THE ASSET MANAGEMENT GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Registered Number 03292378)

Contents

Directors' Report

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

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The Asset Management Group Limited continues to provide services to corporate clients in connection with the arrangement of the sale of vacant residential properties throughout the UK.

The Asset Management Group Limited is a private limited company registered in England and Wales, registered number; 03292378. The registered office address is 13-21 High Street, Guildford, Surrey, GU1 3DG.

DIRECTORS

The Directors who served during the year were:

RS Shipperley
DC Livesey
RJ Twigg
S Matthews
CA Coxon

DIVIDENDS

During the year an interim dividend of £200,000 was paid (2020:£600, 000). The Directors do not propose the payment of a final dividend (2020: £nil).

DONATIONS

The Company made charitable donations of £275 in 2021 (2020: £62). There were no political donations (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.

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 it 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.

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 Directors have undertaken a thorough assessment of the Company's financial forecasts to 30 June 2023. Despite the ongoing global pandemic, the Company has performed resiliently over the past year, continuing to operate effectively despite continuing restrictions and further lockdowns.

Due to the strong position of the business Directors have deemed it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements of the Company for the year ended 31 December 2021.

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 £159,000 (2020: £748,000) and at 31 December 2021 had substantial cash balances amounting to £1,512,000 (2020: £1,807,000), even after paying a dividend of £200,000 (2020: £600,000) to its shareholders. At the date of signing these accounts, the Company still has a substantial cash balance and has no external debt.

The Company has modelled downturn scenarios as detailed below, which include mitigating actions including reducing headcount, capital and other discretionary spend and, where appropriate, using available government support. As a result of the modelling, the Directors have deemed it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements of the Company for the year ended 31 December 2021.

Directors' Report (continued)

GOING CONCERN (continued)

In forming their view on going concern, the Directors continue to perform extensive forecasting to model the ongoing impact of market uncertainty. The key assumptions used in this severe stress scenario are as follows:

- A two month lockdown forces the UK housing market to close, reducing transactions to the level seen in April and May 2020 before slowly recovering.
- Taking mitigating actions to reduce headcount, capital expenditure and marketing spend.

The Company's financial strength means that it is well positioned to withstand any further downturn. As at 31 December 2021 the Company has no long term debt and therefore no covenant tests that it must meet.

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.

By order of the board

DocuSigned by:
Simon Matthews
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S Matthews
Director

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22 April 2022

13 – 21 High Street
Guildford
Surrey GU1 3DG

Strategic Report

BUSINESS REVIEW

Objectives and strategy of the Company

The Company's objectives continue to be to maximise the long-term value and revenue streams for its shareholders, to create secure and rewarding employment for its staff and to deliver a high quality and flexible service required to meet the various demands of its corporate clients.

The Company aims to deliver sustainable and growing revenues from efficient operations supported by a lean management cost structure, which enables the Company to adapt to market opportunities. This awareness of customer service and profit management has been at the core of the Company's success and is a key component to its future strategy.

2021 Review

The results for the company as set out on page 11 show a pre-tax profit of £187,000 (2020: £922,000).

At the start of 2021 the ban on new evictions remained in place and was scheduled to end on March 31st. Unfortunately this was extended on two more occasions and officially lifted at the start of September.
Following the lifting of the ban we did see an improvement in new cases and stock started to rise. However, a number of lenders, mainly High Street firms, were slow to react and some are still not operating at pre covid levels. Gross new instructions in the pipeline are showing a slight increase as we come out of the amnesty period and we would expect these to increase, albeit gradually, and continue into 2022.

Having carried out our redundancy exercise in 2020, we were still keen to retain all staff still on furlough and this continued until all staff returned from furlough at the end of September, which coincided the end of the eviction ban. It was decided however not to reclaim these salary costs from the Government's CJRS scheme, which resulted in a cost to the company of £168,000.

We retained all clients in 2021 and were successful in a re-tender with our largest client LBG with a new contract set to start in April 2022.

The result of the reduced stock of properties for sale due to the Covid-19 pandemic was that the Company's total income reduced to £5,573,000 in 2021, a fall of 22% on the prior year. Management continued to react to this fall in income by continuing to reducing capital expenditure and minimising all other areas of discretionary spend in order to protect its cash position. Consequently, including the £168,000 expense of furloughed staff, net administrative expenditure of £2,076,000 for 2021 remained at similar level to prior year (2020: £2,011,000).

Operational performance and key performance indicators

The Directors monitor the business at regular board meetings throughout the year. The table below shows the most significant financial KPI's that are monitored for the business.

Operational review

	2021 £000	2020 £000	Change %
Total fees and commissions	5,573	7,168	-22%
EBITDA	353	1,071	-67%
Profit from operations	202	933	-78%
Profit before tax*	187	922	-80%
Movement in instructions	-10%	-64%	
Movement in exchanges	-41%	-36%	

*Profit before tax includes dividends received from wholly owned subsidiaries of £nil (2020: £nil).

Risks and uncertainties

The Company's objective is to appropriately manage all the risks that arise from its activities. Connells Limited, the immediate parent company and Skipton Building Society, the ultimate parent undertaking, have a formal structure for managing risks throughout the group, which applies to all subsidiaries.

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. The Company and its ultimate parent undertaking, Skipton Building Society, through their risk and compliance functions provide monitoring and oversight on behalf of the Company's Board.

Strategic Report *(continued)*

Risks and uncertainties (continued)

- The Company's Audit and Risk Committee oversees the effectiveness of the risk management framework and the control environment, with third line assurance being provided through Skipton Group's Internal Audit function.

The principal risks facing the Company, together with how the Company seeks to mitigate these, are set out below:

Covid-19 pandemic

The business has been impacted significantly since March 2020 by the Covid-19 pandemic, although the suspension of repossession activity was lifted in September 2021, activity levels remain low.

The Directors have 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.

IT Infrastructure and information security

The Company depends on efficient systems for its day to day operations and maintenance of its financial records. A significant interruption to its IT services, or breach of data security, would have an adverse impact on the ability to trade.

The Company continues to invest in its IT and data security systems to ensure that its systems adequately support its expanding operations and address the changing needs of the business. Regular penetration and business recovery testing is carried out.

Loss of a major client

The Company holds a number of important client relationships, the loss of which would adversely affect income and performance.

The Company carries out regular review meetings with clients at all levels of management; any issues should therefore be identified and escalated at an early stage.

Financial misstatement and fraud

Material financial misstatement arising due to an error or fraud could cause reputational damage, financial loss or lead to inappropriate decision making.

The Company's financial controls, including segregation of duties, are designed to operate throughout the business to address this risk. These controls are supplemented by comprehensive monitoring of financial performance to budget and expectations at a cost centre level.

Customers

The Company is firmly committed to delivering good outcomes for all customers. This means ensuring that the range of products and services offered meet the needs of customers, that the 'end to end' processes for delivering these services are appropriate and effective, and that our people have our customers' best interests at heart at all times. We take steps to develop and maintain this ethos within the culture of the business overall.

Capital

In common with other asset managers, the Company is relatively highly operationally geared. Trading performance is sensitive to transaction volumes in the UK repossession market. In the short term, certain costs are fixed so that when income falls there is a direct and adverse impact on profits and cash flows.

The Company's policy is to retain sufficient cash and capital resources to allow it to withstand market volatility and achieve its corporate objectives.

Strategic Report *(continued)*

Risks and uncertainties (continued)

People

Asset management is 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.

By order of the board

DocuSigned by:
Simon Matthews
CCF611A84EA64C0...
S Matthews
Director

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22 April 2022

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, 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 (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 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, 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ASSET MANAGEMENT GROUP LIMITED

Opinion

We have audited the financial statements of The Asset Management Group Limited for the year ended 31 December 2021 which comprise the Statement of comprehensive income, the Statement of financial position and 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 United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 a period to 30 June 2023 (15 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 this gives rise to 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ASSET MANAGEMENT GROUP LIMITED *(continued)*

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 10, 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 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. 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.

- 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.
- We understood how The Asset Management 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ASSET MANAGEMENT GROUP LIMITED *(continued)*

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.

Ernst & Young LLP

Joanne Mason (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Audit
Luton

Date: 25 April 2022

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 2021 £000	Year ended 2020 £000
Revenue	3	5,573	7,168
Cost of sales		(3,295)	(4,224)
Gross profit		**2,278**	**2,944**
Employee benefit expenses	6	(1,533)	(1,570)
Other operating expenses	2	(543)	(441)
Operating profit		**202**	**933**
Presented as: Earnings before interest, tax, depreciation, amortisation (EBITDA)		**353**	**1,071**
Depreciation of tangible assets	9	(19)	(23)
Depreciation of right-of-use assets	10	(132)	(115)
Operating profit		202	933
Finance income	4	-	2
Finance costs	5	(15)	(13)
Dividend income		-	-
Profit before tax		**187**	**922**
Income tax expense	7	(28)	(174)
Profit for the year being total comprehensive income		**159**	**748**

In the current and previous year the Company made no material acquisitions and had no discontinued operations.

The notes on pages 15 to 27 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2021

	Notes	£000	31 December 2021 £000	£000	31 December 2020 £000
Non-current assets					
Fixed assets investments	11	-		-	
Intangible assets	8	557		557	
Property, plant and equipment	9	14		31	
Right of use assets	10	917		993	
Tax asset		9		-	
Deferred tax assets	16	47		43	
Total non-current assets			1,544		1,624
Current assets					
Trade and other receivables	12	1,477		1,354	
Cash and cash equivalents	13	1,512		1,807	
Total current assets			2,989		3,161
Total assets			**4,533**		**4,785**
Current liabilities					
Trade and other payables	14	837		981	
Tax liabilities		-		29	
Lease liabilities	15	138		129	
Total current liabilities			975		1,139
Non-current liabilities					
Trade and other payables	14	111		143	
Lease liabilities	15	900		915	
Total non-current liabilities			1,011		1,058
Total liabilities			1,986		2,197
Equity – attributable to the owners of the Company					
Share capital	18	-		-	
Retained earnings	18	2,547		2,588	
Total equity			2,547		2,588
Total equity and liabilities			**4,533**		**4,785**

These accounts were approved by the board of directors on 22 April 2022 and signed on its behalf by:

DocuSigned by:

Simon Matthews

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S Matthews
Director

Company registration number: 03292378

The notes on pages 15 to 27 form part of these accounts.

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	-	2,588	2,588
Total income for the year	-	159	159
Dividend paid	-	(200)	(200)
Balance at 31 December 2021	**-**	**2,547**	**2,547**
Balance at 1 January 2020	-	2,440	2,440
Total income for the year	-	748	748
Dividend paid	-	(600)	(600)
Balance at 31 December 2020	**-**	**2,588**	**2,588**

The notes on pages 15 to 27 form part of these accounts.

During the year the Company declared an interim dividend of £200,000 (2020: £600,000). The dividend per share totalled £1,000.00 (2020: £3,000.00).

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The Asset Management Group Limited (the "Company") is a company incorporated, registered and domiciled in the UK. The following accounting policies have been applied consistently in these 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 1p).

Transition to FRS 101

The Company transitioned from IFRS to FRS 101 Reduced Disclosure Framework as at 1 January 2021. The accounting policies applied under the previous accounting framework are not materially different to FRS 101 and as a result, no transitional adjustments were required in equity or comprehensive income as at the transition date nor the year ended 31 December 2021.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements.
b) The requirements of IAS 7 Statement of Cash Flows.
c) The requirements of IFRS 7 Financial Instruments: Disclosures
d) 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
e) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16
f) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 .
g) The requirements in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of
   i. paragraph 73(e) in respect of IAS 16 Property, Plant and Equipment
   ii. paragraph 118(e) in respect of IAS 38 Intangible Assets

The Company's financial statements are consolidated into 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 International 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.

Measurement convention

These financial statements are prepared on the historical cost basis.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies (continued)

a) Basis of accounting (continued)

Currency presentation

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

GOING CONCERN

The Directors have undertaken a thorough assessment of the Company's financial forecasts to 30 June 2023. Despite the ongoing global pandemic, the Company has performed resiliently over the past year, continuing to operate effectively despite continuing restrictions and further lockdowns.

Due to the strong position of the business Directors have deemed it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements of the Company for the year ended 31 December 2021.

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 £159,000 (2020: £748,000) and at 31 December 2021 had substantial cash balances amounting to £1,512,000 (2020: £1,807,000), even after paying a dividend of £200,000 (2020: £600,000) to its shareholders. At the date of signing these accounts, the Company still has a substantial cash balance and has no external debt.

The Company has modelled downturn scenarios as detailed below, which include mitigating actions including reducing headcount, capital and other discretionary spend and, where appropriate, using available government support. As a result of the modelling, the Directors have deemed it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements of the Company for the year ended 31 December 2021.

In forming their view on going concern, the Directors continue to perform extensive forecasting to model the ongoing impact of market uncertainty. The key assumptions used in this severe stress scenario are as follows:

- A two month lockdown forces the UK housing market to close, reducing transactions to the level seen in April and May 2020 before slowly recovering.
- Taking mitigating actions to reduce headcount, capital expenditure and marketing spend.

The Company's financial strength means that it is well positioned to withstand any further downturn. As at 31 December 2021 the Company has no long term debt and therefore no covenant tests that it must meet.

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) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings or businesses represents the excess of the fair value of consideration over the fair value of identifiable net assets and contingent liabilities acquired at the date of acquisition. Goodwill is calculated after also taking into account the fair value of contingent liabilities of the acquiree.

c) Impairment

In accordance with IAS 36, Impairment of Assets, goodwill and intangible assets with an indefinite life are not amortised but is tested for impairment at each year end or when there is an indication of impairment. The recoverable amount of goodwill is determined as the higher of its fair value less costs to sell and its value in use.

The Company applies discount rates based on its estimated current cost of capital of the subsidiary. Impairment of a subsidiary's associated goodwill is recognised where the present value of future cash flows of the subsidiary is less than its carrying value. A fifteen year time horizon has been used to reflect that subsidiaries are held for the long term. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Any impairment loss in respect of goodwill is not reversed. On the sale of a subsidiary, the profit or loss on sale is calculated after charging or crediting the net book value of any related goodwill. Negative goodwill arising on an acquisition is recognised directly in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies (continued)

d) Intangible assets

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

Pipeline - 6 months
Customer contracts and relationships - 1 to 3 years

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

e) Revenue recognition

Revenue, which excludes value added tax, represents total commissions receivable by the Company and additional maintenance services provided. Asset management commissions are accounted for on exchange of property contracts. Additional maintenance services are accounted for as they are performed. Panel fee income is deferred over the membership period.

f) Property, plant and equipment

Property, plant and equipment are stated in the Statement of Financial Position at cost less accumulated depreciation and impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives on the following bases:

Office equipment - 3 to 5 years

g) Trade and other receivables

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

Asset management income is accounted for on exchange of contracts as with estate agency sales commissions. Under IFRS 15 additional services provided are recognised upon completion of the work and shown as contract assets until exchange of contracts takes place.

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.

h) Trade and other payables

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

i) Leases

The Company's lease commitments relate mainly to properties and motor vehicles. Leases are typically negotiated on an individual basis and thus contain a wide range of terms and conditions, including options to extend or terminate. The lease liability is considered to be an indicator of the future cash outflows, there are no significant restrictions or covenants, residual value guarantees or sale and leaseback transactions. Previously, payments made under operating leases were charged to the income statement on a straight-line basis over the period of the lease.

From 1 January 2019, the Company assesses at contract inception whether a contract is, or contains, a lease. The Company initially recognises a right-of-use asset and a corresponding liability at the date at which the leased asset is available.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets is equal to the aggregate lease liabilities recognised on day 1, adjusted for any initial direct costs incurred, any lease incentives received and any lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight line basis over the lease term. Right of use assets are tested for impairment at each year end.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies (continued)

i) Leases (continued)

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted at the incremental borrowing rate. The lease payments include fixed payments less any lease incentives received and amounts expected to be paid under residual value guarantees. In calculating the present value of the lease payments, the Company uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. Following recognition, the liability is reduced for the lease payments made and increased by the interest accrued. Moreover, the carrying amount of the lease liability is re-measured in the event of a modification, such as a change in the lease term or change in the lease payments. The interest cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining liability for each period.

The Company applies the short-term lease exemption to those leases that have a lease term of 12 months or less from the commencement date and also applies the exemption for leases of low value assets to office equipment. Lease payments relating to these exemptions are recognised in operating expenses on a straight line basis over the lease term. These exemptions are not applied to property leases and any short term property leases are accounted for as above.

j) 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.

k) 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 asset or liability 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 individual subsidiaries in the Group.

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.

l) Employee benefits

Certain employees are members of the Asset Management Group Limited defined contribution pension scheme, the assets of which are held separately from those of the Company, as independently administered funds. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as incurred.

m) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash comprises cash in hand and loans and balances with banks and similar institutions. Cash and 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies (continued)

n) Net financing costs

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

o) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income against the related cost, on a systematic basis over the periods the cost is incurred. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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

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

Intangible assets

Significant estimates and judgements are made in determining the fair value of intangible assets arising in a business combination. Management have valued the intangible assets based on expected profits of the customer relationships and pipelines bought in the acquisition. The key judgements are the average fee and profit margin per case and the length of time the customer relationships will last. Management have based these assumptions on past performance.

IFRS 16

The changes to critical estimates and assumptions used by the Company as a result of adopting IFRS 16, that have an effect on the reported amounts of assets and liabilities, are outlined below.

Lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease where this is reasonably certain to be exercised, or any periods covered by an option to terminate the lease where this is reasonably certain not to be exercised.

Many of the Company's leases, particular property leases, contain options for the Company to extend and / or terminate the lease term. The Company applies judgement in evaluating whether it is reasonably certain to exercise these options, taking account of all relevant factors that create an economic incentive for it to do so. After the lease commencement date, the Company reassesses the lease term if there has been a significant event or change in circumstances that is within its control and which affects its ability to exercise (or not to exercise) the option to renew and / or to terminate (e.g. a change in business strategy).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Expenses and auditor's remuneration

	Year ended 2021 £000	**Year ended 2020 £000**
Profit after tax is stated after charging the following:		
Depreciation of property, plant and equipment	19	23
Auditor's remuneration and expenses:		
Audit of these financial statements	20	10

3. Revenue

All revenue in the Company is considered to originate from contracts with customers. The table below disaggregates the revenue from contracts with customers into the significant service lines.

	Products and services transferred at a point in time 2021 £000	**Products and services transferred over time 2021 £000**	**Total 2021 £000**
Asset management commissions	5,449	-	5,449
Other fees and commissions	-	124	124
	5,449	**124**	**5,573**

	Products and services transferred at a point in time 2020 £000	**Products and services transferred over time 2020 £000**	**Total 2020 £000**
Asset management commissions	7,011	-	7,011
Other fees and commissions	-	157	157
	7,011	**157**	**7,168**

4. Finance income

	Year ended 2021 £000	**Year ended 2020 £000**
Interest on bank deposits	**-**	**2**

5. Finance costs

	Year ended 2021 £000	**Year ended 2020 £000**
Interest on lease liabilities	**15**	**13**

6. Staff numbers and costs

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

	Year ended 2021 No.	**Year ended 2020 No.**
Directors	5	6
Administration	46	57
	51	**63**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:	**Year ended 2021 £000**	**Year ended 2020 £000**
Wages and salaries	1,345	1,342
Social security costs	136	165
Other pension costs	52	63
	1,533	**1,570**

Wages and salaries are stated after crediting £nil (2020: £369,000) of government grants received under the Coronavirus Job Retention scheme (CJRS). Further details are provided in note 21.

Directors' emoluments	**£000**	**£000**
Directors' emoluments	210	287
Company contributions to defined contribution pension plans	8	8
	218	**295**

The aggregate emoluments of the highest paid director was £209,644 (2020: £231, 952), and contributions of £7,685 (2020: £7,599) were made to defined contribution pension schemes. During the year, a total of £32,227 (2020: £nil) became payable under the long term incentive scheme and £32,524 (2020: £33,283) was paid out to Directors for amounts past due under this scheme.

Three (2020: three) of the directors are not directly remunerated by the Company. The notional allocation of cost to the Company for their services was £140,891 (2020: £39,001).

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

7. Tax expense

	Year ended 2021 £000	**Year ended 2020 £000**
a) Analysis of expense in the year at 19% (2020: 19%)		
Current tax expense		
Current tax at 19% (2020: 19%)	34	171
Adjustment for prior years	(1)	(6)
Total current tax expense	33	165
Deferred tax		
Current year	1	9
Adjustment in respect of prior periods	1	5
Tax rate changes	(7)	(5)
Total deferred tax debit / (credit)	(5)	9
Tax expense	**28**	**174**

b) Factors affecting tax expense in the year

The tax assessed in the Income Statement is lower (2020: lower) than the standard UK corporation tax rate because of the following factors:

Profit before tax	187	922
Tax on profit at UK standard rate of 19% (2020: 19%)	36	175
Effects of:		
Income not taxable for tax purposes	(1)	-
Adjustment in respect of prior periods	-	(1)
Expenses not deductible for tax purposes	-	5
Tax rate changes	(7)	(5)
Tax expense	**28**	**174**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8. Intangible assets

	Goodwill £000	Customer contracts & relationships £000	Total £000
Cost			
At 1 January 2021	**557**	**1,444**	**2,001**
Disposals	**-**	(1,444)	(1,444)
At 31 December 2021	**557**	**-**	**557**
Amortisation and impairment losses			
At 1 January 2021	-	1,444	1,444
Amortisation for the year	-	-	-
Disposals	-	(1,444)	(1,444)
At 31 December 2021	**-**	**-**	**-**
Carrying amounts			
At 1 January 2021	557	-	557
At 31 December 2021	557	-	557

The above intangible assets arose on the acquisition of the trade and assets of Connells Asset Management in December 2014.

Goodwill and brands acquired in a business combination is allocated, at acquisition, to the individual cash generating units (CGUs) that are expected to benefit from that business combination. The only CGU is the Asset Management Business.

There was no impairment charge during the year. The recoverable amounts of goodwill and brands are determined from value-in-use calculations for the CGU listed above.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.
Goodwill is not subject to amortisation but is tested for impairment. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations. Had the company amortised goodwill, a period of 20 years would have been chosen as the useful life. The profit for the year would have been £28,000 lower had goodwill been subject to amortization.

9. Property, plant and equipment

	Office equipment £000	Total £000
Cost		
At 1 January 2021	280	280
Additions	2	2
Disposals	(25)	(25)
At 31 December 2021	**257**	**257**
Accumulated depreciation and impairment		
At 1 January 2021	249	249
Depreciation charge for the year	19	19
Disposals	(25)	(25)
At 31 December 2021	**243**	**243**
Carrying amounts		
At 1 January 2021	31	31
At 31 December 2021	**14**	**14**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10. Right-of-use assets

	Land and buildings £000	Motor vehicles £000	Other £000	Total £000
Cost				
At 1 January 2021	1,016	71	-	1,087
Additions	-	-	56	56
Disposals	-	-	-	-
At 31 December 2021	**1,016**	**71**	**56**	**1,143**
Accumulated depreciation and impairment				
At 1 January 2021	84	10	-	94
Depreciation charge for the year	97	24	11	132
Disposals	-	-	-	-
At 31 December 2021	181	34	11	226
Carrying amounts				
At 1 January 2021	932	61	-	993
At 31 December 2021	**835**	**37**	**45**	**917**

11. Fixed asset investments

	Shares in Group Undertakings £
Cost	
At 31 December 2021 and 2020	**3**

The Company owns 100% of the ordinary issued share capital of AMG North East Limited and AMG Projects Limited. Both of these companies are registered in England and Wales.

The principal activities of the subsidiary companies are the arrangement of the sale of properties or associated services, including maintenance of properties in preparation for sale.

The registered office of both these companies is 13-21 High Street, Guildford, Surrey, GU1 3DG.

12. Trade and other receivables

	31 December 2021 £000	31 December 2020 £000
Trade receivables	364	604
Amounts due from group companies	283	2A5
Accrued income	812	608
Prepayments	18	117
	1,477	**1,354**

13. Cash and Cash Equivalents

	31 December 2021 £000	31 December 2020 £000
Cash at bank and in hand	1,512	1,807
	1.512	**1,807**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

14. Trade and other payables

	31 December 2021 £000	31 December 2020 £000
Due within one year		
Trade payables	78	43
Amounts owed to group undertakings	249	268
Other taxes and social security costs	145	179
Accruals and deferred income	365	491
	837	**981**
Due after more than one year		
Accruals and deferred income	**111**	**143**

Amounts owed to group companies are unsecured, interest free and repayable on demand.

15. Lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Group	Year ended 2021 £000	Year ended 2020 £000
Cost		
At 1 January	1,044	43
Additions	56	1,064
Interest charged	15	13
Lease payments	(77)	(76)
At 31 December	**1,038**	**1,044**

The present value of lease liabilities by repayment date is as follows.

	Year ended 2021 £000	Year ended 2020 £000
Lease liabilities are repayable:		
In not more than 3 months	38	6
In more than 3 months but less than 1 year	100	59
In more than 1 year but less than 5 years	530	506
In more than 5 years	370	473
	1,038	**1,044**

The discount rates for the leases disclosed above ranged from 0.6% to 2.1%. The Company has several lease contracts that include termination options, usually through a break clause. These options are negotiated by management to provide flexibility in managing the leased asset portfolio and adapt to the Company's business needs. Management exercises judgement in determining whether these termination options are reasonably certain to be exercised.

16. Deferred tax

Deferred taxes are calculated on temporary differences under the liability method using an effective tax rate of 19% (2020: 19 %) as this is the enacted rate that is expected to apply when the temporary differences reverse.

The movement on the deferred tax asset / (liability) is as shown below:

	Year ended 2021 £000	Year ended 2020 £000
At 1 January	43	52
Adjustment in respect of prior years	(2)	(5)
Deferred tax credit / (charge) to the income statement	6	(4)
At 31 December	**47**	**43**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. Deferred tax (continued)

Deferred tax assets/ (liabilities) are attributable to the following items:

Deferred tax assets / (liabilities)	**Asset/ (liability) £000**	**(Charged)/ credited to income £000**
2021		
Property, plant and equipment	1	1
Provisions	46	46
	47	47
2020		
Property, plant and equipment	-	-
Provisions	43	43
	43	43

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

The deferred tax assets are considered to be recoverable in full. Where deferred tax balances are expected to reverse before 1 April 2023, they have been calculated at the currently enacted corporation tax rate of 19%. The corporation tax rate increase from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24 May 2021 and deferred tax balances that are expected to reverse after this date have been calculated at 25%.

17. Defined contribution pension scheme

The Company operates a Group Personal Pension Plan, the assets of which are held separately from those of the Company, as independently administered funds. The amount charged to the Income Statement in respect of the Group Personal Pension Plan is the contribution payable in the year by the Company and amounted to £52,371 (2020: £62,628). The Company had contributions of £15,305 outstanding at the end of the financial year (2020: £17,182).

18. Share capital

Authorised, allotted, called up and fully paid	**31 December 2021 £000**	**31 December 2020 £000**
200 £1 Ordinary shares	-	-
	-	-

Management of capital

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

Capital	**Year ended 2021 £000**	**Year ended 2020 £000**
Ordinary shares	-	-
Retained earnings	2,547	2,588
	2,547	2,588

The Company's objectives when managing capital are:

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

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

19. Related party transactions

The Company has related party relationships within the Skipton Group as detailed below. All such transactions are priced on an arms-length basis.

2021	Ultimate parent undertaking £000	Parent undertaking £000	Other group Companies £000	Subsidiary undertakings £000
a) Sales of goods and services				
Commissions receivable	1	-	51	-
Total	**1**	**-**	**51**	**-**
b) Purchase of goods and services	-	(106)	(497)	(1,054)
Total	**-**	**(106)**	**(497)**	**(1,054)**
c) Outstanding balances				
Receivables from related parties	-	-	4	279
Payables to related parties	-	(198)	(7)	(44)
Total	**-**	**(198)**	**(3)**	**235**

2020	Ultimate parent undertaking £000	Parent undertaking £000	Other group Companies £000	Subsidiary undertakings £000
a) Sales of goods and services				
Commissions receivable	-	-	29	-
Total	**-**	**-**	**29**	**-**
b) Purchase of goods and services	-	(105)	(590)	(1,038)
Total	**-**	**(105)**	**(590)**	**(1,038)**
c) Outstanding balances				
Receivables from related parties	-	-	-	25
Payables to related parties	-	(246)	(9)	(13)
Total	**-**	**(246)**	**(9)**	**12**

P A Rooney, a director of the Company, is a director and controlling shareholder in Arun Estate Agencies Limited, he is also a minority shareholder in The Asset Management Group Limited. The Company has purchased goods and services of £64,371 (2020: £52,891) from Arun Estate Agencies Limited during the year. The Company has payables due to Arun Estate Agencies Limited of £3,000 as at 31 December 2020 (2020: £1,050).

Connells Limited, the Company's immediate parent company, has a minority shareholding in Vibrant Energy Matters Limited until 7th March 2021, after which it became a subsidiary. The Company has purchased goods and services of £3,633 from 1.1.21 o 7.3.21 (2020: £33,875) from Vibrant Energy Matters Limited.

There are no provisions in respect of receivables balances due from Related Parties, either at 31 December 2021 or at 31 December 2020. All transactions are dealt with at arm's length on normal credit terms.

20. Capital commitments

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

21. Government grants

	2021 Company £000	2020 Company £000
At 1 January	25	-
Received during the year	(124)	(344)
Repaid during the year	99	-
Released to the income statement	-	369
At 31 December	**-**	**25**
Current	-	25
Non-current	-	-

Government grants received relating to the Government Coronavirus Job Retention Scheme for 2021, were repaid during the year. Amounts released to the income statement are within employee benefit expenses in note 6.

22. Ultimate parent undertaking

The Company is a 75% owned subsidiary of Connells 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 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