

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

Registered number: 02345397

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

COMPANY INFORMATION

Directors	D E Harding I D Simpson R J Scott-Lee D L Simpson
Registered number	02345397
Registered office	One Station Square Bracknell Berkshire RG12 1QB
Independent auditors	Haines Watts Chartered Accountants & Statutory Auditors Advantage 87 Castle Street Reading Berkshire RG1 7SN

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

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THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the Company during the year was that of estate agency and the provision of property services.

Results and dividends

The profit for the year, after taxation, amounted to £1,151,455 (2017 - £1,720,386).

Particulars of dividends are detailed in the notes to the accounts.

Directors

The directors who served during the year were:

D E Harding
I D Simpson
R J Scott-Lee
D L Simpson

Future developments

The directors remain confident that underlying trading conditions will support future growth of the business and that the business is well placed to take advantage of its position in the market place in the year ahead.

Research and development activities

The Company continually invests in research and development in IT software and technology to assist the Company's day to day activities.

Employee involvement

The Company remains committed to employee involvement and equality of opportunity. There are regular consultations with staff by way of quarterly briefings, newsletters and other meetings.

Disabled employees

The continuing policy of the Company is to make available to the disabled, on recruitment or subsequently, the fullest opportunities for employment, training, career development and promotion.

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Disclosure of Information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Haines Watts, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


.....
R J Scott-Lee
Director

Date:

20/5/19

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Business Review

Profit decreased this year as the property market was affected by political and regulatory events. In spite of this the business has been able to minimise the reduction in income while investing heavily in its staff, technology and marketing which has seen market share improvements widely across the group and puts the business in a strong position vs competitors to tackle further external pressures on the industry and market place that are forecast. It is expected that this strength will see the business return to increased profits while continuing to grow investment levels and expansion plans across the group over the coming years.

Principal risks and uncertainties

The Company has adopted a risk averse approach to its trading activities historically, which has resulted in significant reserves being held which have prudently been used to invest in and develop the business infrastructure and network. As such, in the short term, no particular risks are considered to be fundamental to the business, although the directors are always aware of internal and external threats to the business and the wider industry.

The principal risk affecting the Company is the effect that political, economic and regulatory change will have on dampening and disrupting the national and regional housing market. However these are significantly mitigated as the company has strong strategies in place to ensure growth in its market share proportionate to others and looks forward to a period where its competitive advantages can be leveraged to grow the business and outstrip performance seen by others.

Financial key performance indicators

The Company's activity focusses on two primary income streams, being residential sales and lettings. The key performance indicators considered by the Company in respect of those income streams are operating profit and turnover respectively.

This report was approved by the board and signed on its behalf.



.....
R J Scott-Lee
Director

Date:

20/5/19

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

Opinion

We have audited the financial statements of The Chancellors Group of Estate Agents Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard 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 state of the Company's affairs as at 31 December 2018 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and,

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED (CONTINUED)

in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 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.

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE CHANCELLORS GROUP OF
ESTATE AGENTS LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

Haines Watts

Peter Wright BSc FCA (Senior Statutory Auditor)

for and on behalf of

Haines Watts

Chartered Accountants
Statutory Auditors

Advantage
87 Castle Street
Reading
Berkshire
RG1 7SN

2 July 2019

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	4	25,641,957	25,996,497
Gross profit		25,641,957	25,996,497
Administrative expenses		(24,947,723)	(24,143,676)
Other operating income	5	125,642	131,273
Operating profit	6	819,876	1,984,094
Interest receivable and similar income	10	156,015	122,568
Interest payable and expenses	11	(1,374)	(260)
Other finance income		387,278	-
Profit before tax		1,361,795	2,106,402
Tax on profit	12	(210,340)	(386,016)
Profit for the financial year		1,151,455	1,720,386

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.


The notes on pages 12 to 27 form part of these financial statements.

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED
REGISTERED NUMBER:02345397

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	1,222,517	1,356,553
Investments	15	983,701	754,061
		<u>2,206,218</u>	<u>2,110,614</u>
Current assets			
Debtors: amounts falling due within one year	16	1,973,707	1,948,543
Cash at bank and in hand	17	4,476,557	4,987,648
		<u>6,450,264</u>	<u>6,936,191</u>
Creditors: amounts falling due within one year	18	(3,716,759)	(3,508,537)
Net current assets		<u>2,733,505</u>	<u>3,427,654</u>
Total assets less current liabilities		<u>4,939,723</u>	<u>5,538,268</u>
Net assets		<u><u>4,939,723</u></u>	<u><u>5,538,268</u></u>
Capital and reserves			
Called up share capital	22	100,000	100,000
Capital redemption reserve	21	156,199	156,199
Profit and loss account	21	4,683,524	5,282,069
		<u>4,939,723</u>	<u>5,538,268</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



R J Scott-Lee
 Director

Date: 20/5/19

The notes on pages 12 to 27 form part of these financial statements.

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2018	100,000	156,199	5,282,069	5,538,268
Comprehensive income for the year				
Profit for the year	-	-	1,151,455	1,151,455
Total comprehensive income for the year	-	-	1,151,455	1,151,455
Dividends: Equity capital	-	-	(1,750,000)	(1,750,000)
Total transactions with owners	-	-	(1,750,000)	(1,750,000)
At 31 December 2018	100,000	156,199	4,683,524	4,939,723

The notes on pages 12 to 27 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2017	100,000	156,199	5,657,671	5,913,870
Comprehensive income for the year				
Profit for the year	-	-	1,720,386	1,720,386
Total comprehensive income for the year	-	-	1,720,386	1,720,386
Dividends: Equity capital	-	-	(2,095,988)	(2,095,988)
Total transactions with owners	-	-	(2,095,988)	(2,095,988)
At 31 December 2017	100,000	156,199	5,282,069	5,538,268

The notes on pages 12 to 27 form part of these financial statements.

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	1,151,455	1,720,386
Adjustments for:		
Depreciation of tangible assets	631,519	646,412
Loss on disposal of tangible assets	-	(579)
Interest paid	1,374	260
Interest received	(156,015)	(122,568)
Taxation charge	210,340	386,016
(Increase)/decrease in debtors	(8,345)	538,824
Decrease/(increase) in amounts owed by groups	2,936	(2,366)
Increase/(decrease) in creditors	333,334	(93,922)
Corporation tax (paid)	(355,209)	(614,741)
Net cash generated from operating activities	1,811,389	2,457,722
Cash flows from investing activities		
Purchase of tangible fixed assets	(497,481)	(697,182)
Sale of tangible fixed assets	-	2,495
Purchase of listed investments	(229,640)	-
Interest received	156,015	122,568
Net cash from investing activities	(571,106)	(572,119)

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from financing activities		
Dividends paid	(1,750,000)	(2,095,988)
Interest paid	(1,374)	(260)
Net cash used in financing activities	(1,751,374)	(2,096,248)
Net (decrease) in cash and cash equivalents	(511,091)	(210,645)
Cash and cash equivalents at beginning of year	4,987,648	5,198,293
Cash and cash equivalents at the end of year	4,476,557	4,987,648
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,476,557	4,987,648
	4,476,557	4,987,648

The notes on pages 12 to 27 form part of these financial statements.

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

Chancellors Group of Estate Agents Limited, is a company limited by shares, incorporated in the UK. Its primary trading activities, which are estate agency and the provision of property services, derive from local branches within the UK, and its head office in Bracknell, Berkshire. These financial statements represent the results of the Company alone, and do not include the results of its subsidiaries.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Turnover comprises mainly the amounts receivable (excluding Value Added Tax) in respect of residential property, residential lettings, property management and third party referral commissions.

Revenue is recognised upon exchange of the property but is not due until completion of the transaction.

2.3 TANGIBLE FIXED ASSETS

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

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.3 TANGIBLE FIXED ASSETS (continued)

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

The estimated useful lives range as follows:

Leasehold improvements	- 7 years
Fixtures & fittings	- 5 years
Office equipment	- 3 - 5 years
Computer equipment	- 3 years

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

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

2.4 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.5 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment. Listed investments are measured at market value.

2.6 DEBTORS

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

2.7 CASH AND CASH EQUIVALENTS

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.8 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.8 FINANCIAL INSTRUMENTS (continued)

cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 FINANCE COSTS

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

2.11 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.12 Share options

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Profit and loss account over the vesting period. 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 vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

2.13 PENSIONS

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 INTEREST INCOME

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.16 CURRENT AND DEFERRED TAXATION

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

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

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

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

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

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the useful economic life of tangible fixed assets, provision for doubtful debts and certain accruals.

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. TURNOVER

All turnover arose from estate agency and property services within the United Kingdom.

5. OTHER OPERATING INCOME

	2018 £	2017 £
Other operating income	2,189	3,159
Net rents receivable	123,453	128,114
	<u>125,642</u>	<u>131,273</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Auditors remuneration	13,100	12,850
Depreciation	631,518	646,912
Other operating lease rentals	1,857,312	1,835,604
Defined contribution pension costs	155,926	96,058
	<u>155,926</u>	<u>96,058</u>

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	14,356,228	13,871,953
Social security costs	1,352,273	1,331,487
Cost of defined contribution scheme	155,926	96,058
	<u>15,864,427</u>	<u>15,299,498</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Operational staff	386	362
Administrative staff	63	59
	<u>449</u>	<u>421</u>

8. SHARE OPTIONS

During the year options over 4,000 shares in the parent company (2017 - 9,000 shares) were granted to employees and options over 500 shares lapsed. No options were exercised during the year and the total number of shares under options at the year end amounted to 107,500 (2017 - 104,000).

The fair value of the share options is considered to be immaterial to the Company and on this basis the directors have not recognised a charge in the profit and loss account for share based payments.

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. DIRECTORS' REMUNERATION

	2018 £	2017 £
Directors' emoluments	441,382	611,393
Company contributions to defined contribution pension schemes	807	452
	<u>442,189</u>	<u>611,845</u>

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £210,933 (2017 - £251,453).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £703 (2017 - £386).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. INTEREST RECEIVABLE

	2018 £	2017 £
Bank interest receivable	156,015	122,568
	<u>156,015</u>	<u>122,568</u>

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Other interest payable	1,374	260
	<u>1,374</u>	<u>260</u>

12. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	238,720	426,536
Adjustments in respect of previous periods	(8,624)	(24,334)
TOTAL CURRENT TAX	<u>230,096</u>	<u>402,202</u>
DEFERRED TAX		
Origination and reversal of timing differences	(19,756)	(16,186)
TOTAL DEFERRED TAX	<u>(19,756)</u>	<u>(16,186)</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>210,340</u>	<u>386,016</u>

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>1,361,795</u>	<u>2,106,402</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	258,741	405,482
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,352	4,063
Adjustments to tax charge in respect of prior periods	(8,624)	(24,334)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(29,640)	-
Other timing differences	2,202	805
Group relief	(15,691)	-
TOTAL TAX CHARGE FOR THE YEAR	<u>210,340</u>	<u>386,016</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

13. DIVIDENDS

	2018 £	2017 £
Dividends paid	<u>1,750,000</u>	<u>2,095,988</u>

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. TANGIBLE FIXED ASSETS

	Short-Term Leasehold Property £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
COST					
At 1 January 2018	2,061,836	2,923,874	786,624	2,619,524	8,391,858
Additions	24,189	211,996	7,175	254,121	497,481
Disposals	(4,890)	(36,144)	(790)	-	(41,824)
At 31 December 2018	<u>2,081,135</u>	<u>3,099,726</u>	<u>793,009</u>	<u>2,873,645</u>	<u>8,847,515</u>
DEPRECIATION					
At 1 January 2018	1,886,150	2,128,031	740,939	2,280,184	7,035,304
Charge for the year on owned assets	41,814	315,569	37,706	236,429	631,518
Disposals	(4,890)	(36,144)	(790)	-	(41,824)
At 31 December 2018	<u>1,923,074</u>	<u>2,407,456</u>	<u>777,855</u>	<u>2,516,613</u>	<u>7,624,998</u>
NET BOOK VALUE					
At 31 December 2018	<u>158,061</u>	<u>692,270</u>	<u>15,154</u>	<u>357,032</u>	<u>1,222,517</u>
At 31 December 2017	<u>175,686</u>	<u>795,842</u>	<u>45,685</u>	<u>339,340</u>	<u>1,356,553</u>

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. FIXED ASSET INVESTMENTS

	Unlisted investments £	Investments in subsidiary companies £	Listed investments £	Total £
COST OR VALUATION				
At 1 January 2018	2,575	751,486	-	754,061
Additions	-	-	229,135	229,135
Disposals	-	-	(79)	(79)
Revaluations	-	-	584	584
At 31 December 2018	<u>2,575</u>	<u>751,486</u>	<u>229,640</u>	<u>983,701</u>

16. DEBTORS

	2018 £	2017 £
Trade debtors	850,679	1,143,492
Amounts owed by group undertakings	7,642	10,580
Amounts owed by joint ventures and associated undertakings	100,998	100,998
Other debtors	25,305	53,665
Prepayments and accrued income	958,417	628,899
Deferred taxation	30,666	10,910
	<u>1,973,707</u>	<u>1,948,544</u>

17. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	4,476,557	4,987,648
	<u>4,476,557</u>	<u>4,987,648</u>

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

18. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	312,192	345,792
Amounts owed to group undertakings	751,002	751,002
Corporation tax	13,618	138,731
Other taxation and social security	1,067,447	1,012,452
Other creditors	862,290	699,881
Accruals and deferred income	710,210	560,679
	<u>3,716,759</u>	<u>3,508,537</u>

19. FINANCIAL INSTRUMENTS

	2018 £	2017 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	4,479,132	4,990,223
Financial assets that are debt instruments measured at amortised cost	984,625	1,308,735
	<u>5,463,757</u>	<u>6,298,958</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	<u>(2,635,694)</u>	<u>(2,357,354)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade and certain other debtors.

Financial liabilities measured at amortised cost comprise trade and certain other creditors.

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

20. DEFERRED TAXATION

	2018 £	2017 £
At beginning of year	10,910	(5,276)
Charged to the profit or loss	19,756	16,186
AT END OF YEAR	30,666	10,910

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	21,576	9,870
Short term timing differences	9,090	1,040
	30,666	10,910

21. RESERVES

Capital redemption reserve

The Capital redemption reserve represents a reserve required under the Companies Act 2006 whenever a company undertakes a purchase of own shares in order that the company maintains its overall level of funding.

Profit & loss account

The Profit and loss account represents the cumulative profits and losses net of dividends and other adjustments.

22. SHARE CAPITAL

	2018 £	2017 £
3,957,117 (2017 - 3,957,117) Ordinary shares of £1.00 each	3,957,117	3,957,117
Allotted, called up and fully paid		
100,000 (2017 - 100,000) Ordinary shares of £1.00 each	100,000	100,000

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

23. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to the profit and loss account in respect of the Company's defined contribution pension scheme is £155,926 (2017 - £96,058). At the year end an amount of £28,859 (2017 - £10,952) was outstanding.

24. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Land and Buildings		
Not later than 1 year	25,058	37,630
Later than 1 year and not later than 5 years	2,868,048	3,588,681
Later than 5 years	8,332,943	8,128,328
	<u>11,226,049</u>	<u>11,754,639</u>

THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

25. RELATED PARTY TRANSACTIONS

The following transactions with related companies occurred during the year. The companies are related through common control and ownership.

	At 1 Jan 2018 £	During the year £	Repaid in the year £	At 31 Dec 2018 £
The Short Let Company Ltd	100,998	-	-	100,998
Russell Baldwin and Bright (Property)	2,782	-	-	2,782
Justcrest Ltd	652	7,824	(8,476)	-
Life Financial Services Ltd	7,071	353,022	(355,233)	4,860
Bonsor Penningtons Property Services	(315,000)	-	-	(315,000)
Anscombe and Ringland Ltd	(436,002)	-	-	(436,002)

The transactions for Justcrest Limited relate to reimbursed management charges.

The transactions for Life Financial Services Limited relate to reimbursed management charges and commissions receivable.

26. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate and ultimate parent company is Chancellors Group Holdings Limited, a company incorporated in England, whose accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

By virtue of their directorships and shareholdings in Chancellors Group Holdings Limited, D Harding, I Simpson, R Scott-Lee and D Simpson are the ultimate controlling parties of The Chancellors Group of Estate Agents Limited.