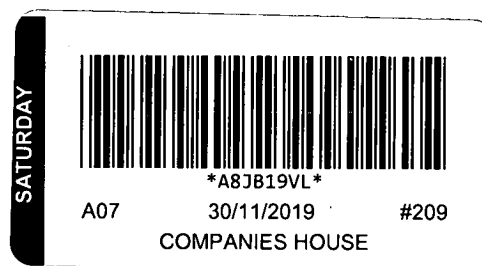


REGISTERED NUMBER: 02411812 (England and Wales)

SDL Surveying Limited
Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 March 2019



**Contents of the Financial Statements
for the Year Ended 31 March 2019**

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SDL Surveying Limited
Company Information
for the Year Ended 31 March 2019

DIRECTORS:

C J Anderton
G P Brewster
I J Fergusson
P R Gratton
S P Jackson

SECRETARY:

S K Tuck

REGISTERED OFFICE:

3-4 Regan Way
Chetwynd Business Park Chilwell
Nottingham
Nottinghamshire
NG9 6RZ

REGISTERED NUMBER:

02411812 (England and Wales)

AUDITOR:

KPMG LLP
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

**Strategic Report
for the Year Ended 31 March 2019**

Our primary strategy is to deliver a best-in-class Panel Management capability to provide efficient, professional property valuations for residential properties to UK lenders. We intend to continue to grow the size of our operations by increasing volume through outsourced Panel Management contracts whilst continuing to support our existing clients.

The UK Housing market remained steady in FY19, with transaction volumes at 1.2 million being flat against FY16, FY17 and FY18 levels, albeit with the geography of property transactions continuing to redistribute around the country away from London and the South East. The SDL Board's expectation is that the market will continue to be subdued over the next 12 to 24 months through the period of the UK's exit from the EU.

REVIEW OF BUSINESS

The underlying operating performance of the business has remained strong. Volumes increased by 11%, with turnover increasing by 57% to £25.8m. This was driven predominately by the hive-up of trade from JV Limited with improving cost of fulfilment driven by performance efficiency being offset by investments in infrastructure and higher external fulfilment costs.

The business has developed much of the industry leading technology in the last 10 years which has provided the platform for increased fulfilment capacity and improved processing in the business. This has resulted in the business being recognised for delivering best-in-class service to UK Lenders, and reducing the time to complete a valuation by over 1 day. For at least 6 months to May 2019, SDL Surveying was first in all the Lender supplier service league tables, where tables were provided. This tech-supported service strategy has led to both RBS and Virgin Money increasing volume commitments to SDL Surveying and the renewal of the HSBC Panel Management contract for a further 5 years. In recognition of this service, HSBC has moved from two panel managers to appointing SDL Surveying as Lead Panel Manager.

As at 31 March 2019, the business had net assets of £99,464. This is not directly comparative with the prior year financial statements as the acquisition of JV Limited, a fellow subsidiary has created a significant movement in net assets. Please see Note 11 for the more information on the accounting treatment of the acquisition of JV Limited.

The business will continue to invest in both its platforms and industry leading technology to provide a best-in-class service, and to drive efficiencies in future.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's revenues and profits are substantially dependent on the volume of housing transactions in the UK residential property market. During recent years, the mortgage market has been stable, but remains cyclical and subject to changes in consumer confidence. The Company has a focus on retaining key customer relationships through high levels of customer service, which has enabled the Company to compete successfully in a difficult market.

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

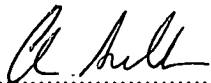
The UK's decision to leave the European Union resulted in increased uncertainty for consumers and this has contributed to continued subdued levels of property transactions. SDL Surveying Limited expects market volumes to continue at these subdued levels until such time as more clarity around the impact of Brexit emerges.

**Strategic Report
for the Year Ended 31 March 2019**

FINANCIAL KPIS AND OTHER KPIS

KPI's	FY19	FY18
Total Managed Volumes	175,169	157,861
Turnover	£25.8m	£16.4m
EBITDA before Exceptionals	£2.62m	£1.85m
EBITDA margin	10%	11%
Market Share	12%	11%

ON BEHALF OF THE BOARD:



.....
C J Anderton - Director

Date: 27TH NOVEMBER 2019

**Report of the Directors
for the Year Ended 31 March 2019**

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2019.

FUTURE DEVELOPMENTS

We continue in our strategy to grow the business through market share gains driven by best-in-class performance.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

C J Anderton
I J Fergusson
P R Gratton
S P Jackson

Other changes in directors holding office are as follows:

G P Brewster - appointed on 19 June 2018
C S Staley – Resigned on 30 April 2018

RESULTS

The profit for the year, after taxation, amounted to £552,387 (2018- £946,233).

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors at the time when this Directors' Report is approved have confirmed that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- they have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

The auditor, KPMG LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
C J Anderton - Director

Date: 27th November 2019

**Statement of Directors' Responsibilities
for the Year Ended 31 March 2019**

The directors are responsible for preparing the Directors' 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 Financial Reporting Standard 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the Independent Auditor to the Members of SDL Surveying Limited

Opinion

We have audited the financial statements of SDL Surveying Limited ("the company") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Report of the Independent Auditor to the Members of SDL Surveying Limited

Strategic and Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' reports;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Responsibilities of directors

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditor to the Members of SDL Surveying Limited

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditor 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditor.

The purpose of our audit work and to whom we owe our responsibilities

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 a Report of the Auditor 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.



Craig Parkin (Senior Statutory Auditor)
for and on behalf of KPMG LLP
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

Date: 27th November 2019

**Statement of Comprehensive Income
for the Year Ended 31 March 2019**

	Notes	2019 £	2018 £
TURNOVER	3	25,781,901	16,402,615
Cost of sales		<u>(9,724,319)</u>	<u>(11,226,908)</u>
GROSS PROFIT		16,057,582	5,175,707
Depreciation and amortisation		(527,719)	(459,392)
Administrative expenses	5	<u>(14,615,950)</u>	<u>(5,607,669)</u>
		913,913	(891,354)
Other operating income	4	<u>167,580</u>	<u>2,258,522</u>
OPERATING PROFIT		1,081,493	1,367,168
Profit on sale of fixed assets		<u>48,529</u>	-
		1,130,022	1,367,168
Interest payable and similar expenses	7	<u>(308,769)</u>	<u>(14,422)</u>
PROFIT BEFORE TAXATION	8	821,253	1,352,746
Tax on profit	10	<u>(268,866)</u>	<u>(406,513)</u>
PROFIT FOR THE FINANCIAL YEAR		552,387	946,233
OTHER COMPREHENSIVE INCOME			
Revaluation of subsidiary		<u>1,948,892</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,501,279</u>	<u>946,233</u>

The notes form part of these financial statements

Statement of Financial Position
31 March 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	12	1,278,397	1,015,150
Tangible assets	13	199,696	426,909
Investments	14	<u>202,500</u>	<u>6,502,500</u>
		1,680,593	7,944,559
CURRENT ASSETS			
Debtors	15	2,998,515	3,735,012
Cash at bank and in hand		<u>576,740</u>	<u>227,728</u>
		3,575,255	3,962,740
CREDITORS			
Amounts falling due within one year	16	<u>(4,424,002)</u>	<u>(3,918,606)</u>
NET CURRENT ASSETS/LIABILITIES		<u>(848,747)</u>	<u>44,134</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		831,846	7,988,693
CREDITORS			
Amounts falling due after more than one year	17	(414,617)	(501,316)
PROVISIONS FOR LIABILITIES	20	<u>(317,765)</u>	<u>-</u>
NET ASSETS		<u>99,464</u>	<u>7,487,377</u>
CAPITAL AND RESERVES			
Called up share capital	21	10,000	10,000
Capital Contribution	22	2,500,000	-
Revaluation reserve	22	-	4,087,500
Other reserves	22	(12,239,892)	-
Retained earnings	22	<u>9,829,356</u>	<u>3,389,877</u>
SHAREHOLDERS' FUNDS		<u>99,464</u>	<u>7,487,377</u>

The financial statements were approved by the Board of Directors on 27th NOVEMBER 2019 and were signed on its behalf by:


.....
C J Anderton - Director

SDL Surveying Limited (Registered number: 02411812)

**Statement of Changes in Equity
for the Year Ended 31 March 2019**

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2019

	Called up Share capital	Profit and loss account	Revaluation reserve	Capital Contribution Reserve	Other reserves	Total
	£	£	£	£	£	£
Balance at 1 April 2017	10,000	2,443,644	4,087,500	-	-	6,541,144
Comprehensive income for the year						
Profit for the year	-	946,233	-	-	-	946,233
At 31 March 2018	<u>10,000</u>	<u>3,389,877</u>	<u>4,087,500</u>	<u>-</u>	<u>-</u>	<u>7,487,377</u>
IFRS 9 Adjustment	-	(149,300)	-	-	-	(149,300)
Restated Balance	<u>10,000</u>	<u>3,240,577</u>	<u>4,087,500</u>	<u>-</u>	<u>-</u>	<u>7,338,077</u>
Comprehensive income for the year						
Capital Contribution	-	-	-	2,500,000	-	2,500,000
Profit for the year	-	552,387	1,948,892	-	-	2,501,279
Revaluation reserve transfer	-	6,036,392	(6,036,392)	-	-	-
Merger reserve on hive-up	-	-	-	-	(12,239,892)	(12,239,892)
Total comprehensive income for the year	<u>-</u>	<u>6,588,779</u>	<u>(4,087,500)</u>	<u>2,500,000</u>	<u>(12,239,892)</u>	<u>(7,238,613)</u>
At 31 March 2019	<u>10,000</u>	<u>9,829,356</u>	<u>-</u>	<u>2,500,000</u>	<u>(12,239,892)</u>	<u>99,464</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 March 2019**

1. STATUTORY INFORMATION

SDL Surveying Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

SDL Surveying Limited (the "Company") is a company incorporated, domiciled and registered in England in the UK. The registered number is 02411812 and the registered address is 3&4 Regan Way, Chilwell, Nottingham, NG9 6RZ.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, SDL Property Services Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of SDL Property Services Group Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from its registered office. The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The directors do not consider there to be any judgements or key sources of estimation uncertainty in relation to the application of these accounting policies.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

IFRS 16 Changes in Accounting policy and disclosure

IFRS 16 is applicable for accounting periods beginning on or after 1 January 2019 and so will be applied in the SDL Surveying's next financial statements. The standard requires that all operating leases are brought onto the balance sheet in the same way that a finance lease would be treated. For leases in place at transition discount rates have been calculated based on the risk of the lease, giving a range of rates between 4.5% and 5%.

This results in fixed assets and lease liabilities increasing by £1.3m at 31 March 2019. The increase in fixed assets can be further split as follows:

Motor Vehicles	£117k
Land and Buildings	£1,065k

Of the increase in lease liabilities £236k will be due in less than one year at transition, resulting in an equal decrease in net current assets. During the current year £289k has been charged to the income statement for operating lease rentals, in future years this will not be recorded with depreciation and interest charged instead. As such other operating charges would decrease by this amount.

Management will continue to assess the impact of new and amended Standards and Interpretations on an ongoing basis.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Going concern

Notwithstanding net current liabilities of £848,747 as at 31 March 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, SDL Property Services Group Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on SDL Property Services Group Limited not seeking repayment of the amounts currently due to the group, which at 31 March 2019 amounted to £767,460, and providing additional financial support during that period. SDL Property Services Group Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impair

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Turnover

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Turnover comprises panel management fees and administration charges exclusive of value added tax. Panel management fees were recognised when the date had been agreed with the client. Administration charges were recognised once the job they related to had been completed.

Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles - 25% straight line

Fixtures and fittings - 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Impairment excluding stocks and deferred tax assets

Policy applicable from 1 April 2018

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are accounted for in accordance with IFRS 9.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

(iv) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Financial assets (including trade and other debtors) Pre 1 April 2018

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to group of CGU's that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. 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

An impairment loss in respect of goodwill is not reversed.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that the will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Interest payable

Interest payable is charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Staff costs

Following a change in accounting policy all payroll costs are now all incurred by SDL Group Services Limited, a fellow subsidiary of SDL Property Services Group Limited. In the prior year these were disclosed in the individual entities as they maintained their payroll separately hence a variation from the prior year statutory accounts. Directors costs are also not allocated to the individual subsidiaries instead they are incurred by SDL Group Services Limited. Any costs relating to the individual subsidiary are recognised as a recharge in the current year. This will be shown in the administrative expenses rather than Cost of sales within the Statement of Comprehensive Income.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Non-derivative financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequently to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment loss

Short term debtors are measured at transaction price, less impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Trade and other creditors

Trade and other creditors are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

3. TURNOVER

The following is a description of the principal activities from which the Company generates its revenue in line with IFRS 15. For further detail on the accounting policy for the current year please see note 2.

-Panel management fees: The Company recognises fees at the point the survey has been completed and the report provided to the customer. Cash is received in advance from retail customers, and on 30 day terms from commercial customers.

-Administration fees: The Company recognises revenue once the survey it relates to has been completed. Cash is received on 30 day terms

	2019 £	2018 £
Turnover		
Panel management	23,722,305	14,439,310
Administration charge	2,059,596	1,963,305
	<u>25,781,901</u>	<u>16,402,615</u>

4. OTHER OPERATING INCOME

	2019 £	2018 £
Other operating income	167,580	205,648
Fees receivable	-	2,052,874
	<u>167,580</u>	<u>2,258,522</u>

Fees receivable represent recharges from other group companies.

5. EXCEPTIONAL ITEMS

	2019 £	2018 £
Exceptional items	965,000	-
	<u>965,000</u>	<u>-</u>

Included within administrative expenses on the Statement of Comprehensive Income exceptional items relate to additional Professional indemnity insurance excess for historic claims.

6. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	-	4,722,940
Social security costs	-	608,349
Other pension costs	-	252,548
	<u>-</u>	<u>5,583,837</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

6. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2019	2018
Administrative	<u>81</u>	<u>191</u>

All employee related costs are now incurred by SDL GS, a fellow subsidiary. In line with the change of accounting policy for the current year see note 26 for more detail.

Due to the change in accounting policy Directors costs are now disclosed in SDL group Services Limited, a fellow subsidiary. It is not possible to allocate their costs or time to this entity.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank Interest payable	-	5,590
Intercompany Interest payable	303,114	-
Hire purchase	<u>5,655</u>	<u>8,832</u>
	<u>308,769</u>	<u>14,422</u>

8. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2019	2018
	£	£
Other operating leases	289,023	128,826
Depreciation - owned assets	187,754	236,347
Loss on disposal of fixed assets	-	73,309
Computer software amortisation	339,965	149,736
Defined contribution pension cost	309,524	273,048

9. AUDITORS' REMUNERATION

	2019	2018
	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	<u>52,000</u>	<u>36,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

10. TAXATION

Analysis of tax expense

	2019 £	2018 £
Current tax:		
Tax	-	(36,052)
Changes to tax rates	-	36,052
Adjustments for prior year	<u>3,944</u>	<u>-</u>
Total current tax	3,944	-
Deferred tax (Origination and reversal of temporary difference)	249,368	406,513
Transfer from JV Limited	28,482	-
Adjustment for prior year	<u>(12,928)</u>	<u>-</u>
Total tax expense in statement of comprehensive income	<u>268,866</u>	<u>406,513</u>

Factors affecting the tax expense

The tax assessed for the year is lower (2018 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before taxation	<u>821,253</u>	<u>1,352,746</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	156,038	257,022
Effects of:		
Expenses not deductible for tax purposes	-	15,835
Capital allowances for year in excess of depreciation	-	3,039
Income not taxable	(10,938)	(17,100)
Deferred tax other	249,368	-
Deferred tax rate differences	(3,351)	(27,386)
Group relief	173,460	1,062
Prior year deferred tax	-	173,736
Other differences	(286,727)	305
Adjustments for prior periods	<u>(8,984)</u>	<u>-</u>
Tax expense	<u>268,866</u>	<u>406,513</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

10. TAXATION - continued

From 1 April 2017, the main rate of corporation tax was reduced to 19%. Further reduction to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 March 2019 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet at 31 March 2019.

11. ACQUISITION OF TRADE FROM SUBSIDIARY COMPANY

On 1 April 2018 the Company transferred the trade and assets of JV Limited. This acquisition was undertaken to simplify the group's structure.

The amounts recognised at acquisition date in respect of trade receivables acquired in the business combination approximate their fair value. The trade receivables are short-term in nature and therefore the amounts recognised at acquisition date equal the gross contractual amounts receivable. All other book amounts are considered to approximate their fair values.

Assets and liabilities acquired as follows:

	£000
Intangible assets	482
Tangible assets	1
Current Debtors	2,187
Cash	23
Current Creditors	(1,581)
Creditors greater than one year	(4,903)
Net liabilities	<u>(3,791)</u>
Consideration paid	8,449
Merger Reserve	<u>12,240</u>

All asset and liabilities are recognised at fair value and at the date of acquisition this corresponded to the book value. The merger reserve was created on acquisition as SDL Surveying already had control of the assets and liabilities of JV Limited. Therefore, the acquisition was not an arms-length transaction.

SDL Surveying Limited (Registered number: 02411812)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

12. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 April 2018	1,478,691
Additions	120,881
Acquisition from subsidiary	<u>482,331</u>
At 31 March 2019	<u>2,081,903</u>
AMORTISATION	
At 1 April 2018	463,541
Amortisation for year	<u>339,965</u>
At 31 March 2019	<u>803,506</u>
NET BOOK VALUE	
At 31 March 2019	<u>1,278,397</u>
At 31 March 2018	<u>1,015,150</u>

13. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 April 2018	541,663	330,919	872,582
Additions	10,617	-	10,617
Disposals	-	(313,919)	(313,919)
Acquisition from subsidiary	<u>183</u>	<u>-</u>	<u>183</u>
At 31 March 2019	<u>552,463</u>	<u>17,000</u>	<u>569,463</u>
DEPRECIATION			
At 1 April 2018	226,575	219,098	445,673
Charge for year	126,192	61,562	187,754
Disposals	<u>-</u>	<u>(263,660)</u>	<u>(263,660)</u>
At 31 March 2019	<u>352,767</u>	<u>17,000</u>	<u>369,767</u>
NET BOOK VALUE			
At 31 March 2019	<u>199,696</u>	<u>-</u>	<u>199,696</u>
At 31 March 2018	<u>315,088</u>	<u>111,821</u>	<u>426,909</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

14. INVESTMENTS

	Shares in group undertakings £	Interest in associate £	Totals £
COST			
At 1 April 2018	6,500,000	2,500	6,502,500
Revaluation of subsidiary	1,948,892		1,948,892
Dividend	(8,248,892)	-	(8,248,892)
At 31 March 2019	<u>200,000</u>	<u>2,500</u>	<u>202,500</u>
NET BOOK VALUE			
At 31 March 2019	<u>200,000</u>	<u>2,500</u>	<u>202,500</u>
At 31 March 2018	<u>6,500,000</u>	<u>2,500</u>	<u>6,502,500</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiary

JV Limited

Registered office: 3 & 4 Regan Way, Chilwell, Nottingham, NG9 6RZ
Nature of business: Surveying

	%
Class of shares:	holding
Ordinary	100.00

Associated company

Seasame Bankhall Valuations Services Limited

Registered office: Pixham End, Dorking, Surrey, RH4 1QA
Nature of business: Panel management

	%
Class of shares:	holding
Ordinary	25.00

15. DEBTORS

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	2,227,961	1,547,382
Amounts owed by group undertakings	234,963	1,899,166
Deferred tax asset	22,625	38,179
Prepayments	<u>512,966</u>	<u>250,285</u>
	<u>2,998,515</u>	<u>3,735,012</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Hire purchase contracts (see note 18)	-	51,669
Trade creditors	1,851,600	1,503,871
Amounts owed to group undertakings	767,460	785,440
Social security and other taxes	20,134	-
VAT	737,522	195,875
Other creditors	194,287	707,899
Accruals and deferred income	852,999	673,852
	<u>4,424,002</u>	<u>3,918,606</u>

Amounts owed to group undertakings are interest free and repayable on demand.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Hire purchase contracts (see note 18)	-	35,903
Amounts owed to group undertakings	414,617	465,413
	<u>414,617</u>	<u>501,316</u>

18. FINANCIAL LIABILITIES - BORROWINGS

	2019 £	2018 £
Current:		
Hire purchase (see note 19)	<u>-</u>	<u>51,669</u>
Non-current:		
Hire purchase (see note 19)	<u>-</u>	<u>35,903</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	-	51,669
Between one and five years	-	35,903
	<u>-</u>	<u>87,572</u>
	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	319,962	157,680
Between one and five years	488,018	583,620
In more than five years	840,000	960,000
	<u>1,647,980</u>	<u>1,701,300</u>

During the year £365,333 was recognised as an expense in the income statement in respect of operating leases (2018: £460,040).

20. PROVISIONS FOR LIABILITIES

	2019	2018
	£	£
Other provisions	<u>317,765</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

20. PROVISIONS FOR LIABILITIES - continued

	PI Provision £
Balance at 1 April 2018	-
Acquired in hive-up of subsidiaries trade	815,256
Provided during year	965,000
Utilised in the year	<u>(1,462,491)</u>
Balance at 31 March 2019	<u>317,765</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	2019	2018
Number:	Class:	value:	£	£
10,000	Ordinary shares	£1	<u>10,000</u>	<u>10,000</u>

22. RESERVES

Revaluation reserve – This reserve relates to the gain on revaluation of subsidiaries to fair value on reorganisation.

Profit and loss account - This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

Capital Contribution - The capital contribution reserve is used to record contributions from shareholders which are not intended to be re-paid. During March 2019 the company received a contribution of £2,500,000 from its immediate parent, SDL Property Services Group Limited.

Other Reserves - This relates to the acquisition of trade and assets of JV Limited.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

23. RELATED PARTY DISCLOSURES

Sesame Bankhall Valuation Services Limited is an associate company with common directors. J&E partnership has partners who have an interest in J&E Nominees Limited, a shareholder in SDL Property Services Group Limited which is the company's ultimate parent company.

	2019 £	2018 £
Sesame Bankhall Valuation Services Limited		
Panel management charges	2,059,595	2,284,635
Sales	8,032,952	7,839,156
Management recharges	108,280	-
Amount due from related party	923,031	22,684
J&E Partnership		
Management charges made	(459,953)	(505,244)
Panel fees charged from J&E	(283,943)	-
Management charges received	42,000	59,580
Amount due to related party	<u>43,169</u>	<u>144,036</u>

The Company has taken advantage of the relief available under FRS101.8(k) in respect of Related Party Disclosures and does not disclose transactions with wholly owned entities that are fellow group companies.

Sales within Sesame Bankhall Valuation Services Limited were previously directed into JV Limited, a fellow subsidiary of SDL Surveying.

24. ULTIMATE CONTROLLING PARTY

The company is a subsidiary undertaking of SDL Property Services Group Limited, which is also considered to be the ultimate controlling party. The results of the Company are included in the financial statements of SDL Property Services Group Limited, incorporated in England & Wales. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from 3-4 Regan Way, Chilwell, Nottingham, NG9 6RZ.

25. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £309,524 (2018 £273,048). Contributions totalling £Nil (2018 - £Nil) were payable to the fund at the balance sheet date.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

26. CHANGE IN ACCOUNTING POLICY

All employee costs are paid by SDL Group Services Limited, a fellow subsidiary of the Company. Directors costs are not allocated across the group. This will create a variance with prior year signed financial statements whereby employee and director costs were incurred directly by the Company. The amount related to employee and directors costs is recognised as a recharge between the Company and SDL Group Services Limited.

27. IFRS 9 FINANCIAL INSTRUMENTS

The Company has adopted IFRS 9 with a date of initial application of 1 April 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 31 March 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 1 April 2018 onwards under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
- The determination of the business model within which a financial asset is held.
- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Company assumed that the credit risk on the asset had not increased significantly since its initial recognition.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

The nature and effects of the key changes to the Company's accounting policies resulting from its adoption of IFRS 9 are summarised below:

	At 31 March 2018	Remeasurement	Following adoption of IFRS 9
	£	£	£
Non-current assets			
Intangible assets	1,015,150	-	1,015,150
Tangible assets	426,909	-	426,909
Investments	6,502,500		6,502,500
Total non-current assets	7,944,559	-	7,944,559
Current assets			
Trade and other receivables	3,735,012	(149,300)	3,585,712
Cash and cash equivalents	227,728	-	227,728
Total current assets	3,962,740	(149,300)	3,813,440
Current liabilities			
Trade and other payables	(3,918,606)	-	(3,918,606)
Total current liabilities	(3,918,606)	-	(3,918,606)
Net current assets/liabilities	44,134	(149,300)	(105,166)
Non-current liabilities	(501,316)		(501,316)
Net assets	7,487,377	(149,300)	7,338,077
Equity			
Share capital	10,000	-	10,000
Revaluation reserves	4,087,500	-	4,087,500
Retained Earnings	3,389,877	(149,300)	3,240,577
Total equity	7,487,377	(149,300)	7,338,077

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

	Impact of adopting IFRS 9 £
Retained earnings	
Balance under IAS 39 at 31 March 2018	3,389,877
Recognition of expected credit losses under IFRS 9	(149,300)
Related tax	-
Balance under IFRS 9 at 1 April 2019	<u>3,240,577</u>