

Savills (UK) Limited

(Registered Number: 02605138)

Annual Report and Financial Statements

For the year ended 31 December 2021

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Savills (UK) Limited

Directors

The Directors of Savills (UK) Limited ("the Company") who were in office during the year and up to the date of signing the financial statements were:

Richard Rees
Justin Marking
Jeremy Bates
Stephen Down
Nicholas Herward
Simon Hope
Nicola McGinnis (appointed 1 January 2021)
Philip Pearce
James Sparrow
David Williams
James Gulliford
Andrew Harle
Simon Collett
Peter Allen

Registered Office

33 Margaret Street, London, W1G 0JD

Independent Auditors

Ernst & Young LLP, 1 More London Place, London, SE1 2AF

Solicitors

CMS Cameron McKenna LLP, Cannon Place, 78 Cannon Street, London, EC4N 6AF

Principal Bankers

Barclays Bank PLC, 1 Churchill Place, London E14 5HP

Savills (UK) Limited

Strategic Report

The Directors present their Strategic Report on the Company for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is the provision of a comprehensive range of property advice. The Company is a private company limited by shares, incorporated and domiciled in England and Wales in the UK, and registered in England with its registered office at 33 Margaret Street, London, W1G 0JD.

Results

The profit for the financial year was £89,225k (2020: £51,823k). The net assets, including pension surplus / deficit of the Company as at 31 December 2021 were £152,681k (2020: £107,333k).

Principal developments

The Company's revenue increased by 27.3% to £719.0m (2020: £564.5m) with good performance across all the sectors. In particular the UK prime housing market performed strongly, and most areas of the UK commercial property market saw a steady recovery in 2021.

Profit before tax increased by 66% to £107.4m (2020: £64.7m) reflecting a margin of 14.9% (2020: 11.5%).

A detailed review of operations of the Savills Plc group can be found on pages 6 to 30 in the 2021 Annual Report and Accounts of Savills plc.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Savills plc Group and are not managed separately. Risk is assessed across the Group using a systematic risk management model covering both external and internal factors and the potential impact and likelihood of those risks occurring. Risks assessments are incorporated into risk registers which evolve to reflect the reduction/increase in identified principal risks and the emergence of new principal risks. Where it is considered that a risk can be mitigated further to the benefit of the business, responsibilities are assigned, and action plans are agreed. Principal risks are those that could cause the Company's strategy, results, financial condition or prospects to differ materially from expectations.

The Company's existing and emerging principal risks are:

General economy and business conditions

Risk Description

Market conditions continue to be volatile as the UK economy emerges from the Covid-19 pandemic and the Russia/Ukraine conflict brings heightened uncertainty, in particular as inflationary pressures increase and interest rates rise. The overall impact on real estate markets will take some time to become clear.

Risk Mitigations

The Company looks to ensure it has a diverse service offering and client portfolio to mitigate the impact on the business of economic downturns and weaker market conditions, but these factors cannot entirely mitigate the overall risk to earnings. Continual monitoring of market conditions, and market changes, supported by the reforecasting and reporting in our business is key to our ability to respond to changes in our operating environment.

Savills (UK) Limited

Strategic Report (continued)

Principal risks and uncertainties (continued)

Recruitment and retention of staff

Description

We recognise that the future success of the business is dependent on attracting, developing, motivating and retaining high quality staff. The current active recruitment markets have increased the pressure to retain and attract the best people.

Mitigations

We continue to invest in the development of our people and our training and development programmes. Reward structures are in place to incentivise and retain the best people and these are continuously reviewed to ensure that reward packages remain competitive. We aim to promote from within and are fully engaged with the Savills Plc group diversity and inclusion strategy, and health and wellbeing programmes. These all combine to ensure that employee retention remains high.

Achieving the right market positioning in response to the needs of our clients.

Risk Description

The markets in which we operate are highly competitive. Competition could lead to a reduction in market share and/or a decline in revenue. Our focus is on retaining existing clients as well as engaging with new clients. Our service offering continuously evolves to meet the changing needs of our clients.

Risk Mitigations

To remain competitive in all markets, we continue to promote and differentiate our strengths whilst focussing on providing the quality of service that our clients require. We invest in the development of client relationships and associated digital technology to support, enhance and extend our client service offering.

Reputational and brand risk

Risk Description

The Savills brand has an excellent reputation in the markets in which we operate. This reputation could be damaged due to an action or event that results in negative media coverage.

Risk Mitigations

We recognise that the brand strength is vital to maintaining market share in established and new markets. We are part of the Savills Plc group brand management programme that ensures the brand's positioning and identity is clearly and consistently promoted. Our social media policy is supported by guidance and training as well as ongoing monitoring. All external statements must be appropriately approved. Policies, controls and processes are in place to monitor the quality of our client service to support continuous improvement.

Legal Risk

Risk Description

Failure to fulfil our legal or contractual obligations to clients could subject the Company to action and/or claims from clients. The adverse outcome of such actions/claims could negatively impact our reputation, financial condition and/or the results of the business.

Risk Mitigations

The company has a range of policies in place covering client acceptance, legal and regulatory compliance, data protection, procurement, contractor management and valuation. The Company is an integral part of the Savills Plc group Best Practice groups which has policies, procedures and training designed to deliver the relevant contractual obligations and thereby mitigate against the risk of such actions/claims being made and where such claims occur, to limit liability, particularly in relation to consultancy services such as valuations. Such policies are regularly reviewed. The Company maintains professional indemnity insurance to respond to and mitigate the Company's financial exposure to such claims. This risk is further mitigated by a strong emphasis on appropriate business conduct by all our employees, contractors and associates.

Savills (UK) Limited

Strategic Report (continued)

Principal risks and uncertainties (continued)

Failure or significant interruption to our IT systems causing disruption to client service

Risk Description

Major failures in our IT systems may result in client service being interrupted or data being lost/corrupted causing damage to our reputation and consequential client and/or revenue loss. There is a risk that an attack on our infrastructure by a malicious individual or group could be successful and impact the availability of critical systems.

Risk Mitigations

The IT systems are managed and supported by the dedicated Savills Plc Group IT function. The critical infrastructure is set up so far as is reasonably practical to prevent unauthorised access and reduce the likelihood and impact of a successful attack. The data centres are accredited to international information security standards with a strategy to diversify our services utilising cloud and hosting in order to avoid a single point of failure. Specific back-up and resilience requirements are built into our systems and these are continuously reviewed and tested. Business continuity and disaster recovery plans are in place to cover the residual risks that cannot be mitigated, and Cyber insurance is in place within the Savills Plc Group.

Business continuity

Risk Description

Significant non-IT events may affect continuity of service to clients, consequential revenue loss, and reputational damage.

Risk Mitigations

Business continuity plans are in place across our business to enable us to respond to external incidents which threaten the continuity to operations. These plans encompass a range of events that could impact on our people or buildings such as pandemics, terrorist events and natural disasters. Appropriate plans/measures continue to be maintained for the COVID-19 pandemic, and we monitor the on-going impacts closely. The welfare of our staff and clients continues to be paramount and we have implemented risk management measures consistent with government guidance.

Business conduct

Description

We operate in markets that may present business conduct-related risks involving, for example, fraud, bribery or corruption. Failure by our employees to observe the highest standards of integrity and conduct in dealing with client, suppliers, and other stakeholders could result in civil and/or criminal penalties, regulatory sanction, debarring and/or reputational damage.

Mitigations

Training programmes are in place to promote compliance with our Code of Conduct, particularly in areas of higher risk such as procurement. There is a zero-tolerance approach to breaches of our Code of Conduct.

Changes in regulatory environment / regulatory breaches

Description

We must meet a broad range of regulatory compliance requirements, in particular Health and Safety regulations. Failure to satisfy regulatory compliance may result in fines being imposed, adverse publicity, brand/reputation damage, and claims against the Company.

Mitigations

The Company has compliance resources who monitor regulatory developments and maintain internal processes and controls required to fulfil our compliance obligations. The Company is within the Savills Plc group professional indemnity insurance policy to respond to and mitigate the Company's financial exposure to such claims.

Further details of the Savills Group risk framework can be found on pages 31 to 38 of the Group's 2021 Annual Report and Financial Statements, which does not form part of this report.

Savills (UK) Limited

Strategic Report (continued)

Key performance indicators

Financial and non-financial key performance indicators (KPIs) utilised by the directors to measure progress are as follows:

	2021	2020	Variance
Financial			
Turnover	£719.0m	£564.5m	£148.4m
Profit before income tax	£107.4m	£64.7m	£42.7m
Operating profit margin	15.07%	11.46%	
Non-Financial			
% non-transactional income	56.4%	61.8%	
Property under management (million sq. ft.)	568.7	477.3	

The development, performance and position of the Group, which includes the Company, are discussed on pages 6 to 30 of the Savills plc 2021 Annual Report and Accounts, which does not form part of this report.

Future developments

At this stage it is too early to predict the economic, including longer term inflationary, impact of the Ukrainian crisis on the real estate markets. Subject to this key uncertainty, we would anticipate real estate transaction volumes to normalise in the year ahead, alongside the continued recovery of markets as they emerge from pandemic related disruptions.

Stakeholder engagement with s.172

The following disclosure is made in line with the Companies (Miscellaneous Reporting) Regulations 2018 which require Companies to report on employee and stakeholder engagement. We aim to maintain an open and positive dialogue with all our stakeholders, considering their key interests and communicating with them on a regular basis. The strength of our stakeholder relationships has never been more important than during COVID-19. The Board remains committed to strengthening further its dialogue with employees and the Company's wider stakeholder group, considers the views of key stakeholders in its decision-making, recognising that they are central to the long-term prospects of the Company. The Company has adapted to a change of working practices since the start of the pandemic and keeps engagement channels under review. The Board uses a range of engagement mechanisms in order to understand and consider our stakeholders' views in the oversight and decision-making of the Board.

Savills (UK) Limited

Strategic Report (continued)

Stakeholder engagement with s.172 (continued)

Who are our stakeholders	Why we focus on these stakeholders	How do we engage them?
Clients	Our clients are key to the success of our business	<p>We are in continuous contact with our clients, to understand their requirements, to listen to their feedback on our service levels and to understand their expectations in terms of the development of our service offering. As part of the client relationship management programme, it is the responsibility of our dedicated client relationship leads to gain a deep understanding of our clients' businesses through regular dialogue and to share this knowledge with the wider client relationship and business leadership teams.</p> <p>The quality of our service performance is regularly assessed by independent reviewers which helps us better understand how we are managing the relationship and what we need to change to deliver the service and added value our clients expect. In the last year we have increased the level of feedback we receive which has enabled us to tailor better our approach to individual clients, making their experience of Savills more bespoke to them and their needs.</p> <p>Client relationship leads also act as a focal point for client servicing enquiries and it is their responsibility to quickly identify and resolve any service issues.</p> <p>The feedback helps us maintain the highest levels of client service and develop and extend our client offering.</p>
Our People	Our people are our most valuable asset. We firmly believe that our people are key to delivering excellent service to our clients and achieving our objectives.	<p>Our long-standing focus and business philosophy is founded on the premise that staff in our sector are motivated through highly incentive and performance based (and therefore variable) remuneration consistent with our partnership style culture. We firmly believe that this approach best aligns the Savills Group shareholders' and management's interests and incentivises superior performance and the creation of long-term shareholder value.</p> <p>We continue to be a responsible employer in our approach to our people, ensuring we communicate and engage regularly in a variety of ways. We are always looking for opportunities to improve. During 2021, we used a number of channels to communicate and engage, including regular town-hall and other meetings, all-employee e-mails, our intranet and pulse surveys, with particular focus on initiatives relating to staff mental health and well-being.</p> <p>We take feedback from our staff on our leadership and training courses and as a result look to improve future training and development programmes.</p> <p>We continue to monitor and develop our approach to employee engagement in the light of emerging practice.</p>
Community and environment	We believe that the community engagement programmes that we have developed have a positive impact on the areas where our people live and ensure Savills is firmly engaged with the communities we serve.	<p>We believe that the community engagement programmes that have been developed have a positive impact on the areas where our people live and ensure that Savills is firmly engaged with the communities we serve.</p> <p>Savills is committed to reducing the impact that our operations have on the natural environment. By actively seeking to reduce our environmental impact, we are able to achieve increased operational efficiencies and savings, both internally and for our clients.</p> <p>Savills corporate responsibility steering group, of which we are a member, co-ordinates the Group's corporate responsibility activity to deliver Savills agreed goals and ensure key corporate responsibilities and achievements are communicated to all staff and externally to interested parties.</p>

Savills (UK) Limited

Strategic Report (continued)

Stakeholder engagement with s.172

Who are our stakeholders?	Why we focus on these stakeholders	How do we engage them?
Suppliers	We do not have any material dependency on a specific supplier. In this area our primary focus is on developing strong relationships with our property management supply partners to help us to provide consistent standards and the services required by clients across our property management business.	<p>Our property management business work with supply partners to ensure that we can deliver the best services for our clients. The close relationships we foster with supply partners across a variety of property management clients ensures we have good access to quality partners. During the pandemic regular engagement with their key suppliers has been essential in ensuring continuity of service and responding to the impacts of the pandemic.</p> <p>All suppliers are required to operate with high service levels and the ethical standards that are set out in Savills Code of Conduct.</p> <p>We strive for continual improvement. We are committed to advancing our policies and systems across the Company to ensure we address and monitor performance in all aspects of sustainability that are relevant to the business.</p>

Section 172(1) Statement

The Board of Directors of Savills (UK) Limited consider, both individually and together, that they have acted in the way 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. In doing this, the Directors have had regard to the stakeholders and amongst other matters to those set out in s172(1) (a-f) of the Act in decisions taken during the year ended 31 December 2021:

- likely consequences of any decisions in the long term;
- interests of the Company's employees;
- fostering the Company's business relationships with suppliers, clients and others;
- impact of the Company's operations on the community and environment;
- maintaining a reputation for high standards of business conduct; and
- acting fairly as between members of the Company.

The interests of the Company and the Savills plc Group are aligned and in this regard examples of how the Directors have had regard to the matters set out in Section 172 (1)(a) to (f) when discharging their section 172 duties and the effect of that on certain of the decisions taken by them are disclosed on page 43-44 of the Savills plc Annual Report and Accounts 2021.

By order of the Board



Christine Cox
Company Secretary
24 June 2022

Savills (UK) Limited

Directors' Report

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Directors

The Directors of the Company who served during the year are shown on page 1.

Dividends

An interim dividend of £55,925k (2020: £44,492k) was paid. A final dividend of £57,386k is proposed (2020: £33,008k).

Future developments

A review of the future developments of the business can be found in the Strategic Report.

Going concern

Management has assessed the going concern of the business for a period of 12 months following approval of the financial statements. Management expect the Company to continue to be profitable throughout the going concern period and have sufficient financial resources available to pay its liabilities when they fall due. For this reason, the going concern basis of accounting in preparing the Financial Statements continues to be adopted.

Post balance sheet events

On 20 May 2022 a final ordinary dividend for the year ended 31 December 2021 of £57,386k was declared and approved to be paid on 23 May 2022 to the sole member whose name appears on the register of members at that date.

Employees

The Directors recognise that the quality, commitment and motivation of staff are a key element in the success of the Company. Employees are able to share in this success through bonus schemes and share options in Savills plc and the Company encourages its employees to develop their skills through training and continued professional development. Further details of the Group people strategy are shown on pages 48 to 53 of the Savills plc 2021 Annual Report and Accounts, which does not form part of this report.

It is the policy of the Company to provide employment on an equal basis irrespective of gender, sexual orientation, marital or civil partner status, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, disability or age.

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled, the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Indemnification of Directors

In accordance with the Company's Articles of Association, and to the extent permitted by law, the Directors and the Group Legal Director & Company Secretary are granted indemnity, in respect of any liabilities incurred as a result of their holding office. Such indemnities were in force during the financial year to 31 December 2021 and up to the date of this Report. The Company also maintains appropriate insurance cover in respect of legal action against its Directors and Officers.

Savills (UK) Limited

Directors' Report (continued)

Financial risks

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects of these risks on the financial performance of the Company. A review of the financial risks can be found in Note 2 within these financial statements. See also future developments within the Strategic Report.

Corporate Governance Code

The Board has chosen not to adopt and report against the 2018 UK Corporate Governance Code, which in its view is designed, and is therefore more appropriate, for premium listed companies. Whilst the Company supports the introduction of the Wates Corporate Governance Principles for Large Private Companies, it considers that they are less suitable for a wholly owned subsidiary of a premium listed company. The Company has therefore adopted its own corporate governance code in the form of the overarching principles (as set out below), which it believes are appropriate for the Company and are designed to ensure effective decision-making to promote the Company's long-term success.

Set out below are the principles which underpin the Company's corporate governance framework and how these principles have been applied during the financial year ended 31 December 2021.

Principle One: Leadership

The Company is led by the Board which promotes the success of the Company for the benefit of its stakeholders, ensuring that it operates with a clear sense of purpose that aligns with its values, strategy and culture.

Our strong and healthy culture is supported by a robust governance structure, a disciplined approach to risk management and high standards of responsibility, which support the sustainable development of our business. Savills Code of Conduct is readily accessible to all staff to support their day-to-day decision making. We demand the highest professional standards from all of our people all of the time and we have a zero-tolerance approach to breaches of the Savills Code of Conduct.

Principle Two: Board composition

The Board has an appropriate composition and size to enable it to effectively lead the company.

As a Board, the collective role of the Directors is to act as effective and responsible stewards of the Company. The size and composition of the Board is appropriate and proportionate for the business of the Company. The Directors have an appropriate combination of technical, financial and commercial skills collectively demonstrating a high-level understanding of the Company's business model and its impact on key stakeholders.

All appointments to the Board are made on merit and within this context, the Board continues to view diversity in the widest sense, with a view to appointing the best-placed individual for the role. Appointing the best people to the Board is critical to the success of the Company and our focus remains on attracting the right talent and skills irrespective of gender or diversity.

Principle Three: Directors' responsibility

Directors have a clear understanding of their accountability and responsibilities. The Board's policies and practices should support effective decision-making and independent challenge.

To ensure a full understanding of the Company, following their appointment to the Board, each Director undergoes a comprehensive and tailored induction programme which introduces the Director to the Group's businesses, its operations, strategic plans and key risks. New Directors are also provided with information on relevant share dealing policies, Directors' duties, Company policies and governance. The induction process is designed to develop the Director's knowledge and understanding of the Company and the wider Savills Group covering key areas including the Company's purpose, values, culture and strategy, its corporate governance, risks and internal controls and the markets in which it operates.

Savills (UK) Limited

Directors' Report (continued)

Corporate Governance Code (continued)

On an ongoing basis, Directors update their skills, knowledge and familiarity with the Company in a range of different ways by meeting with senior management, visiting operations and by attending appropriate external and internal seminars and training sessions. This helps by continuing to contribute to their informed and sound decision-making.

The Companies Act 2006 places a duty on each Director to avoid a situation in which he or she has or can have a direct or indirect interest which conflicts or may conflict with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised by the other Directors in accordance with the Company's Articles of Association. Procedures are in place for the disclosure by Directors of any interest that conflicts, or possibly may conflict, with the Company's interests and for the appropriate authorisation to be sought if a conflict arises.

The Directors have equal voting rights when making decisions, except the chair, who has a casting vote. All Directors have access to the advice and services of the Group Legal Director & Company Secretary and may, if they wish, take professional advice at the Company's expense.

Principle Four: Stakeholder relationship and engagement

The Board should build and maintain effective relationships with stakeholders.

For details of the Company's employee and stakeholder engagement, please see the section 172 (1) statement within the strategic report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with *United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101")*. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in *FRS 101* is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- state whether *applicable UK Accounting Standards, including FRS 101*, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other

Savills (UK) Limited

Directors' Report (continued)

Statement of directors' responsibilities in respect of the financial statements (continued) irregularities.

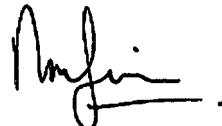
Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



Nicola McGinnis
Director
24 June 2022

Savills (UK) Limited

Independent Auditor's report to the members of Savills (UK) Limited

Opinion

We have audited the financial statements of Savills (UK) Limited for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included the following:

- We confirmed our understanding of management's going concern assessment process and evaluated the method used to prepare the going concern assessment for the going concern period.
- We obtained management's going concern assessment, including the cash flow forecast for the going concern period which extends to 30 June 2023.
- We challenged the appropriateness of the forecasts used in the going concern model by comparing these to the latest Board approved forecast. We further tested the clerical accuracy of the going concern cash flow model and evaluated the appropriateness of the methods used to calculate the cash forecasts.
- We have tested the assumptions that are most sensitive, being revenue and underlying profits. In particular, we compared the main assumptions to historical trends and to our expectations considering the business recovery post COVID-19 and external industry benchmarks. We performed our own reverse stress test on available liquidity by applying additional downside sensitivities to forecast revenues.
- We agreed the cash balance to third party confirmations and key terms in the financing arrangements such as the available group revolving credit facility.

Savills (UK) Limited

Independent Auditor's report to the members of Savills (UK) Limited (continued)

- We read the board minutes to identify any matters that may impact the going concern assessment. We reviewed the going concern disclosures included in the financial statements in order to assess they are appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of twelve months to 30 June 2023.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Savills (UK) Limited

Independent Auditor's report to the members of Savills (UK) Limited (continued)

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the UK Companies Act 2006 and UK tax legislation. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements such as those laws and regulations relating to employment matters and pension legislation and data protection requirements applicable to the Company.
- We understood how the company is complying with those frameworks through enquiry with management, internal audit, those responsible for legal and compliance procedures and the Group's company secretary. We corroborated our enquiries through our review of board minutes, and internal audit reports.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was a susceptibility to fraud. We also considered performance targets impacting bonus arrangements, and the risk of management override of controls. We considered the programmes and controls that the Company has established to prevent, deter and detect fraud, and how senior management monitors those programmes and controls. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud and error.

Savills (UK) Limited

Independent Auditor's report to the members of Savills (UK) Limited (continued)

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
 - Enquiry with management and internal audit, those charged with governance and legal counsel regarding their knowledge and any non-compliance or potential non-compliance with laws and regulations of fraud that could affect the financial statements;
 - Reading minutes of meetings of those charged with governance;
 - Journal entry testing, with a focus on manual revenue journals and journals indicating large or unusual transactions close to year-end based on our understanding of the business.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sarah Kokot (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
24 June 2022

Savills (UK) Limited

Income Statement For the year ended 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 £'000
Turnover	4	719,006	564,479
Less:			
Other operating income	5	6,483	5,105
Employee benefits expense	6	(457,930)	(376,661)
Amortisation of intangible assets	11	(3,676)	(3,697)
Impairment of investment in subsidiary	14	-	(2,659)
Impairment of right-of-use assets	13	(318)	-
Depreciation	12&13	(14,213)	(15,086)
Other operating expenses	5	(140,753)	(106,102)
Operating profit	5	108,599	65,379
Finance income	8	572	1,735
Finance costs	8	(1,752)	(2,398)
		(1,180)	(663)
Profit before income tax		107,419	64,716
Income tax expense	9	(18,194)	(12,893)
Profit for the financial year		89,225	51,823

The notes on pages 20 to 47 form part of the financial statements.

Savills (UK) Limited

Statement of Comprehensive Income For the year ended 31 December 2021

	Note	31 December 2021 £'000	31 December 2020 £'000
Profit for the financial year		89,225	51,823
Other comprehensive income / (loss)			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit pension scheme and employee benefit obligations	7	18,670	7,303
Changes in fair value of equity investments at FVOCI	14.1	59	650
Tax on items that will not be reclassified	9	(4,535)	(1,514)
Total items that will not be reclassified to profit or loss		14,194	6,439
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Tax on items that may be reclassified	9	-	(420)
Total items that may be reclassified to profit or loss		-	(420)
Other comprehensive income for the year, net of tax			
		14,194	6,019
Total comprehensive income for the year		103,419	57,842

The notes on pages 20 to 47 form part of the financial statements.

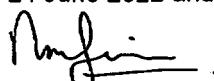
Savills (UK) Limited

Statement of Financial Position As at 31 December 2021

Registered number: 02605138

	Note	31 December 2021 £'000	31 December 2020 £'000
Fixed assets			
Tangible assets	12	25,062	28,476
Right of use assets	13	44,704	47,933
Goodwill	11	67,639	67,639
Intangible assets	11	19,392	19,764
Investments	14	7,375	10,527
Financial assets at fair value through other comprehensive income ('FVOCI')	14.1	1,614	1,555
Retirement benefit surplus	7	16,492	-
		182,278	175,894
Current assets			
Contract assets	4.1	5,215	7,362
Trade and other debtors: amounts falling due within one year	17.1	233,366	213,462
Trade and other debtors: amounts falling due after one year	17.2	1,425	-
Cash at bank and in hand	18	116,716	54,013
		356,722	274,837
Current liabilities			
Lease liabilities	22	8,626	8,852
Creditors: amounts falling due within one year	19	302,245	261,066
Provisions	21	8,361	8,924
		319,232	278,842
Net current asset / (liabilities)		37,490	(4,005)
Total assets less current liabilities		219,768	171,889
Non-current liabilities			
Creditors: amounts falling due after more than one year	20	704	693
Lease Liabilities	22	43,736	46,890
Provisions	21	16,100	12,211
Deferred income tax liabilities	16	6,547	2,306
Retirement benefit obligations	7	-	2,456
		67,087	64,556
Net assets		152,681	107,333
Capital and reserves			
Called up share capital	23	5,000	5,000
Profit and loss account		147,681	102,333
Total shareholders' funds		152,681	107,333

The financial statements on pages 16 to 47 were approved by the Board of Directors on 24 June 2022 and signed on its behalf by:



Nicola McGinnis

Director

The notes on pages 20 to 47 form part of the financial statements.

Savills (UK) Limited

Statement of Changes in Equity For the year ended 31 December 2021

	Notes	Called up Share capital £'000	Retained earnings £'000	Total Shareholders' funds £'000
Balance at 1 January 2021		5,000	102,333	107,333
Profit for the financial year		-	89,225	89,225
Other comprehensive income / (expense):				
Remeasurement of defined benefit pension scheme and employee obligations	7	-	18,670	18,670
Changes in fair value of financial assets at FVOCI	14.1	-	59	59
Tax on items directly taken to other comprehensive income / (loss)	9	-	(4,535)	(4,535)
Total comprehensive income for the year		-	103,419	103,419
Transactions with owners:				
Employee share schemes				
– Parent capital contribution	24	-	9,116	9,116
– tax on employee share options	9	-	3,270	3,270
– Distributions to parent	24	-	(14,616)	(14,616)
Tax on other items taken to reserves	9	-	84	84
Dividends	10	-	(55,925)	(55,925)
Balance at 31 December 2021		5,000	147,681	152,681
Balance at 1 January 2020		5,000	83,650	88,650
Profit for the financial year		-	51,823	51,823
Other comprehensive income / (expense):				
Remeasurement of defined benefit pension scheme and employee obligations	7	-	7,303	7,303
Changes in fair value of financial assets at FVOCI	14.1	-	650	650
Tax on items directly taken to other comprehensive income / (loss)	9	-	(1,934)	(1,934)
Total comprehensive income for the year		-	57,842	57,842
Transactions with owners:				
Employee share schemes				
– Parent capital contribution	24	-	9,558	9,558
– Distributions to parent	24	-	(4,225)	(4,225)
Dividends	10	-	(44,492)	(44,492)
Balance at 31 December 2020		5,000	102,333	107,333

The notes on pages 20 to 47 form part of the financial statements.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

1

Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention as modified by financial assets at fair value through other comprehensive income and in accordance with the Companies Act 2006 as applicable to companies using the Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework.

Going concern

Management has assessed the going concern of the business for a period of 12 months following approval of the financial statements. Management expect the Company to continue to be profitable throughout the going concern period and have sufficient financial resources available to pay its liabilities when they fall due. For this reason, the going concern basis of accounting in preparing the Financial Statements continues to be adopted.

Consolidation

The Company is exempt from the requirement to prepare group financial statements by virtue of Section 400 of the Companies Act 2006. These financial statements present information about the Company as an individual undertaking and not about its group.

The results of the Company and its subsidiaries are included in the Savills plc 2020 Annual Report and Accounts which are publicly available. Copies of the Savills plc 2020 Annual Report and Accounts are available from the Company Secretary at 33 Margaret Street, London, W1G 0JD.

Subsidiaries

A subsidiary is an entity controlled by the Company, where control is the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are held at cost, less any provisions for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are carried at cost less accumulated impairment.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, which exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the venturers. These investments are carried at cost less any impairment.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sterling, which is also the Company's functional and presentation currency.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

1 Accounting policies (continued)

Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss and are recognised in the income statement, except for equity investments, which are recognised in other comprehensive income. Non-monetary items carried at historical cost are reported using the exchange rate at the date of the transaction.

Tangible assets

Property, plant, and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure directly attributable to acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Provision for depreciation is made at rates calculated on a straight-line basis to write-off the assets over their estimated useful lives as follows:

Leasehold improvements	Unexpired term of lease up to a maximum of 10 years
Owned equipment and motor vehicles	3 to 10 years

Residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Goodwill

Goodwill represents the excess of the cost of acquiring trade and assets from businesses over the share of the fair value of identifiable net assets acquired.

Goodwill is carried at cost less accumulated impairment losses. Separately recognised goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate potential impairment. An impairment loss is recognised for the amount by which the carrying value exceeds the recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal. Impairment losses on goodwill are not reversed.

For the purpose of impairment testing the Company is considered to be a single cash-generating unit.

The non-amortisation of goodwill is a departure from the requirement of paragraph 22 of Schedule 1 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. Goodwill is regarded to have an indefinite useful economic life and as a result, the Company has elected to account for goodwill in accordance with IFRS 3 Business Combinations in order to

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

1 Accounting policies (continued)

Goodwill (continued)

maintain consistency of accounting policies throughout the Group and to reflect the indefinite useful life of the asset. The effect of this is to reduce the cumulative charge to the income statement and increase the value of fixed assets held on the balance sheet, in instances where the asset has not been impaired.

Intangible assets other than goodwill

Intangible assets acquired as part of business combinations and incremental contract costs are valued at fair value on acquisition and amortised over the useful life. Fair value on acquisition is determined by third-party valuations where the acquisition is significant.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use or sale;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Measurement subsequent to initial recognition is at cost less accumulated amortisation and impairment.

Amortisation charges are spread on a straight-line basis over the period of the assets' estimated useful lives as follows:

Computer software	Between 3 and 5 years
Customer business relationships	Between 5 and 10 years
Property management contracts	Between 5 and 10 years

Impairment of other non-financial assets

Assets that have indefinite useful lives are not subject to amortisation or depreciation and are tested annually for impairment or whenever an indicator of impairment exists. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever an indicator of impairment exists. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less costs to sell and value-in-use. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

Value-in-use is determined using the discounted cash flow method, with an appropriate discount rate to reflect market rates and specific risks associated with the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

1 Accounting policies (continued)

Financial instruments

Financial assets and liabilities are recognised on the Company's statement of financial position at fair value or amortised cost when the Company becomes party to the contractual provisions of the instrument. Subsequent measurement depends on the classification and is discussed in the paragraphs for each classification.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position where there is legally enforceable right to offset the recognised amounts and there is no intention to settle on a net basis or realise and settle the liability simultaneously.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of consideration received is recognised in profit and loss.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Equity investments

The Company has made an irrevocable election at initial recognition for certain equity investments to be classified as FVOCI. Changes in fair value are recognised through other comprehensive income rather than profit or loss. Dividends from these investments are recognised in profit or loss. When such investments are disposed or become impaired, the accumulated gains and losses, recognised in other comprehensive income, are reclassified to retained earnings and will not be recycled to the income statement.

Trade debtors

Trade debtors are recognised initially at their transaction price and subsequently measured at amortised cost less provision for impairment. Debtors are discounted where the time value of money is material. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS9, which permits the use of lifetime expected loss provision for all trade debtors.

Cash at bank and in hand

Cash at bank and in hand includes cash in hand and deposits held on call with banks, together with other short-term highly liquid investments with original maturities of three months or less and working capital overdrafts, which are subject to an insignificant risk of changes in value. Bank overdrafts are included under borrowings in the statement of financial position.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method.

Trade Creditors

Trade creditors are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

1 Accounting policies (continued)

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Pension obligations

The Company operates both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets and representing the Company's share in the surplus or deficit. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows.

Pension obligations (continued)

The Company's defined benefit scheme charge consists of the Company's share of net interest costs, past service costs and the impact of any settlements or curtailments and is charged as an expense as they fall due.

All actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise.

The Company participates in the defined contribution Group Personal Pension Plan for new entrants and a number of defined contribution individual pension plans. Contributions in respect of defined contribution pension schemes are charged to the income statement when they are payable. The Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

1 Accounting policies (continued)

The Company also operates a Salary Sacrifice Scheme, whereby individuals waive a proportion of salary into a personal pension plan. Employee contributions are capped dependent on age and earnings. The Company contributes an amount equal to the saving made on employees' National Insurance contributions.

Share-based payments

Savills plc, the ultimate holding company of the Company, operates an equity share-based payment arrangement whereby employees of the Group are granted shares in Savills plc, namely the Deferred Share Plan ("DSP"), the Deferred Share Bonus Plan ("DSBP") and the Sharesave Scheme.

All equity-settled share-based payments are measured at fair value at the date of grant. For all the DSP and DSBP schemes the fair value of awards is the closing share price before award date. The fair value of Sharesave Scheme awards is measured by use of the Actuarial Binomial option pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and the amount has been reliably estimated. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material, with the unwinding of discount included in finance cost.

(a) Professional indemnity claims

Provisions on professional indemnity claims are recognised when it is probable that the Company will be required to settle claims against it as a result of a past event and the amount of the obligation can be reliably estimated. The Company recognises a provision based on the expected settlement amount for the claim. A separate receivable from insurers in relation to professional indemnity claims is recognised to the extent it is virtually certain of being received. This receivable is recognised within other receivables.

(b) Dilapidations provisions

The Company is required to perform dilapidation repairs and restore properties to agreed specifications on leased properties prior to the property being vacated at the end of the lease term. Provision for such cost is made where a legal obligation is identified, and the liability can be reasonably quantified. The provisions are reviewed on an annual basis for changes in cost estimates.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

1 Accounting policies (continued)

Turnover

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties and is net of value-added tax. The Company recognises revenue when it transfers control of a product or service to a customer.

– Residential transactional fees

Generally, revenue is recognised at a point in time, when unconditional contracts are exchanged. Fees are a fixed consideration or a fixed percentage of the transaction value and are invoiced to the client upon completion. However, for new home developments revenue is recognised following the terms of the contract. In some instances, revenue is recognised on a staged basis, reflecting the Company's obligations to find a buyer and to further support the client after exchange of contracts through to completion of the build and contract, which can be a number of years later. For these developments, revenue recognition commences when the underlying contracts are exchanged, with total revenue from the contract recognised by the date of completion in accordance with contractual terms. Fees are a fixed consideration or a fixed percentage of the transaction value and are invoiced to the client at each contractual milestone, in line with the recognition of revenue. In other instances, the revenue will be recognised when contracts are exchanged and the transaction is unconditional, in these instances no further support is provided to the client after this point.

– Commercial transactional fees

Generally, revenue is recognised at a point in time on the date of completion or when unconditional contracts have been exchanged. Fees are a fixed consideration or a fixed percentage of the transaction value and are invoiced to the client upon completion.

– Property consultancy

The Company primarily provides a wide range of professional consultancy property services including valuation, building and housing consultancy, environmental consultancy, development, planning, research, corporate services, landlord and tenant services and strategic projects.

Generally, revenue is recognised over a period of time as services are rendered in accordance with the contract terms. Fee arrangements include fixed fee arrangements and fee for service arrangements ("time and materials").

For fixed-price contracts, revenue is recognised based on the stage of completion with reference to the actual services provided to the end of the reporting period as a proportion of the total services to be provided under the contract. This is determined on a contract-by-contract basis with reference to actual costs incurred in relation to the best estimate of total costs expected for completion of the contract or using a milestone-based approach, depending on the contract terms.

For fee for service contracts, revenue is recognised up to the amount of fees that the Company is entitled to invoice for services performed to date based on contracted rates.

Payment arrangements vary between contracts, ranging from monthly retainers, monthly invoicing, quarterly invoicing, invoicing upon reaching certain milestones in the contract or payment upon completion of the final performance obligation in the contract. As a result, services rendered under a contract will often exceed consideration received from a customer and a contract asset will be recognised. If payments exceed services rendered, a contract liability will be recognised.

In some instances, revenue will be recognised at a point in time upon delivery of the final report to the client. This is often the case for standalone valuation reports where the performance obligation is the provision of a property valuation report to the client. The Company is entitled to invoice the customer when the final report has been issued, at which point payment will be due.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

1 Accounting policies (continued)

Turnover (continued)

– Property and facilities management

The Company primarily manages commercial, industrial, residential, leisure and agricultural property for owners.

The primary performance obligation relates to the ongoing management of a property where revenue is recognised over a period of time as services are rendered in accordance with the contract terms. Revenue is recognised over the life of a contract on a straight line basis, which is in line with the satisfaction of the performance obligation. Payment arrangements vary between contracts. The majority of customers are invoiced monthly or quarterly in advance, with consideration payable upon the issue of an invoice. Where invoicing is in advance a contract liability will be recognised.

In some property management arrangements, the Company is required to evaluate whether it is the principal (report revenues on a gross basis) or agent (report revenues on a net basis). Where the primary performance obligation of the contract relates to the arrangement of services for a customer rather than the responsibility to provide the services, the Company is considered the agent and the mark-up for the sub-contracted services will be recognised as revenue (revenues reported on net basis).

For leasing fees and management fees on repairs or other ad hoc property management services outside of the standard contract terms, revenue is recognised at a point in time upon completion of the performance obligation. In these instances, the invoice would be raised to the customer upon completion of the performance obligation and the payment due at this time.

Contract assets

Work in progress generally relates to revenue from consulting contracts and is stated at lower of cost and net realisable value. Cost includes an appropriate proportion of overheads.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Other income

Other income includes interest and dividend income on available-for-sale investments plus fair value gains and losses on assets at fair value through profit or loss.

Dividends

Dividends are recognised as distributions in the period in which they are approved.

Leases

The Company enters into lease agreements for the use of buildings, equipment and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding lease liability for future lease payables at the date at which the leased asset is available for use by the Company. Depreciation on the right-of-use asset will be recognised in the income statement on a straight-line basis, with interest recognised on the leased liability.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

1 Accounting policies (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Company under residual guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and interest cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss in accordance with IFRS 16 p.5. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

1 Accounting policies (continued)

Adoption of standards, amendments and interpretations to standards

Standards, amendments and interpretations endorsed by the EU and mandatorily effective for the first time for the financial year beginning 1 January 2021 that are not relevant or considered to have a significant impact on the Company and its financial statements include the following:

Amendments to IFRS 9, IFRS 7 IAS 39, IFRS 4 and IFRS 16	Interest rate benchmark reform impact – Phase 2
Amendments to IFRS 16	COVID-19 related rent concessions
Amendments to IFRS 4	Extension of the temporary exemption from applying IFRS 9

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Disclosure exemptions under FRS 101

The following disclosure exemptions have been adopted under the FRS 101 Reduced Disclosure Framework and are material to the Company:

- Presentation of a cash flow statement;
- Presentation of comparative movement tables in relation to plant, property and equipment and intangible assets;
- Disclosure of key management personnel compensation;
- Disclosure of related party transactions between wholly-owned subsidiaries and parents with the Savills plc Group; and
- Disclosure of information relating to new standards not yet effective and not yet applied.

The following disclosure exemptions have been adopted under the same framework, on the basis that the equivalent disclosures have been included in the consolidated financial statements of the Company's ultimate parent company, Savills plc:

- Detailed disclosures in relation to certain Group share-based payment arrangements;
- Disclosure of key assumptions used in the determination of recoverable amounts for impairment purposes;
- Financial instrument disclosures except the disclosures required by SI 2008/410 section 55 of the Companies Act for financial instruments valued at fair value;
- Disclosures in relation to fair value measurement;
- Disclosures in relation to business combinations; and
- Capital management disclosures.

2 Financial risk management

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risks primarily with respect to the Euro and Singapore Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Company does not actively seek to hedge risks arising from foreign currency transactions due to the high costs associated with such hedging; however, when there is a material committed foreign currency exposure the foreign exchange risk will be hedged.

Interest rate risk

The Company has interest-bearing assets. The Company finances its operations through its retained profits.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

2 Financial risk management (continued)

Credit risk

The Company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to clients, including outstanding debtors and committed transactions. The Company has policies that require appropriate credit checks on potential customers before engaging with them. A risk control framework is used to assess the credit quality of clients, taking into account financial position, past experience and other factors. There were no significant individual trade receivable balances as at 31 December 2020 and 31 December 2021. Primarily all cash is held with Barclays Bank PLC which is an A-rated bank.

Liquidity risk

Management monitors rolling forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is consolidated by the Group, which is responsible for securing finance.

3 Critical accounting estimates and management judgements

Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience, current market conditions and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Changes in accounting estimates may be necessary if there are changes in circumstances on which the estimate was based, or as a result of new information or more experience. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Pension benefits

Determining the value of the future defined benefit obligations requires estimation in respect of the assumptions used to calculate present values. These include future mortality, discount rate and inflation. The Group management determines these assumptions in consultation with an independent actuary. Details of the estimates made in calculating the defined benefit obligation are disclosed in Note 10.2 of the Savills plc 2021 annual report and accounts.

Debtor recoverability

As shown in Note 17 provisions for impairment of trade debtors have been made. In reviewing the appropriateness of these provisions, consideration has been given to the ageing of the debts and the potential likelihood of default, taking into account current and future economic conditions. Impairment analysis is performed using a provision matrix to measure the expected credit losses, which is based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and economic environment.

Goodwill

The Company tests annually whether goodwill has suffered any impairment by comparing the carrying value of these assets with the value-in-use calculations of the relevant cash-generating unit (CGU). Within the process, the Company makes a number of key assumptions including discount rates, terminal growth rates and forecast cash flows. The assumptions impact the recoverability of goodwill and the requirement for the impairment charges in the income statement. The estimates used in these financial statements are contained in Note 15 of the Savills plc 2021 Annual Report and Accounts.

Provisions

The Company is party to various legal claims. Provisions made within these financial statements and further details are contained in Note 21. Additional claims could be made which might not be covered by existing provisions or by insurance as detailed in Note 21.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

3 Critical accounting estimates and management judgements (continued)

Management judgements in applying the entity's accounting policies

The application of the Company's accounting policies may require management to make judgements, apart from those involving estimates, that can affect the amounts recognised in the financial statements. Such judgements include:

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

4 Turnover

Revenue of £719m (2020: £564.5m) in the income statement relates solely to revenue arising from contracts with customers.

The Company derives revenue from the transfer of services over time and at a point in time from continuing operations and it is mainly derived from the United Kingdom and for property transactional, management and consultancy services.

4.1 Contract-related assets and liabilities

The Company recognised the following revenue-related contract assets and liabilities:

	2021	2020
	£'000	£'000
Work in progress – consulting contracts	5,215	7,362
Accrued income (Note 17)	20,676	20,172
Total contract-related assets - current	25,891	27,534
Deferred revenue (Note 19)	2,812	2,608
Total contract liabilities - current	2,812	2,608

No material impairment loss on contract assets has been recognised in the current or prior year. All consulting contracts are for periods of one year or less.

4.2 Revenue recognised in relation to contract liabilities

Revenue recognised during the year that was included in the contract liability balance at the beginning of the year totalled £2,608k (2020: £2,764k).

Revenue recognised in the year from performance obligations satisfied in previous years was not material.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

5 Operating profit

(a) Operating profit

Operating profit is stated after charging / (crediting):

	2021 £'000	2020 £'000
Depreciation		
- Depreciation of right of use assets – leasehold properties	8,733	8,984
Other operating expenses include:		
- (Gain)/loss on sale of tangible fixed assets	(64)	1
- Rental income	(254)	(297)
Other operating income includes:		
- Dividend and investment income	(6,483)	(5,105)

(b) Fees payable to the Company's auditors, Ernst & Young LLP, and that the prior year was Pricewaterhouse Coopers LLP:

	2021 £'000	2020 £'000
Audit services:		
Fees payable for the audit of the Company's financial statements	161	297

6 Staff and Directors

(a) Analysis of employee benefits expense

	2021 £'000	2020 £'000
Basic salaries and wages	211,861	208,640
Profit share and commissions	172,545	105,865
Wages and salaries	384,406	314,505
Social security costs	50,468	38,928
Other pension costs	13,940	13,670
Share-based payments (see Note 24)	9,116	9,558
	457,930	376,661

(b) Staff numbers

The average number of persons (including executive directors) employed by the company during the year including 56 (2020: 61) employed under fixed-term and temporary contracts was:

	2021 Number	2020 Number
Revenue earners	3,156	2,797
Administration	1,878	1,663
	5,034	4,460

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

6 Staff and Directors (continued)

(c) Directors' emoluments

	2021 £'000	2020 £'000
Aggregate emoluments	16,436	13,001
Aggregate gains on share options exercised	1,094	1,525
	<u>17,530</u>	<u>14,526</u>

During the year, 14 Directors exercised share options (2020: 13) and the Company paid £41,000 (2020: £87,000) into defined contribution individual pension plans for the Directors.

As at 31 December 2021, the number of Directors for whom benefits were accruing under the defined contribution scheme was 7 (2020: 6) and defined benefit schemes was 9 (2020: 8).

Highest paid Director

	2021 £'000	2020 £'000
Total amount of emoluments, gains on share options and benefits receivable under long-term incentive schemes	2,007	2,432
	<u>2,007</u>	<u>2,432</u>

Pension benefit under the Savills Pension Plan no longer accrues.

7 Retirement benefit obligations

Defined contribution plans

The Company participates in the Savills UK Group Personal Pension Plan, a defined contribution scheme, and individual defined contribution plans to which it contributes. The total pension charges in respect of these plans were £13.9m (2020: £13.7m). The amount outstanding as at 31 December 2021 in relation to defined contribution schemes is £nil (2020: £nil).

Defined benefit plans

The Company has participants in the Savills plc Group defined benefit pension scheme. The net defined benefit cost is charged to the Company based on an agreed proportion of participants in the scheme and contributions the Company makes are included in the 'Schedule of Contributions' of the pension plan. For details of the plan assets and defined benefit obligation, actuarial assumptions used and further information on the defined benefit plan, refer to the Savills plc 2021 Annual Report and Accounts. The Savills plc 2021 Annual Report and Accounts reports that the surplus for the Pension and Life Assurance plan of Savills was assessed at £17.4m as at 31 December 2021 (2020: £2.6m liability). The Company's proportion of the Group's pension costs as they relate to past service is 94.47% (2020: 94.47%).

The amounts recognised in the Statement of Financial Position are as follows:

	2021 £'000	2020 £'000
Fair value of plan assets	301,500	312,138
Present value of funded obligations	(285,008)	(314,594)
Asset / (liability) recognised in the statement of financial position	16,492	(2,456)
Related deferred tax (liability) / asset (see Note 16)	(4,121)	467
Net asset / (liability)	12,371	(1,989)

The amount recognised within the Income Statement for the year ended 31 December 2021 is a net interest expense of £34k (2020: £179k).

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

7 Retirement benefit obligations (continued)

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2021 £'000	2020 £'000
Actuarial losses brought forward	(50,300)	(57,603)
Net actuarial gain for the year	18,670	7,303
Accumulated net actuarial losses	(31,630)	(50,300)

8 Finance income and costs

	2021 £'000	2020 £'000
Bank interest receivable	572	1,579
Other income	-	156
Finance income	572	1,735
• Other expenses	(22)	-
Bank interest payable	-	(2)
Other interest payable	(88)	(445)
Interest payable on lease liabilities	(1,608)	(1,772)
Net interest on defined benefit pension obligations	(34)	(179)
Finance costs	(1,752)	(2,398)
Net finance cost	(1,180)	(663)

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

9 Income tax expense

	2021 £'000	2020 £'000
Analysis of tax expense for the year		
Current tax		
United Kingdom:		
Corporation tax on profits for the year	21,697	16,144
Adjustments in respect of prior years	674	717
Total current tax	22,371	16,861
 Deferred tax		
Representing:		
United Kingdom	(2,967)	(3,389)
Effect of change in UK tax rate	(382)	25
Adjustments in respect of prior years	(828)	(604)
Total deferred tax (Note 16)	(4,177)	(3,968)
Income tax expense	18,194	12,893

The tax on the Company's profit before income tax differs (2020: differs) from the theoretical amount that would arise using the UK weighted average tax rate of 19% (2020: 19%) applicable to profits of the Company as follows:

	2021 £'000	2020 £'000
Profit before income tax	107,419	64,716
Tax on profit before income tax at 19% (2020: 19%)	20,410	12,296
Effects of:		
Adjustments in respect of prior years	(154)	113
Income not subject to tax	(1,232)	-
Expenses not deductible for tax purposes	(676)	525
Depreciation in excess of capital allowances	228	(66)
Effect of change in UK tax rate on deferred tax	(382)	25
Income tax expense on profit	18,194	12,893

The effective tax rate of the Company for the year ended 31 December 2021 is 21.56% (2020: 19.92%), which is higher than the UK weighted average applicable rate.

The Finance Bill 2021 substantively enacted on 24 May 2021 included legislation increasing the UK corporation tax rate from 19% to 25% with effect from 1 April 2023.

Deferred tax has been determined using the applicable effective future tax rate that will apply in the expected period of utilisation of the deferred tax asset or liability.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

9 Income tax expense (continued)

The tax (charged) / credited to other comprehensive (expense) / income is as follows:

	2021 £'000	2020 £'000
Tax on items that will not be reclassified to profit or loss		
Deferred tax charge on pension actuarial losses	(3,546)	(1,514)
Deferred tax on additional defined benefit pension scheme contributions	(59)	-
Current tax credit on defined benefit pension scheme	59	-
Deferred Tax on pension – effect of tax rate change	(989)	-
	(4,535)	(1,514)
Tax on items that may subsequently be reclassified to profit or loss		
Current tax credit on employee benefits	-	2,172
Current tax credit on IFRS16 initial lease recognition release	-	(9)
Deferred Tax on pension – effect of tax rate change	-	304
Deferred tax on employee benefits	-	(2,867)
Deferred tax on IFRS16 recognition and release	-	(20)
	-	(420)
Tax on items relating to components of other comprehensive (expense)	(4,535)	(1,934)

Tax (charged) / credited to reserves is as follows:

Current tax credit on employee benefits	3,203	-
Current tax credit on IFRS16 initial lease recognition release	73	-
Deferred tax on employee benefits	67	-
Deferred tax on IFRS16 recognition and release	11	-
Tax on items recognised directly in reserves	3,354	-

10 Dividends

	2021 £'000	2020 £'000
Amounts recognised as distributions to equity holders in the year:		
Ordinary interim dividend paid totalling £11.19 per share (2020: £8.89)	55,925	44,492

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

11 Intangible assets

	Goodwill £'000	Computer software £'000	Customer/ Business Relationships £'000	Property management contracts £'000	Total £'000
Cost					
At 1 January 2021	74,561	7,785	8,407	25,418	116,171
Additions	-	3,304	-	-	3,304
At 31 December 2021	74,561	11,089	8,407	25,418	119,475
Accumulated amortisation and accumulated impairment					
At 1 January 2021	6,922	3,103	8,407	10,336	28,768
Amortisation charge for the year	-	1,211	-	2,465	3,676
At 31 December 2021	6,922	4,314	8,407	12,801	32,444
Net book value					
At 31 December 2021	67,639	6,775	-	12,617	87,031
At 31 December 2020	67,639	4,682	-	15,082	87,403

Goodwill

Goodwill is attributable to perceived future economic benefits that will be generated from the staff/client relationships acquired. Goodwill is tested for impairment on an annual basis.

Method of impairment testing

The recoverable amount of the cash generating unit ("CGU") is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a terminal value.

12 Tangible assets

	Leasehold improvements £'000	Owned equipment and motor vehicles £'000	Total £'000
Cost			
At 1 January 2021	51,407	12,984	64,391
Additions	1,757	649	2,406
Disposals	-	(539)	(539)
Reclassification	6	(6)	-
At 31 December 2021	53,170	13,088	66,258
Accumulated depreciation and accumulated impairment			
At 1 January 2021	26,660	9,255	35,915
Charge for the year	4,042	1,438	5,480
Disposals	-	(199)	(199)
At 31 December 2021	30,702	10,494	41,196
Net book value			
At 31 December 2021	22,468	2,594	25,062
At 31 December 2020	24,747	3,729	28,476

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

13 Right of use assets

	Leasehold property £'000	Total £'000
Cost		
At 1 January 2021	65,220	65,220
Additions	6,388	6,388
Disposals	(3,189)	(3,189)
At 31 December 2021	68,419	68,419
Accumulated depreciation and accumulated impairment		
At 1 January 2021	17,287	17,287
Charge for the year	8,733	8,733
Disposals	(2,623)	(2,623)
Impairment	318	318
At 31 December 2021	23,715	23,715
Net book value		
At 31 December 2021	44,704	44,704
At 31 December 2020	47,933	47,933

14 Investments

	Shares in Group undertakings £'000	Loans to Group undertakings £'000	Total £'000
Cost and net book value			
At 1 January 2021	7,492	3,035	10,527
Impairment	-	(270)	(270)
Reclassified to other debtors	-	(835)	(835)
Repaid in the year	-	(1,930)	(1,930)
Disposals in year	(117)	-	(117)
At 31 December 2021	7,375	-	7,375
Cost and net book value			
At 1 January 2020	10,167	2,792	12,959
Additions in year	-	243	243
Impairment	(2,659)	-	(2,659)
Disposals in year	(16)	-	(16)
At 31 December 2020	7,492	3,035	10,527

During the year disposals have been recognised for JP Case & Co Property Services Ltd and the GBR Phoenix Beard Group Ltd which have been liquidated. Savills Telecom Ltd repaid £1.93m of its total loan of £2.2m and with that business no longer trading the remaining £270k was forgiven and written off during the year.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

14 Investments (continued)

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates and joint ventures, the registered office and the effective percentage of equity owned by the Company, as at 31 December 2021, are disclosed below. Except where otherwise noted they are wholly owned, have share capital wholly comprised of ordinary shares, are registered in England and Wales, operate in the UK and are consolidated into the Savills plc Group financial statements.

Fully-owned Subsidiary	Country of incorporation	Registered office
Prime Purchase Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Capital Advisors Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Advisory Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
The Currell Group Ltd	United Kingdom	9 Bonhill Street, London EC2A 4DJ
Savills Management Resources Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (Jersey) Limited	Jersey	19 Halkett Place, St Helier, Jersey, JE2 4WG
Savills Telecom Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Chesterfield & Co (Rentals) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Smith Gore Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Holden Matthews Estate Agents Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Rickett Grant & Company Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Smith Woolley Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Advisory Services (L&P) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Trust Company Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Buckleys Estate Agents Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Commercial (Leeds) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Wellington Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Mansfield Elstob Main Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Hepher Dixon Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Humphriss & Ryde Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
LIBRA Housing Advisory Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

14 Investments (continued)

Fully-owned Subsidiary	Country of incorporation	Registered office	
Jago Dean PR Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD	
PCA Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD	
PCA Management Consultants Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD	
The London Planning Practice Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD	
Savills L&P Inc.	United States	Unex House, 132-134 Hills Road, Cambridge CB2 8PA	
Liverpool ONE Management Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD	
Savills Channel Islands Ltd	Guernsey	22 Smith Street, St Peter Port, Guernsey, GY1 2JQ	
Martel Maides Ltd	Guernsey	1 Le Truchot, St Peter Port, Guernsey, GY1 1WD	
Parkes & Associates Ltd	Guernsey	1 st Floor, Harbour Court, Les Amballes, St Peter Port, Guernsey GY1 1WU	
Subsidiaries of which the Company owns less than 100%	% owned	Country of incorporation	Registered office
Liverpool ONE Management Company Ltd	50%	United Kingdom	33 Margaret Street, London, W1G 0JD
SGDN Ltd	51%	United Kingdom	Stuart House, City House, Peterborough, PE1 1QF
Asset Core Ltd	16.1%	United Kingdom	33 Margaret Street, London, W1G 0JD
Associates	% owned	Country of incorporation	Registered office
Monaco Real Estates SARL	51%	Monaco	10 Ter Boulevard Princesse Charlotte
SAS - Riviera Estates	51%	France	11 Avenue Jean Medecin, 06000, Nice

14.1 Financial assets at fair value through other comprehensive income ('FVOCI')

Financial assets at FVOCI comprise the following individual equity investments:

	2021 £'000	2020 £'000
Fixed assets		
Listed securities		
OnTheMarket plc	1,537	1,478
Unlisted securities		
Other small investments	77	77
	1,614	1,555

The Company holds shares in OnTheMarket plc. The fair value of this financial asset is based on the quoted market price.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

15 Investments and transactions

There were no acquisitions during the year (2020: £nil cost of acquisitions).

16 Deferred income tax

The movement on the deferred income tax account is shown below:

Deferred tax assets

	Accelerated capital allowances £'000	Other including provisions £'000	Other employee benefit obligations £'000	Pension £'000	Share Based Payments £'000	Total £'000
At 1 January 2020	1,788	3,854	-	1,516	7,830	14,988
Amount credited to income statement (Note 9)	341	1,628	-	160	1,786	3,915
Tax credited to other comprehensive income (Note 9)	-	(20)	-	(1,209)	(2,867)	(4,096)
At 31 December 2020	2,129	5,462	-	467	6,749	14,807
Transfer of opening balances to additional category	-	(1,340)	1,340	-	-	-
At 31 December 2020 – revised	2,129	4,122	1,340	467	6,749	14,807
Amount credited to income statement (Note 9)	986	34	560	6	1,843	3,429
Effect of tax rate change within income statement	-	868	-	-	-	868
Tax (charged)/credited to other comprehensive expense (Note 9)	-	11	-	(473)	67	(395)
As at 31 December 2021	3,115	5,035	1,900	-	8,659	18,709

Deferred income tax assets have been recognised in respect of all temporary differences to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

16 Deferred income tax (continued)

Deferred tax liabilities

	Intangible Assets £'000	Pension £'000	Total £'000
At 1 January 2020	(2,359)	-	(2,359)
Amount credited to income statement <u>(Note 9)</u>	53	-	53
At 31 December 2020	(2,306)	-	(2,306)
Amount charge to income statement <u>(Note 9)</u>	366	-	366
Effect of rate change within income statement	(486)	-	(486)
Tax credited to other comprehensive Income (Note 9)	-	(3,132)	(3,132)
Effect of rate change within other comprehensive income	-	(989)	(989)
As at 31 December 2021	(2,426)	(4,121)	(6,547)
Net deferred tax asset			
As at 31 December 2021			12,162
As at 31 December 2020			12,501

17 Trade and other debtors

17.1 Trade and other debtors - current

	2020 £'000	2020 £'000
Trade debtors	149,748	132,090
<u>Less: loss allowance / impairment of debtors provision</u>	(4,578)	(8,640)
Trade debtors – net	145,170	123,450
Amounts owed by parent and fellow subsidiary undertakings	27,150	29,916
Amounts owed by subsidiary undertakings	8,891	14,729
Deferred income tax assets (see Note 16)	18,709	14,807
Other debtors	4,724	2,480
Accrued income	20,676	20,172
Prepayments	8,046	7,908
	233,366	213,462

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

Other debtors includes loans to staff of £767k (2020: £745k) and loans of £1,638k receivable from joint ventures. As at 31 December 2020 loans receivable from joint ventures were classified as part of the investment (see Note 14).

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

17 Trade and other debtors (continued)

17.2 - Trade and other debtors – non current

	2020 £'000	2020 £'000
Other debtors	1,425	-

Other debtors includes insurance receivable assets of £1,425k (2020: £nil).

18 Cash at bank and in hand

	2021 £'000	2020 £'000
Cash at bank and in hand	116,716	54,013
	116,716	54,013

The effective interest rate on short-term bank deposits was 0.27% (2020: 0.74%); these deposits have an average maturity of 41 days (2020: 39 days).

19 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Deferred consideration *	430	1,780
Trade creditors	6,335	4,115
Current income tax liability	2,909	2,429
Other taxation and social security	28,590	67,630
Other creditors	2,972	2,002
Contract liabilities (Note 4.1)	2,812	2,608
Accruals	220,513	143,696
Amounts owed to parent and fellow subsidiary undertakings	31,926	30,610
Amounts owed to subsidiary undertakings	5,758	6,196
	302,245	261,066

The bank overdraft is part of a Group pooling arrangement.

Amounts due to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

* Deferred consideration amounts relate to deferred acquisition payments that are linked to employment conditions.

20 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Deferred consideration	704	693
	704	693

* Deferred consideration amounts relate to deferred acquisition payments that are linked to employment conditions.

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

21 Provisions

	Professional indemnity claims £'000	Dilapidations provisions £'000	Other £'000	Total £'000
At 1 January 2021	13,181	5,038	2,916	21,135
Reclassification	-	-	576	576
Provided during the year	4,784	959	307	6,050
Utilised during the year	(947)	(83)	(2)	(1,032)
Released during the year	(2,268)	-	-	(2,268)
At 31 December 2021	14,750	5,914	3,797	24,461
Less non-current portion	(11,980)	(4,113)	(7)	(16,100)
Current portion	2,770	1,801	3,790	8,361
2020				
Current	4,286	1,729	2,909	8,924
Non-current	8,895	3,309	7	12,211
At 31 December 2020	13,181	5,038	2,916	21,135

Professional indemnity claims

These arise from various legal actions, proceedings and other claims that are pending against the Company and are based on reasonable estimates, taking into account the opinions of legal counsel. The nature of the amounts provided in respect of legal actions, proceedings and other claims is such that the extent and timing of cash flows can be difficult to estimate, and the ultimate liability may vary from the amounts provided. The non-current portion of these provisions is expected to be utilised within the next two to five years.

Dilapidation provisions

The Company is required to perform dilapidation repairs and in certain instances restore properties to agreed specifications prior to the properties being vacated at the end of their lease term. These amounts are based on estimates of repair and restoration costs at a future date and therefore a degree of uncertainty exists over the future outflows given that these are subject to repair and restoration cost price fluctuations and the extent of repairs to be completed. The majority of the non-current portion of these provisions is expected to be utilised within the next two to six years.

22 Lease liabilities

The statement of financial position shows the following amount relating to lease liabilities:

	2021 £'000	2020 £'000
As at 1 January	55,742	62,429
Additions	6,388	4,064
Disposal of leases	(600)	(1,460)
Repayment of lease liabilities	(10,776)	(11,093)
Unwinding of discount	1,608	1,802
As at 31 December	52,362	55,742
Current	8,626	8,852
Non-current	43,736	46,890

Savills (UK) Limited

Notes to the financial statements – Year ended 31 December 2021

23 Called up share capital

	2021 No. Shares	2020 No. Shares	2021 £'000	2020 £'000
Ordinary shares of £1 each:				
Authorised	5,000	5,000	5,000	5,000
Allotted, called up and fully paid	5,000	5,000	5,000	5,000

24 Share-based payments

The Savills plc Group operates four equity-settled share-based payment arrangements, namely the Sharesave Scheme, the Performance Share Plan (PSP), the Deferred Share Plan (DSP), and the Deferred Share Bonus Plan (DSBP). The company recognised total expenses relating to equity-settled share-based payment transactions of £9.1m (2020: £9.6m). Of the total share-based payments charge, £0.4m (2020: £0.5m) relates to the Sharesave Scheme, £0.7m (2020: £1m) relates to DSP schemes and £8m (2020: £8.1m) relates to DSBP schemes.

The company also recognises capital contributions from its ultimate parent, Savills plc, in relation to the expense of share schemes granted to the company's employees. The contribution recognised in 2021 is £9,116k (2020: £9,558k).

Payments made by the company to Savills plc to fund the share-based payment scheme are treated as repayments of previous capital contributions made to the company and are recorded as distributions in the statement of changes in equity. The payments made to Savills plc in the year were £14,616k (2020: £4,225k). Further details of the schemes are included in the Remuneration Report on pages 106 to 136 in the Savills plc 2021 Annual Report and Accounts.

(a) Movements in share schemes

2021 number of awards ('000)	Sharesave awards	DSP awards	DSBP awards
Outstanding at 1 January	1,209	362	3,102
Reallocation to Group companies	(116)	(7)	(85)
Granted	-	138	715
Exercised / cancelled	(974)	(74)	(720)
Forfeited / lapsed	(29)	-	(176)
Outstanding at 31 December	90	419	2,837
Exercisable at 31 December	-	-	-
Weighted average exercise price for awards outstanding at end of the year (pence)	640	-	-
Weighted average remaining contractual life (years)	-	2.4	1.8
Weighted average share price at the date of exercise for awards exercised in the year (pence)	1,408.8	791.6	1,180.3

Savills (UK) Limited

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24 Share-based payments (continued)

(a) Movements in share schemes (continued)

2020 number of awards ('000)	Sharesave awards	DSP awards	DSBP awards
Outstanding at 1 January	1,283	683	3,184
Granted		16	992
Exercised / cancelled	(8)	(335)	(1,006)
Forfeited / lapsed	(66)	(2)	(68)
Outstanding at 31 December	1,209	362	3,102
 Exercisable at 31 December			
Weighted average exercise price for awards outstanding at end of the year (pence)	640	-	-
Weighted average remaining contractual life (years)	0.8	2.4	1.9
Weighted average share price at the date of exercise for awards exercised in the year (pence)	888.2	791.6	738.7

(b) Fair value of options

For all the DSP and DSBP schemes the fair value of awards is the closing share price before award date. The Actuarial Binomial model of actuaries Lane Clark & Peacock LLP is used to fair value awards granted under the Sharesave schemes.

The fair values of options granted during the year are shown below:

Grant	Grant date	Deferred period	Fair value pence
DSBP 2021	21 April 2021	3-4 years	1,171.0
DSP 2021	21 April 2021	3-4 years	1,171.0
DSP 2021	16 September 2021	3-4 years	1,358.0

25 Contingent liabilities

In common with comparable professional service businesses, the Company is involved in a number of disputes in the ordinary course of business. Provision is made in the financial statements for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. The Company carries professional indemnity insurance, and no separate disclosure is made of the cost of claims covered by insurance as to do so could seriously prejudice the position of the Company.

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Notes to the financial statements – Year ended 31 December 2021

26 Related party transactions

During the year, the Company entered into the following trading transactions with related parties (excluding wholly owned subsidiaries and the ultimate parent company of the Savills Group), with the following balances outstanding at the end of the reporting year:

			Amounts	
	2021 £'000	2020 £'000	due/(owed) at 2021 £'000	Amounts due/(owed) at 2020 £'000
SGDN Limited	710	978	70	139
SAS Riviera Estates	6	14	1,561	694
Monaco Real Estates SARL	4	4	160	187

The trading transactions include recharges of shared costs, introduction fees for referrals, and interest on loans. All transactions were undertaken on an arm's length basis.

The Company is a borrower and a guarantor under the Group £360m Revolving Credit Facility ("RCF") between Savills Holding Company Limited (an intermediate holding company) and the banks. As at 31 December 2021 and 31 December 2020, the RCF was not drawn.

27 Subsequent events

On 20 May 2022 a final ordinary dividend for the year ended 31 December 2021 of £57,386k was declared and approved to be paid on 23 May 2022 to the sole member whose name appears on the register of members at that date.

There are no other subsequent events to report.

28 Parent undertaking

The immediate parent undertaking of Savills (UK) Limited is Savills Holding Company Limited.

The ultimate parent undertaking and controlling party is Savills plc, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of the Savills plc Annual Report and Accounts are available from the Company Secretary at 33 Margaret Street, London, W1G 0JD.