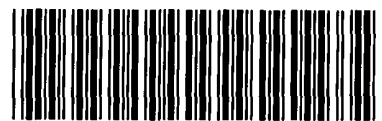


Avison Young (UK) Limited

Annual report and financial statements

Registered number 06382509
For the year ended 31 December 2021

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Strategic report

Company's objectives

The Company's primary objective is to provide industry leading property advisory services as an integral part of the Avison Young UK service offering and trading under the global Avison Young brand.

Business review and outlook

Trading activity

The profit and loss account of Avison Young (UK) Limited (referred to as 'the Company') is set out on page 15 and shows the Company's financial performance for the year. The directors consider the key performance indicators of the business to be revenue and operating profit.

The Company's total revenue for the year was £158.2 million (2020: £127.4 million) from which an operating profit before exceptional items of £4.6 million resulted (2020: loss of £16.7 million).

Higher revenue in 2021 compared to the prior year was due to a number of wider economic factors enabling the Company's ability to earn fees, with increased real estate market outlook as the negative economic impact of the Covid-19 pandemic began to subside, being the most significant driver.

Net asset position

The balance sheet on page 17 shows the Company's financial position at the year-end. Net assets have increased to £150.3 million (2020: £127.1 million). This is principally as a result of the capital injection of £11.6 million during the year, the operating profit achieved by the business and the dividend income received from the subsidiary undertakings.

Outlook

Subsequent to the year end, the business has continued to trade and generate income in line with the Director's expectations and the Company's own forecasts.

The directors continue to anticipate that the recovery of the UK economy from the Covid-19 pandemic combined with the now relative stability of the UK's trading relationship with Europe will drive at least the current level of demand for the Company's services through 2022 and subsequent years. They also recognise that there are a number of economic headwinds present in the UK and wider global economy at present that could impact the markets in which the Company operates, the impact of which, if any, has not been determined but is kept under regular review.

Principal risks and uncertainties

The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous years.

The risks noted below do not necessarily comprise all those potentially faced by the Company and are not intended to be presented in any order of priority.

Competitive risk

Competitive pressure is a continuing risk for the Company, which could result in it losing fees to its key competitors. Similarly, competitive pricing pressures represent a risk to maintaining gross margins. To manage this risk, the Company strives to provide added-value services to its clients; prompt response times in the supply of services and in the handling of client queries; and through the maintenance of strong relationships with clients.

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Liquidity risk

Liquidity risk arises from the possibility of the Company not having sufficient cash, debt and equity shareholder capital available to meet its payment obligations as they arise. Liquidity is subject to macroeconomic, financial and other factors that are beyond the control of the Company.

The Company seeks to manage this risk by effective budgeting and cash flow management and by investing cash assets safely and profitably. This ensures there is sufficient liquidity available to meet the Company's foreseeable needs. If liquidity is required, this primarily is achieved through intra-group loans from the Company's immediate parent company.

Political, judicial, administrative, taxation or other regulatory matters

The Company may be adversely affected by changes in political, judicial, administrative, taxation or other regulatory factors, as well as other unforeseen matters.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the Company's impact on the environment include recycling and reducing energy consumption.

Employees

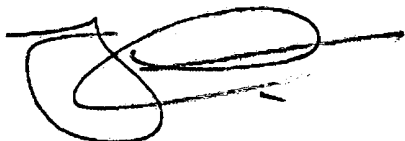
Details of the number of employees and related costs can be found in note 8 to the financial statements.

The Company's employees are the principal driver for the generation of income. The directors acknowledge the commitment and endeavours of all employees in supporting the objectives and service offering to clients throughout the challenges of the last year.

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company has policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters. Further details on engagement with employees is given within the Section 172 statement, set out in the directors report beginning from page 3 onwards.

On behalf of the Board



J R Sibthorpe
Director

29 September 2022

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2021.

As permitted, certain information regarding the Company, including a review and analysis of the development and performance of the Company's business during the year and a description of the principal risks and uncertainties facing the Company are contained within the Strategic report on page 1.

Principal activities

The principal activity of the Company is that of property advisors. The Company is the principal trading subsidiary of Avison Young Holdings Limited. The directors are not, at the date of this report, aware of any likely major changes in the Company's activities in the next financial year.

Directors

The directors who held office during the period up to the date of approval of this directors' report were as follows:

C Battist	
P Holcombe	(resigned 10 August 2022)
G G Hughes	(resigned 11 June 2021)
S P Miller	
P J Morrissey	
J R Sibthorpe	

Directors' indemnities

During the year an indemnity from the Company was available to the directors against liabilities incurred by them in defending proceedings against them in relation to the affairs of the Company. The indemnity is subject to the provisions of the Companies Act 2006 and is set out in the Articles of Association.

Going concern

The Company has net current assets of £32,749,000 as at 31 December 2021, and a profit after tax for the year then ended of £8,308,000. The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the reasons set out herein.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Avison Young (Canada) Inc. not seeking repayment of the amounts currently due to the group. Avison Young (Canada) Inc. has indicated its intention to not seek repayment of the amounts currently due to the group. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

Directors' report (*continued*)

Engagement with key stakeholders – Section 172 Statement

Section 172 of the Companies Act 2006 requires that the directors act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to all stakeholders, as follows:

The likely consequences of any decision in the long term

The Company operates within the management structure of the wider Avison Young business, encompassing a UK Executive Committee that in turn reports to its Global counterpart (the 'Executive Committees') that take ultimate responsibility for the strategic management of the Group.

During the year, the Executive Committees and the Company's directors have:

- Continually reviewed the performance of the Company's business against its competitors and the real estate market generally;
- Continually assessed the likely future development of the real estate market and how this impacts the Company's own strategy and business plan; and
- Approved a number of strategic actions, including the hire of certain individuals into the UK business and, as part of its wider remit, the integration of the Company and its subsidiaries into Avison Young.

All key business decisions are made on the basis of approved business plans, which set out the anticipated financial consequences and benefits of the decision in the long term.

The interests of the Group's employees

The Company's employees principally work from its offices across the UK and Republic of Ireland. Avison Young recognised that its business, globally, is *powered by people* and places the interests of its employees at the heart of its decision making.

The Company continually engages with its employees through regular:

- UK and Global 'Town Hall' events in person and via web-based conferences;
- Local leadership meetings at the Company's offices with senior regional and service line management;
- UK-wide and regional email communications and newsletters; and
- Communication cascades carried out in person and by web conferences by individual line managers.

This is supplemented by the regional and business line reporting structures, where employees have access to local leadership individuals who provide a regular conduit for feedback between employees and the Executive Committees. This is a key basis for which the directors have regard to the interests of employees in its decision making. The UK Executive Team, including the directors, as well as members of the Global Executive Committee had meetings with numerous Avison Young UK offices during the year. This included meeting employees and listening to their views, while being compliant with Covid-19 protocols. This was also a key part of the strategy for the integration of the Company's operations into the Avison Young group that continued during 2021.

Directors' report (*continued*)

Engagement with key stakeholders – Section 172 Statement (*continued*)

The interests of the Group's employees (continued)

A key feature of the ownership structure of the wider group to which the Company belongs is that numerous employee senior leaders are also Principals and have an equity stake in the business, and so are well placed to consider employee interests as well as those of the wider business. Employees are encouraged to be involved in the wider Avison Young group's financial and operational performance through reward and incentive initiatives, encompassing long-term incentive plans designed to incentivise long term value creation, bonus schemes linked to annual financial performance and, for Principals, a share ownership incentive scheme.

The Company has a Human Resources function who are responsible for managing a talent review process to ensure that talented employees are given the support that they need to successfully further their careers, including professional development and access to support for obtaining and maintaining professional accreditations.

The need to foster the company's business relationships with suppliers, customers and others

Customers

The Company has a large and diverse customer base, with each individual client key to the success of the business. Avison Young's focus is on using the knowledge and expertise of its people to help clients maximise their use of real estate to help them thrive. In order to achieve this, the Company is committed to building and maintaining deep, long lasting relationships with large and small customers.

The approach to this is to segment the services it offers and build specialist teams around these service offerings. Each service line is led by a Principal with significant experience of their specialism. This network of service line leaders enables the Company not only to provide timely and insightful advice to clients, but also to connect them to other service lines across the lifecycle of real estate to deliver tangible value. Clients have access to an equity owner of the business in the form of Principal each time they engage with Avison Young.

Suppliers

Avison Young has a diverse range of indirect suppliers covering subcontracted real estate services and those that supply the goods and services required to administer the business, facilitate the work performed by employees and maintain our physical offices. Maintaining strong relationships with our suppliers is key to the success of Avison Young globally and in the UK; we build our relationships with our suppliers based on:

- Open dialogue and transparent decision-making;
- Setting clear expectations of our suppliers; and
- Fair payment practices.

Other stakeholders

In addition to the stakeholders considered elsewhere in this statement, the directors also have regard to the impact of their decisions on other stakeholders, including local and national government bodies, many of whom are also clients, industry professional bodies and regulators, third parties with whom the Company deals with both within its service offerings and in other settings, and potential future employees.

The impact of the company's operations on the community and the environment

Throughout Avison Young globally and within the UK, Environmental, Social and Governance ('ESG') factors are central to how the business consults with clients, manages operations and workplace practices, and engages with the wider community. This is delivered through a combination of dedicated professionals, services, online training and support, executive oversight and a Global Citizenship working group to identify best practices, report back to leadership. Employees participate in Avison Young annual 'Day of Giving' each October, when individuals are able to donate time to good causes in their local area with the full support of the Group's directors.

Directors' report (continued)

Engagement with key stakeholders – Section 172 Statement (continued)

The impact of the company's operations on the community and the environment (continued)

In the UK, the Avison Young has set out its intention to eventually reduce carbon emissions to net-zero in all occupied buildings as part of the World Green Building Council's Net Zero Carbon Buildings Commitment as well as funding carbon offset arrangements through The Woodland Trust. Recycling initiatives and the use of 'green' modes of transport, wherever possible, are actively encouraged for all employees. Reporting on energy use and related information under the Streamlined Energy and Carbon Reporting requirements is set out later in this report.

Employees are encouraged to take part in local and national fundraising events at various points in each calendar year through the UK-business wide Employee Community Fund, with proceeds raised often supplemented or matched by the Company. The recent focus of these initiatives has been supporting local charitable initiatives, nominated by employees, through the awarding of grants.

The desirability of the company maintaining a reputation for high standards of business conduct

Avison Young defines ethical business conduct as wherever it corresponds to the general principles of integrity and decency, and where the people we deal with perceive it to be right. Client policies often require that they only source from suppliers that have the highest ethical standards and failing to meet those standards could severely damage the Company's business. The directors continually have regard to this in their decision making. Specifically, it informs decisions as to how employees are managed and trained, the onboarding process for new clients and suppliers, whether the business enters new markets and the employment certain individuals.

The Company has policies on ethical behaviour, fair competition, anti-bribery and corruption practices and bonded labour; review and training on these policies is mandatory for employees. The Company is a regulated by the Royal Institution of Chartered Surveyors ('RICS') and adheres to their published Standard of Conduct. Many individual employees also maintain a professional qualification as part of their role and follow the RICS Standards of Conduct (or other accredited professional body) to maintain their individual member status.

The need to act fairly between members of the company

The Company has only one member, Avison Young Holdings Limited, which is the immediate parent entity. During the year there was therefore no actual or potential conflicts between the interests of any members of the Company or the wider Avison Young Group.

Employee engagement

The Company's approach to employee engagement is set out in the above Section 172 statements.

Business relationships

The Company's approach to its business relationships is set out in the above Section 172 statements.

Streamlined energy & carbon reporting (SECR)

The Company is committed to reporting its performance, methodology and data in a transparent way. The following data is a disclosure aligned with the UK Streamlined Energy and Carbon Reporting ('SECR') regulations and covers the operations of the Company and its UK based subsidiaries.

Scope 1, 2 and 3 emissions

	2021 tCO ₂ e	2020 tCO ₂ e
Scope 1	-	0.93
Scope 2 (including natural gas)	792.68	467.22
Scope 3	565.53	443.72
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Total emissions (Scope 1, 2 and 3)	1,358.21	911.87
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Directors' report (continued)

Streamlined energy & carbon reporting (SECR) (continued)

Scope 1, 2 and 3 emissions (continued)

	2021 tCO ₂ e/m ²	2020 tCO ₂ e/m ²
Emission intensity (Scope 1 and 2)	0.108	0.069

2021, Scope 2 electricity and gas reported includes estimated data for five locations

2020, Scope 2 electricity and gas reported included estimated data for six locations

The Company has no direct purchasing responsibility for, or control of, gas consuming plant and equipment.

The Company reports its Greenhouse Gas ('GHG') inventory using the World Resources Institute and World Business Council for Sustainable Development GHG Protocol Corporate Accounting and Reporting Standard Revised Edition (the 'GHG Protocol') as a framework for calculations and disclosure as well as carbon conversion factors published by the UK's Department for Business, Energy and Industrial Strategy ('BEIS') in July 2020. Reporting includes all activities where the Company has operational control. Scope 2 market-based emissions have been calculated in accordance with the GHG Protocol Scope 2 Guidance on procured renewable energy. In 2021 and 2020, Scope 3 emissions are reported for the Company's third-party transport emissions only.

Energy consumption

	2021 kWh	2020 kWh
Natural gas (Scope 2)	2,100,843	1,357,033
Electricity	1,921,001	851,849
Total energy consumption	4,021,844	2,208,882

	2021 kWh/m ²	2020 kWh/m ²
Energy intensity	319.03	167.74

2021 Scope 2 electricity and gas reported includes estimated data for two and three locations respectively

2020 Scope 2 electricity and gas reported included estimated data for six locations

All amounts reported exclude the Company's share of common areas where segregated data is not provided

The Company reports its energy consumed and associated GHG emissions from electricity and fuel, Scopes 1 and 2 location method, using GHG Protocol and its framework for calculations.

The SECR disclosure is part of Avison Young's broader Environmental, Social and Governance ('ESG') approach, aligned to the United Nations Sustainable Development Goals. Further details are published in Avison Young's annual ESG and Wellness Report available to view on the organisation's website.

Energy and carbon trends

There has been an increase in energy consumed in 2021 compared to 2020, as was expected, as the country began to recover from the Coronavirus pandemic. Most employees worked remotely from home for a significant portion of 2020 and this reduced energy and associated demands on the Company's office portfolio. Homeworking continued in 2021 with an associated reduction in energy demand when compared to 2019, but higher than 2020.

Directors' report (*continued*)

Streamlined energy & carbon reporting (SECR) (*continued*)

Energy and carbon trends (continued)

Business travel increased on 2020, again as the country recovers from the pandemic, but remains low compared to 2019. The Company has also included the 'Well to Tank' emissions for business travel as is required for our commitment to Science Based Target reporting.

Scope 1 emissions are being reported as zero as the Company has no direct control of the gas at the sites occupied, and all fleet vehicles were returned during 2020. There have been no reported losses of refrigerants.

Electricity and gas consumption increased from the prior year but gas consumption is also higher than the 2019 baseline year. This needs further investigation, but an explanation could be associated with improvements in the collection and quality of data.

It is anticipated that the increase to energy carbon emissions will continue throughout 2022 as staff return to the office and begin to undertake business travel. However, it is expected that there will be a shift in future working patterns where homeworking will be greater than that pre pandemic.

Energy efficiency action

Continuing to collect scope 1, 2 and 3 emission data from across the Company's occupied estate, using improved procedures and systems, has enabled Avison Young to establish its carbon footprint with greater accuracy. The Company has a much greater view of its assets' performance that will help it make corporate real estate decisions with regard to energy efficiency, office acquisitions, refurbishments and fit-outs. The Company has improved in several areas over the past year including:

- A new data platform to record all sustainability data in a single location.
- Rollout of automatic meter reading across the office portfolio to provide accurate and timely data.
- Offering carbon literacy training to all staff and achieving Carbon Literacy Bronze status.
- Rollout of an electric vehicle salary sacrifice scheme to encourage and help staff into electric vehicles.
- Improved expense and transport policies, minimum environmental procurement standards and improved corporate real estate sustainability standards

Avison Young is continuing the drive to be a net zero carbon business by 2030 and have additionally committed to the 'Race to Zero' via the Science Based Targets initiative scheme 'Business Ambition for 1.5°C'. The Company is now in the process of establishing Science Based Targets in preparation for submission and ratification.

Business travel

Business travel emissions have increased compared to 2020 but remain low compared to the baseline year 2019. This is likely to increase further as the country recovers from the pandemic. All modes of transport use have remained low except for car use, which has significantly increased. This could partly be explained by behavioural change where staff are avoiding public transport use as well as the recovery following the pandemic.

Next steps

Refinement of the baseline and development of the Science Based Target are key for 2022. As the automatic meter reading programme is rolled out, it is likely that the baseline will need to be reviewed.

It is expected that the scope 3 emissions will increase as the Company's understanding of them improves. One significant area is that of the energy procured for the managed assets. This exercise has begun and will impact the baseline figure once established. The capture and calculation of carbon emissions from home working (scope 3) will be investigated for future inclusion in this annual report.

The carbon literacy training will continue to be rolled out to provide staff with a greater knowledge of carbon and how their actions can reduce not only their footprint but that of the business and our clients.

Directors' report *(continued)*

Streamlined energy & carbon reporting (SECR) *(continued)*

Planned energy efficiency actions

In the medium term, the Company continues to identify which of its assets can be improved through technology such as LED lighting, lighting controls and efficient heating and cooling equipment.

Energy procurement is an area where the Company can make a significant reduction in its carbon emissions but is a challenging area where it does not have control of the energy procured at the sites occupied. Avison Young will continue to procure 100% green electricity across the portfolio where possible, and to lobby its landlords to undertake this on the Company's behalf and to identify opportunities to generate its own green energy, which could include PV, heat pumps and wind either on or off site.

Avison Young have begun investigating Power Purchase Agreement (PPAs) to provide high quality renewable energy with guarantees of origin for the managed estate including where energy is procured for the occupied estate.

Dividend

The Company did not propose or pay a dividend during the year (2020: *£nil*).

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2020: *£nil*).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



J R Sibthorpe
Director

3 Brindleyplace
Birmingham
B1 2JB
United Kingdom

29 September 2022

Statement of directors' responsibilities in respect of the annual report and financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVISON YOUNG (UK) LIMITED

Opinion

We have audited the financial statements of Avison Young (UK) Limited ("the Company") for the year ended 31 December 2021 which comprise the profit and loss account, balance sheet, statement of changes in equity, and related notes to the financial statements, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVISON YOUNG (UK) LIMITED *(continued)*

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the operations of the company, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying sales transactions that occurred in the cut-off period to assess that revenue is recognised at the correct period.
- Identifying credit notes raised after the balance sheet date to assess the existence and accuracy of the revenue recognised in the year.
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and from inspection of the Company’s regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVISON YOUNG (UK) LIMITED *(continued)*

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVISON YOUNG (UK) LIMITED *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

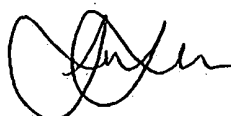
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.



Julie Searle (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
United Kingdom
B4 6GH

29 September 2022

Profit and loss account
for the year ended 31 December 2021

	Note	2021	2021	Total	2020	2020	Total
		Before exceptional items £000	Exceptional items £000	£000	Before exceptional items £000	Exceptional items £000	£000
Revenue	4	158,202	-	158,202	127,448	-	127,448
Staff costs	8	(104,395)	(1,344)	(105,739)	(94,017)	(5,323)	(99,340)
Depreciation and amortisation		(9,828)	-	(9,828)	(11,848)	-	(11,848)
Other operating income		-	14	14	-	2,562	2,562
Other operating costs		(39,339)	(13)	(39,352)	(38,324)	(638)	(38,962)
Operating profit/(loss)		4,640	(1,343)	3,297	(16,741)	(3,399)	(20,140)
Dividend income from equity investments	10	3,298	-	3,298	5,500	-	5,500
Interest receivable and similar income	11	30	-	30	7	-	7
Interest payable and similar charges	12	(1,217)	-	(1,217)	(1,680)	-	(1,680)
Profit/(loss) on ordinary activities before taxation	6	6,751	(1,343)	5,408	(12,914)	(3,399)	(16,313)
Taxation on profit/(loss) on ordinary activities	13	2,645	255	2,900	3,889	646	4,535
Profit/(loss) on ordinary activities after taxation, being total comprehensive income for the year		9,396	(1,088)	8,308	(9,025)	(2,753)	(11,778)

The Company presents profit measures before exceptional and non-recurring items in addition to those required under FRS 101 as the directors consider that they provide further explanation of the underlying performance of the business. The components of exceptional and non-recurring items are set out in note 5.

Movements in reserves are set out in the statement of changes in equity on page 18.

The notes on pages 19 to 42 form part of these financial statements.

Statement of other comprehensive income
for year ended 31 December 2021

	<i>Note</i>	2021 £000	2020 £000
Profit/(loss) for the year		8,308	(11,778)
Other comprehensive loss			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of retirement benefit liability	25	(130)	(485)
Income tax on items that will not be reclassified to profit or loss	13	63	92
		(67)	(393)
Total comprehensive income/(loss) for the year		8,241	(12,171)

The notes on pages 19 to 42 form part of these financial statements.

Balance sheet
at 31 December 2021

	<i>Note</i>	2021 £000	£000	2020 £000	£000
Fixed assets					
Intangible assets	<i>14</i>		111,908		112,961
Leasing right-of-use assets	<i>15</i>		12,502		14,284
Tangible assets	<i>16</i>		6,166		7,157
Investments	<i>17</i>		9,457		9,151
			<hr/>		<hr/>
			140,033		143,553
Current assets					
Contract assets	<i>18</i>	2,657		3,148	
Debtors (<i>including £8,020,000 (2020: £5,976,000) due after more than one year</i>)	<i>19</i>	74,271		58,184	
Cash at bank and in hand		5,581		2,746	
			<hr/>		<hr/>
			82,509		64,078
Creditors: amounts falling due within one year	<i>20</i>	(49,760)		(52,993)	
			<hr/>		<hr/>
Net current assets			32,749		11,085
			<hr/>		<hr/>
Total assets less current liabilities			172,782		154,638
Creditors: amounts falling due after more than one year	<i>21</i>		(12,057)		(16,867)
Provisions for liabilities	<i>24</i>		(3,324)		(3,179)
Retirement benefits liability	<i>25</i>		(7,088)		(7,491)
			<hr/>		<hr/>
Net assets			150,313		127,101
			<hr/> <hr/>		<hr/> <hr/>
Capital and reserves					
Called up share capital	<i>26</i>		855		855
Share premium account	<i>26</i>		83,993		72,348
Share based payments reserve	<i>26</i>		10,544		7,218
Profit and loss account			54,921		46,680
			<hr/>		<hr/>
Equity shareholder's funds			150,313		127,101
			<hr/> <hr/>		<hr/> <hr/>

The notes on pages 19 to 42 form part of these financial statements.

These financial statements were approved by the Board of Directors on 29 September 2022 and were signed on its behalf by:



J R Sibthorpe
Director

Company number: 06382509

Statement of changes in equity
for year ended 31 December 2021

	Called up share capital £000	Share premium account £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	855	72,348	-	58,851	132,054
<i>Total comprehensive income for the year</i>					
Loss for the year	-	-	-	(11,778)	(11,778)
Other comprehensive loss	-	-	-	(393)	(393)
Total comprehensive loss for the year	-	-	-	(12,171)	(12,171)
<i>Transactions with owners recorded directly in equity</i>					
Transfer in of share based payment liability	-	-	3,179	-	3,179
Share based payment expenses in the year	-	-	4,039	-	4,039
Total transactions with owners	-	-	7,218	-	7,218
Balance at 31 December 2020	855	72,348	7,218	46,680	127,101
<i>Total comprehensive profit for the year</i>					
Profit for the year	-	-	-	8,308	8,308
Other comprehensive loss	-	-	-	(67)	(67)
Total comprehensive profit for the year	-	-	-	8,241	8,241
<i>Transactions with owners recorded directly in equity</i>					
Issue of share capital	-	11,645	-	-	11,645
Share based payment expenses in the year	-	-	3,326	-	3,326
Total transactions with owners	-	11,645	3,326	-	14,971
Balance at 31 December 2021	855	83,993	10,544	54,921	150,313

The notes on pages 19 to 42 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Authorisation of financial statements

The financial statements of Avison Young (UK) Limited (referred to as 'the Company') for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 29 September 2022 and the balance sheet was signed on the Board's behalf by J R Sibthorpe. Avison Young (UK) Limited is a private company limited by shares, incorporated in England and Wales and domiciled in England.

2 Accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's financial statements are presented in Sterling, being the companies presentational and functional currency, and all values are shown in £'000s except where otherwise indicated.

As at 31 December 2021 the Company's intermediate parent undertaking, Avison Young Holdings Limited, included the Company in its consolidated financial statements. The consolidated financial statements of Avison Young Holdings Limited are prepared in accordance with International Financial Reporting Standards and may be obtained from 3 Brindleyplace, Birmingham, B1 2JB.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Comparative period reconciliations for share capital;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of intermediate parent undertaking Avison Young Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- the requirements of IFRS 2 Share Based Payments in respect of group equity settled share based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.1 Measurement convention

The financial statements are prepared in accordance with applicable accounting standards and on the historical cost basis.

Notes (continued)

2 Accounting policies (continued)

2.2 Going concern basis of preparation

The Company has net current assets of £32,749,000 as at 31 December 2021, and a profit after tax for the year then ended of £8,308,000. The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the reasons set out herein.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Avison Young (Canada) Inc. not seeking repayment of the amounts currently due to the group. Avison Young (Canada) Inc. has indicated its intention to not seek repayment of the amounts currently due to the group. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

2.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

2.4 Classification of financial instruments issued by the Company

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

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Notes (continued)

2 Accounting policies (continued)

2.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

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

Trade and other creditors

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements The lease term
- Computers 3 – 4 years
- Equipment 5 years
- Leasing right-of-use assets The lease term (see 2.13)

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The impairment adjustment is charged to the profit and loss account.

2.7 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Notes (continued)

2 Accounting policies (continued)

2.7 Intangible assets, goodwill and negative goodwill (continued)

Goodwill (continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Management contracts The life of the benefit
- Software 3 - 5 years

2.8 Contract assets - work in progress

Accrued revenue is recognised as a contract asset when services have been delivered to customers but invoicing takes place at a later date, usually as a result of a service that is delivered over an extended period of time. Revenue accruals are generally made on a valuation of time spent or percentage of completion of contracted work basis, depending on the service and specific contract terms.

Expenses incurred by the firm on behalf of clients but not yet recovered are shown at the lower of cost and net realisable value.

2.9 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

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

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

Non-financial assets

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

Notes (continued)

2 Accounting policies (continued)

2.9 Impairment excluding stocks and deferred tax assets (continued)

Non-financial assets (continued)

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

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

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

2.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Annuities

The company also operates an annuity scheme providing benefits based on future profits, on which the annuities constitute a first charge. The scheme is unfunded.

Retirement benefits liabilities are measured using a projected unit credit method and discounted at the current rate of return on high corporate bonds of equivalent term and currency to the liability.

The retirement benefits deficit is recognised in full. The movement in the scheme deficit is split between finance items and, in Other Comprehensive Income, actuarial gains and losses. There are no operating charges as the scheme is closed to new members and all participants have now retired.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes (continued)

2 Accounting policies (continued)

2.10 Employee benefits (continued)

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Share-based payment transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided all of their performance conditions are satisfied.

At each balance sheet date before vesting the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. Amounts charged to profit and loss reflect the value recharged to the Company by the parent entity, being the entity in which the share instruments are ultimately issued.

A separately identifiable equity reserve is recognised for the value of share based payments granted by the ultimate parent entity to employees of the Company, representing the expense incurred in the income statement being an additional equity contribution made by the parent entity to the Company as share awards are granted.

Deferred recruiting incentives

When acquiring businesses or recruiting new personnel, the Company provides various incentives to the new employees and independent contractors. Such incentives may take the form of transition bonuses, contingent payments based on performance, or non-recourse loans. The right to receive and retain such incentive payments is dependent upon the individual continuing employment, and typically vest over a five-year service period.

Expense related to the incentive awards is recognised on a straight-line basis over the service period and presented as amortisation of deferred recruiting incentives with any payments in excess of the expense recognised as a deferred recruiting asset.

A liability for the amounts payable is recognised at the inception of the incentive agreement and maintained at each reporting period to the extent an amount remains payable.

2.11 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2.12 Revenue

Revenue represents fees rendered for the provision of real estate finance advice. Revenue is recognised when a right to consideration has been obtained through meeting the performance criteria identified under each contract and depends on the obligations to be delivered as detailed below.

Notes (continued)

2 Accounting policies (continued)

2.12 Revenue (continued)

Accrued revenue is recognised when services have been delivered to customers and invoicing takes place at a later date, as set out in note 2.8. Judgement is required as to the extent that revenue earned may not be invoiced.

Transactional Services

Fees that are based on the completion of a transaction are only invoiced on unconditional exchange of contracts. Fees that are contingent on the successful outcome of a process are only invoiced at the successful conclusion of the process.

Revenue is recognised at the point at which the invoice has been raised.

Consultancy Services

Fee invoices are raised in accordance with the signed letter of engagement/contracts with clients. This may include (but is not limited to):

- Milestone arrangements
- Monthly time-based recovery
- Phased basis linked to progress of work, this could be monthly, quarterly or as per the milestone arrangements
- Upon completion of the advice and delivery of work set out in the contract.

Revenue is recognised on each instruction on the basis of time recorded against that instruction, with a monthly assessment of the level of recoverable work via the month-end process that is currently undertaken by management.

Property Management

Revenue is recognised in a manner that is consistent with the way in which the services are provided to the client and the client subsequently consumes those services.

Where invoices are raised for the provision of property management services either in advance or arrears of the period to which the services are provided, then we either accrue fees not yet invoiced up to the end of the relevant quarter end or we defer income to ensure that the revenue recognised is consistent with the period in which those services are provided.

Fees that are based on reaching milestones or monthly fixed agreements as agreed with the client and are set out in the signed letter of engagement/management services contract. The fee arrangements are based on the level of output and therefore revenue recognition generally correlates to the issued invoice.

Subcontracted Services

Revenue is recognised for services chargeable to clients where all or part of the service is provided by third parties under the direction of the Company when the service has been delivered. Where services are delivered either in advance or arrears of the period to which the services are invoiced, then we either accrue fees not yet invoiced up to the end of the relevant period end or we defer income to ensure that the revenue recognised is consistent with the period in which those services are provided.

2.13 Leases

As a lessee:

The Company assesses whether a contract is or contains a lease at the inception of the contract.

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Notes (continued)

2 Accounting policies (continued)

2.13 Leases (continued)

The lease liability is initially measured at the present value of the future lease payments, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Lease liabilities are presented as a separate line within creditors in the balance sheet.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, and are depreciated over the shorter of the lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Tangible fixed assets' policy.

2.14 Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and lease liabilities recognised in profit or loss using the effective interest method and the unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

2.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.16 Income from wage subsidies

Income from Government wage subsidy schemes is recognised as other operating income in the same period as the employee costs to which it relates is incurred if all requirements to obtain the subsidy are assessed to have been met.

Notes (continued)

2 Accounting policies (continued)

2.17 New standards effective during the year

The impact on the Company of new International Financial Reporting Standards and IFRIC Interpretations, effective for annual reporting periods beginning on or after 1 January 2021, were not considered by the directors to have had a significant impact on the Company's financial statements.

3 Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Key judgements

The following judgements (apart from those involving estimates) have had the most significant effects on the amounts recognised in the financial statements at 31 December 2021:

Contract assets

On an ongoing basis the Company reviews the carrying value of work undertaken but not yet invoiced on client engagements to ensure that the amount recorded as contract assets at the balance sheet date accurately reflects the lower of cost and net realisable value.

Share based payment accounting

The Directors have determined an expectation that future settlements made to employees will be paid in the equity shares of the ultimate parent entity. As such, they have determined that it is appropriate to recognise an additional equity contribution in the Company representing the cumulative share based payment expense.

This accounting treatment is based on the expected method of future settlement of share awards that is not within the direct control of the Directors. The accounting treatment may require revision in future periods should expectations be revised or actual settlement methods differ.

Estimation uncertainty

The following estimates are a key source of estimation uncertainty at 31 December 2021:

Recoverability of goodwill

The Company has used the value in use method to calculate the recoverable amount of acquired goodwill. Value in use is determined by estimating the future cash inflows and outflows to be derived from continuing use of the cash generating unit and from its ultimate disposal and applying the appropriate discount rate to those future cash flows. The value in use calculation has required significant estimates and assumptions for discount rates, terminal growth rates, forecasts of revenue, operating income and capital expenditures.

Notes (continued)

3. Accounting estimates and judgements (continued)

Estimation uncertainty (continued)

Retirement benefits – annuity liabilities

The Company's obligations to annuity holders have required review of the actuarial assumptions related to the terms and the holders in order to determine the liability at the balance sheet date. Further detail is given in note 25.

Lease liabilities – incremental borrowing rate

The Company is required to estimate the present value of lease liabilities using an appropriate incremental borrowing rate. This rate has been based on market factors and in consultation with subject matter experts but remains an inherent source of estimation uncertainty in the financial statements as presented.

Provisions – claims incurred but not reported

The Company has reviewed an analysis of past insurance claims prepared by an actuary and determined that a liability for claims incurred for work completed but that have not been reported is estimable. The liability estimate is impacted by estimation uncertainty over assumptions around the time lag from a contractual liability arising and notification of a claim, the probability of any claim against the Company being successful and the magnitude of such claims. The Directors have used available experience and up to date market-relevant information in determining these estimates at the balance sheet date.

4 Revenue

Revenue is analysed as follows:

	2021 £000	2020 £000
Rendering of services	158,202	127,448
Total revenue	<u>158,202</u>	<u>127,448</u>
Revenue by area of activity:		
Consultancy	82,718	73,915
Transactional	52,078	30,278
Property management	23,406	23,255
	<u>158,202</u>	<u>127,448</u>
Revenue by geographical market:		
UK	154,127	123,593
Europe	3,004	2,750
Rest of the World	1,071	1,105
	<u>158,202</u>	<u>127,448</u>

Contract assets arising from contracts with customer are included in note 18. Receivables arising from contracts with customers are included in note 19.

Notes (continued)

5 Exceptional and non-recurring items

The Company presents profit measures before exceptional and non-recurring items in addition to those required under FRS 101 as the directors consider that they provide further explanation of the underlying performance of the business. The components of exceptional and non-recurring items are set out below:

	2021 £000	£000	2020 £000	£000
<i>Presented in staff costs</i>				
Redundancy costs		1,344		5,323
<i>Presented in other operating costs</i>				
Avison Young integration costs	-		243	
Abortive acquisition legal fees	-		264	
Covid-19 related operating expenses	13		131	
		13		638
 Total exceptional and non-recurring costs		1,357		5,961
 <i>Presented in other operating income</i>				
Covid-19 related Government wage subsidies		14		2,562
 Total exceptional other operating income		14		2,562

6 Notes to the profit and loss account

	2021 £000	2020 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditor's remuneration	232	323
Amortisation of intangible fixed assets (note 14)	1,596	1,583
Amortisation of deferred recruiting incentives (note 19)	2,394	3,121
Profit on disposal of tangible fixed assets	-	(25)
Depreciation of tangible fixed assets (note 16):		
Owned	2,142	2,313
Leased	156	201
Depreciation and impairment of leasing right-of-use assets (note 15)		
Depreciation	3,790	4,630
Dilapidation asset depreciation adjustment on crystallisation of expense	(251)	-
Short term lease rentals:		
Plant and machinery	82	47
Share based payment expense (note 9)	3,326	4,039
<i>The remuneration of the Auditor and its associates, excluding VAT, was as follows:</i>		
	£000	£000
Audit of these financial statements and subsidiaries (borne by the Company)	192	242
Audit related assurance services		
Taxation compliance services	23	54
Other taxation advisory services	17	27
	232	323

Notes (continued)

7 Directors' remuneration

	2021	2020
	£000	£000
Directors' emoluments	1,626	1,358
Company contributions to money purchase pension schemes	41	33
Share related awards	101	185
	<hr/>	<hr/>
	1,768	1,576
	<hr/> <hr/>	<hr/> <hr/>

The aggregate of emoluments of the highest paid director was £551,000 (2020: £469,000) and company contributions to a money purchase pension scheme of £10,000 (2020: £10,000) were made on their behalf.

	Number of directors	
	2021	2020
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	3
	<hr/>	<hr/>

8 Staff numbers and costs

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

	Number of employees	
	2021	2020
Fee earners	844	891
Secretarial support	60	78
Other support staff	307	315
	<hr/>	<hr/>
	1,211	1,284
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	86,989	77,539
Social security costs	9,868	8,384
Contributions to defined contribution plans	4,212	4,055
Redundancy costs (note 5)	1,344	5,323
Share based payment expense	3,326	4,039
	<hr/>	<hr/>
	105,739	99,340
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Share-based payments

The Avison Young global group of companies operates an equity-settled, share-based compensation plan, under which the Company and its subsidiaries receive services from employees as consideration for equity instruments (shares) of Avison Young (Canada) Inc, the ultimate parent undertaking.

Following the acquisition of the Company by Avison Young on 1 February 2019, certain employees of the Company and its subsidiaries have participated in the scheme during 2020 and 2021, having been granted shares in the Company's ultimate parent, Avison Young (Canada) Inc. The key terms of the share grants made in the year are:

- The shares were granted at a fixed total award value at the grant date, being equal to the fair value of the grant.
- The shares granted are generally subject to a five-year restricted period in which they are forfeited if the employee is terminated for cause or resigns.

The Company expects the majority of shares to vest at their fair value at contractual expiry date of the award.

A summary of the share grants awarded and vesting in the year ended 31 December 2021 and the prior year were as follows:

Year of Award being Granted	Type of Grant	Fair Value of Grant	Contractual expiry date(s) of award	Fair Value of Shares Vesting
Year ending 31 December 2020	Equity granted by parent entity	£2,394,000	20 March 2020 – 29 June 2025	-
Year ending 31 December 2021	Equity granted by parent entity	£2,169,000	20 March 2020 – 29 June 2025	-

The Company has no obligation to settle the awards and expenses relating to the award of shares made by the parent undertaking in its own equity shares. In the year ended 31 December 2021, an expense of £3,326,000 (2020: £4,039,000) has been recharged to the Company by the ultimate parent entity in respect of the amortisation for the period of the fair value of shares granted to Employees of the Company and its subsidiaries. This has been recognised in the profit and loss account (note 6) as a share-based compensation expense within employment costs (note 8), with a corresponding increase in equity. The Company expects similar recharges to occur in future periods whilst unvested share awards remain outstanding.

10 Dividend income from equity investments

During the year dividend income of £3,298,000 was received from subsidiary undertakings (2020: £5,500,000).

11 Interest receivable and similar income

	2021 £000	2020 £000
On bank deposits	-	7
Interest on amounts owed by group undertakings	16	-
Other interest	14	-
	<u>30</u>	<u>7</u>

12 Interest payable and similar charges

	2021 £000	2020 £000
Lease interest payable (note 22)	694	833
Interest on amounts owed to group undertakings	272	531
Unwinding of discount factor on annuities (note 25)	72	122
Other interest payable	179	194
	<u>1,217</u>	<u>1,680</u>

Notes *(continued)*

13 Taxation

Analysis of credit in year

	2021 £000	£000	2020 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	-		-	
Group relief receivable	192		(932)	
Adjustments in respect of prior periods	(823)		171	
	-		-	
Total current tax		(631)		(761)
<i>Deferred tax (note 23)</i>				
Origination/reversal of timing differences	658		(2,458)	
Adjustment in respect of prior periods	(1,464)		(1,316)	
Effect of tax rate change on opening balance	(1,463)		-	
	-		-	
Total deferred tax		(2,269)		(3,774)
		(2,900)		(4,535)

Income tax recognised in other comprehensive income

	2021 £000	2020 £000
Remeasurements of defined benefit liability (note 23)	(63)	(92)
	-	-

Reconciliation of effective tax rate

	2021 £000	2020 £000
<i>Total tax reconciliation</i>		
Profit/(loss) on ordinary activities before taxation	5,408	(16,313)
	-	-
Tax using the UK corporation tax rate of 19% (2020:19%)	1,028	(3,099)
Fixed asset differences	114	42
Expenses not deductible for tax purposes	570	1,047
Income not taxable for tax purposes	(627)	(1,045)
Other timing differences	(207)	27
Remeasurement of deferred tax for changes in tax rates	(1,491)	(369)
Losses carried back	-	7
Adjustments in respect of prior periods	(2,287)	(1,145)
	-	-
Total tax credit	(2,900)	(4,535)

Factors that have affected current and future tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

Deferred tax has been calculated at the substantively enacted rate of 25% for the year ended 31 December 2021 (2020 substantively enacted rate used to calculate deferred tax: 19%).

On 23 September 2022 the Chancellor of the Exchequer announced that the corporation tax rate will remain at 19% from 1 April 2023, reversing a previously enacted measure to increase the rate to 25%. This reversal in the tax rate from 1 April 2023 has not been enacted or substantively enacted and accordingly has no impact on the tax balances at 31 December 2021. The potential impact of this change on the deferred tax balances at 31 December 2021 is expected to be immaterial.

Notes *(continued)*

14 Intangible fixed assets

	Goodwill	Management Contracts	Software	Total
	£000	£000	£000	£000
<i>Cost</i>				
At beginning of year	112,548	1,602	9,507	123,657
Additions	-	-	543	543
Disposals	-	-	(2,424)	(2,424)
At end of year	112,548	1,602	7,626	121,776
<i>Amortisation</i>				
At beginning of year	3,031	550	7,115	10,696
Charge for the year	-	549	1,047	1,596
Disposals	-	-	(2,424)	(2,424)
At end of year	3,031	1,099	5,738	9,868
<i>Net book value</i>				
At 31 December 2021	109,517	503	1,888	111,908
At 31 December 2020	109,517	1,052	2,392	112,961

Amortisation and impairment charge

The amortisation charge is recognised in the following line items in the profit and loss account:

	2021	2020
	£000	£000
Depreciation and amortisation	1,596	1,583

15 Leasing right-of-use assets

	Leasehold property	Computers and equipment	Total
	£000	£000	£000
<i>Cost</i>			
At beginning of year	19,595	1,477	21,072
Additions	1,848	160	2,008
Disposals	(371)	-	(371)
At end of year	21,072	1,637	22,709
<i>Depreciation</i>			
At beginning of year	6,437	351	6,788
Charge for the year	3,323	467	3,790
Disposals	(371)	-	(371)
At end of year	9,389	818	10,207
<i>Net book value</i>			
At 31 December 2021	11,683	819	12,502
At 31 December 2020	13,158	1,126	14,284

Notes (continued)

16 Tangible fixed assets

	Leasehold improvements £000	Computers and equipment £000	Total £000
<i>Cost</i>			
At beginning of year	14,238	10,451	24,689
Additions	600	707	1,307
Disposals	(937)	(1,363)	(2,300)
	<hr/>	<hr/>	<hr/>
At end of year	13,901	9,795	23,696
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>			
At beginning of year	7,972	9,560	17,532
Charge for the year	1,675	623	2,298
Disposals	(937)	(1,363)	(2,300)
	<hr/>	<hr/>	<hr/>
At end of year	8,710	8,820	17,530
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>			
At 31 December 2021	5,191	975	6,166
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2020	6,266	891	7,157
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in the total net book value for computers and equipment is £15,000 (2020: £171,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £157,000 (2020: £201,000).

Included in leasehold improvements additions for the year is £30,000 (2020: £479,000) in respect of an assessment of dilapidations provisions.

17 Fixed asset investments

	Shares in subsidiary undertakings £000
<i>Cost</i>	
At beginning of year	10,809
Additions	306
	<hr/>
At end of year	11,115
	<hr/> <hr/>
<i>Provisions</i>	
At beginning of year	1,658
Impairment	-
	<hr/>
At end of year	1,658
	<hr/> <hr/>
<i>Net book value</i>	
At 31 December 2021	9,457
	<hr/> <hr/>
At 31 December 2020	9,151
	<hr/> <hr/>

Notes (continued)

17 Fixed asset investments (continued)

The subsidiary undertakings of the Company are as follows:

	Principal activity	County of incorporation	Equity holding (%) (all ordinary shares)
Avison Young Project Management Limited *	Project management	UK	100
Avison Young Planning and Regeneration Limited *	Planning consultancy	Eire	100
Avison Young Real Estate Finance Limited *	Property finance advice	UK	100
GVA Worldwide Limited *	International marketing	UK	82
Avison Young Workplace Limited *	Property and project management	UK	100
Avison Young Infrastructure Management Limited *	Transport and social infrastructure asset management and advisors	UK	100
Avison Young Polska sp. z o.o. *	Consultancy and project management	Poland	100
Avison Young Investment Management Services (France) SAS *	Property investment management	France	100
Avison Young (France) SAS	Project management	France	100
The Stoke on Trent & Staffordshire Safer Communities Community Interest Company	Projects to improve health, safety & wellbeing	UK	25

*Subsidiaries marked * are held directly by the Company.*

The registered office of Avison Young Planning and Regeneration Limited is 4th Floor, 2-4 Merrion Row, Dublin 2, Ireland.

The registered office of Avison Young Infrastructure Management Limited is Part 1st Floor, 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN.

The registered offices of Avison Young Investment Management Services (France) SAS and Avison Young (France) SAS is 16, rue Portalis, 75008 Paris, France.

The registered office of Avison Young Polska sp. z o.o. is Grzybowska 5A; 00-132 Warszawa, Polska.

The registered office of The Stoke on Trent & Staffordshire Safer Communities Community Interest Company is Staffordshire Fire and Rescue Service Head Quarters, Pirehill, Stone, Staffordshire, England, ST15 0BS.

The registered office of all other UK incorporated subsidiary undertakings is 3 Brindleyplace, Birmingham, B1 2JB.

Acquisitions of subsidiary entities

On 30 June 2021 the Company acquired the ordinary shares of Cassian SAS. Cassian SAS was subsequently renamed Avison Young Investment Management Services (France) SAS.

Dissolution of subsidiary entities

On 13 April 2021 the dissolution process for How Commercial Planning Limited and How Planning LLP was completed and both entities were liquidated.

Acquisitions of 100% interest

On 24 June 2021 the Company acquired all remaining ordinary shares in Avison Young Polska sp. z o.o. and the Company's percentage holding of ordinary shares increased to 100%.

Notes *(continued)*

18 Contract assets – work in progress

	2021 £000	2020 £000
Contract assets	2,529	3,083
Expenses not yet recovered	128	65
	2,657	3,148
	2,657	3,148

Contract assets are initially recognised for revenue earned where performance obligations pass over time as set out in the accounting policies within note 2. Upon invoicing, amounts are reclassified to trade debtors.

19 Debtors

	2021 £000	2020 £000
<i>Debtors due within one year</i>		
Trade debtors	34,023	22,928
Amounts owed by group undertakings	22,263	20,111
Other debtors	293	185
Corporation tax	573	975
Prepayments and accrued income	6,072	4,371
Deferred recruiting assets	3,027	3,638
	66,251	52,208
Total debtors due within one year	66,251	52,208
<i>Debtors due in more than one year</i>		
Deferred tax assets (see note 23)	8,020	5,688
Accrued income	-	288
	8,020	5,976
Total debtors due in more than one year	8,020	5,976
Total debtors	74,271	58,184

Trade debtors are non-interest bearing.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Deferred recruiting assets represent various pre-payments of incentives to new employees and contractors. Amortisation in respect of these assets totalling £2,394,000 has been expensed to the profit and loss account during the year (2020: £3,121,000).

20 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Lease liabilities (note 22)	3,534	3,297
Trade creditors	2,430	3,348
Amounts owed to group undertakings	9,102	21,014
Taxation and social security	8,455	11,860
Accruals and deferred income	20,479	10,039
Deferred recruiting liabilities	2,293	2,875
Other creditors	687	31
Short term provisions (note 24)	2,780	529
	49,760	52,993
	49,760	52,993

Notes (continued)

20 Creditors: amounts falling due within one year (continued)

In 2020 amounts owed to group undertakings include liabilities for fixed-term interest bearing promissory notes at interest rates ranging between 5.5% and 8% per annum totalling £9,652,000 and accrued interest of £1,703,000. During 2021 the notes were repaid. All other amounts owed to group undertakings are non-interest bearing and repayable on demand.

Deferred recruiting liabilities represent the current portion of various incentives payable to new employees and contractors under individual agreements.

21 Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Lease liabilities	11,657	14,449
Deferred recruiting liabilities	400	1,725
VAT payable	-	693
Accruals and deferred income	-	-
	<u>12,057</u>	<u>16,867</u>

Deferred recruiting liabilities represent the non-current portion of various incentives payable to new employees and contractors under individual agreements.

22 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2021 £000	2020 £000
Creditors falling due within less than one year		
Lease liabilities (note 20)	3,534	3,297
	<u>3,534</u>	<u>3,297</u>
Creditors falling due more than one year		
Lease liabilities (note 21)	11,657	14,449
	<u>11,657</u>	<u>14,449</u>

Lease liabilities

The movement of the lease liability during the year was as follows:

	Principal 2021 £000	Principal 2020 £000
At beginning of year	17,746	23,113
Additions	2,008	1,604
Disposals	-	(987)
Payments	(5,257)	(6,817)
Interest expense (note 12)	694	833
	<u>15,191</u>	<u>17,746</u>

The incremental borrowing rates used to calculate the interest expense on each individual lease range from 2.4% to 6.0%.

Notes (continued)

23 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

The deferred tax included in the balance sheet is as follows:

	2021 £000	2020 £000
<i>Deferred tax asset</i>		
PPE and intangible fixed assets	3,900	2,652
Provisions	171	6
Tax credit and loss carried forward	1,330	1,607
Retirement benefits liability	1,772	1,423
Other deductible temporary differences	847	-
	<u>8,020</u>	<u>5,688</u>

The deferred tax credit recognised in the profit and loss account is as follows:

	2021 £000	2020 £000
PPE and intangible fixed assets	(1,248)	(2,288)
Provisions	(165)	183
Tax credit and loss carried forward	276	(1,607)
Retirement benefits liability	(285)	(62)
Other deductible temporary differences	(847)	-
	<u>(2,269)</u>	<u>(3,774)</u>
<i>Deferred tax credit recognised in equity</i>		
Net retirement benefits liability	<u>(63)</u>	<u>(92)</u>

24 Provisions for liabilities and charges

	Dilapidations £000	Onerous Contracts £000	Claims incurred but not reported £000	Total £000
At 1 January	1,595	280	1,833	3,708
Additions in the year	30	-	3,105	3,135
Utilised or released in the year	(376)	(61)	(365)	(802)
Finance charge	54	9	-	63
At 31 December	<u>1,303</u>	<u>228</u>	<u>4,573</u>	<u>6,104</u>
Liability due in less than 1 year (note 20)	25	60	2,695	2,780
Liability due in more than 1 year	1,278	168	1,878	3,324
At 31 December	<u>1,303</u>	<u>228</u>	<u>4,573</u>	<u>6,104</u>

Notes *(continued)*

24 Provisions for liabilities and charges *(continued)*

Dilapidations are provided for based on a periodical review and are included in the accounts at the expected costs associated with bringing the relevant property into an acceptable state agreed by both parties.

Onerous contract provisions relate to contractual obligations for service charges payable on vacant leased office space that is not expected to be utilised by the Company for the duration of the remaining lease.

At 31 December 2021, the Company is party to certain professional indemnity claims where resolution is expected within 12 months of the balance sheet date but the basis for resolution is uncertain. Given the uncertainties relating to the outcome of these claims, the Directors have recognised a provision in these financial statements based on their best estimate of any financial obligation should it arise.

The provision also includes an amount for claims incurred but not reported which represent Management's estimate of the uninsured element of insurance claims against the Company for activities already undertaken but where the Company has yet to be notified of a claim.

25 Retirement benefits

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £4,212,000 (2020: £4,055,000).

At 31 December 2021 contributions amounting to £687,000 (2020: £28,000) were payable to the scheme and are included in other creditors.

Annuities

GVA Grimley LLP issued certain former members with annuities giving them a right to future profits earned by the LLP, a retirement benefit. As part of the acquisition of the trade and assets of GVA Grimley LLP, the agreements between the former members and the LLP were novated to Avison Young (UK) Limited.

The latest full actuarial valuation was carried out at 31 December 2021.

The major assumptions used in this valuation were:

	2021	2020
Rate of increase in profits*	5.0%	5.0%
Discount rate applied to scheme liabilities	1.7%	1.0%
Inflation assumption - RPI	4.0%	3.2%
Mortality table	75%S3PA CMI2020(1.0%)	75%S3PA CMI2019(1.0%)
	=====	=====

** Benefits to individuals have an agreed cap and so the link to future profit ceases, with the obligation increasing in line with inflation.*

The mortality assumption implies the expected future lifetime from age 75 as follows:

	2021	2020
Male aged 75	15.3 years	15.2 years
	=====	=====

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Notes *(continued)*

25 Retirement benefits *(continued)*

Sensitivity analysis

Increase/(decrease) in the defined benefit obligation:	0.5% lower	0.5% higher
Discount rate	259	(244)
RPI increases (assumption for profit-related increases unchanged)	(123)	127
	<u> </u>	<u> </u>
Life expectancy for a 75 year old	1 year higher 750	1 year lower (695)
	<u> </u>	<u> </u>

Scheme liabilities

The present value of the scheme's liabilities, which are derived from cash flow projections over long periods, are inherently uncertain. The normal practice for annuity obligations is to meet these as a first charge out of future profits. As such there is no off-balance sheet fund ring-fenced for such obligations.

	2021	2020
	£000	£000
Present value of scheme liabilities	(7,088)	(7,491)
Related deferred tax assets (note 23)	1,772	1,423
	<u> </u>	<u> </u>
	(5,316)	(6,068)
	<u> </u>	<u> </u>

Amounts for the current and previous four periods are as follows:

	31 December	31 December	31 December	31 December	31 December
	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
Defined benefit pension	7,088	7,491	7,469	10,656	11,128
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Movement in deficit during the period

	2021	2020
	£000	£000
Deficit in scheme at beginning of year	(7,491)	(7,469)
Benefits paid	605	585
Unwinding of discount factor (note 12)	(72)	(122)
Remeasurement losses	(130)	(485)
	<u> </u>	<u> </u>
Deficit in scheme at end of year	(7,088)	(7,491)
	<u> </u>	<u> </u>

Analysis of amounts recognised in statement of total recognised gains and losses

	2021	2020
	£000	£000
Experience losses arising on scheme liabilities	(303)	(169)
Changes in demographic assumptions	18	62
Changes in assumptions underlying the present value of scheme liabilities	155	(378)
	<u> </u>	<u> </u>
Actuarial loss recognised in statement of total recognised gains and losses	(130)	(485)
	<u> </u>	<u> </u>

Notes (continued)

25 Retirement benefits (continued)

History of experience gains and losses during the period

	2021 £000	2020 £000
Experience losses arising on scheme liabilities:		
Amount (£000)	(303)	(169)
Percentage of the present value of the scheme liabilities	4.27%	2.26%
Total amount recognised in statement of total recognised gains and losses:		
Amount (£000)	(130)	(485)
Percentage of the present value of the scheme liabilities	1.83%	6.47%

The annuity retirement benefits are expected to be utilised as follows:

	2021 £000	2020 £000
In less than two years	(615)	(590)
Between two and five years	(2,292)	(2,263)
Between five and ten years	(2,221)	(2,318)
Between ten and fifteen years	(1,279)	(1,451)
In more than fifteen years	(681)	(869)
	<u>(7,088)</u>	<u>(7,491)</u>

26 Share capital and reserves

	2021 £000	2020 £000
<i>Share capital</i>		
Authorised, allotted, called up and fully paid:		
854,517 Ordinary shares of £1 each (2020: 854,516 Ordinary shares of £1 each)	855	855
Share premium	83,993	72,348
	<u>84,848</u>	<u>73,203</u>
<i>Share based payment reserve</i>		
Cumulative share based payment transactions recorded in equity	10,544	7,218

Share capital

Called-up share capital represents the nominal value of shares that have been issued. Details pertaining to the structure of the Company's share capital are set out in its Articles of Association, publicly available at Companies House.

During the year one ordinary share was allocated, called up and fully paid for a consideration of £11,645,000.

Share premium account

Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Share based payment reserve

The share based payment reserve represents equity contributions made to the Company by the immediate parent entity in respect of the cost of share based payments made to employees the Company.

Profit and loss account

The profit and loss account shown on the statement of changes in equity includes all current and prior period retained profits and losses.

Notes *(continued)*

26 Share capital and reserves *(continued)*

Dividends paid in the year

The Company did not pay a dividend during the year (2020: £nil).

27 Contingent Liabilities

Due to the nature of the services provided from time to time the Company receives claims from customers. The Company holds professional indemnity insurance to cover any amounts due and therefore only provides for the excess payable where it is considered probable that payment is likely.

28 Related party disclosures

The Company has taken advantage of the exemption available under paragraph 8(k) of FRS 101 not to disclose details of its transactions with other undertakings within the group of companies headed by Avison Young Holdings Limited of which the Company is a member. Note 30 gives details of how to obtain a copy of the published financial statements of Avison Young Holdings Limited.

The Company purchased £nil services from GVA Worldwide Limited, a subsidiary company in which the Company holds an 82% interest (2020: £nil). Dividends declared by GVA Worldwide Limited and receivable by the Company were £298,000 (2020: £nil). The balance due to this subsidiary at the year end was £56,000 (2020: £356,000).

The Company purchased £nil of services from Avison Young Polksa Sp. z.o.o. (2020: £27,000), a subsidiary company in which the Company held an 85% interest until acquiring the remaining ordinary shares on 24 June 2021. Sales of services of £nil were also made to the subsidiary (2020: £19,000). The balance due to this subsidiary at the year end was £nil (2020: £nil).

29 Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2021 £000	2020 £000
Contracted but not provided for	11	25

There were no commitments under non-cancellable operating leases in either 2021 or 2020.

30 Ultimate parent company

The immediate parent company at 31 December 2021 was Avison Young Holdings Limited, incorporated in England and Wales.

As at 31 December 2021 the Company's ultimate parent undertaking and controlling party was Avison Young (Canada) Inc. The largest and smallest group in which the Company's results were consolidated and published was that headed by Avison Young Holdings Limited. The consolidated financial statements of Avison Young Holdings Limited are available from 3 Brindleyplace, Birmingham, England, B1 2JB.