LAMBERT SMITH HAMPTON INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS

For the year ended

31 December 2021

(Registered Number 11145793)

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Directors' Report

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

INTRODUCTION AND OVERVIEW

Lambert Smith Hampton Investment Management Limited is a private limited company registered in England and Wales, registered number 11145793. The registered office address is; 55 Wells Street, London, W1T 3PT.

The principal activity of the Company is the provision of commercial property investment management and will continue to be so for the foreseeable future.

The Company made a profit before tax of £346,000 for the year (2020: £216,000).

DIRECTORS

The Directors who served during the year were:

Jason Honisett	
Richard Twigg	(appointed 31 March 2021)
Gareth Williams	(appointed 31 March 2021, resigned 30 November 2021)
Paul Creffield	(resigned 31 March 2021)
Christopher Hornung	(resigned 1 June 2021)
Massimo Marcovecchio	(resigned 28 September 2021)

ACQUISITION BY CONNELLS

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

DIVIDENDS

No interim dividend payment (2020: £nil) has been made during the financial year ended 31 December 2021. The directors do not recommend the payment of a final dividend (2020: £nil).

EMPLOYEES

It is Company policy to provide employees with information concerning their roles and responsibilities and the trading performance of the Company. This policy is to ensure opportunities are available at every level to improve employees' and corporate performance. Regular meetings are held which involve directors, managers and staff.

CHARITABLE AND POLITICAL DONATIONS

The Company made no charitable or political donations in 2021 (2020: £nil).

EMPLOYEE DEVELOPMENT AND EQUAL OPPORTUNITIES

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

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

GOING CONCERN

The Directors have undertaken a thorough assessment of the Company's financial forecasts to 31 December 2023, including the continuing impact of Covid-19 on its operations within the UK.

The Company is funded by its operating profits and the cash thereby generated. For the year ended 31 December 2021 the Company reported a net profit after tax of £280,000 (2020: £174,000) and at 31 December 2021 had cash balances amounting to £4,000 (2020: £nil). At the date of signing these accounts, the Company has a similar cash balance and has no external debt.

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

Directors' Report *(continued)*

AUDITOR

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

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

By order of the board

J Honisett
Director

31 August 2022

55 Wells Street
London
W1T 3PT

Statement of Directors' Responsibilities in Respect of the Directors' 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 applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not continue in business

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

Under applicable law and regulations, the Directors are also responsible for preparing a 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 UK Accounting Standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the company;
- that the annual report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face; and
- that they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	Year ended 2021 £000	Year ended 2020 £000
Revenue	2	913	1,027
Administrative expenses		(567)	(811)
Operating profit		**346**	**216**
Profit before tax		**346**	**216**
Taxation	5	(66)	(42)
Profit for the year being total comprehensive income		**280**	**174**

The above results were derived from continuing operations.

There is no other comprehensive income for the year.

The notes on pages 8 to 14 form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2021

	Notes	£000	31 December 2021 £000	£000	Restated 31 December 2020 £000
Non-current assets					
Intangible assets	6	5		12	
Total non-current assets			5		12
Current assets					
Trade and other receivables	7	796		506	
Cash and cash equivalents	8	4		-	
Total current assets			800		506
Total assets			805		518
Current liabilities					
Trade and other payables	9	113		62	
Tax liabilities		-		44	
Total current liabilities			113		106
Share capital	10	-		-	
Retained earnings		692		412	
Total equity			692		412
Total equity and liabilities			805		518

The notes on pages 8 to 14 form part of these accounts.

These accounts were approved by the Board of Directors on 31 August 2022 and signed on its behalf by:

The Directors:

(a) confirm that for the financial period in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act 2006; and

(b) acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

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

J Honisett
Director

Company registration number: 11145793

Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital *£000*	Retained earnings *£000*	Total equity *£000*
Balance at 1 January 2021	-	412	412
Profit for the year and total comprehensive income	-	280	280
Balance at 31 December 2021	**-**	**692**	**692**
Balance at 1 January 2020	-	238	238
Profit for the year and total comprehensive income	-	174	174
Balance at 31 December 2020	**-**	**412**	**412**

The notes on pages 8 to 14 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

Lambert Smith Hampton Investment Management Limited (the 'Company") is a company incorporated, registered and domiciled in the UK. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts:

a) Basis of accounting

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" in conformity with the requirements of the Companies Act 2006.

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 1m).

The Company has taken advantage of the following exemptions:

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

    i. paragraph 73(e) in respect of IAS 16 Property, Plant and Equipment

Exemption from preparation of consolidated financial statements

The financial statements contain information about Countrywide Group Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the UK consolidated accounts of Connells Limited and the consolidated financial statements of Skipton Building Society (the Company's ultimate parent undertaking) as at 31 December 2021. Those accounts are available online at www.skipton.co.uk/about-us or on request from The Secretary, Skipton Building Society, The Bailey, Skipton, North Yorkshire, BD23 1DN.

Adoption of new and revised UK Financial Reporting Standards

The Company adopted during the year the following amendment to existing accounting standards, which did not have a material impact on these financial statements:

- COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

Standards issued but not yet effective

A number of new and amended accounting standards and interpretations will be effective for future reporting periods, none of which has been early adopted by the Company in preparing these financial statements. These new and amended standards and interpretations, details of which are set out below, are not expected to have a material impact on the Company's financial statements:

- IFRS 17 Insurance Contracts;
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37);
- Fees in the '10 per cent' test for derecognition of financial liabilities (Amendments to IFRS 9);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12).

These amendments have had no material impact on these financial statements.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

a) Basis of accounting (continued)

Measurement convention

The financial statements are prepared on the historical cost basis.

Currency presentation

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

Prior period restatement

The presentation of the Financial Statements has been updated to reflect IAS 1: Presentation of financial statements as opposed to the Companies Act formats. Titles on the face of the Statement of Financial Position have been amended and current tax liabilities are disclosed on the face of the Statement of Financial Position. This change had no impact on the amounts disclosed.

Going concern

The Directors have undertaken a thorough assessment of the Company's financial forecasts to 31 December 2023, including the continuing impact of Covid-19 on its operations within the UK.

The Company is funded by its operating profits and the cash thereby generated. For the year ended 31 December 2021 the Company reported a net profit after tax of £280,000 (2020: £174,000) and at 31 December 2021 had cash balances amounting to £4,000 (2020: £nil). At the date of signing these accounts, the Company has a similar cash balance and has no external debt.

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

b) Revenue recognition

Services rendered

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

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

Revenue in respect of investment brokerage services is recognised net of value added tax either: at a point in time when we have fully provided the service; or over a period of time as activity progresses, reflecting the company's partial performance of its contractual obligations.

Management is required to make certain judgements, including: the determination of the performance obligations in the contract; whether the company is acting as principal or agent; the estimation of any variable consideration in determining the contract price; the allocation of the price to the performance obligations inherent in the contract; and an appropriate method of recognising revenue, including judging whether the performance obligations have been satisfied over a period of time or at a point in time. For performance obligations that are satisfied over a period of time, judgements are made as to whether the output method or the input method is more appropriate to measure progress towards complete satisfaction of the performance obligation.

c) Intangible assets

Computer software is stated at cost less accumulated amortisation and impairment losses. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Internal costs that are incurred during the development of significant and separately identifiable computer software for use in the business are capitalised when the software is integral to the generation of future economic benefits. Internal costs that are capitalised are limited to incremental costs specific to the project. Other development expenditures that do not meet the criteria for capitalisation are recognised as an expense as incurred.

Amortisation

Amortisation is charged to the Statement of Comprehensive Income on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful life of computer software is three years.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

d) Trade and other receivables

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

The Company uses an allowance matrix to measure the expected credit losses (ECLs) of trade receivables, which comprise a large number of small balances. Loss rates are based on actual credit loss experience over the previous year and adjusted for the Company's view of current economic conditions over the expected lives of the receivables. However, given the low levels of impairment loss experience, the ECL allowance is very small.

e) Trade and other payables

Trade and other payables are measured initially at fair value and then subsequently carried at amortised cost.

f) Taxation

Income tax on the profits for the year comprises current tax and deferred tax. Income tax is recognised in the Statement of Comprehensive Income 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.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the company

The carrying amount of deferred tax assets is reviewed at each year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each year end and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

g) Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

h) Provisions for liabilities and charges

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

i) Net financing costs

Interest income and interest payable is recognised in the income statement as they accrue, using the effective interest method.

j) Critical accounting estimates, and judgements in applying accounting policies

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

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

Revenue recognition

The Company recognises revenue in respect of consultancy services either: at a point in time, when we have fully provided the service; or over a period of time as activity progresses. Where the performance obligations are satisfied over a period of time, management is required to make judgements as to the most appropriate method for measuring progress towards complete satisfaction of the performance obligation.

Notes to the Financial Statements (continued)

1. *Accounting policies (continued)*

j) Critical accounting estimates, and judgements in applying accounting policies (conti

Expected credit loss

Trade receivables are considered past due once they have passed their contracted due date rade receivables are reviewed for impairment if they are past due. All commercial contracts are reviewed for impai are past due beyond 180 days.

Provisions

The Company is subject to claims. These claims are generally insured, subject to insuranc sses. The Company estimates its uninsured liability for such claims based on the detailed evaluation of claims a ience. The nature of these claims is such that these estimates are inherently uncertain as to the likelihood of their l and quantum.

When evaluating the impact of potential liabilities arising from claims against the Compar any takes legal and *professional advice to assist it in arriving at its estimation of the liability, taking into account th* f the success of any claims and also the likely development of claims based on recent trends.

2. Revenue

All of the company's revenues are generated in the United Kingdom from the provision o property investment management services.

Disaggregation of revenue	**1**	**2020**
	0	**£'000**
Major service lines		
Commercial property investment management	3	1,027
Timing of revenue recognition		
Services transferred over a period of time	3	1,027

3. Staff numbers and costs

The average monthly number of persons employed by the Company (including Directors) duri as as follows:

	2020 No.
Fee earners	3
Management	1
	4

	£000
Wages and salaries	454
Social security costs	64
Redundancy costs	27
Other Pension Costs	20
	565

None of the Directors received any emoluments in respect of their qualifying services to the co he directors' salaries *are paid by other Group companies. The notional allocation of the cost to the Company for th as nil (2020: nil). For* the work these directors completed in relation to their role as company director, this was cons ficant to their overall role within the group. As a result no apportionment of remuneration has been allocated to thei role.

Notes to the Financial Statements (continued)

4. Operating profit	**2021** *£000*	**2020** *£000*
Profit after tax is stated after charging:		
Depreciation and amortisation expense	7	3
Auditors remuneration	-	22

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

5. Taxation	**2021** **£000**	**2020** **£000**
a) Analysis of expense in the year at 2021: 19% (2020: 19%)		
Current tax expense		
Current tax at 19% (2020: 19%)	66	41
Adjustments in respect of prior years	-	1
Total current tax	66	42

b) Factors affecting current tax expense in the year

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

	2021 **£000**	**2020** **£000**
Profit before tax	346	216
Tax on profit at UK standard rate of 19% (2020: 19%)	66	41
Effects of:		
Adjustments in respect of prior years	-	1
Income tax expense	**66**	**42**

Notes to the Financial Statements (continued)

6. Intangible assets

	Computer Software 2021 £000	Computer Software 2020 £000
Cost		
At 1 January	16	8
Additions	-	8
At 31 December	**16**	**16**
Accumulated depreciation and impairment		
At 1 January	4	1
Depreciation charge for the year	7	3
At 31 December	**11**	**4**
Carrying amounts		
At 1 January	12	7
At 31 December	**5**	**12**

7. Trade and other receivables	2021 £000	2020 £000
Trade receivables	300	268
Amounts owed by group undertakings	496	237
Other receivables	-	1
	796	**506**

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

8. Cash and cash equivalents

	2021 £000	2020 £000
Bank balances	**4**	**-**

9. Trade and other payables

	2021 £000	Restated 2020 £000
Amounts owed to group undertakings	64	1
Accruals and other payables	-	8
Social security and other taxes	49	53
	113	**62**

The amounts for 2020 have been restated to present the tax liabilities of £44,000 on the face of the Statement of Comprehensive Income

Notes to the Financial Statements (continued)

10. Share capital

	2021 £000	2020 £000
Allotted, issued and fully paid		
100 Ordinary shares of £1 each (2020: 100)	-	-

11. Employee benefits

Stakeholder pension scheme

The Company operates a stakeholder pension scheme, the assets of which are held separately from those of the Company, in independently administered funds. The amount charged to the Income Statement in respect of the stakeholder schemes is the contribution payable in the year and amounted to £17,000 (2020: £20,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

12. Capital commitments

The Company has no capital commitments at the year-end (2020: £nil).

13. Ultimate parent undertaking

The immediate parent undertaking is Lambert Smith Hampton Group Limited. The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. The largest group in which the results are consolidated is that headed by Skipton Building Society. The smallest group is that headed by Connells Limited and the consolidated accounts of that company are available to the public and can be obtained from Connells Limited, Cumbria House, 16-20 Hockliffe Street, Leighton Buzzard, Bedfordshire, LU7 1GN.