JAM Advisors Limited

DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS

for the Year Ended 31 December 2022

Registered number: 06725710

Contents

Directors' Report

The Directors present their Directors' report and the unaudited financial statements for the year ended 31 December 2022.

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

On 1st August 2022, The New Homes Group Limited completed the acquisition of the entire share capital of JAM Advisors Limited. The ultimate parent undertaking, Skipton Building Society, remains unchanged upon completion of the acquisition. All employees remained employed by JAM Advisors Limited.

DIRECTORS

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

Adrian Scott
Richard Twigg
Nicolas Spaull (appointed 8 August 2022)

DIVIDENDS

No interim dividend (2021: £3.0 million) was paid during the year to the immediate parent company. The Directors do not recommend the payment of a final dividend (2021: £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 £4,405 of charitable donations in 2022 (2021: £2,934).

EMPLOYEE DEVELOPMENT AND EQUAL OPPORTUNITIES

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

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

GOING CONCERN

The Directors have undertaken a thorough assessment of the Company's financial forecasts to 30 June 2024.

The Company is funded by its operating profits and the cash thereby generated. For the year ended 31 December 2022 the Company reported a net profit before tax of £218,000 (2021: £34,000) and at 31 December 2022 had cash balances amounting to £792,000 (2021: £182,000). At the date of signing these accounts, the Company continues to hold a similar working cash balance and has no external debt.

The Company has modelled downturn scenarios as detailed below, which include mitigating actions including reducing headcount, capital and other discretionary spend. As a result of the modelling, the Directors have deemed it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements of the Company for the year ended 31 December 2022.

Directors' Report (continued)

In forming their view on going concern, the Directors continue to perform extensive forecasting to model potential market shocks, and the related 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 political and economic circumstances. The key assumptions used in this severe stress scenario are as follows:

- UK housing market transactions fall by 10% against forecast levels for the duration of 2023. This would have a proportionate impact on most revenue streams as volumes decline.
- Mitigating actions to reduce headcount, capital expenditure and marketing spend.
- No government support has been assumed to be available, but any support available would likely be utilised and improve the liquidity position further.

The results from such stress testing indicate that the Company would be able to withstand the financial impact. The Company's financial strength means that it is well positioned to withstand such a downturn.
As a result of the above and following careful consideration, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

AUDITOR

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

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

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

....
Richard Twigg

Director
1 August 2023

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.

Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	2	3,732	3,663
Administrative expenses		(3,516)	(3,635)
Operating profit	4	***216***	***28***
Finance income	5	4	7
Finance costs	6	(2)	(1)
Profit before taxation		***218***	***34***
Income tax expense	8	(43)	(4)
Profit for the financial year being total comprehensive income		**175**	**30**

The above results were derived from continuing operations.

The notes on pages 8 to 18 form part of these financial statements.

Statement of Financial Position

As at 31 December 2022

	Note		31 December 2022 £'000		31 December 2021 £'000
Non-current assets					
Deferred tax asset	8	-		19	
Intangible assets	9	60		22	
Tangible assets	10	4		8	
Right-of-use assets	11	128		21	
			192		70
Current assets					
Trade and other receivables	12	803		1,275	
Cash	13	791		182	
			1,594		1,457
Total assets			**1,786**		**1,527**
Non-current liabilities					
Deferred tax liability	9	9			
Lease liabilities	15	107		5	
Provisions for liabilities	16	114		194	
			230		199
Current liabilities					
Trade and other payables	14	332		259	
Lease liabilities	15	24		16	
Provisions for liabilities	16	174		202	
			530		477
Total Liabilities			760		676
Capital and reserves					
Called up share capital	18	2		2	
Retained Earnings	19	1,024		849	
Total equity			**1,026**		**851**
Total equity and liabilities			**1,786**		**1,527**

The notes on pages 8 to 18 form part of these financial statements. The Directors:

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

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

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

....
Richard Twigg
Director
1 August 2023

Company registration number: 06725710

Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 January 2022	2	849	851
Profit for the financial year being total comprehensive income	–	175	175
Balance at 31 December 2022	**2**	**1,024**	**1,026**
Balance at 1 January 2021	2	3,819	3,821
Profit for the financial year being total comprehensive income	–	30	30
Dividends	–	(3,000)	–
Balance at 31 December 2021	**2**	**849**	**851**

The notes on pages 8 to 18 form part of these accounts.

During the year interim dividends of £nil (2021: £3.0 million) were paid. The dividend per share totalled £nil (2021: £1,500).

Notes to the financial statements

a) 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 (o.

Financial reporting standard 101 – reduced disclosure exemptions

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 amendments to existing accounting standards, which did not have a material impact on these financial statements:

- Onerous contracts –Costs of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual framework (Amendments to IFRS 3); and
- Fees in the '10 per cent test' for derecognition of financial liabilities (Amendments to IFRS 9)

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);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12); and
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

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 30 June 2024.

The Company is funded by its operating profits and the cash thereby generated. For the year ended 31 December 2022 the Company reported a net profit before tax of £218,000 (2021: £34,000) and at 31 December 2022 had cash balances amounting to £792,000 (2021: £182,000). At the date of signing these accounts, the Company continues to hold a similar working cash balance and has no external debt.

The Company has modelled downturn scenarios as detailed below, which include mitigating actions including reducing headcount, capital and other discretionary spend. As a result of the modelling, the Directors have deemed it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements of the Company for the year ended 31 December 2022.

In forming their view on going concern, the Directors continue to perform extensive forecasting to model potential market shocks, and the related 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 political and economic circumstances. The key assumptions used in this severe stress scenario are as follows:

- UK housing market transactions fall by 10% against forecast levels for the duration of 2023. This would have a proportionate impact on most revenue streams as volumes decline.
- Mitigating actions to reduce headcount, capital expenditure and marketing spend.
- No government support has been assumed to be available, but any support available would likely be utilised and improve the liquidity position further.

The results from such stress testing indicate that the Company would be able to withstand the financial impact. The Company's financial strength means that it is well positioned to withstand such a downturn.

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

b) Revenue recognition

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

- Residential, new homes marketing, and land sales income is recognised on the date contracts are exchanged unconditionally, at which point all performance obligations are considered to have been fulfilled. Invoices are usually payable on completion.
- Revenue from mortgage procuration fees is recognised on completion of the mortgage transaction, which is when all contractual obligations have been fulfilled.
- Insurance commission income is recognised upon fulfilment of contractual obligations as part of the mortgage process, being when the insurance policy is put on risk; less a provision for expected future clawback repayment in the event of early termination by the customer.

c) Property, plant and equipment

Property, plant and equipment are stated in the Statement of Financial Position at cost less accumulated depreciation.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives at the following rate:

Office equipment	-	3 to 5 years
Buildings	-	50 years

All depreciation is charged on a straight-line basis.

Notes to financial statements (continued)

1. Accounting policies (continued)

d) Intangible assets

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

Computer software	-	3 to 5 years

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

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.

Notes to financial statements (continued)

1. Accounting policies (continued)

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.

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) Share capital

Ordinary shares are classified as equity.

Notes to financial statements (continued)

1. Accounting policies (continued)

o) 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.

p) 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.

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.

	Products and services *transferred at* a point in time 2022 £000	**Products and services *transferred* at a point in time 2021 £000**
Mortgage brokerage	2,180	2,492
Insurance brokerage	1,240	1,122
Other	312	49
	3,732	3,663

3. Staff numbers and costs

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

	2022 £'000	**2021 £'000**
Wages and salaries	2,786	2,242
Social security costs	319	241
Other pension costs	85	58
	3,190	2,541

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

	2022 No.	**2021 No.**
Directors	2	2
Others	70	61
	72	**63**

Three Directors (2021: Two) are not directly remunerated by the Company. The notional allocation of the cost to the Company for their services was £37,893 (2021: £37,893).

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

Notes to financial statements (continued)

4. Operating profit

Arrived at after charging/(crediting):

	2022 £'000	2021 £'000
Depreciation charge	47	64
Loss on disposal of property, plant and equipment	1	24

There were no non-audit fees paid to the Auditor (2021: £nil). The Company elected to become audit exempt in 2022.

5. Finance income

	2022 £'000	2021 £'000
Interest on bank deposits	-	1
Interest receivable from Group undertakings	4	6
	4	7

6. Finance costs

	2022 £'000	2021 £'000
Other interest payable	1	-
Interest on lease liabilities	1	1
	2	1

7. Dividends

	2022 £'000	2021 £'000
Dividend paid to parent company of £nil per share (2021: £1,500 per share)	-	3,000

8. Taxation

Tax expense included in Statement of Comprehensive Income:

	2022 £'000	2021 £'000
UK corporation tax on profit for the year	41	12
Adjustments in respect of prior years	-	-
Total current tax	**41**	**13**
Deferred tax on profit for the year:		
Origination and reversal of temporary differences	-	(3)
Adjustment due to remeasurement for the change in tax rate	4	(3)
Expenses not deductible	1	-
Income not taxable	(4)	-
Adjustments in respect of prior years	1	(3)
Total deferred tax	**2**	**(9)**
Total income tax	**43**	**4**

The tax assessed in the Statement of Comprehensive Income is higher than (2021: lower than) the standard UK corporation tax rate.

	2022 £'000	2021 £'000
Profit before taxation	**218**	**34**
Profit before taxation multiplied by the rate of corporation tax in the UK of 19% (2021: 19%)	41	6
Effects of:		
Other expenses not deductible	1	2
Impact of accelerated unwind of deferred tax assets	4	(3)
Income not taxable	(4)	-
Tax relief on share-based payments charged to equity	-	2
Adjustments in respect of prior years	1	(3)
Total tax charge	43	4

Notes to financial statements (continued)

8. Taxation (continued)

Deferred tax Assets / (Liabilities)
The provision for deferred tax consists of the following deferred tax assets:

	2022 £'000	2021 £'000
Deferred tax asset at 1 January	19	10
Adjustment in respect of prior years	(10)	-
Credited to Statement of Comprehensive Income	(18)	9
Deferred tax (liability) / asset at 31 December	**(9)**	**19**

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at least annually and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2022	Liability £'000	Credited/ (charged) to Statement of Comprehensive Income £'000
Origination and reversal of temporary differences		
Capital allowances	9	25
Share based payments	-	-
Other temporary and deductible differences	-	3
	9	**28**

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

9. Intangible Assets

	Computer Software £'000
Cost	
At 1 January 2022	22
Additions	48
At 31 December 2022	**70**
Accumulated amortisation	
At 1 January 2022	-
Amortisation charge for the year	10
At 31 December 2022	**10**
Net book amount	
At 31 December 2022	**60**
At 31 December 2021	22

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

Notes to financial statements (continued)

10. Tangible fixed assets

	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
Cost			
At 1 January 2022	22	55	77
Additions	-	-	-
Disposals	(22)	(49)	(71)
At 31 December 2022	**-**	**6**	**6**
Accumulated depreciation			
At January 2022	22	47	69
Charge for the year	-	2	2
Disposals	(22)	(47)	(69)
At 31 December 2022	**-**	**2**	**2**
Net book amount			
At 31 December 2022	**-**	**4**	**4**
At 31 December 2021	-	8	8

11. Right of use assets

	Right-of-use property assets £'000
Cost	
At 1 January 2022	39
Additions	142
Disposals	(30)
At 31 December 2022	**151**
Accumulated depreciation	
At 1 January 2022	18
Disposals	(30)
Charge for the year	35
At 31 December 2022	**23**
Net book amount	
At 31 December 2022	128
At 31 December 2021	**21**

12. Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	55	38
Amounts owed by group undertakings	-	559
Prepayments	87	11
Other receivables	661	667
	803	1,275

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

Notes to financial statements (continued)

13. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	341	182
Call Deposits	450	-
	791	182

The call deposits represents cash that the Company has deposited with Connells Limited, the immediate parent undertaking.

14. Trade and other payables

	2022 £'000	2021 £'000
Trade payables	9	8
Amounts owed to group undertakings	260	-
Accruals and other payables	20	168
Current tax liabilities	14	-
Social security and other taxes	29	83
	332	**259**
Trade and other payables due within one year	332	259
Trade and other payables due after more than one year	-	-
	332	**259**

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

15. Lease liabilities

	2022 £'000	2021 £'000
At 1 January	21	33
Modifications	-	29
Additions	141	-
Payments	(32)	(43)
Interest	1	2
At 31 December	**131**	**21**
Current	24	16
Non-current	107	5

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.

	2022 £'000	2021 £'000
Lease liabilities are repayable:		
In not more than 3 months	6	8
In more than 3 months but less than 1 year	18	8
In more than 1 year but less than 5 years	107	5
In more than 5 years	-	-
At 31 December	**131**	**21**

Notes to financial statements (continued)

16. Provisions

	Clawback provision £'000	Property repairs £'000	Total £'000
At 1 January 2022	328	68	396
Utilised in the year	(169)	-	(169)
Charged / (credited) to the Statement of Comprehensive Income	119	(58)	61
At 31 December 2022	**278**	**10**	**288**
Due within one year or less	164	10	174
Due after more than one year	114	-	114
At 31 December 2022	**278**	**10**	**288**
At 1 January 2021	188	26	214
Utilised in the year	(326)	-	(326)
Charged to the Statement of Comprehensive Income	466	42	508
At 31 December 2021	**328**	**68**	**396**
Due within one year or less	202	-	202
Due after more than one year	126	68	194
At 31 December 2021	**328**	**68**	**396**

Clawback provision

Provision for insurance commission clawback is estimated using anticipated cancellation rates of term insurance policies sold to customers. This provision is based on the clawback period from the sign up date of the term insurance policy. The cancellation rates used in the provision are revisited every quarter. The provision is expected to reverse over the next 4 years.

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 £85,000 (2021: £58,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

18. Called up share capital
Allotted, called up, authorised and fully paid shares

	2022 £'000	2021 £'000
2,000 (2021: 2,000) ordinary shares of £1 each	2	2
	2	2

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

19. Management of capital

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

	31 December 2022 £000	31 December 2021 £000
Capital		
Ordinary A shares	2	2
Retained earnings	1,024	849
	1,026	851

Notes to financial statements (continued)

19. Management of capital (continued)

The Company's objectives when managing capital are:

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

The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act 2006, with which it complies.

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

20. Parent and ultimate parent undertaking

The immediate parent undertaking is The New Homes Group 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:

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