

Company Registration No. 07223255 (England and Wales)

**GFEA LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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# GFEA LIMITED

## COMPANY INFORMATION

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### Directors

H E Buck  
G W Young  
M Humphreys  
B Keating  
P Hardy (Resigned March 2021)  
P Bisset (Appointed March 2021)

### Secretary

S Bedi Fitzgerald

### Company number

07223255

### Registered office

2<sup>nd</sup> Floor  
Gateway 2  
Holgate Park Drive  
York  
YO26 4GB

### 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

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# GFEA LIMITED

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**GFEA LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 estate agency services and related activities. The directors consider that this will continue unchanged for the foreseeable future.

**Going concern**

The Company has Net assets of £4,767,000 (2019: £4,547,000) and net current assets of £3,509,000 (2019: net current assets £2,829,000). 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 described in the Strategic Report and 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.

**Results**

Operating Profit includes £339,000 of amounts receivable relating to the Coronavirus Job Retention Scheme.

**Dividends**

No dividend was paid during the year and the directors do not recommend the payment of a final dividend (2019: £nil)

**Directors**

The following directors have held office since 1 January 2020:

H E Buck  
G W Young  
M Humphreys  
B Keating  
P Bisset

**Political donations**

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

**Financial instruments**

Liquidity risk

The Treasury Department in the ultimate parent company managed the liquidity risk in the group, 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 a 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.

**GFEA LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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.

**Statement of directors' responsibilities**

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 Financial Reporting Standard 101. 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:

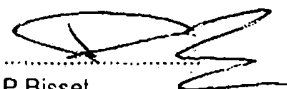
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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



P Bisset  
Director

Date: 11<sup>th</sup> June 2021

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF GFEA LIMITED

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### Opinion

We have audited the financial statements of GFEA 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 21, 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 31<sup>st</sup> 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF GFEA LIMITED

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### **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 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 2, 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 GFEA Limited 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 (CONTINUED) TO THE MEMBERS OF GFEA LIMITED

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- 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

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

15<sup>th</sup> June 2021



# GFEA LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

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		2020	2019
	Notes	£'000	£'000
Revenue		4,999	5,744
Administrative expenses		<u>(4,657)</u>	<u>(4,627)</u>
Operating profit	4	342	1,117
Interest payable	5	<u>(52)</u>	<u>(7)</u>
Profit before taxation		290	1,110
Income tax expense	9	<u>(69)</u>	<u>(230)</u>
Profit for the year		<u>221</u>	<u>880</u>

All of the above are derived from continuing operations.

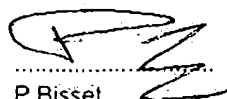
### Statement of Other Comprehensive Income

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

**GFEA LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Notes	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Intangible assets	10	956	760
Property, plant and equipment	11	671	848
Investment	13	-	698
Deferred tax	9	15	13
		<u>1,642</u>	<u>2,319</u>
<b>Current assets</b>			
Trade and other receivables	14	5,229	4,482
Cash and cash equivalents		438	151
		<u>5,667</u>	<u>4,633</u>
<b>Total assets</b>		<u>7,309</u>	<u>6,952</u>
<b>Current liabilities</b>			
Trade and other payables	15	1,837	1,681
Financial liabilities	16	321	123
		<u>2,158</u>	<u>1,804</u>
<b>Non-current liabilities</b>			
Financial liabilities	16	384	601
<b>Total liabilities</b>		<u>2,542</u>	<u>2,405</u>
<b>Net assets</b>		<u>4,767</u>	<u>4,547</u>
<b>Shareholder's equity</b>			
Share capital	18	1	1
Share based payment reserve	20	10	11
Retained earnings		4,756	4,535
<b>Total shareholder's equity</b>		<u>4,767</u>	<u>4,547</u>

Approved by the Board and authorised for issue on 11<sup>th</sup> June 2021

  
P Bisset  
Director

Company Registration No. 07223255

# GFEA LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £'000	Share based payment reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
At 1 January 2019	1	8	3,655	3,664
Profit for the year	-	-	880	880
Total comprehensive income for the year	-	-	880	880
Share-based payment transactions	-	3	-	3
At 31 December 2019	1	11	4,535	4,547
Profit for the year	-	-	221	221
Total comprehensive income for the year	-	-	221	221
Share-based payment transactions	-	(1)	-	(1)
At 31 December 2020	1	10	4,756	4,767

**GFEA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1 Corporate information**

GFEA Limited is a private company limited by share capital incorporated in England.

The financial statements of the Company for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 11<sup>th</sup> June 2021.

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.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of LSL Property Services plc.

**2 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 2020.

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) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

# GFEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2 Accounting policies (continued)

##### Going concern

The Company has Net assets of £4,767,000 (2019: £4,547,000) and net current assets of £3,509,000 (2019: net current assets £2,829,000). 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 described in the Strategic Report and 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.

#### 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.

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.

##### 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:

Fixtures, fittings & equipment	3 – 5 years straight line
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##### 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.

##### 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) as follows:

Intangible assets	– 5 years
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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.

# GFEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2 Accounting policies (continued)

##### 2.2 Significant accounting policies (continued)

###### 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.

###### *Available-for-sale financial assets*

Available-for-sale financial assets are those non-derivative financial assets that are designated as such or are not classified as held to maturity, loan and receivables or fair value through profit or loss. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income and as a separate component of equity until the investment is de-recognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement. Where a reliable indicator of fair value cannot be obtained the assets are valued at cost. If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its fair value is transferred from equity to the income statement. Reversals of impairment losses in respect of equity instruments classified as available-for-sale are not recognised in the income statement.

###### Cash

Cash in the balance sheet comprise 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 chosen method of recognising the expected credit loss across the Company is the simplified approach allowing a provision matrix to be used, which is based on the expected life of trade receivables and historic default rates.

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

###### *Trade payables*

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

# GFEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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.

###### *Impairment of financial assets*

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

###### Revenue recognition

Revenue is recognised under IFRS 15. This standard is based on a single model that distinguishes between promises to a customer that is satisfied at a point in time and those that are satisfied over time.

###### *Rendering of services*

Revenue from the exchange fees in the Residential Sales business is recognised by reference to the legal exchange date of the housing transaction.

Revenue from Lettings is recognised on completion of the service being provided, and therefore at a point in time. Management services relating to Lettings are recognised over time using the time basis approach.

###### *Financial Services income*

Revenue from mortgage procurement fees is recognised by reference to the completion date of the mortgage/re-mortgage on the housing transaction. Revenue from policy sales is recognised at point in time by reference to the date that the policy is accepted by the insurer. The lapse provision is recognised as a reduction in revenue which is based on historic lapses which have occurred. Lapse provisions are recorded within trade and other payables.

# GFEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2 Accounting policies (continued)

#### 2.2 Significant accounting policies (continued)

##### 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.

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.

##### 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.



# GFEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2 Accounting policies (continued)

##### 2.2 Significant accounting policies (continued)

###### 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.

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.

# GFEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2 Accounting policies (continued)

##### 2.2 Significant accounting policies (continued)

###### 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.

##### 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 evaluated by management on an annual basis. After such evaluation, management have concluded that there are no estimates or judgements which impact the financial statements.

##### 2.4 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 £339,000 of amounts receivable relating to the Coronavirus Job Retention Scheme.

# GFEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 3 Revenue

The operations and main revenue streams are those described in the latest annual financial statements.

#### Disaggregation of revenue

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2020 £'000				
	Residential sales exchange	Lettings	Financial services	Other	Total
<b>Timing of revenue recognition</b>					
Services transferred at a point in time	2,338	1,409	277	121	4,145
Services transferred over time	-	854	-	-	854
Total revenue from contracts with customers	<u>2,338</u>	<u>2,263</u>	<u>277</u>	<u>121</u>	<u>4,999</u>

	2019 £'000				
	Residential sales exchange	Lettings	Financial services	Other	Total
<b>Timing of revenue recognition</b>					
Services transferred at a point in time	2,770	1,665	431	161	5,027
Services transferred over time	-	717	-	-	717
Total revenue from contracts with customers	<u>2,770</u>	<u>2,382</u>	<u>431</u>	<u>161</u>	<u>5,744</u>

#### 4 Profit on ordinary activities before finance income

	2020 £'000	2019 £'000
Profit on ordinary activities before finance income is stated after charging:		
Amortisation of intangible assets	7	-
Depreciation of property, plant and equipment	228	246
Low value lease charge	48	3
Short term lease charge	13	57
Impairment of Investment (note 13)	698	-

#### 5 Interest payable

	2020 £'000	2019 £'000
Bank charges and Interest on deferred PAYE payments	4	7
Unwinding of discount on lease liabilities	48	-
	<u>52</u>	<u>7</u>

# GFEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 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>6</u>	<u>6</u>

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

### 7 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2020 No.	2019 No.
Provision of estate agency and related services	<u>65</u>	<u>70</u>

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

	2020 £'000	2019 £'000
Wages and salaries	2,105	2,588
Social security costs	248	285
Other pension costs (Note 15)	180	222
Cost of share option scheme	<u>(1)</u>	<u>-</u>
<b>Total</b>	<b><u>2,532</u></b>	<b><u>3,095</u></b>

### 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 £976,616 (2019 - £1,274,801), including pension costs of £10,691 (2019 - £9,410). 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 remuneration of the highest paid director amounted to £360,933 excluding pension costs (2019 - £513,559). Company contributions to money purchase pension schemes for that director amounted to £Nil (2019 - £nil)

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 totaled 4 (2019 - 5).

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

# GFEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 9 Taxation

	2020 £'000	2019 £'000
<b>Current income tax:</b>		
UK corporation tax charge on profit for the year	74	233
Adjustments in respect of prior periods	(3)	4
<b>Total current income tax</b>	<u>71</u>	<u>237</u>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(4)	(3)
Impact of changes in tax rates	(1)	-
Adjustments in respect of prior periods	3	(4)
<b>Total deferred tax</b>	<u>(2)</u>	<u>(7)</u>
<b>Tax expense in profit or loss</b>	<u>69</u>	<u>230</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 19.00% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Accounting profit before income tax	<u>290</u>	<u>1,110</u>
Tax calculated at UK standard rate of corporation tax of 19.00% (2019: 19%)	55	211
Expenses not deductible for tax purposes	6	3
Transfer pricing	9	16
Changes in tax laws and rates	(1)	-
<b>Total tax expense reported in profit or loss</b>	<u>69</u>	<u>230</u>

#### *Change in corporation tax rates*

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 £5,000 increase in the Deferred tax asset.

	2020 £'000	2019 £'000
At the beginning of the year	13	6
Deferred tax charged to the income statement for the period	2	7
Deferred tax assets	<u>15</u>	<u>13</u>

	2020 £'000	2019 £'000
Deferred tax balance is made up as follows:		
Accelerated capital allowances	10	8
Short-term timing differences	5	5
Deferred tax assets	<u>15</u>	<u>13</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.

**GFEA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**10 Intangible assets**

	Goodwill £'000	Lettings book £'000	Total £'000
<b>Cost</b>			
At 1 January 2020	760	-	760
Acquisition during the year	-	203	203
At 31 December 2020	<u>760</u>	<u>203</u>	<u>963</u>
<b>Impairment</b>			
Amortisation charge for the year	-	7	7
At 31 December 2020	<u>-</u>	<u>7</u>	<u>7</u>
<b>Net book value</b>			
At 31 December 2020	<u>760</u>	<u>196</u>	<u>956</u>
At 31 December 2019	<u>760</u>	<u>-</u>	<u>760</u>

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

GFEA Limited

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

A test of impairment was performed on goodwill to determine the recoverable amount of the CGU. This was based upon a value in use calculation using cash flow projections based on financial budgets approved by the board covering a 3 year period. The discount rate applied to cash flow projections was 11.7% (2019: 9.5%). Cash flows beyond the three year plan are extrapolated using a 2.0% growth rate (2019: 1.8%). Management are satisfied that the outcome of the impairment test demonstrates that no provision for impairment was necessary.

**11 Property, plant and equipment**

	Land and buildings £'000	Fixtures, fittings and equipme nt £'000.	Motor vehicles £'000	Total £'000
<b>Cost:</b>				
At 1 January 2020	728	452	153	1,333
Additions	-	52	-	52
Disposals	-	-	(9)	(9)
At 31 December 2020	<u>728</u>	<u>504</u>	<u>144</u>	<u>1,376</u>
<b>Depreciation:</b>				
At 1 January 2020	121	324	40	485
Charge for the year	123	55	50	228
Disposals	-	-	(8)	(8)
At 31 December 2020	<u>244</u>	<u>379</u>	<u>82</u>	<u>705</u>
<b>Net book value:</b>				
At 31 December 2020	<u>484</u>	<u>125</u>	<u>62</u>	<u>671</u>
At 31 December 2019	<u>607</u>	<u>128</u>	<u>113</u>	<u>848</u>
Owned assets	-	125	-	125
Leased assets	484	-	62	546
Net book value 2020	<u>484</u>	<u>125</u>	<u>62</u>	<u>671</u>

# GFEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 12 Leases

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

##### Right of use assets:

	2020			2019		
	Land and buildings £'000	Motor vehicles £'000	Total £'000	Land and buildings £'000	Motor Vehicles £'000	Total £'000
1 <sup>st</sup> January	607	113	720	728	77	805
Additions	-	-	-	-	114	114
Disposals	-	(1)	(1)	-	(7)	(7)
Depreciation	(123)	(50)	(173)	(121)	(71)	(192)
31 <sup>st</sup> December	<u>484</u>	<u>62</u>	<u>546</u>	<u>607</u>	<u>113</u>	<u>720</u>

These are included in the carrying amounts of PPE on the face of the balance sheet and have been included above.

##### Lease liabilities:

	2020 Total £'000	2019 Total £'000
At 1 January	724	805
Additions	-	114
Interest expense	48	46
Disposals	(1)	(8)
Repayment of lease liabilities (including interest)	<u>(188)</u>	<u>(233)</u>
At 31 December	<u>583</u>	<u>724</u>

Maturity of these lease liabilities is analysed as follows:

	2020			2019		
	Land and buildings £'000	Motor vehicles £'000	Total £'000	Land and buildings £'000	Motor Vehicles £'000	Total £'000
Current lease liabilities	145	54	199	76	47	123
Non-current lease liabilities	370	14	384	547	54	601
Total lease liabilities	<u>515</u>	<u>68</u>	<u>583</u>	<u>623</u>	<u>101</u>	<u>724</u>

These are included in non-current and current financial liabilities on the face of the balance sheet and have been included in Note 16 Financial assets.

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:

# GFEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Leases (continued)

	2020 £'000	2019 £'000
Depreciation of right of use assets:		
Property	122	121
Vehicles	50	71
Short term and low value lease expense	61	60
<b>Charge to operating profit</b>	<b>233</b>	<b>252</b>
Interest expense related to lease liabilities	48	46
<b>Charge to profit before taxation</b>	<b>48</b>	<b>46</b>
Cash outflow relating to operating activities	(140)	(234)
Cash outflow relating to financing activities	(48)	(46)
<b>Total cash outflow relating to leases</b>	<b>(188)</b>	<b>(280)</b>

### 13 Investments

	Shares in subsidiary undertakings £'000
<b>Cost:</b>	
At 1 January 2020	698
At 31 December 2020	698
<b>Impairment:</b>	
At 1 January 2020	-
Impairment during the year	698
At 31 December 2020	698
<b>Net book value:</b>	
At 31 December 2020	-
At 31 December 2019	698

In January 2015 the Company acquired 100% of Paul Graham Lettings & Management Limited, a lettings agency based in Sutton, Surrey for a cash consideration £698k. The registered office of which is the same as that of GFEA Limited. In 2020 the investment in Paul Graham Lettings & Management Limited was fully impaired in line with its useful life of 5 years according to the Group accounting policy. The directors no longer consider these investments to have a separately identified value from that of the Company.

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
<b>Subsidiary undertakings:</b>			
Paul Graham Lettings & Management Limited	Ordinary shares	100%	Lettings Agency



# GFEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

### 14 Trade and other receivables

	2020 £'000	2019 £'000
<b>Due within one year</b>		
Trade receivables	226	180
Less provision for impairment of receivables	(17)	(13)
Net trade receivables	209	167
Amounts owed by parent and fellow subsidiary undertakings	4,984	4,276
Prepayments and accrued income	36	39
	<u>5,229</u>	<u>4,482</u>

The Company's chosen method of recognising the expected credit loss is the simplified approach allowing a provision matrix to be used, which is based on the expected life of trade receivables, historic default rates and forward looking information.

As at 31<sup>st</sup> 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	226	111	94	3	-	-	18
2019	180	53	118	-	(5)	9	5

### 15 Trade and other payables

	2020 £'000	2019 £'000
Trade payables	65	54
Amounts owed to ultimate parent company	239	222
Amounts owed to parent and fellow subsidiary undertakings	459	492
Corporation Tax	74	232
Taxes and social security costs	593	313
Other payables	16	11
Accruals and deferred income	391	357
	<u>1,837</u>	<u>1,681</u>

Included within other taxes and social security payable is £190,000 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 £69,000 of PAYE/NIC. A Time to Pay arrangement with HMRC has been reached, the full balance was settled on 1 February 2021.

# GFEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 16 Financial liabilities

	2020 £'000	2019 £'000
<b>Current</b>		
Deferred/Contingent consideration	122	-
Lease liabilities	199	123
	<u>321</u>	<u>123</u>
<b>Non-current</b>		
Lease liabilities	384	601
<b>Total Financial liabilities</b>	<u>705</u>	<u>724</u>

### 17 Pension and other post-retirement benefit commitments

#### Defined contribution

The Company operates defined contribution pension schemes for all its directors and certain employees. The assets of the schemes are held separately from those of the Company in independently administered funds.

Total amount recognised as an expense for both the defined contribution scheme and the defined contribution stakeholder scheme were £179,760 (2019: £221,784) of which £15,898 was outstanding at the balance sheet date (2019: £10,689).

### 18 Share capital

	2020 £'000	2019 £'000
<b>Authorised, issued and fully paid</b>		
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

The Company has one class of ordinary shares which carries no right to fixed income.

### 19 Contingent liabilities

The Company is party to a bank overdraft and revolving credit facility totaling £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 facility, 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).

### 20 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.

### 21 Immediate and ultimate parent undertaking

The Company's immediate parent undertaking is LSLi Limited, a Company registered in England.

The Company's 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.