Registration number: 06725710

JAM Advisors Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

JAM Advisors Limited
(Registration number: 06725710)

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Company Information

Directors	Adrian Scott Richard Twigg
Company secretary	G R Williams Oakwood Corporate Secretary Limited
Registered office	Suite 2a St David's Court Union Street Wolverhampton WV1 3JE
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

JAM Advisors Limited
(Registration number: 06725710)

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020. The Directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 and have not prepared a strategic report.

Acquisition by Connells
On 8 March 2021 the entire share capital of Countrywide Limited (formerly Countrywide plc), of which JAM Advisors Limited (the 'company') is a wholly owned subsidiary, was acquired by Connells Limited.

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

Whilst it is not possible to predict the outcome of the COVID-19 pandemic, the directors have considered specific threats to the business and methods to mitigate those risks, as outlined in the Group's 2020 Annual Report principal risks disclosures. During 2020, the company took a series of actions to mitigate the effects of COVID-19, including placing staff on furlough and reducing discretionary spend. This swift action delivered savings in the company's direct and indirect costs. The national lockdown gave many people cause to review their homes and requirements, so upon re-opening of the housing market and therefore mortgage market, demand from both vendors and home movers recovered quickly and was sustained through to the end of the year. Additionally, the stamp duty holiday announced until March 2021, and subsequently extended to June 2021 is expected to further sustain this improvement in performance.

Dividends
The directors do not recommend the payment of a final dividend (2019: £Nil), and no dividends were paid during the year (2019: £Nil).

Operating results
The company had revenue of £3.2 million (2019: £5.4 million) and operating profit of £0.3 million (2019: £1.2 million). The company had net assets of £3.8 million at 31 December 2020 (2019: net assets of £3.6 million) and is reliant on financial support from the Countrywide Limited (formerly Countrywide plc) group (see Going Concern statement in Director's Report).

Financial risk management

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

Risk management is carried out on a group basis by the finance department of Countrywide Limited (formerly Countrywide plc), of which the company is a wholly owned subsidiary. The board provides principles for overall risk management, as well as specific areas such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

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

(ii) Cash flow and fair value interest rate risk

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

(b) Credit risk

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

(c) Liquidity risk

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

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

Directors of the company

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

Peter Curran (resigned 8 March 2021)

Paul Creffield (resigned 31 March 2021)

Adrian Scott (appointed 8 March 2021)

Richard Twigg (appointed 8 March 2021)

Going concern
The company is a subsidiary of Countrywide Limited and operates as part of the wider Countrywide Limited Group ("the Group"). It is therefore dependent on financial and operational support from the Group. The directors have obtained written confirmation from Countrywide Limited that it will provide finance as necessary to enable the company to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Following the acquisition of the Group by Connells, the Group's Revolving Credit Facility was repaid in full on 9 March 2021 by Connells Limited and replaced with an inter-company loan arrangement. As a subsidiary of Connells, the Group is reliant on the financial and operational support from its parent and the directors of Countrywide Limited have obtained a letter from the directors of Connells confirming that support. The directors of Countrywide Limited have reviewed the financial strength of Connells, their financial forecasts and the stress testing of the forecasts and concluded that it is appropriate to prepare the Countrywide Limited financial statements on a going concern basis.

Accordingly, the directors of the company have concluded that it is appropriate to prepare the company's financial statements on a going concern basis, which assumes that the company will be able to meet its liabilities when they fall due.

Post balance sheet events
Material post balance sheet events are disclosed in note 17.

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

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

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

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Directors' Report for the Year Ended 31 December 2020 (continued)

Statement of directors's responsibilities in respect of the financial statements (continued)
The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

Independent auditors
Following the completion of the 2020 audit cycle, the directors expect to appoint Ernst & Young LLP as auditors in line with the Skipton and Connells group companies.

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

....
Richard Twigg
Director
7 June 2021

Independent auditors' report to the members of JAM Advisors Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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 of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to but are not limited to, compliance with the requirements of UK tax legislation and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to achieve desired financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- testing of a risk-based sample of journal entries, focussing in particular on those entries that improve reported financial performance by increasing revenue or reducing expenses;

- enquiries with management and the company's legal counsel, including consideration of known or suspected instances of fraud and non-compliance with laws and regulations;
- reading key correspondence with external legal counsel and regulators in relation to compliance with laws and regulations; and
- challenging the assumptions and judgements made by management in its significant accounting judgements and estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

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

Kevin McGhee

Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 June 2021

JAM Advisors Limited
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Income Statement for the Year Ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	4	3,234	5,356
Administrative expenses		(3,060)	(4,175)
Other operating income	5	97	-
Operating profit	7	271	1,181
Net finance costs	8	(4)	(5)
Profit before taxation		267	1,176
Tax on profit	9	(57)	(224)
Profit for the financial year		210	952

The above results were derived from continuing operations.

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

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Balance Sheet as at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	10	33	31
Right-of-use assets	11	37	53
		70	84
Current assets			
Trade and other receivables	12	4,625	4,805
Cash and cash equivalents		160	29
Deferred tax assets	9	10	5
		4,795	4,839
Creditors: Amounts falling due within one year			
Trade and other payables	13	(790)	(948)
Lease liabilities	11	(20)	(44)
		(810)	(992)
Net current assets		3,985	3,847
Total assets less current liabilities		4,055	3,931
Creditors: Amounts falling due after more than one year			
Trade and other payables		(7)	-
Lease liabilities	11	(13)	(5)
Creditors: Amounts falling due after more than one year		(20)	(5)
		(20)	(5)
Provisions for liabilities	14	(214)	(315)
Net assets		3,821	3,611
Capital and reserves			
Called up share capital	16	2	2
Profit and loss account		3,819	3,609
Total shareholders' funds		3,821	3,611

The financial statements on pages 9 to 30 were approved by the Board of directors and signed on its behalf by:

....
Richard Twigg
Director
7 June 2021

The notes on pages 12 to 30 form an integral part of these financial statements.

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Statement of Changes in Equity for the Year Ended 31 December 2020

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
Balance at 1 January 2019	2	2,657	2,659
Profit for the financial year	-	952	952
Total comprehensive income for the year	-	952	952
Balance at 31 December 2019	2	3,609	3,611
Profit for the financial year	-	210	210
Total comprehensive income for the year	-	210	210
Balance at 31 December 2020	2	3,819	3,821

The notes on pages 12 to 30 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

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

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

2 Summary of significant accounting policies

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

Basis of preparation

The financial statements of the company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, 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 3.

Countrywide Limited (formerly Countrywide plc), the company's ultimate holding company in the United Kingdom as at 31 December 2020, produces a consolidated cash flow statement and is included in the consolidated financial statements. Consequently the company has taken advantage of the exemption not to produce its own cash flow statement.

2 Summary of significant accounting policies (continued)

Summary of disclosure exemptions

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

• Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
• (i) paragraph 79(a)(iv) of IAS 1
• (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment'
• (iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and the end of the period)
• The following paragraphs of IAS 1, 'Presentation of financial statements':
• (i) 10(d), (statement of cash flows)
• (ii) 16 (statement of compliance with all IFRS)
• (iii) 38A (requirement for minimum of two primary statements, including cash flow statements)
• (iv) 38B-D (additional comparative information)
• (v) 40A-D (requirements for a third statement of financial position)
• (vi) 111 (cash flow statement information)
• IAS 7, 'Statement of cash flows';
• The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

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

• Paragraphs 91 to 99 of IFRS 13, 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
• 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 'Revenue from Contracts with Customers', (disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
• The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90 and 91 of IFRS 16 'Leases' (disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated).

2 Summary of significant accounting policies (continued)

Going concern

The company is a subsidiary of Countrywide Limited and operates as part of the wider Countrywide Limited Group ("the Group"). It is therefore dependent on financial and operational support from the Group. The directors have obtained written confirmation from Countrywide Limited that it will provide finance as necessary to enable the company to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Following the acquisition of the Group by Connells, the Group's Revolving Credit Facility was repaid in full on 9 March 2021 by Connells Limited and replaced with an inter-company loan arrangement. As a subsidiary of Connells, the Group is reliant on the financial and operational support from its parent and the directors of Countrywide Limited have obtained a letter from the directors of Connells confirming that support. The directors of Countrywide Limited have reviewed the financial strength of Connells, their financial forecasts and the stress testing of the forecasts and concluded that it is appropriate to prepare the Countrywide Limited financial statements on a going concern basis.

Accordingly, the directors of the company have concluded that it is appropriate to prepare the company's financial statements on a going concern basis, which assumes that the company will be able to meet its liabilities when they fall due.

New standards, amendments and interpretations

During the year the Directors have adopted the following new or amended accounting standards and interpretations, all of which are effective for accounting periods starting on or after 1 January 2020:

• Amendments to References to Conceptual Framework in IFRS Standards
• Definition of a Business (Amendments to IFRS 3)
• Definition of Material (Amendments to IAS 1 and IAS 8)
• Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
• IFRS 16 Rent concessions (Amendment to IFRS 16)

None of these amendments have a material impact on the financial statements of the company.

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.

2 Summary of significant accounting policies (continued)

Tangible assets

Owned assets

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Leased assets

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or 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. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

• Fixed payments, less any lease incentives receivable; and
• Incremental payments in relation to extension options which are reasonably certain to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

• The amount of any initial measurement of the lease liability;
• Any lease payments made at or before the commencement date less any lease incentives received; and
• Any initial direct costs.

Payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value items are those less than £3,000.

For critical judgements in determining the lease term see note 3.

2 Summary of significant accounting policies (continued)

Depreciation

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

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

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

Financial assets and liabilities

Classification

The company classifies its financial assets as financial assets at amortised cost. 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.

2 Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Share capital

Ordinary shares are classified as equity.

Trade and other payables

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

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

Current and deferred income taxes

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

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

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

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

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

Defined contribution pension scheme

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

2 Summary of significant accounting policies (continued)

Provisions for liabilities

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

Revenue recognition

Services rendered

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

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

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

Management is required to make certain judgements, including: the determination of the performance obligations in the contract; whether the company is acting as principal or agent; the estimation of any variable consideration in determining the contract price; the allocation of the price to the performance obligations inherent in the contract; and an appropriate method of recognising revenue, including judging whether the performance obligations have been satisfied over a period of time or at a point in time.

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.

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

Judgement

Impairment of financial assets

The company applies the IFRS 9 simplified approach to measuring expected credit losses. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting year.

Determining lease terms for lease liabilities

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the company's leases, the following factors are normally the most relevant:

• If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
• If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate) the property lease.
• Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Estimate

Revenue clawback provision

The company receives commission from third party life assurance policy providers for the referral of customers who purchase a policy. If the life assurance policy lapses following issue, a proportion of the income is clawed back. The company estimates the cost of repaying indemnity commission income received on life assurance policies that may lapse following issue. Details of the movement in the provision are provided in note 13.

Impairment of intercompany receivables

The directors periodically review intercompany receivables for possible impairment, or reversal of prior impairments, when events or changes in circumstances indicate, in management's judgement, that either the carrying value of an asset may not be recoverable, or there is an increase in estimated service potential of assets since recognition of the last impairment loss of asset value. Such indicating events would include a significant change in market conditions or future operating cash flows.

The Group's cash flow forecasts, as used within the year end impairment assessment for goodwill and other non-current assets undertaken in the Group's consolidated financial statements was used to determine the recoverability of intercompany balances over a period of time and the level of discounting required to reflect the likely timing of future receipts against balances that are technically repayable on demand (in line with IFRS 9 expected credit loss methodology). Calculating the cash flows requires the use of judgements and estimates that have been included in our strategic plans and long range forecasts. In addition, judgement is required to estimate the appropriate interest rate to be used to discount the future cash flows.

4 Revenue

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

Disaggregation of revenue from contracts with customers	**2020**	**2019**
	£'000	**£'000**
Major service lines		
Mortgage brokerage	2,034	3,240
Insurance brokerage	1,160	2,084
Other	40	32
	3,234	5,356
Timing of revenue recognition		
Services transferred at a point in time	3,234	5,356

5 Other operating income

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

	2020 £ 000	2019 £ 000
JRS Government grants (1)	97	-

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

6 Employees and Directors

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

	2020 £'000	2019 £'000
Wages and salaries	1,320	1,357
Social security costs	156	136
Redundancy costs	23	-
Other pension costs	37	57
	1,536	1,550

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

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

	2020 No.	2019 No.
Sales	14	15
Administration and support	18	20
Management	6	5
	38	40

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

7 Operating profit

Arrived at after charging

	2020 £'000	2019 £'000
Depreciation	66	108
Auditors' remuneration for audit work	22	16

There are no non-audit fees payable to the company's auditors.

8 Net finance costs

	2020 £ 000	2019 £ 000
Other finance costs (1)	3	-
Other finance income	(1)	(1)
Interest on lease liabilities	2	6
	4	5

(1) Other finance costs relate to interest payable on the agreed deferred payment of PAYE/NI.

9 Tax on profit

Tax expense included in income statement:

	2020 £'000	2019 £'000
UK corporation tax on profits for the year	58	225
Adjustments in respect of prior years	4	1
Total current tax charge	62	226
Deferred tax on profit for the year:		
Origination and reversal of temporary differences	(3)	(1)
Adjustments in respect of prior years	(2)	(1)
Total deferred tax	(5)	(2)

9 Tax on profit (continued)

Income tax charge	57	224

The tax charge for the year differs from (2019: differs from) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£'000	£'000
Profit before taxation	267	1,176
Profit multiplied by the rate of corporation tax in the UK of 19% (2019: 19%)	51	223
Effects of:		
Other expenses not deductible	1	-
Impact of accelerated unwind of deferred tax assets	3	1
Adjustment in respect of prior years	2	-
Total tax charge	57	224

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase from 19% to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to decrease the tax expense for the period by £1,000 and to increase the net deferred tax asset by £1,000.

9 Tax on profit (continued)

Deferred tax

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

	2020 £'000	2019 £'000
Deferred tax asset at 1 January	5	3
Credited to income statement	5	2
Deferred tax assets at 31 December	10	5
Deferred tax asset expected to unwind within one year	4	1
Deferred tax asset expected to unwind after one year	6	4
	10	5

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

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

	2020	
	Asset £'000	Credited to income £'000
Origination and reversal of temporary differences		
Capital allowances	6	2
Share-based payments	3	3
Other temporary and deductible differences	1	-
Total	10	5

9 Tax on profit (continued)

	2019	
	Asset	Credited/(charged) to income
	£'000	£'000
Origination and reversal of temporary differences		
Capital allowances	4	3
Share-based payments	-	(1)
Other temporary and deductible differences	1	-
Total	5	2

There are no unused tax losses (2019: £Nil).

10 Tangible assets

	Leasehold improvements	Furniture and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2020	20	71	91
Additions	-	21	21
At 31 December 2020	20	92	112
Accumulated depreciation			
At 1 January 2020	19	41	60
Charge for the year	-	19	19
At 31 December 2020	19	60	79
Net book amount			
At 31 December 2020	1	32	33
At 31 December 2019	1	30	31

11 Leases

(a) Right of Use Assets

	Right-of-use Property Assets £'000
Cost	
At 1 January 2020	135
Additions	31
Disposals	(59)
At 31 December 2020	107
Accumulated depreciation	
At 1 January 2020	82
Charge for the year	47
Disposals	(59)
At 31 December 2020	70
Net book amount	
At 31 December 2020	37
At 31 December 2019	53

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Leases (continued)

(b) Lease liabilities

	Property lease liabilities £'000
Lease liabilities	
At 1 January 2020	(49)
Additions	(33)
Payments	51
Interest	(2)
At 31 December 2020	(33)
Current	(20)
Non-current	(13)

The table below analyses the company's lease liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	2020 £'000	2019 £'000
In less than one year	21	58
In more than one year but not more than two years	11	13
In more than two years but less than three years	5	-
	37	71

The expense related to short term and low value leases amounted to £Nil in 2020 (2019: £Nil).

12 Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	1	131
Amounts owed by group undertakings	4,052	4,011
Other receivables	572	663
	4,625	4,805

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 (2019: £1,000).

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

13 Trade and other payables

	2020 £'000	2019 £'000
Trade payables	-	16
Amounts owed to group undertakings	298	349
Accruals	232	324
Current tax liabilities	63	226
Social security and other taxes	197	33
	790	948

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

Social security and other taxes payable are higher in 2020 as they include £156,000 (2019: £Nil) of deferred payroll tax under the Government's time to pay scheme.

14 Provisions for liabilities

	Revenue clawback provision £'000	Property repairs £'000	Total £'000
At 1 January 2020	240	75	315
Charged/(credited) to income statement	389	(38)	351
Utilised in year	(441)	(11)	(452)
At 31 December 2020	188	26	214
Due within one year or less	64	26	90
Due after more than one year	124	-	124
	188	26	214

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

15 Pension and other schemes

Defined contribution pension scheme

The company offers membership of the group's defined contribution pension scheme to eligible employees. The pension cost charged for the year represents contributions payable by the company to the scheme and amounted to £37,000 (2019: £57,000).

16 Called up share capital

Allotted, called up and fully paid shares

	2020 £'000	2019 £'000
2,000 (2019: 2,000) ordinary shares of £1 each	2	2

17 Events after the reporting year

On 8 March 2021, the entire share capital of Countrywide plc was acquired by Connells Limited. Countrywide plc was subsequently re-registered as a private limited company and renamed as Countrywide Limited. Connells Limited is a wholly owned subsidiary of Skipton Building Society.

On 9 March 2021, the £125 million Revolving Credit Facility was repaid in full by Connells Limited.

18 Parent and ultimate parent undertaking

The immediate parent undertaking is Countrywide Principal Services Limited. The ultimate parent undertaking and ultimate controlling party as at 31 December 2020 was Countrywide Limited (formerly Countrywide plc) which is incorporated and domiciled in the UK. Countrywide Limited is the parent undertaking of the only group of undertakings to consolidate these financial statements. The consolidated financial statements of Countrywide Limited can be obtained from Greenwood House, 1st Floor, 91-99 New London Road, Chelmsford, Essex, CM2 0PP.

On 8 March 2021, the entire share capital of Countrywide Limited was acquired by Connells Limited, a wholly owned subsidiary of Skipton Building Society.