties to estimate the likelihood of default. Trade receivables are written off when there is no reasonable expectation of recovery. Trade receivables are stated after provisions for impairment of £Nil (2017: £10,000).

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

10 Trade and other payables

	2018	2017
	£'000	£'000
Trade payables	14	60
Amounts owed to group undertakings	356	339
Accruals and other payables	246	260
Current tax liabilities	198	182
Social security and other taxes	33	32
	<u>847</u>	<u>873</u>

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

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Provisions for liabilities

	Revenue clawback provision	Property repairs	Total
	£'000	£'000	£'000
At 1 January 2018	232	-	232
Charged to income statement	567	75	642
Utilised in year	(535)	-	(535)
At 31 December 2018	264	75	339
Due within one year or less	80	50	130
Due after more than one year	184	25	209
	264	75	339

Revenue clawback represents the provision required to meet the estimated cost of repaying indemnity commission income received on life assurance policies that may lapse in the four years following issue.

12 Operating lease commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2018	2017
	£'000	£'000
Property		
Within one year	52	106
Later than one year and less than five years	57	109
	109	215

13 Pension and other schemes

Defined contribution pension scheme

The company offers membership of the group's defined contribution pension scheme to eligible employees. The pension cost charged for the year represents contributions payable by the company to the scheme and amounted to £50,000 (2017: £23,000).

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

14 Called up share capital

Allotted, called up and fully paid shares

	2018	2017
	£'000	£'000
2,000 (2017: 2,000) ordinary shares of £1 each	<u>2</u>	<u>2</u>

15 Parent and ultimate parent undertaking

The immediate parent undertaking is Countrywide Principal Services Limited. The ultimate parent undertaking and ultimate controlling party is Countrywide plc, a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. Countrywide plc is the parent undertaking of the only group of undertakings to consolidate these financial statements. The consolidated financial statements of Countrywide plc can be obtained from Greenwood House, 1st Floor, 91-99 New London Road, Chelmsford, Essex, CM2 0PP.

16 Events after the reporting period

During July 2019, Countrywide plc, the ultimate parent undertaking and ultimate controlling party, agreed an amended covenant package relating to the revolving credit facility with its lender partners which provides the Countrywide plc group of companies with the financial flexibility to continue to execute the turnaround plan as noted in the Directors' Report.