

Registered number: 08760710

Lambert Smith Hampton (Nireland) Limited
Annual report
for the year ended 31 December 2020



Lambert Smith Hampton (NIreland) Limited

Annual report for the year ended 31 December 2020

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Lambert Smith Hampton (NIreland) Limited

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Directors and advisers

Directors

K Shiells
G R Williams
D Livesey
R Twigg

Company secretary

G R Williams

Registered office

United Kingdom House
180 Oxford Street
London
W1D 1NN

Principal place of business

Clarence House
4-10 May Street
Belfast
BT1 4NJ

Solicitors

Johnsons Solicitors
Johnson House
50/56 Wellington Place
Belfast
BT1 6GF

Bankers

AIB (NI)
University Road
Belfast
BT7 1ND

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Lambert Smith Hampton (Nireland) Limited

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Strategic report for the year ended 31 December 2020

The directors present the strategic report and the audited financial statements for the year ended 31 December 2020.

Principal activities

Lambert Smith Hampton (Nireland) Limited is the largest commercial property consultancy in Northern Ireland. The company works with investors, developers and occupiers in both the public and private sector, and advise on all aspects of commercial property transactions and management. There have been no changes in the company's activities in the year under review and no future change in activity is anticipated.

Business review and future developments

The results for the year show an operating profit of £1,264,489 (2019: £1,665,428). The directors consider that the company's development and performance, including results for the year are very satisfactory given the economic uncertainty caused by the Covid-19 pandemic. The Directors are satisfied with the position of the Company at the end of the year. Whilst turnover fell during the year, profit margin has increased as a result of prudent cost management. Turnover fell as a result of a few key professional staff leaving the Company.

There has been a positive start to 2021 with lockdown restrictions gradually being lifted and with business confidence growing we are hopeful of a return to normality albeit in a somewhat different form. The Directors expect the activities of the Belfast business to continue to be solid. As the dominant player in the N.I. market the business expects to produce another satisfactory year in terms of turnover and profitability.

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

Principal risks and uncertainties

Performance in the sector is affected by general economic conditions and specific sectoral factors such as market trends and exchange rates. The company's active review of market prices and trends provides protection against loss. Information in relation to financial risk management has been included on page 4 of the financial statements.

Financial key performance indicators

The company's key performance indicators are as follows:

	2020 £	2019 £
Turnover	7,314,437	8,144,917
Operating profit	1,264,489	1,665,428
Total Shareholders' funds	3,935,255	2,929,676
Employee numbers – Office Staff	88	93
– Site Staff	81	84

Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make its premises a safe environment for employees and clients alike.

Lambert Smith Hampton (Nireland) Limited

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Strategic report for the year ended 31 December 2020 (continued)

Human resources

The company's most important resource is its people, their knowledge and experience are crucial to meeting customer requirements. Retention of key staff is critical and the company has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

On behalf of the Board



K Shiells

Director

7th June 2021

Lambert Smith Hampton (Nireland) Limited

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Directors' report for the year ended 31 December 2020

The directors present their report and the audited financial statements of the company for the year ended 31 December 2020.

Future developments

The directors have provided disclosure of future developments within the Strategic report.

Dividends

No dividends were proposed (2019: Nil).

Political donations and political expenditure

No political donations or expenditure were incurred during the financial year (2019: £Nil).

Financial risk management

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

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

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. Credit checks are made on potential clients as required in accordance with these assessments. The wide client base of the company also serves to mitigate the credit risk, reducing the exposure from a failure of any single client.

Liquidity risk

Liquidity risk arises from the company's management of its 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 a central group treasury arrangement and cash outflows can be predicted with reasonable accuracy. Credit risk within the treasury function is also mitigated by maintaining a list of accepted deposit institutions whose credit ratings are kept under review.

COVID-19

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 to reduce discretionary spend. This swift action delivered savings in the company's direct and indirect costs. The Group Audit and Risk Committee continues to reassess their risk appetite and evaluate the development of principal risks and effectiveness of the business response plans and mitigations.

Directors indemnities

The company has made a qualifying third party indemnity provision for the benefit of its directors during the year and it remained in force at the date of this report.

Lambert Smith Hampton (Nireland) Limited

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Directors' report for the year ended 31 December 2020 (continued)

Directors

The directors, who served the company during the year, and up to the date of signing the financial statements, were:

K Shiells
G R Williams
D McCann (resigned 14 April 2020)
P L Creffield (resigned 31 March 2021)
P R Chapman (resigned 31 October 2020)
H H Raja (resigned 8 March 2021)
M Stones (appointed 31 October 2020; resigned 19 April 21)
D Livesey (appointed 8 March 2021)
R 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"). Whilst the company has remained profitable and cash generative in the period past year end and expects to remain so, the group is responsible for treasury management and it is therefore dependent on financial and operational support from the Group.

These financial statements have been prepared on a going concern basis, which assumes that the Group and the company will be able to meet their liabilities when they fall due. Following the acquisition of the Group by Connells, the 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 have obtained a letter from the directors of Connells confirming that support. The directors 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 financial statements on a going concern basis.

Countrywide Limited has formally confirmed 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.

Post balance sheet events

Material post balance sheet events are disclosed in note 19

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.

Lambert Smith Hampton (Nireland) Limited

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Directors' report for the year ended 31 December 2020 (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.

Statement of disclosure of information to auditors


So far as each of the directors in office at the date of approval of the Directors' report 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 directors 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.

On behalf of the Board


K Shiells
Director
7th June 2021

Independent auditors' report to the members of Lambert Smith Hampton (NIreland) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Lambert Smith Hampton (NIreland) 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, which comprise: Balance sheet as at 31 December 2020; Income statement and 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.

Independent auditors' report to the members of Lambert Smith Hampton (NIreland) Limited (continued)

Reporting on other information (continued)

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 Strategic report and 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.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and 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 Strategic report and 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.

Independent auditors' report to the members of Lambert Smith Hampton (NIreland) Limited (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to data protection, employment and tax legislation, 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 inappropriate journal entries to increase profit, inappropriate recognition of revenue and management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Discussion with key management personnel and directors, including those outside of finance of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating and, where appropriate, challenging assumptions and judgements made by management in determining significant accounting estimates;
- Identifying and testing unusual journal entries, in particular journal entries posted with an unusual account combinations; and
- Performing unpredictable procedures.

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.



Brenda Heenan (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Belfast

7 June 2021

Income statement for the year ended 31 December 2020

	Note	2020 £	2019 £
Revenue		7,314,437	8,144,917
Cost of sales		(4,183,036)	(4,272,557)
Gross profit		3,131,401	3,872,360
Administrative expenses		(1,866,912)	(2,206,932)
Operating profit	5	1,264,489	1,665,428
Finance income	7	16,885	15,644
Finance costs	7	(34,363)	(33,931)
Profit before taxation		1,247,011	1,647,141
Income tax expense	8	(241,462)	(324,983)
Profit for the financial year		1,005,549	1,322,158

The notes on pages 13 to 24 are an integral part of these financial statements.

There are no gains and losses other than the results shown in the income statement and therefore a statement of other comprehensive income has not been presented.

Lambert Smith Hampton (NIreland) Limited


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Balance sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	9	202,330	262,330
Property, plant and equipment	10	20,965	29,314
Right-of-use assets	11	392,218	527,137
		615,513	818,781
Current assets			
Trade and other receivables	12	3,495,099	4,066,455
Deferred tax asset	14	25,376	26,201
Cash and cash equivalents		1,573,440	68,381
		5,093,915	4,161,037
Creditors – amounts falling due within one year			
Trade and other payables	13	(1,369,841)	(1,513,520)
Lease liabilities	11	(141,144)	(134,174)
		(1,510,985)	(1,647,694)
Net current assets		3,582,930	2,513,343
Total assets less current liabilities		4,198,443	3,332,124
Lease Liabilities – amounts falling due after more than one year	11	(263,218)	(402,448)
Net assets		3,935,225	2,929,676
Capital and reserves			
Called up share capital	15	100	100
Share premium account		749,900	749,900
Profit and loss account		3,185,225	2,179,676
Total shareholders' funds		3,935,225	2,929,676

The notes on pages 13 to 24 are an integral part of these financial statements.

The financial statements on pages 10 to 24 were authorised for issue by the Board of Directors on 7th June 2021 and were signed on its behalf by:


K Shiells
Director

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital (£)	Share premium account (£)	Profit and loss account (£)	Total shareholder s' funds (£)
Balance as at 1 January 2019	100	749,900	857,518	1,607,518
Profit for the year and total comprehensive income	-	-	1,322,158	1,322,158
As at 31 December 2019	100	749,900	2,179,676	2,929,676
Profit for the year and total comprehensive income	-	-	1,005,549	1,005,549
As at 31 December 2020	100	749,900	3,185,225	3,935,225

Notes to the financial statements for the year ended 31 December 2020

1 General information

The company's principal activities during the year were as real estate agents, property management and the sale of commercial property. The company is a private limited company (limited by shares), incorporated and domiciled in the United Kingdom.

2 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 the years presented, unless otherwise stated.

Basis of preparation

The financial statements of Lambert Smith Hampton (NIreland) Limited 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 FRS101.

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.

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weight-average exercise prices of share options, and how the fair value of goods or services was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- 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 following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures);
 - 38A (requirement for a minimum of two primary statements, including cash flow statements); and
 - 38 B-D (additional comparative information).
- 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'; and
 - (iii) Paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- IAS 7, 'Statement of cash flows'.
- 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).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- Paragraph 110 and from paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 from IFRS 15 'Revenue from Contract with Customers'

New standards, amendments and interpretations

There are no new amendments to the accounting standards that are effective for the year ended 31 December 2020 that have a material impact on the company's financial statements.

Notes to the financial statements for the year ended 31 December 2020

2 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"). Whilst the company has remained profitable and cash generative in the period past year end and expects to remain so, the group is responsible for treasury management and it is therefore dependent on financial and operational support from the Group.

These financial statements have been prepared on a going concern basis, which assumes that the Group and the company will be able to meet their liabilities when they fall due. Following the acquisition of the Group by Connells, the 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 have obtained a letter from the directors of Connells confirming that support. The directors 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 financial statements on a going concern basis.

Countrywide Limited has formally confirmed 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.

Foreign currency translation

Functional currency and presentational currency

The financial statements are presented in pounds sterling, which is the company's functional and presentational currency

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate the cost less residual value of each asset over its estimated useful life as follows:

Fixtures, fittings and IT equipment	3-5 years
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The asset's useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the income statement.

Intangible fixed assets

Negative goodwill

Negative goodwill arises where the acquirer's interest in the net amount of the identifiable assets, liabilities and contingent liabilities recognised, exceeds the business combination's cost. This 'excess' is sometimes referred to as 'negative goodwill'. Negative goodwill is capitalised in line with FRS101 AG 1(c) and amortised over 10 years. This is recognised within 'administrative expenses'.

Notes to the financial statements for the year ended 31 December 2020

2 Accounting policies (continued)

Customer relationships

Customer relationships are measured separately to goodwill and represent fair value attributed to customers who have transferred in as a result of acquisition. Customer relationships are assessed as of the date of acquisition and consist of contractual and non-contractual customers.

- (i) Contractual relationships are based on legal contract duration, price and terms.
- (ii) The inclusion of non-contractual relationships is based on an analysis of historic activity by key customers and expected future trends. An attrition rate is applied based on customer groupings and an EBITDA percentage applied to forecast profitability.

In each case the amounts are discounted to calculate the net present value of cash flows. Customer relationships are amortised over 10 years and this is recognised within 'administrative expenses'.

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.

Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial assets

(i) Classification

The company classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalent' on the balance sheet.

Notes to the financial statements for the year ended 31 December 2020

2 Accounting policies (continued)

(ii) Measurement

Trade receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call or for short maturity years with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in the current liabilities on the balance sheet.

Share capital

Ordinary shares are classified as equity.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items 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 in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. 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 income tax asset is realised or the deferred income 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 deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

The company operates a contribution scheme.

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The contributions to pension plans are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the financial statements for the year ended 31 December 2020

2 Accounting policies (continued)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for consultancy and agency services in the ordinary course of the company's activities. Revenue is shown net of value added tax, rebates and discounts.

Revenue in respect of consultancy services performed for external clients is recognised as activity progresses to reflect the company's partial performance of its contractual obligations. Activity performance in excess of invoices raised is included in accrued income. Where amounts have been invoiced in excess of work performed, the excess is included within deferred income. If the right to consideration is conditional or contingent on a specified future event or outcome the occurrence of which is outside the control of the company, revenue is not recognised until that critical event occurs.

Under certain services contracts, the company manages client expenditure and is obliged to purchase goods and services from suppliers and recharge them on to the customer at cost. The amounts charged by suppliers and recharged to clients are excluded from revenue and cost of sales. Receivables, payables and cash relating to these transactions are included in the balance sheet.

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.

Notes to the financial statements for the year ended 31 December 2020

3 Critical accounting estimates/judgements

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. No 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 have been identified.

Critical judgements in applying the company's accounting policies

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.

4 Revenue

All of the company's revenue is generated in the United Kingdom from the provision of commercial property consultancy services

	2020 £	2019 £
Revenue from contracts with customers	7,314,437	8,144,917

Notes to the financial statements for the year ended 31 December 2020

5 Operating profit

Operating profit is stated after charging/ (crediting):

	2020 £	2019 £
Wages and salaries	3,447,599	3,605,327
Social security costs	394,824	417,909
Other pension costs	128,711	122,089
Staff costs	3,971,134	4,145,325
Depreciation (note 10 and 11)	148,918	166,960
Amortisation of intangible asset (note 9)	60,000	60,000
Impairment of trade receivables	13,902	(129,679)
Audit fees payable to the company's auditors	18,000	18,000

In addition to the amount above is £3,198,243 (2019: £3,586,341) which is recharged in full to property management clients as the employees work solely for these clients. In the year Lambert Smith Hampton (NIreland) claimed £381,170 of government grants through the Coronavirus Job Retention Scheme of which £93,897 relates to office staff and £287,273 relates to site staff. The site staff furlough claim under IFRS 15 'Agent vs Principal' theory has been treated on a net basis in the accounts. The amount claimed in relation to site staff has been reimbursed to the clients.

6 Employees and directors

Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 No.	2019 No.
Office staff and fee earners	67	69
Administration	21	24
Client site staff	81	84
	169	177

Directors

The directors' emoluments were as follows:

	2020 £	2019 £
Aggregate emoluments	273,250	398,514

Highest paid director

The highest paid director's emoluments was as follows:

	2020 £	2019 £
Aggregate emoluments	273,250	242,000

No company directors exercised share options during the year (2019: NIL).

Notes to the financial statements for the year ended 31 December 2020

7 Net finance costs

	2020 £	2019 £
Interest on lease liabilities	(26,740)	(33,931)
Bank and other interest payable	(7,623)	-
Bank interest income	16,885	15,644
	(17,478)	(18,287)

8 Income tax expense

	2020 £	2019 £
Current tax:		
UK corporation tax on profits for the year	240,267	332,274
Adjustment in respect of prior periods	370	4,895
Total current tax	240,637	337,169
Deferred tax:		
Origination and reversal of temporary differences	(771)	(4,213)
Impact of change in tax rate		(917)
Adjustment in respect of prior periods	1,569	(7,056)
Total deferred tax	825	(12,186)
Income tax expense	241,462	324,983

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

	2020 £	2019 £
Profit before taxation	1,247,011	1,647,142
Tax calculated at the UK standard rate of corporation tax of 19% (2018: 19%)	236,932	312,957
Effect of:		
Expenses not deductible	5,325	13,270
Impact of accelerated unwind of deferred tax asset	(2,761)	917
Adjustment in respect of prior periods	1,966	(2,161)
Tax charge on profit on ordinary activities	241,462	324,983

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 £6,000 and to increase the net deferred tax asset by £6,000.

Notes to the financial statements for the year ended 31 December 2020

9 Intangible assets

	Negative goodwill £	Customer relationships £	Total £
Cost			
At 1 January 2020	(640,082)	1,240,082	600,000
Accumulated amortisation			
At 1 January 2020	(354,710)	692,380	337,670
Amortisation	(64,008)	124,008	60,000
At 31 December 2020	(418,718)	816,388	397,670
Net book amount			
At 31 December 2020	(221,364)	423,694	202,330
At 31 December 2019	(285,372)	547,702	262,330

10 Property, plant and equipment

	Fixtures, fittings and IT equipment £	Total £
Cost		
At 1 January 2020	265,997	265,997
Additions	5,650	5,650
At 31 December 2020	271,647	271,647
Accumulated depreciation		
At 1 January 2020	236,683	236,683
Depreciation	13,999	13,999
At 31 December 2020	250,682	250,682
Net book amount		
At 31 December 2020	20,965	20,965
At 31 December 2019	29,314	29,314

Notes to the financial statements for the year ended 31 December 2020

11 Leases

(a) Right of Use Assets

	Right-of-use Property Asset £	Total Right-of-use Asset £
Cost		
At 1 January 2020	661,691	661,691
At 31 December 2020	661,691	661,691
Accumulated depreciation		
At 1 January 2020	134,554	134,554
Charge for the year	134,919	134,919
At 31 December 2020	269,473	269,473
Net book amount		
At 31 December 2020	392,218	392,218

(b) Lease liabilities

	Property Lease liabilities £	Total lease liabilities £
Lease Liabilities		
At 1 January 2020	(536,622)	(536,622)
Payments	159,000	159,000
Interest	(26,740)	(26,740)
At 31 December 2020	(404,362)	(404,326)
Current	(141,144)	(141,144)
Non-current	(263,218)	(263,218)

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 £	2019 £
In less than one year	(159,000)	(159,000)
In more than one year but no more than two years	(159,000)	(159,000)
In more than two years but no more than three years	(145,750)	(159,000)
In more than three years but no more than four years	-	(145,750)
	(463,750)	(622,750)

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

Notes to the financial statements for the year ended 31 December 2020

12 Trade and other receivables

	2020	2019
	£	£
Trade receivables	1,735,359	2,573,164
Other receivables	24,905	17,279
Amounts owed by group undertakings	1,731,817	1,464,291
Prepayments and accrued income	3,018	11,721
	3,495,099	4,066,455

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Trade receivables are stated after provisions for impairment of £86,037 (2019: £76,439).

13 Trade and other payables

	2020	2019
	£	£
Taxation and social security	1,140,591	1,163,453
Accruals and deferred income	229,250	167,949
Other payables	-	182,118
	1,3769,841	1,513,520

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Accruals and deferred income includes an amount of £62,800 relating to unused annual leave; given the exceptional circumstances in the year employees were allowed to carry unused annual leave into the next holiday year.

14 Deferred tax asset

	2020	2019
	£	£
Deferred tax asset	25,376	26,201
Deferred tax expected to unwind within one year	4,830	3,760
Deferred tax expected to unwind after one year	20,546	22,441
	25,376	26,201

Deferred tax comprises:

	Accelerated capital allowances £
At 1 January 2019	14,015
Credited to the income statement	12,186
At 31 December 2019	26,201
Credited to the income statement	(825)
At 31 December 2020	25,376

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.

Notes to the financial statements for the year ended 31 December 2020**15 Called up share capital**

	2020	2019
	£	£
Allotted and fully paid		
55 (2019: 55) ordinary 'A' shares of £1 each	55	55
45 (2019: 45) ordinary 'B' shares of £1 each	45	45

The 'A' and 'B' ordinary shares have attached to them full voting rights and right to dividend, and to share capital distribution (including on a winding up). They do not confer any rights of redemption.

16 Post-employment benefits**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 amounted to £128,711 (2019: £122,089).

17 Related party transactions

The company has taken advantage of the exemption provided within FRS 101 to not disclose transactions with members of the group where a party is wholly owned.

18 Controlling parties

The immediate parent undertaking is Lambert Smith Hampton Group Limited. The ultimate parent undertaking and ultimate controlling party is Countrywide Limited (formerly Countrywide plc), a private limited company, 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

19 Post balance sheet events

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

On 9 March 2021 £125 million revolving credit facility that previously sat within Countrywide plc was repaid in full by Connells Limited.

Following the acquisition the new directors of Countrywide confirmed that Lambert Smith Hampton was no longer being marketed for sale and would continue as a member of the Group. Accordingly, the business will no longer be classified as held for sale in the balance sheet in 2021 and no longer a discontinued operation in the income statement.