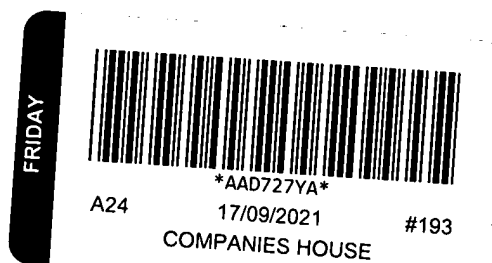


GASCOIGNE HALMAN GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

Year Ended 31 December 2020

(Registered Number 09796165)



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Directors' Report

The Directors present their annual report and the audited Financial Statements for the year ended 31 December 2020.

INTRODUCTION AND OVERVIEW

Gascoigne Halman Group Limited is a private limited company incorporated in England & Wales, registered number 09796165.

The principal activity of the Company is a holding company.

For the year ended 31 December 2020, the Company made a profit before tax of £8,021,000 (2019: £1,200,000).

DIRECTORS

The Directors who served during the year and up to the date of this report were:

RS Shipperley
DC Livesey
DK Plumtree
RJ Twigg
PJ Higham
JF Halman

DIVIDENDS

During the year the Company declared an interim dividend of £1,150,000 (2019: £1,200,000). The Directors do not recommend payment of a final dividend (2019: £nil).

DISCLOSURE OF INFORMATION TO AUDITOR

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

GOING CONCERN

The Company is an intermediate holding company with no liabilities and no costs. Its income is derived from dividends received from its subsidiaries, and immediately pays these out to its shareholders. It is not dependent on the dividends it receives, as it has no liabilities it must meet, and it has not provided any guarantee over its subsidiaries.

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

AUDITOR

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

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

By order of the board



RJ Twigg
Director

24 May 2021

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

Strategic Report

BUSINESS REVIEW

Objectives and strategy of the Company and the Group

Gascoigne Halman Group Limited is the holding company of Gascoigne Halman (Holdings) Limited, which in turn owns Gascoigne Halman Limited, and Gascoigne Halman Private Finance Limited, a group of companies which provide estate agency, lettings, conveyancing and ancillary services to participants in the UK residential property market. The objectives of the Group are to maximise the long term value and revenue for its shareholders and to maintain the delivery of high quality and flexible service required to meet the various demands of its customers.

Operational performance and key performance indicators

Company

The results of the Company for the year show a profit for the year of £8,021,000 (2019: £1,200,000). Gascoigne Halman Group Limited is a holding company, with 100% interests in each of the following subsidiaries:

- Gascoigne Halman (Holdings) Limited (a holding company);
- Gascoigne Halman Limited; and
- Gascoigne Halman Private Finance Limited.

Group

The following is extracted from the accounts of Gascoigne Halman Limited. The results for the Company show a pre-tax profit of £1,975,000 (2019: £1,610,000).

2020 was an unprecedented year, dominated by the Covid-19 pandemic. In this context, the Company has delivered a robust performance, with profit before tax 23% ahead of the previous year. The year started strongly, as the decisive general election result in December 2019 provided some political stability following the uncertainty that had impacted market confidence in recent years. However everything changed with the onset of the covid-19 pandemic and the first UK lockdown, announced on 23 March 2020, effectively closing the UK housing market for two months. The Company closed its branch network, in line with Government instructions, and was unable to perform many other services during that time. Consequently, management made use of the Government's Coronavirus Job Retention Scheme (CJRS) and placed 72% of its people on furlough during this period. Nevertheless, as the Company fulfils an important role in the housing market and UK economy, it continued to work during the shutdown to ensure that sales which could complete went ahead, and those left on hold were held together.

The Company's priority throughout the Covid-19 pandemic has been the health, safety and well-being of its colleagues and customers. Management communicated regularly with those employees on furlough, and is proud to have protected their incomes by continuing to pay, from March to June, 100% of basic pay and any commissions due to those not required to work; above the minimum of 80% up to £2,500 per month set by the Government. The Company invested in personal protective equipment (PPE), devised comprehensive working practices and rolled out training to allow for a safe and secure environment for its people and customers. The Company's IT systems enabled those who could work from home to do so.

Following the re-opening of the UK housing market in May, activity levels improved considerably, helped by the stamp duty holiday announced by the government from 15 July 2020. Our speed in bringing our people back to work enabled us to capitalise on the opportunities within this strong market. Despite various local and national restrictions being imposed by the Government during the second half of the year, activity levels remained ahead of the prior year during the period since the first lockdown ended and resulted in our full year income being 3% ahead of that of the previous year

Whilst our second hand sales income showed a 10% increase over the previous year, our new homes income saw a 23% reduction as a consequence of the irregular nature of those instructions.

Lettings income was down by 6% on the previous year, reflecting the removal of the tenant fees which had continued to provide income in the first 5 months of 2019.

During 2020 we successfully opened a new branch in Tarporley, which delivered a profit in its first year of operation. We also completed the acquisition of the trade and assets of the Chorlton Hayes estate agency in Frodsham in August, which made an immediate profitable contribution. These new additions extended our network to a total of 22 branches.

The Company ended 2020 with its sales pipeline well ahead of the prior year, which bodes well for a strong start to 2021 as customers seek to conclude transactions before the stamp duty holiday ends. 2021 is likely to be a challenging year, due to continuing Covid-19 lockdowns which could lead to higher unemployment and recession. Nevertheless, with strong profitability and good liquidity the Company remains well poised to take advantage of whatever market conditions present.

Strategic Report *(continued)*

BUSINESS REVIEW *(continued)*

Operational performance and key performance indicators *(continued)*

Operational review of trading subsidiaries

	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000	Change
Total fees and commissions	9,551	9,276	+3%
EBITDA	2,704	2,090	+29%
Profit before tax	1,975	1,610	+23%
Growth in house sale instructions	+27%	-5%	
Growth in house sale exchanges	0%	-4%	
Growth in lettings occupied units	+7%	+17%	

Risks and uncertainties

The company's objective is to appropriately manage all the risks that arise from its activities. The Company has a formal structure for managing risks throughout the Company. This has three elements:

This has three elements:

- The Company's risk appetite is documented in detailed policy risk statements, which are reviewed and approved annually by the Board.
- The primary responsibility for managing risk and ensuring appropriate controls are in place lies with the Company's management. Connells Limited and Skipton Building Society, through their risk and compliance functions provides monitoring and oversight on behalf of the Society's Board.
- The Board Audit Committee of Skipton Building Society oversees the effectiveness of the risk management framework and the control environment through Skipton Group's Internal Audit function, whose reports are also provided to the Company's Board.

In common with other estate agencies, the Company is highly operationally geared. Performance is affected by transactions volumes in the UK residential housing market. In the short term, many costs are fixed and so a fall in income has an impact on profits and cash flows. Therefore the Company's policy is to retain sufficient cash to ensure that any future deterioration in trading can be funded without recourse to external borrowing.

The UK housing market is currently being assisted by the continuing low interest rate environment and the availability of attractive mortgage rates from lenders. While the outlook is for low interest rates to continue in the short term, a period of interest rate increases may have a negative impact on the market.

Estate Agency is also a people business and as such is reliant on the ability, training, skills and motivation of its staff. A key risk to the business is the possibility of losing staff, particularly amongst senior managers and directors. In order to combat this, the Board ensures that service agreements, remuneration packages, and human resources policies are adequate to attract, motivate and retain key employees.

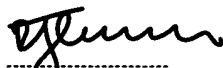
The business has been impacted significantly since March 2020 by the Covid-19 pandemic, which resulted in the closure of branches and head office premises for various periods and therefore activity levels declined significantly during the year. While the Company has been able to re-open and the property market has re-started, there remains significant uncertainty over how long restrictive measures will remain in place, how this will impact customer sentiment, and the wider economic impact.

Management reacted quickly at the on-set of the pandemic to preserve cash by placing the majority of colleagues on furlough and cutting back on capital and other discretionary spending. The Company has invested in personal protective equipment (PPE), devised comprehensive working practices and rolled out training to allow for a safe and secure environment for its people and customers. The Directors have also taken a number of actions and contingency planning to safeguard the future profitability and viability of the business, which is discussed further in the going concern section, and, through the business continuity planning team, continue to monitor developments and take appropriate action. The Company's IT systems have enabled those people who can work from home to do so, and the Company has continued to be able to operate throughout the pandemic.

Strategic Report *(continued)*

By order of the board

RJ Twigg
Director



24 May 2021

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT, STRATEGIC REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance;
- in respect of the financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The directors confirm, to the best of their knowledge:

- that the financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the company;
- that the financial statements, including the strategic report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face; and
- that they consider the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GASCOIGNE HALMAN GROUP LIMITED

Opinion

We have audited the financial statements of Gascoigne Halman Group Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 30 June 2022, 14 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GASCOIGNE HALMAN GROUP LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are; The Estates Agents Act 2019, The Consumer Rights Act 2015, The Consumers, Estate Agents and Redress Act 2007, International Accounting Standards, Companies Act 2006, Data Protection Act 1998, Health and Safety at Work Act 1974, HMRC regulations, The Coronavirus Act 2020 Functions of Her Majesty's Revenue and Customs (Coronavirus Job Retention Scheme), UK Bribery Act, Equality Act and Anti-Money Laundering Regulations.

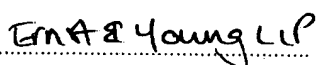
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GASCOIGNE HALMAN GROUP LIMITED
(continued)

- We understood how Gascoigne Halman Group Limited is complying with those frameworks by making enquiries of those charged with governance and management. We understood the potential incentive and ability to override the controls. We considered management's attitude and tone from the top to embed a culture of honesty and ethical behaviour whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. We further understood the adoption of accounting standards and considered the compliance with the above laws.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining and reading internal policies, holding enquiries of management and those charged with governance and the in-house legal counsel as to any fraud risk framework within the entity.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
 - Enquiry of management and those charged with governance as to any fraud risk framework within the entity, including whether a formal fraud risk assessment is completed.
 - Enquiry of management, those charged with governance and the entity's in-house legal team around actual and potential litigation and claims.
 - Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations, including communications with regulators and tax authorities.
 - Reading minutes of meetings of those charged with governance.
 - Reading internal audit reports.
 - Enquiry of management over reports to whistleblowing hotlines.
 - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
 - Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.
 - Data analytics to highlight potentially anomalous transactions in areas of the business which are determined to have an elevated fraud risk.
 - Evaluating the business rationale of significant transactions outside the normal course of business, and;
 - Challenging judgements made by management. This included corroborating the inputs and considering contradictory evidence.

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

Use of our report

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


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Joanne Mason (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton
25th May 2021

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Operating expenses		-	-
Operating profit/ (loss)		-	-
Finance income		8,021	1,200
Profit before tax		8,021	1,200
Tax expense	4	-	-
Profit for the year being total comprehensive income		8,021	1,200

There were no recognised income and expense items in the year other than those reflected in the above Income Statement.

The notes on pages 14 to 18 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2020

	Notes	£000	31 December 2020 £000	£000	31 December 2019 £000
Non-current assets					
Investments	5	15,871	15,871	9,000	9,000
Total non-current assets					
Current assets					
Trade and other receivables	6	1,280	1,280	1,280	1,280
Total current assets					
Total assets			17,151		10,280
Equity – attributable to equity holders of the company					
Share capital	7	32		32	
Merger reserve	7	3,000		3,000	
Share premium	7	2,970		2,970	
Retained earnings	7	11,149	17,151	4,278	10,280
Total equity					
Total equity and liabilities			17,151		10,280

These accounts were approved by the Board of Directors on 24 May 2021 and signed on its behalf by:



RJ Twigg
Director

Company registration number: 09796165

The notes on pages 14 to 18 form part of these accounts.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £000	Merger reserve £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020	32	3,000	2,970	4,278	10,280
Profit for the year	-	-	-	8,021	8,021
Dividends to shareholders	-	-	-	(1,150)	(1,150)
Balance at 31 December 2020	32	3,000	2,970	11,149	17,151

	Share capital £000	Merger reserve £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 January 2019	32	3,000	2,970	4,278	10,280
Profit for the year	-	-	-	1,200	1,200
Dividends to shareholders	-	-	-	(1,200)	(1,200)
Balance at 31 December 2019	32	3,000	2,970	4,278	10,280

During the year the Company declared an interim dividend of £1,150,000 (2019: £1,200,000). The dividend per share totalled £11.50 (2019: £12.00).

The notes on pages 14 to 18 form part of these accounts.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Cash flows from operating activities		
Profit for the year	8,021	1,200
Adjustments for:		
Finance income	<u>(8,021)</u>	<u>(1,200)</u>
Net cash inflow/ (outflow) from operating activities	<u>-</u>	<u>-</u>
Cash flows from investing activities		
Dividends received from subsidiary undertaking	<u>1,150</u>	<u>1,200</u>
Net cash inflow from investing activities	1,150	1,200
Cash flows from financing activities		
Dividends paid	<u>(1,150)</u>	<u>(1,200)</u>
Net cash (outflow) from financing activities	(1,150)	(1,200)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	<u>-</u>	<u>-</u>
Cash and cash equivalents at 31 December	<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 14 to 18 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Gascoigne Halman Group Limited (the "Company") is a company incorporated and domiciled in the UK. The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company accounts:

a) Basis of accounting

The Company's financial statements have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act and effective as at 31 December 2020.

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)

These amendments have had no material impact on these Financial Statements.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

Measurement convention

These financial statements are prepared on the historical cost basis.

Currency presentation

These Financial Statements are presented in pounds sterling and, except where otherwise indicated, have been rounded to the nearest one thousand. The functional currency is pounds sterling.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on page 3. The financial position of the Company, its cash flows, and liquidity position are shown on pages 10 to 13. In addition, the Directors' Report and notes to these financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Company is an intermediate holding company with no liabilities and no costs. Its income is derived from dividends received from its subsidiaries, and immediately pays these out to its shareholders. It is not dependent on the dividends it receives, as it has no liabilities it must meet, and it has not provided any guarantee over its subsidiaries.

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

b) Trade and other receivables

Trade and other receivables are stated at their nominal value (discounted if material) less any impairment.

c) Taxation

Income tax on the profits for the year comprises current tax and deferred tax. Income tax is recognised in the Income Statement except where items are recognised directly in other comprehensive income, in which case the associated income tax charge or credit is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the year end, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

d) Investments

Investments in subsidiaries are carried at cost less any impairment. The cost of investment arising on the acquisition of subsidiary undertakings or businesses comprises the consideration paid. The Company regularly reviews its subsidiary investments for objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies *(continued)*

e) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash comprises cash in hand and balances with banks and similar institutions. Cash equivalents comprise highly liquid investments which are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. The Statement of Cash Flows has been prepared using the indirect method.

The Company recognises an allowance for expected credit losses (ECLs). The Company takes a simplified approach and recognises a loss allowance based on lifetime ECLs at each reporting date. The Company uses a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment. This is applied to third party and intercompany receivables and cash balances.

2. Expenses and auditor's remuneration

	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Profit before tax is stated after charging the following:		
Auditor's remuneration and expenses:		
Audit of these financial statements	-	-

In 2020 the auditor's remuneration of £2,000 (2019: £2,000) was borne by Gascoigne Halman Limited.

3. Staff numbers and costs

	Year ended 31 Dec 2020 No	Year ended 31 Dec 2019 No
Directors	6	6
	<u>6</u>	<u>6</u>

In the current year, all Directors are remunerated by other group companies, and do not receive any remuneration from Gascoigne Halman Group Limited.

All (2019: all) of the directors are remunerated by other group entities. Their services to the Company are too inconsequential to attract a notional charge.

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

4. Tax expense

a) Analysis of expense in the year

	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Current tax charge	-	-
Tax expense	<u>-</u>	<u>-</u>

b) Factors affecting current tax expense in the year

The tax expense in the Income Statement is lower (2019: lower) than the standard UK corporation tax rate because of the following factors:

	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Profit before tax	8,021	1,200
Tax on profit at UK standard rate of 19% (2019: 19%)	1,524	228
Effect of Income not taxable	(1,524)	(228)
Tax expense	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

5. Investments

	Year ended 2020 £000	Year ended 2019 £000
Shares in subsidiary undertakings	15,871	9,000
At 31 December	15,871	9,000

In December 2020, the Company received a dividend in specie from Gascoigne Halman (Holdings) Limited for the shareholdings in Gascoigne Halman Limited and Gascoigne Halman Private Finance Limited. These were transferred at the carrying value of £6,871,000.

At 31 December 2020, the Company owns equity share capital in its trading subsidiary undertakings, which are incorporated in the UK, as follows:

Name of subsidiary undertaking	Nature of business	Proportion of ordinary shares held 2020 and 2019
Gascoigne Halman (Holdings) Limited ^a	Holding Company (in liquidation)	100%
Gascoigne Halman Limited ^b	Residential estate agency	100%
Gascoigne Halman Private Finance Limited ^b	Residential estate agency	100%

Registered Office

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

^b 42 Alderley Road, Wilmslow, Cheshire, SK9 1NY

6. Trade and other receivables

	31 Dec 2020 £000	31 Dec 2019 £000
Amounts owed by immediate parent undertaking	1,280	1,280

7. Share capital

	31 Dec 2020 £000	31 Dec 2019 £000
Authorised, allotted, called up and fully paid		
82,750 (2019: 82,750) £0.01 Ordinary A shares	1	1
17,250 (2019: 17,250) £0.01 Ordinary B shares	-	-
3,146,905 (2019: 3,146,905) £0.01 Ordinary C shares	31	31
	32	32

Connells Limited have granted the owners of the 'B' Ordinary shares (some of whom are directors) a put option where the price to be paid is dependent on the profitability of Gascoigne Halman (Holdings) Limited and its subsidiaries.

The A Ordinary Shares, B Ordinary Shares and C Ordinary Shares rank equally in all respects save as disclosed below:

- On a sale or return of capital, the proceeds will be distributed on a pari passu basis between the holders of the A Ordinary Shares and B Ordinary Shares on a pro-rata basis based on the holdings of A Ordinary Shares and B Ordinary Shares. Under these circumstances the C Ordinary Shares have no entitlement.
- Each A Ordinary Share and B Ordinary Share will entitle its holder to receive notice of, attend and vote at any general meeting of the Company and to receive copies of and to agree any proposed written resolution. The C Ordinary Shares have no similar entitlement.
- The A Ordinary Shares and B Ordinary Shares are entitled to payments of dividends on a pro-rata basis. The C Ordinary Shares are not entitled to dividends.

Management of capital

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

	31 Dec 2020 £000	31 Dec 2019 £000
Capital		
Ordinary shares	32	32
Merger reserve	3,000	3,000
Share premium	2,970	2,970
Retained earnings	11,149	4,278
	17,151	10,280

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

7. Share capital (continued)

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

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

The capital position is reported to the Board regularly. The capital position is also given due consideration when corporate plans are prepared. The merger reserve arose on acquisition of the investments in the period ended 31 December 2016.

8. Related party transactions

The company has an inter-company receivable owing to its immediate parent undertaking of £1,280,000 (2019: £1,280,000).

During the year a cash dividend of £1,150,000 (2019: £1,200,000) was received from Gascoigne Halman (Holdings) Limited. There was no closing intercompany balance.

During the year a dividend in specie was received from Gascoigne Halman (Holdings) Limited, to transfer the entire shareholding in Gascoigne Halman Limited and Gascoigne Halman Private Finance Limited, valued at the net book value of £6,871,000. There was no closing intercompany balance.

9. Capital commitments

There were no capital commitments at the year end.

10. Financial instruments

Financial risks

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. The principal financial risks to which the Company is exposed are liquidity risk, market risk and credit risk and these are monitored on a regular basis by management. Each of these is considered below.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's liquidity policy is to maintain sufficient liquid resources to cover imbalances and fluctuations in funding, to maintain solvency of the Company and to enable the Company to meet its financial obligations as they fall due. This is achieved through maintaining a prudent level of liquid assets and through rigorous management control of the growth of the business. There are no financial liabilities.

There are no differences between the fair values of financial assets and liabilities and their carrying amounts showing in the Statement of Financial Position.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

Currency risk

The Company is not exposed to any currency risk as all transactions are denominated in Sterling.

Interest rate risk

The Company has no interest bearing liabilities.

Credit risk

Credit risk is the risk of financial loss to the Company if its subsidiary fails to pay a dividend. Management carefully manages its exposure to credit risk.

11. Ultimate parent undertaking

The Company is an 82.75% owned subsidiary of Connells Limited (2019: 82.75%). The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. The largest group in which the results are consolidated is that headed by Skipton Building Society. The smallest group is that headed by Connells Limited and the consolidated accounts of this Company are available to the public and can be obtained from:

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