

Company Registration No. 02264161 (England and Wales)

E.SURV LIMITED
STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



E.SURV LIMITED
COMPANY INFORMATION

Directors

S Goodall
G Barker
C Phayer
T Wood
A Castleton

Secretary

S Bedi Fitzgerald

Company number

02264161

Registered office

Lahnstein House
Gold Street
Kettering
NN16 8AP

Auditors

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

Bankers

Barclays Bank PLC
York Area Group
1,2 & 3 Parliament Street
York
YO1 8XD

E.SURV LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 26

E.SURV LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Review of the business

The company made an operating profit of £13,121,000 against an operating profit in 2019 of £16,286,000. The company's key financial and other performance indicators during the year were as follows:-

	2020	2019
	£'000	£'000
Turnover	77,125	86,358
Operating profit before COVID-19 related costs & exceptional items	16,976	15,476
Operating Profit	13,121	16,286
Operating margin before COVID-19 related costs & exceptional items	22.0%	17.9%
Profit after Tax	10,580	13,379
Current assets as a % of current liabilities	144%	149%
Average number of employees	871	929
EBITDA before COVID-19 related costs & exceptional items	19,230	18,337

Total mortgage approvals decreased by 10.4% in 2020 (2019: increased by 1.0%).

Revenue per job decreased by 6.8%, whilst the number of jobs completed fell by 4.2% to 486,000. This resulted in an 10.7% decrease in total revenue to £77.1m. Operating profit before COVID-19 related costs & exceptional items increased by 9.7% to £17.0m (2019: £15.5m) with an associated margin of 22.0% (2019: 17.9%). Measures to mitigate the negative financial impact of the COVID-19 virus on profit and margin, included reductions in salaries and hours for employees, halting all discretionary expenditure and improving terms negotiated with a number of key suppliers. Operating profit before COVID-19 related costs & exceptional items includes £3.5m (2019: £Nil) of amounts receivable relating to the Coronavirus Job Retention Scheme. Operating Profit includes £1.7m (2019: £Nil) of costs directly attributable to the impact of the COVID-19 virus and £2.0m (2019: £0.9m) of exceptional restructuring, transition and integration costs. Exceptional professional indemnity provision charges of £0.3m (2019: £1.8 release) were also recognised in the year.

The principal risks and uncertainties facing the company are as set out below.

The trading results of the company could be adversely influenced by the following external factors:

- the volume of mortgage and re-mortgage transactions which will be impacted by the housing cycle and other market conditions;
- loss of key lender contracts;
- growth in automated valuations or changes in lender behaviour; and
- changes in legislation and competition.

The company's results could also be adversely impacted by the following internal factors:

- failure to recruit or retain key staff;
- failure of information systems;
- failure to comply with relevant legislation; and
- Professional Indemnity (PI) claims arising from inaccurate surveys / valuations.

COVID-19

The Directors reacted quickly to the emergence of the COVID-19 virus, and the announcement of the national lockdown on 23 March 2020. All Housing market activity was closed from 23 March until 13 May 2020 following Government guidelines. The Company undertook no physical valuations during the period between 23 March and 18 May 2020, although it continued to perform valuations on a remote basis, at a level equating to approximately 20% of normal activity. Operating Profit includes £3.5m of amounts receivable relating to the Coronavirus Job Retention Scheme.

Throughout the Covid-19 pandemic the Board focused on the following:

- Safeguarding the health and well-being of staff and customers.
- Optimising financial performance including measures such as reductions in salaries and hours for employees, halting all discretionary expenditure and improving terms negotiated with a number of key suppliers

E.SURV LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

COVID-19 (continued)

- Safeguarding cash and manage liquidity in a sustainable way in line with the banking covenants and utilising the UK Government Coronavirus Job Retention Scheme as appropriate
- Understanding the impact of extreme scenarios and putting in place plans to safeguard the Group's financial health under plausible worst-case conditions
- Retaining the capability required to take early advantage of improvement in market conditions.
- Implementing non-physical (remote) valuations with the majority of lender clients.

Brexit

The Company's initial impact assessment and ongoing monitoring of the Brexit process allows it to regularly reassess the risk status and identify actions to respond to any market effects or uncertainty resulting from the free trade agreement reached between the UK Government and the EU on 24 December 2020, or the continuation of the process.

Section 172 Report

As directors we have taken decisions to promote the long-term success of the Company for the benefit of its members. We completed a cost transformation plan to ensure the business is correctly structured for a changing market. Regular meetings are held with our colleague engagement forum, to share e.surv's vision and to enable all areas of the business to have a voice and play a part in shaping how we as a business evolve. In doing so, we have considered the interests of the company's employees, the need to foster business relationships with suppliers, customers and others and the impact of the company's operations on the community and environment. We continue to work with the other divisions within the LSL Group to share learnings and ensure we are coordinated to deliver the best combined service to our clients (and return to stakeholders). We also considered how any conflicts could be balanced, including conflicts between the long-term and short-term good of the company and the interests of different stakeholder groups.

To ensure that the requirements of s172 Companies Act 2006 are met, the interests of our stakeholder groups are considered through a combination of the following:

- Specific agenda points and papers presented at each board meeting.
- Regular communication with all employees on various topics such as operational matters or health & safety.
- Regular engagement with our external stakeholders, including, but not limited to, suppliers and customers. During 2020 the Company undertook a review of governance arrangements in relation to the Company's engagement with key stakeholders.
- Consideration of the impact of the Company's operations on the community and the environment, and how this can be improved.

The directors of the Company operate the Company in line with the objectives of the ultimate parent, LSL Property Services plc, including with regard to stakeholder engagement. Further details of how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 and a detailed directors' statement required under section 414CZA of that Act, are available in the consolidated financial statements of LSL Property Services plc.

Future developments

Market conditions in 2021 have started strongly, despite our industry, like many others, continuing to be impacted by COVID-19. The way we work has been modified in line with government requirements and PPE continuing to be provided to all staff.

e.surv continues to execute on its strategy to:

- Optimise contract performance and revenue generation from both B2B and B2C customers.
- Achieve further improvement in efficiency and capacity utilisation.
- Use technology to target further improvements in customer satisfaction and performance.
- Continue our graduate training programme.
- Ensure our business model is correctly structured for an evolving valuations market.

G Barker

Director.....

11th June 2021

E.SURV LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities

The principal activity of the company is the provision of property surveys and valuations. The directors consider that this will continue, unchanged for the foreseeable future.

Going concern

The Company has net assets of £15,073,000 (2019: £17,094,000), net current assets of £12,465,000 (2019: £12,726,000). The company participates in the group's centralised treasury management and so shares banking arrangements with its fellow subsidiaries. LSL Property Services Plc is a listed entity in the UK. In determining whether the financial statements can be prepared on a going concern basis, the directors have considered the company's business activities together with the principal risk and uncertainty factors which are likely to affect its future performance and financial position. The key risks that the company faces are mainly relate to the current UK market environment, competition and external factors such as the Covid-19 pandemic and Brexit.

Forecasts prepared to 30 June 2022 demonstrate that the company is forecast to trade profitably and generate cash, taking into account the risks explained above. These forecasts have been constructed on conservative assumptions and have been based on a range of scenarios including the worst possible trading outcomes. The continuing support of the group company and the cash-pooling arrangement is also a factor in the going concern review. Consequently, the company has obtained a letter of support from the parent company confirming that it will provide financial support to the company for a period of 12 months from the date of approval of these accounts to assist in meeting its liabilities to the extent that the money is not otherwise available to the company to meet such liabilities. The directors have assessed the level of financial support available, taking into account the group's financial plan and cash flow forecast for the period to 30 June 2022 and are satisfied such support is available.

Results and dividends

The results for the year are set out on page 7.

The profit for the year, after taxation, amounted to £10.6m (2019: £13.4m).

Operating Profit includes £3,534,000 of amounts receivable relating to the Coronavirus Job Retention Scheme.

A dividend was paid during the year of £12.5m (2019: £7.5m).

Directors

The following directors have held office since 1 January 2020:

S Goodall (Appointed 1st February 2021)

J Cross (Resigned 1st February 2021)

G Barker

C Phayer

T Wood

P Marcus (Resigned 31st January 2021)

A Castleton

Political donations

There were no political donations made during the year (2019: £nil).

Employee involvement

Employees are informed regularly about aspects of the business and its progress, which the Company considers are relevant to them. The Company operates a personnel policy, which ensures that employees are consulted and involved in decisions, which affect them and their jobs. The Company endeavours to encourage employees to maintain a sense of identity with its aims and objectives.

Independent Auditors

The auditors Ernst & Young LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**E.SURV LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disabled persons

Applications for employment by disabled persons are always fully and fairly considered, taking into account the aptitudes and abilities of the applicant concerned. Where employees become disabled the company endeavours to continue to employ them and to arrange appropriate training, provided there are duties which they can perform, bearing in mind the handicap or disability. It is the policy of the company that training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

Financial instruments

Liquidity risk

The Treasury Department in the ultimate parent company manage the liquidity risk in the Company, in which they monitor the cash flow position of the company to prevent shortage of funds to meet liabilities when they fall due.

Credit risk

There are no significant concentrations of credit risk within the company. The company is exposed to credit risk in respect to revenue transactions (i.e. revenue from customers). It is the company policy to obtain appropriate details of new customers before entering into contracts. The majority of the customers use the company's services as part of a house sale transaction and consequently the debt is paid from the proceeds realised from the sale of the house by the vendor's solicitors before the balance of funds is transferred to the vendor.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice including FRS 101 Reduced Disclosure Framework (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will 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 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board


.....

G Barker

Director

11th June 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF E.SURV LIMITED

Opinion

We have audited the financial statements of e.surv Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet and Statement of changes in Equity and the related notes 1 to 25, 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 applicable in the UK and Republic of Ireland" (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 31st December 2020 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 of 12 months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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.
-

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF E.SURV LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom.
- We understood how e.surv is complying with those frameworks making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated the results of our enquiries through reading the board minutes and other correspondence, making inquiries of management to identify if there are matters where there is a risk of breach of such frameworks that could have a material impact on the company. We understood controls put in place by management to reduce the opportunities for fraudulent transactions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF E.SURV LIMITED (CONTINUED)

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by internal EY team wide conversations and discussions, discussions with management from various parts of the business to understand where they considered there was susceptibility to fraud and what entity level controls are in place. We also identified the existence of performance targets and their potential influence on management to manage earnings by manipulating revenue. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with the laws and regulations and frameworks identified above and to respond to the assessed risks. Our procedures included: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions; enquiries of company management; and challenging the assumptions and judgements made by management by agreeing to supporting third party evidence wherever possible. We also leveraged our data analytics platform to review the entire population of journals to assist in identifying specific transactions to test being those that did not meet certain criteria. The results of our procedures did not identify any instances of irregularities, including fraud.

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

.....
Mark Morrith (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds

15th June 2021

E.SURV LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	£'000	£'000
Revenue	3	77,125	86,358
Administrative expenses		<u>(61,887)</u>	<u>(70,882)</u>
Operating profit before exceptional items		15,238	15,476
Exceptional Items	4	(2,284)	810
Contingent consideration	18	<u>167</u>	<u>-</u>
Operating Profit	5	13,121	16,286
Finance expense	9	(102)	(133)
Investment Income	10	-	408
Profit before taxation		<u>13,019</u>	<u>16,561</u>
Income tax expense	11	<u>(2,439)</u>	<u>(3,182)</u>
Profit for the year		<u><u>10,580</u></u>	<u><u>13,379</u></u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operation.

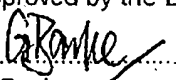
Statement of Other Comprehensive Income

There are no other items of other comprehensive income for the current or preceding period.

E.SURV LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2020

		2020	2019
	Notes	£'000	£'000
Non-current assets			
Intangible assets	12	2,617	3,076
Property, plant and equipment	13	3,747	4,129
Deferred tax assets	11	230	147
Contract assets	16	433	686
		<u>7,027</u>	<u>8,038</u>
Current assets			
Trade and other receivables	15	39,985	37,789
Contract assets	16	253	253
Cash and cash equivalents		734	432
		<u>40,972</u>	<u>38,474</u>
Total assets		<u>47,999</u>	<u>46,512</u>
Current liabilities			
Trade and other payables	17	(23,765)	(20,746)
Financial Liabilities	18	(1,816)	(1,622)
Provisions	20	(2,926)	(3,380)
		<u>(28,507)</u>	<u>(25,748)</u>
Non-current liabilities			
Financial Liabilities	18	(1,993)	(1,928)
Provisions	20	(2,426)	(1,742)
		<u>(4,419)</u>	<u>(3,670)</u>
Total liabilities		<u>(32,926)</u>	<u>(29,418)</u>
Net assets		<u>15,073</u>	<u>17,094</u>
Shareholder's equity			
Share capital	21	2,610	2,610
Share based payment reserve	23	1,442	1,633
Retained earnings		11,021	12,851
Total shareholder's equity		<u>15,073</u>	<u>17,094</u>

Approved by the Board and authorised for issue on 11th June 2021.



 G Barker
 Director

E.SURV LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital	Share based payment reserve	Retained earnings	Total shareholders' equity
	£'000	£'000	£'000	£'000
At 1 January 2019	2,610	1,654	6,972	11,236
Profit for the year	-	-	13,379	13,379
Total comprehensive income for the year	-	-	13,379	13,379
Dividends	-	-	(7,500)	(7,500)
Share-based payment transactions	-	(21)	-	(21)
At 31 December 2019	2,610	1,633	12,851	17,094
Profit for the year	-	-	10,580	10,580
Total comprehensive income for the year	-	-	10,580	10,580
Dividends	-	-	(12,500)	(12,500)
Share-based payment transactions	-	(191)	90	(101)
At 31 December 2020	2,610	1,442	11,021	15,073

E.SURV LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Corporate Information

E.Surv Limited is a private company limited by share capital incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared under the historical cost convention except for some financial liabilities measured at fair value.

The company's financial statements are presented in Sterling, which is also the company's functional currency, and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

The company's financial statements are individual entity financial statements.

1 Accounting policies

2.1 Basis of preparation

The company has prepared primary statements in accordance with IAS 1 Presentation of Financial Statements.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019.

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

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- (b) 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;
- (c) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (d) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- (f) the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D and 134-136 of IAS 1 Presentation of Financial Statements;
- (g) the requirements of IAS 7 Statement of Cash Flows;
- (h) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (j) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (k) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- (l) 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 Revenue from Contracts with Customers.
- (m) (j) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

E.SURV LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies (continued)

Going concern

The Company has net assets of £15,073,000 (2019: £17,094,000), net current assets of £12,465,000 (2019: £12,726,000). The company participates in the group's centralised treasury management and so shares banking arrangements with its fellow subsidiaries. LSL Property Services Plc is a listed entity in the UK. In determining whether the financial statements can be prepared on a going concern basis, the directors have considered the company's business activities together with the principal risk and uncertainty factors which are likely to affect its future performance and financial position. The key risks that the company faces are mainly relate to the current UK market environment, competition and external factors such as the Covid-19 pandemic and Brexit.

Forecasts prepared to 31 May 2022 demonstrate that the company is forecast to trade profitably and generate cash, taking into account the risks explained above. These forecasts have been constructed on conservative assumptions and have been based on a range of scenarios including the worst possible trading outcomes.

The continuing support of the group company and the cash-pooling arrangement is also a factor in the going concern review. Consequently, the company has obtained a letter of support from the parent company confirming that it will provide financial support to the company for a period of 12 months from the date of approval of these accounts to assist in meeting its liabilities to the extent that the money is not otherwise available to the company to meet such liabilities. The directors have assessed the level of financial support available, taking into account the group's financial plan and cash flow forecast for the period to 31 May 2022 and are satisfied such support is available.

2.2 Significant accounting policies

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the company amortised goodwill a period of 15 years would have been chosen as the useful life for goodwill.

The profit for the year would have been £147,000 (2019: £147,000) lower had goodwill been amortised in the year.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	Over three years
Fixtures, fittings & equipment	Over three to five years

Other intangible assets

Intangible assets other than goodwill that are acquired separately are measured at cost on initial recognition. Following the initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

E.SURV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies (continued)

2.2 Significant accounting policies (continued)

Amortisation

Amortisation is charged to the Income Statement on a straight line basis over the estimated useful lives of intangible assets (unless such lives are indefinite) over 4 years.

Intangible assets with finite lives are amortised over the useful economic life and 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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Financial Instruments

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when the company becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Financial assets are derecognised when the company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the company commits to purchase or sell the asset. The subsequent measurement of financial assets depends on their classification.

Contract Assets

In accordance with IFRS 15 costs relating to the reimbursement of costs associated with the award of material surveying contract with Lloyds Banking Group have been recognised as a contract asset. This reimbursement will be amortised over the term of the contract.

Cash and Cash Equivalents

Cash in the balance sheet comprises cash at bank and in hand.

Trade receivables

Trade receivables do not carry any interest and are stated at their original invoiced value as reduced by appropriate allowances for estimated irrecoverable amounts.

Under IFRS 9 the expected credit loss model applies to trade and receivables.

The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable

Trade payables

Trade payables do not carry any interest and are stated at their original invoice value

E.SURV LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies (continued)

2.2 Significant accounting policies (continued)

Impairment of assets

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses on continuing operations are recognised in the profit and loss account in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the profit and loss account.

Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are invested and managed independently of the finances of the company. The pension cost charge represents contributions payable in the year. The contributions are recognised in the income statement in the period in which they become payable.

Contingent consideration

The Company has acquired a number of businesses over the past few years. With regard to a number of these businesses, the Company has a put and call option to buy, or require to buy, the remaining interest in these businesses at some point in the future. In accordance with the accounting standards, estimates have been made with regard to the future profitability of these acquisitions and a provision for the cost of acquiring these interests has been recognised. The provision has been disclosed in Note 18 to these Financial Statements.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. The Management Team periodically evaluates positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

E.SURV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies (continued)

2.2 Significant accounting policies (continued)

Income taxes (continued)

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date 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 reporting period and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment. Income tax is charged or credited directly to other comprehensive income or equity, if it relates to items that are charged or credited in the current or prior periods to other comprehensive income or equity respectively. Otherwise income tax is recognised in the income statement.

Share-based payments

The equity share option programme allows employees to acquire shares of the ultimate holding company. The fair value of the option granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vests. No expense is recognised for awards that do not ultimately vest, except for equity settled transactions where vesting is conditional upon a market or non-vesting condition, which is treated as vesting irrespective of whether or not the market or non-market vested condition, is satisfied, provided that all other performance and/or service conditions are satisfied.

Leases

Leases are defined as a contract which gives the right to use an asset for a period of time in exchange for consideration. The Company recognises three classes of leases on this basis:

- Property leases
- Motor Vehicle leases
- Other leases

Property Leases and Motor Vehicle leases have been recognised on the balance sheet, in financial liabilities, by recognising the future cash-flows of the lease obligation, discounted using the incremental borrowing rate of the Company, adjusted for factors such as swap rates available and the credit risk of the entity entering into the lease.

Corresponding Right of Use assets have been recognised in the balance sheet under property, plant and equipment and have been measured as being equal to the discounted lease liability plus any lease payments made at or before the inception of the lease and initial direct costs, less any lease incentives received.

Other leases are leases for low value items (less than \$5,000) or leases whose contract term is less than 12 months. The practical expedient not to recognise right-of-use assets and lease liabilities for these leases has been utilised by the Company. A charge for these leases has been recognised through the income statement as an operating expense.

E.SURV LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies (continued)

2.2 Significant accounting policies (continued)

Leases (continued)

For sub-leases where the Company is an intermediate lessor, the Company has assessed whether the sub-lease is an operating lease or finance lease in respect to the right of use asset generated by the head lease. It has performed this assessment on a lease-by-lease basis. The Company has both finance leases and operating leases based on this assessment, and a sub-lease asset has been recognised in financial assets at transition for finance leases.

Key Judgements and Estimates

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 if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Where the implicit rate of interest relating to a lease is not readily available, the Company has used an incremental borrowing rate representative of the incremental borrowing rate of interest that the entity within the LSL Company that entered into the lease would have to pay to borrow over a similar term, with a similar security. The rate applied to each lease was determined taking into account the risk free rate, adjusted for factors such as the swap rates available to the Company and the credit risk of the entity entered into the lease.

Exceptional items

The company presents as exceptional items on the face of the income statement those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Provisions

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

Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in operating costs within the income statement over the period necessary to match on a systematic basis to the costs that it is intended to compensate.

Government grants have been recognised in relation to the ongoing COVID-19 pandemic. These comprise amounts receivable under the Coronavirus Job Retention Scheme (CJRS) and amounts receivable under the Retail, Hospitality and Leisure Grant (RHLG) Fund.

CJRS comprises grants receivable in relation to the costs incurred by the Company for furloughed employees and is recognised in the income statement, within operating costs, in the same period as the related costs and when there is reasonable assurance that the grant will be received.

RHLG comprises grants receivable in relation to retail properties used for estate agency and lettings agency and is recognised in the income statement, within operating costs, in the same period as the related costs and when there is reasonable assurance that the grant will be received.

Operating Profit includes £3,534,000 of amounts receivable relating to the Coronavirus Job Retention Scheme.

E.SURV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies (continued)

2.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the company's accounting policies.

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes.

Professional indemnity claims

Significant judgement is required when provisioning for professional indemnity claims. Details of key assumptions in these areas are disclosed in Notes 4 and 20 to these Financial Statements. A sensitivity calculation which illustrates the impact of different assumptions on the required PI provision is included in Note 20.

3 Revenue Recognition

Revenue is analysed as follows:

	Surveying and valuation services
	2020
	£'000
Timing of Revenue Recognition	
Services transferred at a point in time	77,125
Services transferred over time	-
Total revenue from contracts with customers	<u>77,125</u>
	2019
	£'000
Timing of Revenue Recognition	
Services transferred at a point in time	86,358
Services transferred over time	-
Total revenue from contracts with customers	<u>86,358</u>

The total revenue of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

E.SURV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4 Exceptional Items

	2020 £'000	2019 £'000
Exceptional costs / (credits)		
- Non-Recurring Transition and Integration Costs	166	516
- Restructuring	1,832	427
- Provision for professional indemnity claims/notifications	286	(1,753)
	<u>2,284</u>	<u>(810)</u>

Non-Recurring Transition and Integration Costs of £0.2m relate to initial non-recurring transition and integration costs for the contract to supply surveying and valuation services to Lloyds Bank plc. Restructuring costs of £1.8m were also incurred during the current year which relate to restructuring the back office to reduce ongoing overheads.

Provision for professional indemnity claims/notifications

The PI Costs provision at 31st December 2020 was made up of a 'Specific Provision' and 'Incurred But Not Reported' (IBNR). The Specific Provision was based on the company's review of notifications or claims that had been made against the company as at 31st December 2020, where a loss has been quantified and where activity is current. The main factors considered in quantifying the Specific Provision were the likelihood that a claim would be successful; an assessment of the likely cost for each claim, including any associated interest legal costs, and whether any reduction in the claim is considered likely due to contributory negligence of the lender.

The IBNR provision was based on the Directors estimates of the number of notifications and claims which would be received in the future with regard to work completed before 31st December 2018. The Directors have then applied an average cost per case, based on historical averages, to estimate the IBNR provision.

A number of risks and uncertainties remain, in particular the actual monthly run rate of new claims and the average cost per case both for existing open claims and for claims yet to be received. The cost of these factors could differ materially from the Directors' estimates, which could result in a further provision being required.

The exceptional credits recognised in the year relate to claims in respect of the 2004 – 2008 period being settled, in aggregate, for less than the amounts previously provided.

5 Operating Profit

	2020 £'000	2019 £'000
Operating Profit is stated after charging:		
Amortisation of intangible assets	459	459
Depreciation of property, plant and equipment	2,174	2,425

6 Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company.

	2020 £'000	2019 £'000
Fees payable to the company's auditor for the audit of the company's financial statements	<u>58</u>	<u>29</u>

Non audit remuneration is disclosed within LSL Property Services plc group accounts.

E.SURV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7 Employees

Number of employees

	2020 No.	2019 No.
The average monthly number of employees (including directors) during the year was:	871	929

Staff costs including director's remuneration, were as follows:

	2020 £'000	2019 £'000
Wages and salaries	35,740	43,729
Social security costs	4,338	5,012
Other pension costs (Note 19)	2,844	3,200
Costs of share option scheme	(98)	(22)
Total	<u>42,824</u>	<u>51,919</u>

8 Directors' remuneration

The directors of the company were paid by the ultimate holding company, a fellow subsidiary and this company. The directors received total remuneration for the year of £1,103,437 (2019 - £1,624,687), of which £747,597 (2019 - £1,341,352) was paid by this company including pension costs of £29,040 (2019 - £25,233). The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and the services as directors of the holding and fellow subsidiary companies.

The company operates money purchase pension schemes for the directors in office. Director's contributions are matched by the company up to a maximum of 5% of pensionable earnings.

The number of directors who were members of the money purchase pension schemes during the financial year totalled 7 (2019 - 7).

The remuneration of the highest paid director who is employed by the company amounted to £354,526 excluding pension costs (2019 - £512,712). Company contributions to money purchase pension schemes for that director amounted to £1,314 (2019 - £nil).

The number of directors who exercised share options during the year was 1 (2019 - Nil).

9 Finance Expense

	2020 £'000	2019 £'000
Unwinding of discount on professional indemnity provision	1	30
Finance charge on Finance Liabilities	101	103
	<u>102</u>	<u>133</u>

10 Investment Income

	2020 £'000	2019 £'000
Dividend from subsidiary undertaking	-	408

E.SURV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11 Taxation

	2020 £'000	2019 £'000
Current income tax:		
Amounts payable for group relief	2,506	3,120
Adjustments in respect of prior periods	20	4
Total current income tax	<u>2,526</u>	<u>3,124</u>
Deferred tax:		
Origination and reversal of temporary differences	-	(3)
Impact of changes in tax rate	(24)	-
Adjustments in respect of prior periods	(63)	61
Total deferred tax	<u>(87)</u>	<u>58</u>
Tax expense in profit or loss	<u>2,439</u>	<u>3,182</u>

Reconciliation of the total tax charge

The tax expense in profit or loss for the year is higher than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Accounting profit before income tax	<u>13,019</u>	<u>16,561</u>
Tax calculated at UK standard rate of corporation tax of 19% (2019: 19%)	2,474	3,147
Expenses not deductible for tax purposes	19	(65)
Adjustment in respect of changes to tax laws and rates	(24)	1
Adjustments in respect of share schemes	(11)	(14)
Transfer pricing	24	48
Adjustments to previous periods	(43)	65
Total tax expense reported in profit or loss	<u>2,439</u>	<u>3,182</u>

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. Accordingly, this rate is applicable in the measurements of the deferred tax assets and liabilities at 31 December 2020. Deferred tax has been provided at 19% being the rate at which temporary differences are expected to reverse.

However, in March 2021 the 2021 Budget included an announcement to increase the standard rate of corporation tax rate from 19% to 25% from 1 April 2023. It is expected that this will be substantively enacted during Summer 2021. Since the rate increase was not substantively enacted at the balance sheet date, the deferred tax has been provided at 19%. The maximum impact on deferred tax balances of the rate increase is estimated to be a £73,000 increase in the Deferred tax asset of.

	2020 £'000	2019 £'000
Deferred tax balance is made up as follows:		
Accelerated capital allowances	136	115
Short-term timing differences	94	32
Deferred tax asset	<u>230</u>	<u>147</u>
At the beginning of the year	147	204
Profit movement for the year	86	(58)
Recognised through Share Based Payment Reserve	(3)	1
Deferred tax asset	<u>230</u>	<u>147</u>

A deferred tax asset has been recognised on the basis that the Company is anticipated to make suitable taxable profits in the foreseeable future against which it can be utilised.

E.SURV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12 Intangible assets

	Goodwill £'000	Other Intangible Assets £'000	Total £'000
Cost:			
At 1 January 2020 and 31 December 2020	<u>2,212</u>	<u>1,809</u>	<u>4,021</u>
Amortisation and impairment:			
At 1 January 2020	-	945	945
Amortisation	-	459	459
At 31 December 2020	<u>-</u>	<u>1,404</u>	<u>1,404</u>
Net book value:			
At 31 December 2020	<u>2,212</u>	<u>405</u>	<u>2,617</u>
At 31 December 2019	<u>2,212</u>	<u>864</u>	<u>3,076</u>

Goodwill acquired through business combinations has been allocated to the following cash-generating units:

- e.surv Limited

This represents the lowest level within the company at which goodwill is monitored for internal management purposes.

The recoverable amount of the e.surv unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by the board and the three year plan. The discount rate applied to cash-flow projections is 11.7% (2019: 9.5%) and cash-flows beyond the three year plan are extrapolated using a 2.0% growth rate (2019: 1.8%).

Other Intangible Assets relates to in-house software costs.

E.SURV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13 Property, plant and equipment

	Property £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost:				
At 1 January 2020	391	6,895	208	7,494
Additions	410	1,540	41	1,991
Disposals	(373)	(878)	(112)	(1,363)
At 31 December 2020	<u>428</u>	<u>7,557</u>	<u>137</u>	<u>8,122</u>
Depreciation:				
At 1 January 2020	144	3,116	105	3,365
Charge for the year	127	1,993	54	2,174
On Disposals	(220)	(858)	(86)	(1,164)
At 31 December 2020	<u>51</u>	<u>4,251</u>	<u>73</u>	<u>4,375</u>
Net book value:				
At 31 December 2020	<u>377</u>	<u>3,306</u>	<u>64</u>	<u>3,747</u>
At 31 December 2019	<u>247</u>	<u>3,779</u>	<u>103</u>	<u>4,129</u>
Owned Assets	-	358	64	422
Leased Assets	377	2,948	-	3,325
At 31 December 2020	<u>377</u>	<u>3,306</u>	<u>64</u>	<u>3,747</u>

14 Leases

At the year end, the Company has the following with regards to leases in the balance sheet:

IFRS16 Lease Liabilities	Total £'000
1st January 2020	3,383
Additions	1,836
Interest expense	101
Disposals	(114)
Repayment of lease liabilities (including interest)	(1,397)
31st December 2020	<u>3,809</u>

Maturity of these lease liabilities is analysed as follows:

	2020			2019		
	Property £'000	Vehicles £'000	Total £'000	Property £'000	Vehicles £'000	Total £'000
Current lease liabilities	116	1,700	1,816	151	1,471	1,622
Non-current lease liabilities	315	1,678	1,993	106	1,655	1,761
Total lease liabilities	<u>431</u>	<u>3,378</u>	<u>3,809</u>	<u>257</u>	<u>3,126</u>	<u>3,383</u>

E.SURV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14 Leases (continued)

The Company has the following balances with regards to leases included within Property, Plant & Equipment (Note 13):

Right of Use Assets:	Property	Plant and machinery	Total
	£'000	£'000	£'000
Net book value as at 1st January 2020	247	3,144	3,391
Additions	410	1,426	1,836
Disposals	(153)	-	(153)
Depreciation	(127)	(1,622)	(1,749)
Net book value as at 31st December 2020	<u>377</u>	<u>2,948</u>	<u>3,325</u>

The following shows how lease expenses have been included in the Income Statement, broken down between amounts charged to operating profit and amounts charged to finance costs:

	2020	2019
	£'000	£'000
Depreciation of right of use assets:		
Property	127	144
Vehicles	1,622	1,854
Gain on termination	(7)	(5)
Charge to operating profit	<u>1,742</u>	<u>1,993</u>
Interest expense related to lease liabilities	101	103
Charge to profit before taxation	<u>101</u>	<u>103</u>
Cash outflow relating to operating activities	1,296	1,899
Cash outflow relating to financing activities	101	103
Total cash outflow relating to leases	<u>1,397</u>	<u>2,002</u>

15 Trade and other receivables

	2020	2019
	£'000	£'000
Due within one year		
Trade receivables	2,778	3,119
Amounts owed by parent	18,863	17,030
Amounts owed by fellow subsidiary undertakings	11,983	12,012
Prepayments and accrued income	6,361	5,628
	<u>39,985</u>	<u>37,789</u>

As at 31st December, an analysis of trade receivables by credit risk rating grades is as follows:

	Total	Neither past due nor impaired	<30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2020	<u>2,778</u>	<u>2,589</u>	<u>163</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>(16)</u>
2019	<u>3,119</u>	<u>2,695</u>	<u>446</u>	<u>(2)</u>	<u>(1)</u>	<u>(2)</u>	<u>(17)</u>

The expected credit loss rate applied across the rating grades is 0% (2019: 0%).

E.SURV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

16 Contract assets

	2020	2019
	£'000	£'000
Non-current contract asset	433	686
Current contract asset	253	253
	<u>686</u>	<u>939</u>

In accordance with IFRS 15, £1.2m of costs relating to the reimbursement of costs associated with the award of material surveying contract with Lloyds Banking Group has been recognised as a contract asset.

This reimbursement will be amortised over the term of the contract. The amount of amortisation recognised in the income statement in 2020 is £253,283 (2018; £250,658).

17 Trade and other payables

	2020	2019
	£'000	£'000
Trade payables	322	1,385
Amounts owed to fellow subsidiary undertakings	1,591	1,616
Corporation Tax - Current Year	2,506	3,116
Corporation Tax – Group Relief	3,128	3,429
Taxes and social security costs	9,759	4,360
Accruals and deferred income	6,459	6,840
	<u>23,765</u>	<u>20,746</u>

Included within other taxes and social security payable is £4.3m of VAT, which has been deferred and will be payable in instalments between April 2021 and February 2022 as allowed by HMRC under the VAT deferral new payment scheme in response to the COVID-19 pandemic. Also included in other taxes and social security payable is £1.1m of PAYE/NIC. A Time to Pay arrangement with HMRC has been reached, the full balance was settled on 1 February 2021.

18 Financial Liabilities

	2020	2019
	£'000	£'000
Current liabilities		
IFRS16 lease liabilities (Note 14)	1,816	1,622
	<u>1,816</u>	<u>1,622</u>
Non-current liabilities		
IFRS16 lease liabilities (Note 14)	1,993	1,761
Contingent consideration	-	167
	<u>1,993</u>	<u>1,928</u>
Total financial liabilities	<u>3,809</u>	<u>3,550</u>

Contingent Consideration

The contingent consideration of £167,104 in 2019 was payable on the Walker Fraser Steele LLP acquisition. This balance was written off in 2020 as any remaining commitments to further payments lapsed.

E.SURV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

19 Pension and other post-retirement benefit commitments

Defined contribution

The company operates defined contribution pension schemes for its directors and certain employees.

The assets of the schemes are held separately from those of the company in independently administered funds. The company's contributions throughout the current year for members of the defined contribution stakeholder scheme were based on matching members contributions up to 5% of pensionable salaries.

Total amount recognised as an expense for both the defined contribution scheme and the defined contribution stakeholder scheme were £2,844,239 (2018: £3,199,845).

Amounts payable by the company in respect of pensions totalled £340,851 as at 31 December 2020 (2019: £372,529).

20 Provisions for liabilities

	<i>Professional Indemnity claims £'000</i>
Current	3,380
Non-current	1,742
At 1 January 2020	<u>5,122</u>
Arising during the year	1,214
Amounts utilised	(1,271)
Movement in discount rate	1
Provided / (released) in the financial year:	
Included within Exceptional items (Note 4)	286
At 31 December 2020	<u><u>5,352</u></u>
Analysed as:	
Current	2,926
Non-current	2,426
	<u><u>5,352</u></u>

Professional Indemnity claims

The PI Cost provision is to cover the costs of claims relating to valuation services for clients which are not covered by PI insurance. The PI Cost provision includes amounts for claims already received from clients, claims yet to be received and any other amounts which may be payable as a result of legal disputes associated with provision of valuation services. The provision is the Directors' best estimate of the likely outcome of such claims, taking account of the incidence of claims and the size of the loss that may be borne by the claimant, after taking account of actions that can be taken to mitigate losses. The provision will be utilised as individual claims are settled and the settlement amount may vary from the amount provided depending on the outcome of each claim. It is not possible to estimate the timing of payment of all claims and therefore a significant portion of the provision has been classified as non-current.

At 31st December 2020 the total provision for PI Costs was £5,352,000. The Directors have considered sensitivity analysis on the key risks and uncertainties discussed below.

Cost per claim

A substantial element of the provision relates to specific claims where disputes are on-going. These specific cases have been separately assessed and specific provisions have been made. The average cost per claim has been used to calculate the required IBNR. Should the costs to settle and resolve these claims and future claims increase by 10%, an additional provision of £350,000 would be required.

E.SURV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

20 Provisions for liabilities (continued)

Rate of claim

The IBNR assumes that the rate of claim for the high-risk lending period in particular reduces over time with the expiry of the primary limitation period as well as the expectation that fewer claims will arise through the passing of time. Should the rate of reduction be lower than anticipated and the duration extend, further costs may arise. An increase of 30% in notifications in excess of that assumed in the IBNR calculations would increase the required provision by £386,000.

Notifications

The company has received a number of notifications which have not deteriorated into claims or loss. Should the rate of deterioration increase by 50%, an additional provision of £162,000 would be required.

21 Share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
2,610,000 Ordinary shares of £1 each	<u>2,610</u>	<u>2,610</u>

22 Dividends paid and proposed

Equity dividends paid on ordinary shares were £12,500,000 (being £4.79 per share) in 2020 and in 2019 were £7,500,000.

23 Reserves

Share-based payment reserve

The share-based payment reserve is used to record the value of equity-settled share-based payment provided to the employees, as part of their remuneration.

24 Contingent liabilities

The Company is party to a bank overdraft and revolving credit facility totalling £100m (2019: £100m) which are secured by cross guarantees from this company and a number of the Company's fellow subsidiaries and the Company's parent company. The original £100m, which was due to expire in May 2022, was replaced in February 2021 by a new £90m facility which expires in May 2024. As at 31 December 2020, the amount drawn under these facilities was £13.0m (2019: £41.0m) and there was a £nil overdraft (2019: £0.9m).

25 Immediate and ultimate parent undertaking

The company's immediate and ultimate parent undertaking and controlling party is LSL Property Services plc, a company registered in England. Its group financial statements are available on application to the Group Company Secretary, LSL Property Services plc, Newcastle House, Albany Court, Newcastle Business Park, Newcastle upon Tyne, NE4 7YB. No other group financial statements include the results of the company.