

**Avison Young (UK) Limited**

**Annual report and financial statements**

**Registered number 06382509  
For the year ended 31 December 2023**

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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 ('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 £128.1 million (2022: £145.9 million) from which an operating loss of £66.6 million resulted (2022: loss of £24.2 million).

Lower revenue in 2023 compared to the prior year was due primarily to economic factors leading to a reduction on real estate market activity. In addition the impact of restructures, with removing of service offerings resulted in reduced fees. However, as a result of fee reduction and structure changes, costs were reduced with savings across staff costs. Increase in operating loss is predominately due to impairment of £40.8m in goodwill. Focus towards end of 2023 and early 2024 is to build market share with increased client engagement and increased costs to drive future growth initiatives, as the market recovers.

#### *Net asset position*

The balance sheet on page 17 shows the Company's financial position at the year-end. Net assets have reduced to £60.6 million (2022: £128.6 million). This is principally as a result of the trading performance and exceptional costs during the year.

#### *Outlook*

This Financial Year, the business has continued to be impacted by the economic downturn. As a result, management have reviewed fee projections, delaying recruitment and managing discretionary spend, as we enter 2024.

Economic recovery has been slower than expected driven by macro-economic challenges and political instability. The Directors now anticipate gradual recovery of the UK and European economy from H1 2025 with the Real Estate market recovering and thus resulting in an increased demand for the Company's services. The directors recognise that the timing of such a recovery is dependent on continued inflationary easing and interest rates continuing to reduce and stabilise. Recent Bank of England interest rate updates and inflation data releases have indicated a recovery, with decrease in rates being evident. However, full recovery however will be a gradual process, with strategic initiatives being put in place to mitigate adverse impacts, such as cost control and phasing recruitment.

### 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 to ensure 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 ultimate parent company.

#### Political, judicial, taxation or other regulatory matters

The Company may be adversely affected by changes in political, judicial, taxation or other regulatory factors, as well as other unforeseen matters. 2024 has followed expectations with forecasts being revised, driven by economic uncertainty and slow recovery following a UK recession. The expectation is that real economic growth will be experienced from Q4-2024 and into 2025. Various service/market offerings will remain challenged through 2024, such as occupier solutions including retail and office space, which has seen a change in the UK high street and commercial office space. However, with the public sector being challenged across local councils, there are opportunities to partner, offering advisory services to Public Organisations. In addition, the election of the new Government is forecast to have a positive impact on the economy but there will be caution for investors until the October Budget as well as traction across manifesto targets such as increasing new house builds.

Potential claims are reviewed quarterly with the Legal Team. There will be a risk of litigation due to the nature of offerings/professional advisory which will be prevalent based on the Statute of Limitations. Any such potential litigation is mitigated driven by reviews and compliance documentation.

#### 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

M Stirling  
Director



15<sup>th</sup> October 2024

## Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2023.

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:

S J Cresswell	(appointed 05 May 2023)
M Stirling	(appointed 05 May 2023)
R Jenkins	(appointed 24 January 2024)
N Walkley	(appointed 01 November 2022)
C Battist	(resigned 14 April 2023)
P J Morrissey	(resigned 05 May 2023)
J R Sibthorpe	(resigned 30 January 2024)

### 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 liabilities of £12,589,000 as at 31 December 2023, and a loss after tax for the year then ended of £70,214,000. 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 principal activity of the company is to provide commercial real estate advisory services, the group headed by Avison Young (Canada) Inc., the ultimate parent company. The company's cash flows are therefore dependent on the continuation, volume, and pricing of those operations.

The company meets its day to day working capital requirements from operational cash flows, intercompany loan and trading balances with the group headed by Avison Young (Canada) Inc., the ultimate parent company.

The directors have prepared cash flow forecasts and performed a going concern assessment which indicates 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.

The directors have additionally prepared cash flow forecasts and performed a going concern assessment reviewing reasonably possible downsides, which indicate that the company will require additional funds, through funding from Avison Young (Canada) Inc., to meet its liabilities as they fall due during 12 months from the date of approval of the financial statements, the going concern assessment period.

## **Directors' report (continued)**

At 31 December 2023, the UK group had loans payable to Avison Young (Canada) Inc. totalling £198,925,000 which had no associated covenants attached. The repayment date for this loan is 31 December 2024. Avison Young (Canada) Inc. and the directors expect the loan amount and repayment date to be extended by a further 12 months inclusive of interest payable on settlement.

Those forecasts are dependent on Avison Young (Canada) Inc. Inc not seeking repayment of the amounts currently due to it. Avison Young (Canada) Inc. Inc has indicated its intention to not seek repayment of the amounts currently due to it. 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.

### **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 Company's employees***

The Company's employees principally work from its offices across the UK. Avison Young recognises 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 Avison Young UK offices during the year. This included meeting employees and listening to their views.

## **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 a 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, that 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 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 disclosure relates to Group, which Avison Young (UK) Ltd is part of and committed to, as part of Group strategy. 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*

	2023 tCO <sub>2</sub> e	2022 tCO <sub>2</sub> e
Scope 1	4.41	6.06
Scope 2 (including natural gas)	445.94	654.37
Scope 3	15,860.97	12,019.41
<b>Total emissions (Scope 1, 2 and 3)</b>	<b>16,311.32</b>	<b>12,679.84</b>

## Directors' report (continued)

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

#### Scope 1, 2 and 3 emissions (continued)

		2023	2022
<b>Emission and energy intensities</b>	<b>Kwh/m<sup>2</sup></b>	<b>182</b>	<b>253</b>
<b>Scopes 1 and 2 energy except tCO<sub>2</sub>e/FTE*</b>	<b>tCO<sub>2</sub>e/m<sup>2</sup></b>	<b>0.0347</b>	<b>0.047</b>
	<b>Kwh/FTE</b>	<b>1,852</b>	<b>2,568</b>
	<b>tCO<sub>2</sub>e/FTE</b>	<b>12.87</b>	<b>9.17</b>

\* tCO<sub>2</sub>e/FTE includes Scopes 1-3

2023, Scope 2 electricity includes data estimates at 1 site and extrapolations at 4, heat data includes estimates at 2 sites and extrapolations at 3.

2022, Scope 2 electricity includes data estimates at 1 site and extrapolations at 9, heat data includes estimates at 4 sites and extrapolations at 6.

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 the framework for calculations and disclosure. The Company uses carbon conversion factors published by the UK's Department for Business, Energy and Industrial Strategy ("BEIS") in June 2023. This 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 for grid electricity. The Company has now expanded the reporting to include Scope 3 covering categories: 1 Purchased Goods and Services; 2 Capital Goods; 3 Fuel and Energy not in Scopes 1 and 2; 4 Upstream Transport & Distribution; 5 Waste; 6 Business Travel; and 7 Employee Commuting. As the data collection and analysis has improved or actual data has been located, the company has revisited previous data to improve estimation and extrapolation calculations to provide greater confidence within the data.

#### Energy consumption

	2023	2022
	kWh	kWh
Purchased Electricity	892,126	2,122,086
Purchased Heat	1,453,997	1,429,180
<b>Total energy consumption</b>	<b>2,346,123</b>	<b>3,551,266</b>

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 Global Impact Report available to view on the organisation's website.

#### Energy and carbon trends

There has been an decrease in energy consumed in 2023 compared to 2022. This is solely due to a reduction in electricity consumption. The principal reason for the reduction in electricity consumption is because of reducing the office floor area through floor closures at two of the company sites and significantly from the relocation of the Manchester office to a modern highly efficient office space. Gas consumption has remained relatively constant compared to 2022 with a slight increase in consumption. Homeworking rates have continued as per 2022 and does not appear to be impacting on the energy consumption.

## **Directors' report (continued)**

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

#### **Energy and carbon trends (continued)**

Business travel has decreased during 2023 compared to 2022. This has mainly been achieved through the reduction of long-haul flights. There were also reductions in travel undertaken by car. An increase was seen in the use of rail.

Scope 1 emissions have decreased compared to 2022 due to the loss of refrigerants from an air conditioning unit. There are no other scope 1 emissions.

#### **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 helped establish a carbon footprint with greater accuracy. The Company now has a much greater view of assets performance that will help guide in making corporate real estate decisions with regard to energy efficiency, office acquisitions, refurbishments and fit-outs.

Significant improvement in the capture of Scope 3 emissions has been realised. The most significant contribution of emissions is as a result of Category 1 – Purchased Goods & Services at over 70% of the company carbon footprint.

Avison Young has also made efficiencies through estate rationalisation by reducing the floor area of 2 offices.

The Company has also seen significant reduction from the relocation of the Manchester office. The new office space is significantly more energy efficient and a lower carbon impact. The site is 100% electric and used 76% less than the previous site during 2023. Factoring the differing floor area (kWh/m<sup>2</sup>) the new site used 73% less energy than the previous site.

Avison Young are continuing the drive to be a Net Zero Carbon business by 2030 across Scope 1 and 2 emissions and are continuing to capture and improve our procedures to capture scope 3 emissions.

#### **Business travel**

Business travel emissions have decreased compared to 2022 and remain below the baseline year. There has been reduction in all flight categories and classes with the most significant reductions in all classes of long-haul flights. There has also been a small reduction in car travel.

#### **Next steps**

Avison Young will continue to refine the data collection processes and procedures to ensure the data that harvested is as accurate as possible.

Scope 3 data collection and reporting is a priority as this is where the vast majority of the company emissions are located. The focus area includes Purchased Goods & Services, Capital Goods, Business Travel and Commuting.

#### **Planned energy efficiency actions**

In the medium term, Avison Young continue plan to identify which assets can be improved through technology such as LED lighting, lighting controls and efficient heating and cooling equipment.

An area where the company can make significant energy reductions is via the Occupancy Standard which details minimum standards for the selection of new office spaces and their fit-out requirements. This is key to enable the business to realise its Net Zero Carbon 2030 commitment.

## **Directors' report (continued)**

### **Dividend**

The Company did not propose or pay a dividend during the year (2022: £nil).

### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year (2022: £nil).

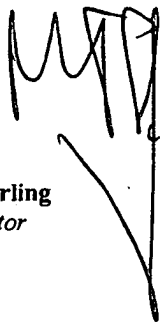
### **Disclosure of information to auditor**

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

A handwritten signature in black ink, appearing to be 'M Stirling', written over a vertical line that extends downwards from the signature.

**M Stirling**  
*Director*

3 Brindleyplace  
Birmingham  
B1 2JB  
United Kingdom

15th October 2024

## **Statement of directors' responsibilities in respect of the annual report, strategic report, directors' report and financial statements**

The directors are responsible for preparing the annual report, 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 2023 which comprise the profit and loss account, statement of other comprehensive income, 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 2023 and of its loss 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.
- 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 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.

We 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 account combinations.

#### *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 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](http://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.



**Muhammad Usman (Senior Statutory Auditor)**  
For and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

One Snowhill  
Snow Hill Queensway  
Birmingham  
United Kingdom  
B4 6GH

16<sup>th</sup> October 2024

**Profit and loss account**  
*for the year ended 31 December 2023*

	<i>Note</i>	2023			2022		
		Before exceptional items £000	Exceptional items £000	Total £000	Before exceptional items £000	Exceptional items £000	Total £000
Revenue	4	128,162	-	128,162	145,863	-	145,863
Staff costs	8	(95,090)	(4,170)	(99,260)	(104,628)	(5,738)	(110,366)
Depreciation, amortisation and impairment		(50,071)	-	(50,071)	(10,897)	-	(10,897)
Other operating income	4	4,356	-	4,356	39	-	39
Other operating costs		(49,833)	-	(49,833)	(48,866)	(5)	(48,871)
<b>Operating (loss)</b>		<b>(62,476)</b>	<b>(4,170)</b>	<b>(66,646)</b>	<b>(18,489)</b>	<b>(5,743)</b>	<b>(24,232)</b>
Dividend income from equity investments	0	-	-	-	3,000	-	3,000
Interest receivable and similar income	11	392	-	392	156	-	156
Interest payable and similar charges	12	(1,509)	-	(1,509)	(904)	-	(904)
<b>(Loss) on ordinary activities before taxation</b>	6	<b>(63,593)</b>	<b>(4,170)</b>	<b>(67,763)</b>	<b>(16,237)</b>	<b>(5,743)</b>	<b>(21,980)</b>
Taxation on loss on ordinary activities	13	(3,431)	980	(2,451)	(5,251)	1,091	(4,160)
<b>(Loss) on ordinary activities after taxation, being total comprehensive income for the year</b>		<b>(67,024)</b>	<b>(3,190)</b>	<b>(70,214)</b>	<b>(21,488)</b>	<b>(4,652)</b>	<b>(26,140)</b>

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 44 form part of these financial statements.

**Statement of other comprehensive income**  
*for year ended 31 December 2023*

	<i>Note</i>	2023 £000	2022 £000
<b>(Loss) for the year</b>		<b>(70,214)</b>	<b>(26,140)</b>
<b>Other comprehensive loss</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of retirement benefit liability	25	(251)	1,307
Income tax on items that will not be reclassified to profit or loss	13	63	(326)
		<b>(188)</b>	<b>981</b>
<b>Total comprehensive (loss) for the year</b>		<b>(70,402)</b>	<b>(25,159)</b>

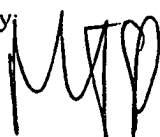
The notes on pages 19 to 44 form part of these financial statements.

**Balance sheet**  
*at 31 December 2023*

	<i>Note</i>	2023 £000	£000	2022 £000	£000
<b>Fixed assets</b>					
Intangible assets	14		69,367		111,031
Leasing right-of-use assets	15		8,186		10,030
Tangible assets	16		4,096		5,043
Investments	17		9,457		9,457
			<u>91,106</u>		<u>135,561</u>
<b>Current assets</b>					
Contract assets	18	2,781		2,829	
Debtors ( <i>including £350,000 (2022: £3,062,000) due after more than one year</i> )	19	48,793		66,144	
Cash at bank and in hand		3,071		1,104	
		<u>54,645</u>		<u>70,077</u>	
<b>Creditors: amounts falling due within one year</b>	20	<u>(67,234)</u>		<u>(55,404)</u>	
<b>Net current (liabilities)/assets</b>			<u>(12,589)</u>		<u>14,673</u>
<b>Total assets less current liabilities</b>			<u>78,517</u>		<u>150,234</u>
<b>Creditors: amounts falling due after more than one year</b>	21		(7,200)		(8,860)
<b>Provisions for liabilities</b>	24		(5,534)		(7,518)
<b>Retirement benefits liability</b>	25		(5,166)		(5,288)
<b>Net assets</b>			<u>60,617</u>		<u>128,568</u>
<b>Capital and reserves</b>					
Called up share capital	26		855		855
Share premium account	26		83,993		83,993
Share based payments reserve	26		16,409		13,958
Profit and loss account			(40,640)		29,762
<b>Equity shareholder's funds</b>			<u>60,617</u>		<u>128,568</u>

The notes on pages 19 to 44 form part of these financial statements.

These financial statements were approved by the Board of Directors on 15th October 2024 and were signed on its behalf by:



**M Stirling**  
*Director*

Company number: 06382509

**Statement of changes in equity**  
*for year ended 31 December 2023*

	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 2022	855	83,993	10,544	54,921	150,313
<b><i>Total comprehensive profit/(loss) for the year</i></b>					
Loss for the year	-	-	-	(26,140)	(26,140)
Other comprehensive profit	-	-	-	981	981
Total comprehensive profit for the year	-	-	-	(25,159)	(25,159)
<b><i>Transactions with owners recorded directly in equity</i></b>					
Share based payment expenses in the year	-	-	3,414	-	3,414
Total transactions with owners	-	-	3,414	-	3,414
Balance at 31 December 2022	855	83,993	13,958	29,762	128,568
<b><i>Total comprehensive profit/(loss) for the year</i></b>					
Loss for the year	-	-	-	(70,214)	(70,214)
Other comprehensive loss	-	-	-	(188)	(188)
Total comprehensive loss for the year	-	-	-	(70,402)	(70,402)
<b><i>Transactions with owners recorded directly in equity</i></b>					
Share based payment expenses in the year	-	-	3,940	-	3,940
Intercompany recharge for share based payments	-	-	(1,489)	-	(1,489)
Total transactions with owners	-	-	2,451	-	2,451
<b>Balance at 31 December 2023</b>	<b>855</b>	<b>83,993</b>	<b>16,409</b>	<b>(40,640)</b>	<b>60,617</b>

The notes on pages 19 to 44 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 2023 were authorised for issue by the Board of Directors on 15<sup>th</sup> October 2024 and the balance sheet was signed on the Board's behalf by M Stirling. 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 2023 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 IFRS 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;
- 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 liabilities of £12,589,000 as at 31 December 2023, and a loss after tax for the year then ended of £70,214,000. 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 principal activity of the company is to provide commercial real estate advisory services, the group headed by Avison Young (Canada) Inc., the ultimate parent company. The company's cash flows are therefore dependent on the continuation, volume, and pricing of those operations.

The company meets its day to day working capital requirements from operational cash flows, intercompany loan and trading balances with the group headed by Avison Young (Canada) Inc., the ultimate parent company.

The directors have prepared cash flow forecasts and performed a going concern assessment which indicates 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.

The directors have additionally prepared cash flow forecasts and performed a going concern assessment reviewing reasonably possible downsides, which indicate that the company will require additional funds, through funding from Avison Young (Canada) Inc., to meet its liabilities as they fall due during 12 months from the date of approval of the financial statements, the going concern assessment period.

At 31 December 2023, the UK group had loans payable to Avison Young (Canada) Inc. totalling £198,925,000 which had no associated covenants attached. The repayment date for this loan is 31 December 2024. Avison Young (Canada) Inc. and the directors expect the loan amount and repayment date to be extended by a further 12 months inclusive of interest payable on settlement.

Those forecasts are dependent on Avison Young (Canada) Inc. Inc not seeking repayment of the amounts currently due to it. Avison Young (Canada) Inc. Inc has indicated its intention to not seek repayment of the amounts currently due to it. 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

## Notes (continued)

### 2 Accounting policies (continued)

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.

#### 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

## Notes (continued)

### 2 Accounting policies (continued)

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.

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.

## Notes (continued)

### 2 Accounting policies (continued)

#### *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.

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.

## Notes (continued)

### 2 Accounting policies (continued)

#### *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.

#### *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 probably 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 consultancy, transactional advice and property management. 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)

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 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 engagement letter.

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)

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 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 2023, were not considered by the directors to have had a significant impact on the Company's financial statements.

## Notes (continued)

### 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 2023:

#### *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 2023:

#### *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.

#### *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.

#### *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.

#### *Provisions – claims reported*

The Company reviews and monitors reported claims on an ongoing basis and provides for such claims as soon as a liability is deemed likely or probable to materialise. Until a claim is settled there is uncertainty around the final value and timing of such claims, however the Directors and internal legal advisors use their available experience and up to date knowledge to determine the estimated provision at the balance sheet date.

**Notes (continued)**

**4 Revenue**

Revenue is analysed as follows:

	2023 £000	2022 £000
Rendering of services	128,162	145,863
Total revenue	<u>128,162</u>	<u>145,863</u>

Revenue by area of activity:

Consultancy	75,071	85,087
Transactional	33,824	42,970
Property management	19,267	17,806
	<u>128,162</u>	<u>145,863</u>

Revenue by geographical market:

UK	124,515	142,301
Europe	3,285	3,031
Rest of the World	362	531
	<u>128,162</u>	<u>145,863</u>

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

Other operating income relates to client account interest, which has benefitted from the increased interest rates in the year.

## 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:

	2023 £000	2022 £000
<i>Presented in staff costs</i>		
Redundancy costs	4,170	5,738
<i>Presented in other operating costs</i>		
Covid-19 related operating expenses	-	5
<b>Total exceptional and non-recurring costs</b>	<b>4,170</b>	<b>5,743</b>

### 6 Notes to the profit and loss account

	2023 £000	2022 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditor's remuneration	459	356
Amortisation of intangible fixed assets (note 14)	856	1,590
Impairment Loss (note 14)	40,847	-
Amortisation of deferred recruiting incentives (note 19)	1,821	3,041
Profit/(loss) on disposal of tangible fixed assets	6	(347)
Depreciation of tangible fixed assets (note 16):		
Owned	2,286	2,369
Leased	1	14
Depreciation and impairment of leasing right-of-use assets (note 15)		
Depreciation	4,260	3,883
Short term lease rentals:		
Plant and machinery	251	61
Share based payment expense (note 9)	3,940	3,414
<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)	454	330
Audit-related assurance services	-	10
Taxation compliance services	-	9
Other taxation advisory services	5	7
	<b>459</b>	<b>356</b>

**Notes (continued)**

**7 Directors' remuneration**

	2023 £000	2022 £000
Directors' emoluments	1,291	1,243
Company contributions to money purchase pension schemes	33	33
Share related awards	46	77
	1,370	1,353
	1,370	1,353

The aggregate of emoluments of the highest paid director was £465,000 (2022: £572,000) and company contributions to a money purchase pension scheme of £nil (2022: £10,000) were made on their behalf.

	Number of directors	
	2023	2022
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	3
	3	3
	3	3

**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	
	2023	2022
Fee earners	766	867
Secretarial support	31	60
Other support staff	316	279
	1,113	1,206
	1,113	1,206

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	78,376	86,769
Social security costs	8,500	9,925
Contributions to defined contribution plans	4,274	4,520
Redundancy costs (note 5)	4,170	5,738
Share based payment expense	3,940	3,414
	99,260	110,366
	99,260	110,366

## Notes (continued)

### 9 Share-based payments

Avison Young (Canada) Inc. ("AYCI"), under its share-based compensation plan, and in the ordinary course of business, awards shares in AYCI to certain employees and independent contractors, which includes employees of the Company, in recognition of their employment or services provided, to incentivize performance and retention and to align interests with the Company. The shares are generally subject to a three- to seven-year restricted period in which the shares are forfeited if the shareholder is terminated for cause or resigns. The Company acts as the receiving entity for the share-based compensation plan as AYCI has obligation to settle this plan with employees. This plan is classified as equity-settled for the Company.

AYCI also maintains an Equity Incentive Award Program entitling certain employees and independent contractors to annual grants of restricted share units ("RSUs"), subject to certain thresholds and exclusions. The amount of RSUs granted is contingent on individual revenues earned per calendar year. Awards under the RSU program are subject to a five-, six-, or seven-year restricted period.

These issuances are recorded at the most recent estimated fair market value of the award available on the grant date. The fair value on the grant date is then amortized over the vesting period. The fair market value of share-based grants is determined based upon an estimate of the value of the common stock of AYCI, on a non-marketable, minority-interest basis using a combination of the discounted cash flow method and market approach. Material assumptions used in the determination of this value include estimated future cash flows, weighted average cost of capital, residual year capitalization rate and market multiples.

The fair value of the shares granted in exchange for services is recognised as an expense as services are rendered with a corresponding credit to share-based payment reserve. The total amount to be expensed is determined by reference to the estimated fair value of the shares granted using a valuation model.

During the year, the charge recognised in the profit and loss account was £3,940,000 (2022: £3,414,000). The opening share-based payment reserve at 1 January 2022 was £10,544,000, the closing share-based payment reserve at 31 December 2022 and opening at 1 January 2023 was £13,958,000, and the closing shared based payment reserve at 31 December 2023 was £16,409,000.

Share Awards	2023		2022	
	No. of Shares	Weighted average grant price	No. of Shares	Weighted average grant price
Outstanding at the beginning of the year	20,393	849	18,197	811
Granted during the year	2,243	604	2,411	1,139
Forfeited/cancelled during the year	(614)	-	(215)	-
<b>Outstanding at the end of the year</b>	<b>22,022</b>	<b>823</b>	<b>20,393</b>	<b>849</b>

RSUs	2023		2022	
	No. of Shares	Weighted average grant price	No. of Shares	Weighted average grant price
Outstanding at the beginning of the year	65	688	11	1,077
Granted during the year	340	597	54	609
Forfeited/cancelled during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>405</b>	<b>612</b>	<b>65</b>	<b>688</b>

**Notes (continued)**

**10 Dividend income from equity investments**

During the year dividend income of nil was received from subsidiary undertakings (2022: £3,000,000).

**11 Interest receivable and similar income**

	2023 £000	2022 £000
Interest on amounts owed by group undertakings	374	128
Other interest	18	28
	392	156
	392	156

**12 Interest payable and similar charges**

	2023 £000	2022 £000
Lease interest payable (note 22)	627	586
Interest on amounts owed to group undertakings	374	-
Unwinding of discount factor on annuities (note 25)	242	115
Other interest payable	266	203
	1,509	904
	1,509	904

## Notes (continued)

### 13 Taxation

#### *Analysis of credit in year*

	2023 £000	£000	2022 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	-		-	
Group relief (payable)	(286)		(15)	
Adjustments in respect of prior periods	(38)		(456)	
	<hr/>		<hr/>	
Total current tax		(324)		(471)
<i>Deferred tax (note 23)</i>				
Origination/reversal of timing differences	3,573		4,730	
Adjustment in respect of prior periods	(633)		(99)	
Effect of tax rate change on opening balance	(165)		-	
	<hr/>		<hr/>	
Total deferred tax		2,775		4,631
		<hr/>		<hr/>
Tax charge on profit on ordinary activities		2,451		4,160
		<hr/> <hr/>		<hr/> <hr/>

#### *Income tax recognised in other comprehensive income*

	2023 £000	2022 £000
Remeasurements of defined benefit liability (note 23)	(63)	326
	<hr/>	<hr/>

#### *Reconciliation of effective tax rate*

	2023 £000	2022 £000
<i>Total tax reconciliation</i>		
(Loss) on ordinary activities before taxation	(67,763)	(21,980)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 23.52% (2022: 19%)	(15,938)	(4,176)
Fixed asset differences	71	16
Expenses not deductible for tax purposes	12,216	920
Income not taxable for tax purposes	-	(570)
Other timing differences	-	406
Remeasurement of deferred tax for changes in tax rates	145	42
Deferred tax not recognised	6,628	8,077
Adjustments in respect of prior periods	(671)	(555)
	<hr/>	<hr/>
Total tax charge	2,451	4,160
	<hr/> <hr/>	<hr/> <hr/>

#### *Factors that have affected current and future tax charges*

For the financial year 2022, companies pay corporation tax on their profits at a rate of 19%, regardless of the level of profits earned in the year.

However, with effect from 1 April 2023, for some companies the rate of corporation tax has from that date rise to 25%.

**Notes (continued)**

**14 Intangible fixed assets**

	<b>Goodwill</b>	<b>Management Contracts</b>	<b>Software</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<i>Cost</i>				
At beginning of year	112,548	1,602	8,073	122,223
Additions	-	-	39	39
Disposals	-	-	(1,526)	(1,526)
<b>At end of year</b>	<b>112,548</b>	<b>1,602</b>	<b>6,586</b>	<b>120,736</b>
<i>Amortisation</i>				
At beginning of year	3,031	1,563	6,598	11,192
Charge for the year	-	39	817	856
Impairment Loss	40,847	-	-	40,847
Disposals	-	-	(1,526)	(1,526)
<b>At end of year</b>	<b>43,878</b>	<b>1,602</b>	<b>5,889</b>	<b>51,369</b>
<i>Net book value</i>				
<b>At 31 December 2023</b>	<b>68,670</b>	<b>-</b>	<b>697</b>	<b>69,367</b>
At 31 December 2022	109,517	39	1,475	111,031

*Amortisation and impairment charge*

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Depreciation and amortisation	856	1,590
Impairment Loss	40,847	-
	<b>41,703</b>	<b>1,590</b>

**Notes (continued)**

**15 Leasing right-of-use assets**

	Electric vehicles £000	Leasehold property £000	Computers and equipment £000	Total £000
<i>Cost</i>				
At beginning of year	531	20,854	1,730	23,115
Additions	949	1,576	-	2,525
Disposals	(153)	(2,354)	-	(2,507)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,327	20,076	1,730	23,133
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	87	11,675	1,323	13,085
Charge for the year	383	3,586	291	4,260
Disposals	(55)	(2,343)	-	(2,398)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	415	12,918	1,614	14,947
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2023	912	7,158	116	8,186
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	444	9,179	407	10,030
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 16 Tangible fixed assets

	Leasehold improvements £000	Computers and equipment £000	Total £000
<i>Cost</i>			
At beginning of year	13,670	7,792	21,462
Additions	921	419	1,340
Disposals	-	(249)	(249)
	<hr/>	<hr/>	<hr/>
At end of year	14,591	7,962	22,553
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>			
At beginning of year	9,936	6,483	16,419
Charge for the year	1,672	615	2,287
Disposals	-	(249)	(249)
	<hr/>	<hr/>	<hr/>
At end of year	11,608	6,849	18,457
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>			
At 31 December 2023	2,983	1,113	4,096
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2022	3,734	1,309	5,043
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in the total net book value for computers and equipment is nil (2022: £1,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £1,000 (2022: £14,000).

Included in leasehold improvements additions for the year is £186,000 (2022: £55,000) in respect of an assessment of dilapidations provisions.

### 17 Fixed asset investments

	Shares in subsidiary undertakings £000
<i>Cost</i>	
At beginning of year	11,115
Additions	-
	<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 2023	9,457
	<hr/> <hr/>
At 31 December 2022	9,457
	<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
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

*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 1<sup>st</sup> 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 all other UK incorporated subsidiary undertakings is 3 Brindleyplace, Birmingham, B1 2JB.

During the year, an investment in The Stoke on Trent & Staffordshire Safer Communities Community Interest Company was written off.

**Notes (continued)**

**18 Contract assets – work in progress**

	2023 £000	2022 £000
Contract assets	2,618	2,698
Expenses not yet recovered	163	131
	2,781	2,829
	2,781	2,829

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**

	2023 £000	2022 £000
<i>Debtors due within one year</i>		
Trade debtors	23,907	31,050
Amounts owed by group undertakings	18,214	22,536
Other debtors	236	1,606
Corporation tax	-	380
Prepayments and accrued income	4,815	5,138
Deferred recruiting assets	1,271	2,372
	48,443	63,082
	48,443	63,082
<i>Debtors due in more than one year</i>		
Deferred tax assets (see note 23)	350	3,062
	350	3,062
	350	3,062
<b>Total debtors</b>	<b>48,793</b>	<b>66,144</b>

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 £1,821,000 has been expensed to the profit and loss account during the year (2022: £3,041,000).

**20 Creditors: amounts falling due within one year**

	2023 £000	2022 £000
Lease liabilities (note 22)	2,866	2,609
Trade creditors	4,148	5,276
Amounts owed to group undertakings	39,828	19,450
Taxation and social security	6,597	6,155
Accruals	8,109	16,523
Deferred income	1,118	1,144
Deferred recruiting liabilities	397	943
Other creditors	709	759
Short term provisions (note 24)	3,462	2,545
	67,234	55,404
	67,234	55,404

**Notes** *(continued)*

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

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**

	2023 £000	2022 £000
Lease liabilities	7,186	8,860
Deferred recruiting liabilities	14	-
	7,200	8,860
	7,200	8,860

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.

	2023 £000	2022 £000
<b>Creditors falling due within less than one year</b>		
Lease liabilities (note 20)	2,866	2,609
	2,866	2,609
<b>Creditors falling due more than one year</b>		
Lease liabilities (note 21)	7,186	8,860
	7,186	8,860
	7,186	8,860

*Lease liabilities*

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

	Principal 2023 £000	Principal 2022 £000
At beginning of year	11,469	15,191
Additions	2,526	2,725
Disposals	(115)	(1,661)
Payments	(4,455)	(5,372)
Interest expense (note 12)	627	586
	10,052	11,469
<b>At end of year</b>	10,052	11,469

The incremental borrowing rates used to calculate the interest expense on each individual lease range from 2.4% to 7.7%.

## 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:

	2023 £000	2022 £000
<i>Deferred tax asset</i>		
PPE and intangible fixed assets	(36)	(413)
Provisions	213	190
Tax credit and loss carried forward	-	2,652
Retirement benefits liability	150	441
Other deductible temporary differences	23	192
	350	3,062
	350	3,062

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

	2023 £000	2022 £000
PPE and intangible fixed assets	(377)	4,312
Provisions	(23)	(19)
Tax credit and loss carried forward	2,652	(1,321)
Retirement benefits liability	354	1,004
Other deductible temporary differences	169	655
	2,775	4,631
	2,775	4,631
<i>Deferred tax credit recognised in equity</i>		
Net retirement benefits liability	(63)	326
	(63)	326

### 24 Provisions for liabilities and charges

	Dilapidations £000	Onerous Contracts £000	Professional Indemnity Claims £000	Total £000
At 1 January 2023	1,434	243	8,386	10,063
Additions in the year	186	674	500	1,360
Utilised or released in the year	-	(507)	(1,978)	(2,485)
Finance charge	40	18	-	58
	1,660	428	6,908	8,996
	1,660	428	6,908	8,996
Liability due in less than 1 year (note 20)	679	283	2,500	3,462
Liability due in more than 1 year	981	145	4,408	5,534
	1,660	428	6,908	8,996
	1,660	428	6,908	8,996

## 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 2023, the Company is party to certain professional indemnity claims where the basis 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 £4,274,000 (2022: £4,520,000).

At 31 December 2023 contributions amounting to £709,000 (2022: £759,000) 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 2023.

The major assumptions used in this valuation were:

	2023	2022
Rate of increase in profits*	5.0%	5.0%
Discount rate applied to scheme liabilities	4.45%	4.85%
Inflation assumption – RPI	3.40%	3.85%
Mortality table	75% S3PA CMI2022(1.0%)	75% S3PA CMI2021(1.0%)
	<hr/>	<hr/>

\* 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:

	2023	2022
Male aged 75	14.9 years	15.3 years
	<hr/>	<hr/>

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	144	(137)
RPI increases (assumption for profit-related increases unchanged)	(51)	36
	<u>          </u>	<u>          </u>
	1 year higher	1 year lower
Life expectancy for a 75 year old	483	(500)
	<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.

	2023	2022
	£000	£000
Present value of scheme liabilities	(5,166)	(5,288)
Related deferred tax assets (note 23)	150	441
	<u>          </u>	<u>          </u>
	(5,016)	(4,847)
	<u>          </u>	<u>          </u>

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

	31 December 2023 £000	31 December 2022 £000	31 December 2021 £000	31 December 2020 £000	31 December 2019 £000
Defined benefit pension	5,166	5,288	7,088	7,491	7,469
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### Movement in deficit during the period

	2023	2022
	£000	£000
Deficit in scheme at beginning of year	(5,288)	(7,088)
Benefits paid	615	608
Unwinding of discount factor (note 12)	(242)	(115)
Remeasurement losses	(251)	1,307
	<u>          </u>	<u>          </u>
Deficit in scheme at end of year	(5,166)	(5,288)
	<u>          </u>	<u>          </u>

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

	2023	2022
	£000	£000
Experience adjustments arising on scheme liabilities	(329)	138
Changes in demographic assumptions	154	1
Changes in assumptions underlying the present value of scheme liabilities	(76)	1,168
	<u>          </u>	<u>          </u>
Actuarial loss recognised in statement of total recognised gains and losses	(251)	1,307
	<u>          </u>	<u>          </u>

## Notes (continued)

### 25 Retirement benefits (continued)

History of experience gains and losses during the period	2023 £000	2022 £000
Experience adjustments arising on scheme liabilities:		
Amount (£000)	(329)	138
Percentage of the present value of the scheme liabilities	(6.37)%	2.61%
Total amount recognised in statement of total recognised gains and losses:		
Amount (£000)	(251)	1,307
Percentage of the present value of the scheme liabilities	(4.86)%	24.72%

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

	2023 £000	2022 £000
In less than two years	(618)	(590)
Between two and five years	(2,079)	(2,025)
Between five and ten years	(1,583)	(1,627)
Between ten and fifteen years	(641)	(731)
In more than fifteen years	(245)	(315)
	<u>(5,166)</u>	<u>(5,288)</u>

### 26 Share capital and reserves

	2023 £000	2022 £000
<b>Share capital</b>		
Authorised, allotted, called up and fully paid:		
854,517 Ordinary shares of £1 each (2022: 854,517 Ordinary shares of £1 each)	855	855
Share premium	83,993	83,993
	<u>84,848</u>	<u>84,848</u>
<b>Share based payment reserve</b>		
Cumulative share based payment transactions recorded in equity	17,898	13,958

#### 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.

#### 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 (2022: £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.

### 29 Commitments

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

	2023	2022
	£000	£000
Contracted but not provided for	-	53
	-	53

There were no commitments under non-cancellable operating leases in either 2023 or 2022.

### 30 Ultimate parent company

The immediate parent company at 31 December 2023 was Avison Young Holdings Limited, incorporated in England and Wales.

As at 31 December 2023 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.