

**JAM Advisors Limited**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the Year Ended 31 December 2021**

Registered number: 06725710



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## **Directors' Report**

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

### **INTRODUCTION AND OVERVIEW**

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 its registered office is Suite 2a, St David's Court, Union Street, Wolverhampton, WV1 3JE, United Kingdom.

### **DIRECTORS**

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

Peter Curran	(resigned 8 March 2021)
Paul Creffield	(resigned 31 March 2021)
Adrian Scott	(appointed 8 March 2021)
Richard Twigg	(appointed 8 March 2021)

### **ACQUISITION BY CONNELLS**

On 8 March 2021 the entire share capital of Countrywide Limited, of which the Company is a wholly owned subsidiary, was acquired by Connells Limited.

### **DIVIDENDS**

An interim dividend of £3.0 million (2020: £Nil) was paid during the year to the immediate parent company. The Directors do not recommend 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 £2,934 of charitable donations in 2021 (2020: £3,643).

### **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.

### **DISCLOSURE OF INFORMATION TO AUDITOR**

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

## **Directors' Report** (continued)

### **GOING CONCERN**

The Directors have undertaken a thorough assessment of the Company's financial forecasts to 31 December 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 before tax of £34,000 (2020: £267,000) and at 31 December 2021 had comparable cash balances to the prior year amounting to £182,000 (2020: £160,000). At the date of signing these accounts, the Company continues to hold a similar working cash balance and has no external debt.

In forming their view on going concern, the Directors continue to perform extensive forecasting to model potential market shocks, including the ongoing impact of the Covid-19 pandemic and its potential impact on business volumes. In particular the Directors have considered and modelled a number of severe but plausible scenarios, including the impact of a material downturn in the UK housing market caused by the Covid-19 pandemic or other political and economic circumstances. The key assumptions used in this severe stress scenario are as follows:

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

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

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

### **AUDITOR**

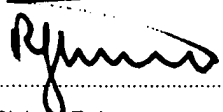
The Directors appointed a new external auditor during the year, consistent with its new ultimate parent undertaking, Skipton Building Society. PricewaterhouseCoopers LLP therefore resigned as the Company's external auditor, and Ernst & Young LLP was appointed on 4<sup>th</sup> November 2021.

Pursuant to Section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

### **SMALL COMPANIES**

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:



Richard Twigg

Director  
11 July 2022

Countrywide House  
6 Caldecotte Lake Business Park  
Caldecotte Lake Drive  
Milton Keynes  
Buckinghamshire  
MK7 8JT

## **Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statement**

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 Directors' report that complies 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, 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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAM ADVISORS LIMITED**

### **Opinion**

We have audited the financial statements of JAM Advisors Limited for the year ended 31 December 2021 which comprise of the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. 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.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAM ADVISORS LIMITED (CONTINUED)

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

### Auditor's 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 auditor's 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.

### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are The Estates Agents Act 2019, The Consumer Rights Act 2015, The Consumers, Estate Agents and Redress Act 2007, International Accounting Standards, Companies Act 2006, Data Protection Act 1998, Health and Safety at Work Act 1974, HMRC regulations, The Coronavirus Act 2020 Functions of Her Majesty's Revenue and Customs (Coronavirus Job Retention Scheme), UK Bribery Act, Equality Act and Anti-Money Laundering Regulations.
- We understood how JAM Advisors Limited is complying with those frameworks by making enquiries of those charged with governance and management. We understood the potential incentive and ability to override the controls. We considered management's attitude and tone from the top to embed a culture of honesty and ethical behaviour whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. We further understood the adoption of accounting standards and considered the compliance with the above laws.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by obtaining and reading internal policies, holding enquiries of management and those charged with governance and the in-house legal counsel as to any fraud risk framework within the company.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
  - Enquiry of management and those charged with governance as to any fraud risk framework within the company, including whether a formal fraud risk assessment is completed.
  - Enquiry of management, those charged with governance and the company's in-house legal team around actual and potential litigation and claims.
  - Enquiry of staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations, including communications with regulators and tax authorities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAM ADVISORS LIMITED (CONTINUED)

### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)*

- Reading minutes of meetings of those charged with governance.
- Reading internal audit reports.
- Enquiry of management over reports to whistleblowing hotlines.
- Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.
- Where weaknesses in internal control in respect of cash were identified we:
  - o Increased the sample sizes in respect of our substantive audit testing;
  - o Performed additional testing with respect to completeness of balances and cut-off testing for transactions occurring around the year end; and
  - o Increased samples of risk based journals and material post-closing adjustments, agreeing them to appropriate supporting evidence.
- Where instances of non-compliance with laws and regulations were identified we assessed and challenged management's response, involving specialists, where required, to consider the appropriateness of the response and the conclusions reached.
- Data analytics to highlight potentially anomalous transactions in areas of the business which are determined to have an elevated fraud risk.
- Evaluating the business rationale of significant transactions outside the normal course of business, and
- Challenging judgements made by management. This included corroborating the inputs and considering contradictory evidence.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

### **Use of our report**

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



Ruth Logan (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP,  
Cambridge

13 July 2022



## Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	2	3,663	3,234
Administrative expenses		(3,635)	(3,060)
Other operating income	3	—	97
<b>Operating profit</b>	5	<b>28</b>	<b>271</b>
Finance income	6	7	1
Finance costs	7	(1)	(5)
<b>Profit before taxation</b>		<b>34</b>	<b>267</b>
Income tax expense	9	(4)	(57)
<b>Profit for the financial year being total comprehensive income</b>		<b>30</b>	<b>210</b>

The above results were derived from continuing operations.

The notes on pages 11 to 23 form part of these financial statements.

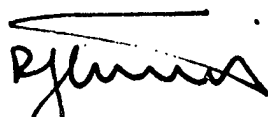
## Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 £'000	Restated 31 December 2020 £'000
<b>Non-current assets</b>			
Deferred tax asset	9	19	10
Intangible assets	10	22	–
Tangible assets	11 (a)	8	33
Right-of-use assets	11 (b)	21	37
		70	80
<b>Current assets</b>			
Trade and other receivables	12	1,275	4,625
Cash	13	182	160
		1,457	4,785
<b>Total assets</b>		<b>1,527</b>	<b>4,865</b>
<b>Non-current liabilities</b>			
Trade and other payables	14	–	7
Lease liabilities	15	5	13
Provisions for liabilities	16	194	124
		199	144
<b>Current liabilities</b>			
Trade and other payables	14	259	790
Lease liabilities	15	16	20
Provisions for liabilities	16	202	90
		477	900
<b>Total Liabilities</b>		<b>676</b>	<b>1,044</b>
<b>Capital and reserves</b>			
Called up share capital	18	2	2
Retained Earnings		849	3,819
<b>Total equity</b>		<b>851</b>	<b>3,821</b>
<b>Total equity and liabilities</b>		<b>1,527</b>	<b>4,865</b>

The notes on pages 11 to 23 form part of these financial statements.

These financial statements were approved by the Board of Directors and signed on its behalf by:



Richard Twigg  
Director  
11 July 2022

Company registration number: 06725710

## Statement of Changes in Equity

For the year ended 31 December 2021

During the year interim dividends of £3.0 million (2020: £Nil) were paid. The dividend per share totalled £nil (2020: £nil).

	Note	Share capital	Profit and loss account	Total shareholders' funds
		£'000	£'000	£'000
Balance at 1 January 2021		2	3,819	3,821
Profit for the financial year being total comprehensive income		–	30	30
Dividends	8	–	(3,000)	(3,000)
<b>Balance at 31 December 2021</b>		<b>2</b>	<b>849</b>	<b>851</b>
Balance at 1 January 2020		2	3,609	3,611
Profit for the financial year being total comprehensive income		–	210	210
Dividends		–	–	–
<b>Balance at 31 December 2020</b>		<b>2</b>	<b>3,819</b>	<b>3,821</b>

The notes on pages 11 to 23 form part of these accounts.

## Notes to the financial statements

### 1. 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.

#### a) 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, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

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 1 (p).

#### Disclosure exemptions adopted

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

- a) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements.
- b) The requirements of IAS 7 Statement of Cash Flows.
- c) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures.
- d) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is a wholly owned member of the group.
- e) The requirements of IFRS 7 Financial Instruments: Disclosures
- f) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15
- g) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16
- h) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36.
- i) The requirements in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of
  - i. paragraph 73(e) in respect of IAS 16 Property, Plant and Equipment
  - ii. paragraph 118(e) in respect of IAS 38 Intangible Assets

#### 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 financial statements (continued)**

### **1. Accounting policies (continued)**

#### **Measurement convention**

These financial statements are prepared on the historical cost basis.

#### **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 31 December 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 before tax of £34,000 (2020: £267,000) and at 31 December 2021 had comparable cash balances to the prior year amounting to £182,000 (2020: £160,000). At the date of signing these accounts, the Company continues to hold a similar working cash balance and has no external debt.

In forming their view on going concern, the Directors continue to perform extensive forecasting to model potential market shocks, including the ongoing impact of the Covid-19 pandemic and its potential impact on business volumes. In particular the Directors have considered and modelled a number of severe but plausible scenarios, including the impact of a material downturn in the UK housing market caused by the Covid-19 pandemic or other political and economic circumstances. The key assumptions used in this severe stress scenario are as follows:

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

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

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

#### **Prior year restatement of statement of financial position**

Following the acquisition of the business by Connells Limited, the presentation of the financial statements has been re-presented in accordance with IAS 1: Presentation of Financial Statements. As a result, the Deferred tax asset is shown within non-current assets and Provisions have been split between current and non-current liabilities.

The brought forward balances for costs and accumulated depreciation in Tangible fixed assets have been corrected. The net book amount remains unchanged.

#### **b) Revenue recognition**

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 received payment from our lender and insurance partners and 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.



## Notes to financial statements (continued)

### 1. Accounting policies (continued)

#### e) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed for impairment annually or whenever events and changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

In respect of goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each Statement of Financial Position date. The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### f) Financial assets

##### *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, but any maturities greater than twelve months after the end of the reporting period are disclosed. 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.

#### g) 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.

#### h) 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 Statement of Financial Position 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 Statement of Financial Position 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.

## Notes to financial statements (continued)

### 1. Accounting policies (continued)

#### h) Current and deferred income taxes (continued)

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.

#### i) 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.

#### j) Provisions for liabilities

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. 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 the provision due to passage of time is recognised in finance costs.

#### k) 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.

#### l) Finance income and costs policy

Finance income comprises interest receivable on funds invested. Interest income is recognised in profit or loss as it accrues using the effective interest method.

Finance costs accrue using the effective interest method, except for leases where the finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### m) 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.

#### n) Government grants

Grants from the Government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

#### o) Share capital

Ordinary shares are classified as equity.

#### p) 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 values of assets and liabilities within the next financial year are addressed below.

##### Key sources of estimation uncertainty

###### *Income taxes*

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

###### *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 16.



## Notes to financial statements (continued)

### 2. Revenue

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

Disaggregation of revenue from contracts with customers	2021 £'000	2020 £'000
<i>Major service lines</i>		
Mortgage brokerage	2,492	2,034
Insurance brokerage	1,122	1,160
Other	49	40
	<u>3,663</u>	<u>3,234</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	<u>3,663</u>	<u>3,234</u>

### 3. Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2021 £'000	2020 £'000
CJRS Government grants <sup>(1)</sup>	<u>-</u>	<u>97</u>

(1) Coronavirus Job Retention Scheme grant received from the Government for employees placed on furlough leave due to the COVID-19 pandemic.

### 4. Staff numbers and costs

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

	2021 £'000	2020 £'000
Wages and salaries	2,242	1,320
Social security costs	241	156
Redundancy costs	-	23
Other pension costs	58	37
	<u>2,541</u>	<u>1,536</u>

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

	2021 No.	2020 No.
Sales	32	14
Management	8	6
Administration	23	18
	<u>63</u>	<u>38</u>

Other Directors were remunerated by other group companies and are not directly remunerated by the Company. The notional allocation of the cost to the Company for their services was £37,893 (2020: £nil). This increase is as a result of the acquisition by Connells.

For the work relating to the directors who were terminated in the first half of the year as a result of the Connells acquisition, their contribution was considered insignificant to their overall role within the group. As a result, no apportionment of remuneration has been allocated to their directorship role.

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

## Notes to financial statements (continued)

### 5. Operating profit

Arrived at after charging/(crediting):

	2021 £'000	2020 £'000
Depreciation charge	64	66
Auditor's remuneration for audit work <sup>(1)</sup>	30	22
Loss on disposal of property, plant and equipment	24	-
	<u>118</u>	<u>88</u>

There were no non-audit fees paid to the Auditor or previous auditor (2020: £nil)

### 6. Finance income

	2021 £'000	2020 £'000
Bank interest receivable	1	1
Intra-group interest receivable	6	-
	<u>7</u>	<u>1</u>

### 7. Finance costs

	2021 £'000	2020 £'000
Other interest payable	-	3
Interest on lease liabilities	1	2
	<u>1</u>	<u>5</u>

### 8. Dividends

	2021 £'000	2020 £'000
Dividend paid to parent company of £1,500 per share (2020: £Nil per share)	3,000	-
	<u>3,000</u>	<u>-</u>

### 9. Taxation

Tax expense included in Statement of Comprehensive Income:

	2021 £'000	2020 £'000
UK corporation tax on profit for the year	13	58
Adjustments in respect of prior years	-	4
<b>Total current tax</b>	<u>13</u>	<u>62</u>
Deferred tax on profit for the year:		
Origination and reversal of temporary differences	(3)	(3)
Adjustment due to remeasurement for the change in tax rate	(3)	-
Adjustments in respect of prior years	(3)	(2)
<b>Total deferred tax</b>	<u>(9)</u>	<u>(5)</u>
<b>Total income tax</b>	<u>4</u>	<u>57</u>

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

## Notes to financial statements (continued)

### 9. Taxation (continued)

	2021 £'000	2020 £'000
<b>Profit before taxation</b>	<b>34</b>	<b>267</b>
Profit before taxation multiplied by the rate of corporation tax in the UK of 19% (2020: 19%)	6	51
Effects of:		
Other expenses not deductible	2	1
Impact of accelerated unwind of deferred tax assets	(3)	3
Permanent difference relating to depreciation not deductible	-	-
Tax relief on share-based payments charged to equity	2	-
Adjustments in respect of prior years	(3)	2
<b>Total tax charge</b>	<b>4</b>	<b>57</b>

#### Deferred tax

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

	2021 £'000	2020 £'000
Deferred tax asset at 1 January	10	5
Credited to Statement of Comprehensive Income	9	5
<b>Deferred tax asset at 31 December</b>	<b>19</b>	<b>10</b>
Deferred tax asset expected to unwind within one year	5	4
Deferred tax asset expected to unwind after one year	14	6
	<b>19</b>	<b>10</b>

Deferred tax assets have been recognised in respect of all 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.

Legislation to increase the standard rate of corporation tax in the UK to 25% from 1 April 2023 was enacted during the year.

Any deferred tax assets and liabilities that are expected to reverse after 1 April 2023 have been remeasured at this new rate.

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 overleaf. 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.

	2021 Asset £'000	Credited/ (charged) to Statement of Comprehensive Income £'000
<b>Origination and reversal of temporary differences</b>		
Capital allowances	16	10
Share based payments	-	(3)
Other temporary and deductible differences	3	2
	<b>19</b>	<b>9</b>

**Notes to financial statements (continued)**

**9. Taxation (continued)**

	2020	
	Asset £'000	Credited/ (charged) to Statement of Comprehensive Income £'000
Origination and reversal of temporary differences		
Capital allowances	6	2
Share-based payments	3	3
Other temporary and deductible differences	1	-
	<u>10</u>	<u>5</u>

**10. Intangible Assets**

	Computer Software £'000
<b>Cost</b>	
At 1 January 2021	-
Additions	22
<b>At 31 December 2021</b>	<u>22</u>
<b>Accumulated amortisation</b>	
At 1 January 2021	-
Amortisation charge for the year	-
<b>At 31 December 2021</b>	<u>-</u>
<b>Net book amount</b>	
<b>At 31 December 2021</b>	<u>22</u>
At 31 December 2020	-

All amortisation and impairment charges are treated as an administration expense in the Statement of Comprehensive Income.

## Notes to financial statements (continued)

### 11. Tangible fixed assets

#### (a) Non-leased assets

	Restated Leasehold improvements £'000	Restated Furniture and equipment £'000	Restated Total £'000
<b>Cost</b>			
At 1 January 2021 as previously stated	20	92	112
Prior period restatement	2	16	18
At 1 January 2021 as restated	22	108	130
Additions	-	18	18
Disposals	-	(71)	(71)
<b>At 31 December 2021</b>	<b>22</b>	<b>55</b>	<b>77</b>
<b>Accumulated depreciation</b>			
At 1 January 2021 as previously stated	19	60	79
Prior period restatement	2	16	18
At January 2021 as restated	21	76	97
Charge for the year	1	18	19
Disposals	-	(47)	(47)
<b>At 31 December 2021</b>	<b>22</b>	<b>47</b>	<b>69</b>
<b>Net book amount</b>			
At 31 December 2021	-	8	8
At 31 December 2020	1	32	33

The prior period has been restated to correct the brought forward cost and depreciation amounts. The net book amount remains unchanged.

#### (b) Right of use assets

	Right-of-use property assets £'000
<b>Cost</b>	
At 1 January 2021	107
Modifications	29
Disposals	(79)
<b>At 31 December 2021</b>	<b>57</b>
<b>Accumulated depreciation</b>	
At 1 January 2021	70
Disposals	(79)
Charge for the year	45
<b>At 31 December 2021</b>	<b>36</b>
<b>Net book amount</b>	
At 31 December 2021	21
At 31 December 2020	37

## Notes to financial statements (continued)

### 12. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	38	1
Amounts owed by group undertakings	559	4,052
Prepayments	11	-
Other receivables	667	572
	<u>1,275</u>	<u>4,625</u>

There are no charges over the Company's assets in respect of any of the Company's liabilities.

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 net of provisions for expected credit losses of £Nil (2020: £Nil).

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

### 13. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	<u>182</u>	<u>160</u>

### 14. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	8	-
Amounts owed to group undertakings	-	298
Accruals and other payables	168	232
Current tax liabilities	-	63
Social security and other taxes	83	197
	<u>259</u>	<u>790</u>
Trade and other payables due within one year	259	790
Trade and other payables due after more than one year	-	-
	<u>259</u>	<u>790</u>

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

### 15. Lease liabilities

	2021 £'000	2020 £'000
At 1 January	33	49
Modifications	29	33
Payments	(43)	(51)
Interest	2	2
At 31 December	<u>21</u>	<u>33</u>
Current	16	20
Non-current	<u>5</u>	<u>13</u>

## Notes to financial statements (continued)

### 15. Lease liabilities (continued)

The table below analyses the Company's lease liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	2021 £'000	2020 £'000
<i>Lease liabilities are repayable:</i>		
In not more than 3 months	8	10
In more than 3 months but less than 1 year	8	10
In more than 1 year but less than 5 years	5	13
In more than 5 years	-	-
<b>At 31 December</b>	<b>21</b>	<b>33</b>

### 16. Provisions

	Clawback provision £'000	Property repairs £'000	Total £'000
At 1 January 2021	188	26	214
Utilised in the year	(326)	-	(326)
Charged to the Statement of Comprehensive Income	466	42	508
<b>At 31 December 2021</b>	<b>328</b>	<b>68</b>	<b>396</b>
Due within one year or less	202	-	202
Due after more than one year	126	68	194
<b>At 31 December 2021</b>	<b>328</b>	<b>68</b>	<b>396</b>
At 1 January 2020	240	75	315
Utilised in the year	(441)	(11)	(452)
Charged to the Statement of Comprehensive Income	389	(38)	351
<b>At 31 December 2020</b>	<b>188</b>	<b>26</b>	<b>214</b>
Due within one year or less	64	26	90
Due after more than one year	124	-	124
<b>At 31 December 2020</b>	<b>188</b>	<b>26</b>	<b>214</b>

#### *Clawback provision*

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.

#### *Property provisions*

The provision for property repairs represents estimates of the cost to repair existing dilapidations under leasehold covenants and dilapidation provisions, in accordance with IAS 37 'Provisions, contingent liabilities and contingent assets'. The Company holds dilapidation provisions for back office based premises and this value has been calculated based on square footage. As the Company has increased the amount per square foot and increased the provisions held this year.

### 17. Pensions

#### **Defined contribution pension scheme**

The Company offers membership of a stakeholder pension scheme to all employees. The pension cost charged for the year represents contributions payable by the Company to the scheme and amounted to £58,000 (2020: £37,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

## Notes to financial statements (continued)

### 18. Called up share capital

Allotted, called up, authorised and fully paid shares

	2021	2020
	£	£
2,000 (2020: 2,000) ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

The ordinary shares have the right to one vote per ordinary share.

### 19. Government Grants

	2021	2020
	£000	£000
At 1 January	-	-
Received during the year	-	(97)
Released to the Statement of Comprehensive Income	-	97
<b>At 31 December</b>	<u>-</u>	<u>-</u>
Current	-	-
Non-current	-	-

Government grants have been received relating to the Coronavirus Job Retention Scheme of £nil (2020: £97,000 within other operating income).

### 20. Parent and ultimate parent undertaking

The immediate parent undertaking is Countrywide Principal Services 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 that company are available to the public and can be obtained from:

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