Just Wills Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2014

(Registered Number: 2427464)

Contents

Directors' Report

The Directors present their annual report and audited financial statements for the year ended 31 December 2014.

INTRODUCTION AND OVERVIEW

The principal activity of the Company is the provision of will writing and storage services. On 1 November 2014 the trade and assets of the Universal Trust Corporation, Willcraft Legal Services, Legal Services UK, Executory Services Scotland, In Home Legal Services, IHLS, Allguard and Willmaster Storage were transferred to Just Wills Limited.

Just Wills Limited is a private limited company registered in England and Wales, registered number; 2427464.

The Company made a loss before tax of £360,000 for the year (2013: loss £125,000).

DIRECTORS

The directors who served during the year were:

DC Livesey
JP Cosson
RS Shipperley
RJ Twigg (appointed 7 April 2014)

DIVIDENDS

During the year no interim dividend was paid (2013: £nil). The Directors do not propose the payment of a final dividend (2013: £nil).

DISCLOSURE OF INFORMATION TO AUDITORS

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

The company has taken advantage of the small companies' exemptions in presenting this directors report.

By order of the board

JP Cosson
Director

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27 March 2015

Medway House
18-22 Cantelupe Road
East Grinstead
West Sussex
RH19 3BJ

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JUST WILLS LIMITED

We have audited the financial statements of Just Wills Limited for the year ended 31 December 2014 as set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

• give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
• have been properly prepared in accordance with IFRSs as adopted by the EU; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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
• the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report; or
• we have not received all the information and explanations we require for our audit.

David Burridge   20 April 2015

David Burridge (Senior Statutory Auditor) for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Year ended 31 Dec 2014 £000	Year ended 31 Dec 2013 £000
Revenue	1	217	229
Administrative expenses	2	(769)	(297)
Loss from operations		**(552)**	**(68)**
Dividends received		192	-
Finance costs	3	-	(57)
Loss before tax		**(360)**	**(125)**
Tax credit	5	93	1
Loss for the year being total comprehensive income		**(267)**	**(124)**

In both the current and preceding year the Company had no discontinued operations.

There were no recognised income and expense items in the current year (2013: £nil) other than those reflected in the above Statement of Comprehensive Income.

The Statement of Comprehensive Income is prepared on an unmodified historical cost basis.

The notes on pages 10 to 20 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2014

	Notes	£000	31 December 2014 £000	£000	31 December 2013 £000
Non-current assets					
Property, plant, and equipment	6	-		48	
Intangible assets	7	-		35	
Investments	10	-		972	
Deferred tax	8	12		6	
Goodwill	9	496		-	
Total non-current assets			508		1,061
Current assets					
Trade and other receivables	11	212		116	
Tax receivable		58		-	
Cash and cash equivalents		240		42	
Total current assets			510		158
Total assets			**1,018**		**1,219**
Current liabilities					
Trade and other payables	12	3,671		3,575	
Tax payable		-		30	
Total current liabilities			3,671		3,605
Total liabilities			3,671		3,605
Equity – attributable to equity holders of the Company					
Share capital	13	100		100	
Retained deficit	13	(2,753)		(2,486)	
Total equity			(2,653)		(2,386)
Total equity and liabilities			**1,018**		**1,219**

These financial statements were approved by the Board of Directors on 27March 2015 and signed on its behalf by:

JP Cosson
Director

Company registration number: 2427464

The notes on pages 10 to 20 form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

	Share Capital £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2014	100	(2,486)	(2,386)
Total comprehensive income for the year	-	(267)	(267)
Balance at 31 December 2014	**100**	**(2,753)**	**(2,653)**
Balance at 1 January 2013	100	(2,362)	(2,262)
Total comprehensive income for the year	-	(124)	(124)
Balance at 31 December 2013	**100**	**(2,486)**	**(2,386)**

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Year ended 31 Dec 2014 £000	Year ended 31 Dec 2013 £000
Cash flows from operating activities			
Loss for the year		(267)	(124)
Adjustments for:			
Depreciation of property, plant and equipment	2	7	15
Amortisation of intangibles	2	6	3
Interest expense	3	-	57
Dividends received		(192)	-
Tax credit	5	(93)	(1)
Gain/loss on disposal	6	19	-
Impairment	9	476	-
Operating loss before changes in working capital and provisions		**(44)**	**(50)**
(Increase) / decrease in trade and other receivables		(96)	188
Increase / (decrease) in trade and other payables		96	(18)
Cash outflow from operations		**(44)**	**(120)**
Interest paid		-	(57)
Tax paid		(1)	35
Net cash (outflow) / inflow from operating activities		**(45)**	**98**
Cash flows from investing activities			
Dividends received		192	-
Purchases of property, plant and equipment		(22)	(18)
Purchases of computer software		(19)	(19)
Proceeds on disposal of property, plant and equipment		48	1
Proceeds on disposal of intangibles		44	-
Net cash inflow / (outflow) from investing activities		**243**	**(36)**
Net increase in cash and cash equivalents		198	62
Cash and cash equivalents at 1 January		42	(20)
Cash and cash equivalents at 31 December		**240**	**42**

The notes on pages 10 to 20 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Just Wills Limited (the "Company") is a company incorporated and domiciled in the UK. The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company accounts:

a) Basis of accounting

The Financial Statements are presented in accordance with International Financial Reporting Standards (IFRS) and its *interpretations as adopted by the EU and effective at 31 December 2014.*

There have been no new accounting policies adopted in the year that have an impact on these financial statements.

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

Measurement convention

These financial statements are prepared on the historical cost basis.

Currency presentation

These financial statements are presented in pounds sterling and, except where otherwise indicated, have been rounded to the nearest one thousand.

Going concern

The Company's business activities are set out in the Directors Report on page 3. The financial position of the Company, its cash flows, and liquidity position are shown on pages 6 to 9. In addition, the Directors Report and notes to these financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

As detailed in the Statement of Comprehensive Income on page 6, the Company has reported a loss for the year but has net liabilities. Confirmation has been received from Connells Limited, that it will provide such support if Just Wills Limited requires, enabling it to meet its liabilities as and when they fall due for a period of not less than one year from the date of approval of these financial statements.

The Directors have concluded that the combination of these circumstances gives a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in the financial statements.

b) Revenue recognition

Revenue, which excludes value added tax, represents amounts receivable for services. Will writing income is recognised on delivery of instruction and is presented net of direct commissions. Income received in advance for the storage of wills is recognised over the period that the customer has paid for storage. Income received for probate management services is recognised over the expected stage of completion of the probate case.

c) Property, plant *and equipment*

Property, plant and equipment are stated in the Statement of Financial Position at cost less accumulated depreciation.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives on the following bases:

Fixtures and fittings	-	5 to 10 years
Office equipment	-	4 to 5 years

All depreciation is charged on a straight-line basis.

d) Intangible Assets

The Intangible assets recognised are primarily software development costs. Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the day they are available for use. The estimated useful lives are as follows:

Computer software	-	3 to 5 years

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

e) Trade and other receivables

Trade and other receivables are stated at their nominal value (discounted if material) less any impairment.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

f) Trade and other payables

Trade and other payables are initially stated at their fair value then subsequently at amortised cost.

g) Goodwill

Goodwill arises on the hive up of the trade and assets of £496,000.

The recoverable amount of goodwill is determined as the higher of its fair value less costs to sell and its value in use. The value in use calculations are carried out by discounting the future cash flows of the cash generating unit ("CGU") and comparing this to its value in use. Future cash flows are based upon approved profit budgets for the next five years (adjusted for depreciation and amortisation) and assumed growth thereafter. The Company estimates discount rates based on a current cost of capital. Impairment of goodwill is recognised where the present value of future cash flows of the CGU is less than its carrying value. A fifteen year time horizon has been used to reflect that CGUs are held for the long term.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised through the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

The recoverable amount of each CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the cash flows, discount rates and growth rates. The Company prepares cash flow forecasts on the assumption that the business is held for long-term investment. The cash flows are derived from the most recent financial plan for the next five years. This takes into account the risks inherent in the business and extrapolates cash flows for subsequent years (up to an additional 10 years) based on a long-term growth rate. Due to the nature of the storage income, it has been assumed that revenue will reduce by 1.3% per annum. The Company estimates pre-tax discount rates based on the current cost of capital adjusted for the risks inherent in the CGU of 8%.

h) Taxation

Income tax on the result for the year comprises current tax and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except where items are recognised directly in equity, in which case the associated income tax is recognised via equity.

Current tax is the expected tax payable on the taxable income or expense for the year, using tax rates enacted or substantially enacted on the year end date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Statement of Financial Position liability method, which recognises temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the year end.

i) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash comprises cash in hand and loans and advances to credit institutions repayable on demand, and cash and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. The Statement of Cash Flows has been prepared using the indirect method.

j) Net financing costs

Interest income and interest payable are recognised in the Statement of Comprehensive Income as they accrue, using the effective interest method.

k) True and fair override on hive up of subsidiaries

On 31st October 2014 the trade and assets of the Universal Trust Corporation, Willcraft Legal Services, Legal Services UK, Executory Services Scotland, In Home Legal Services, IHLS, Allguard and Willmaster Storage were hived up to Just Wills Limited. The consideration for this transfer was based on the book value of the subsidiaries net assets and took no account of goodwill in the business. This results in an apparent impairment of the £972,000 investment held in the companies books. IFRS and Company Law would ordinarily require an impairment charge of £972,000 to be recorded. The directors consider that, as the substance of the transaction was to reorganise the group and there has been no loss to the group, then the investment balance should be reallocated to goodwill. The goodwill balance will be subject to annual impairment tests. This results in £972,000 being transferred from investments to goodwill.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Expenses and auditors' remuneration

	Year ended 31 Dec 2014 £000	Year ended 31 Dec 2013 £000
Profit / (loss) before tax is stated after charging the following:		
Depreciation of property, plant and equipment	7	15
Amortisation of Intangibles	6	3
Impairment of goodwill	476	-
Impairment (gain) / loss on trade receivables	-	(4)
Staff costs (see note 4)	295	687
Management recharges to other group companies	(268)	(944)
Rentals payable under operating leases		
- Plant & machinery	-	10
- Other	-	55
Loss on disposal of property, plant and equipment	15	-
Loss on disposal of intangible assets	4	-
Auditors' remuneration		
Audit of these financial statements	10	2

3. Finance costs

	Year ended 31 Dec 2014 £000	Year ended 31 Dec 2013 £000
Interest payable to group undertakings	-	57

Other non-operating costs relate to the impairment of amounts due from other group companies.

4. Staff numbers and costs

The average monthly number of persons employed by the company (including Directors) during the year was as follows:

	Year ended 31 Dec 2014 No.	Year ended 31 Dec 2013 No.
Directors	4	6
Other	12	25
	16	31

	Year ended 31 Dec 2014 £000	Year ended 31 Dec 2013 £000
The aggregate payroll costs of these persons was as follows:		
Wages and salaries	272	627
Social security costs	23	60
Other pension costs	-	-
	295	687

A proportion of staff costs are recharged to other group companies.

Directors' emoluments	£000	£000
Directors' emoluments	48	153
Contributions to defined contribution pension schemes	-	-
	48	153

The aggregate of emoluments of the highest paid Director was £48,400 (2013: nil). Included within this total were contributions of £200 to defined contribution pension schemes (2013: nil). Three of the Directors, who held office during the year, are remunerated by another group company, and did not (2013: did not) receive any remuneration from Just Wills Limited.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

5. Tax credit

a) Analysis of credit in the year at 21.50% (2013: 23.25%)

	Year ended 31 Dec 2014 £000	Year ended 31 Dec 2013 £000
Current tax credit		
Current tax at 21.50% (2013: 23.25%)	(59)	-
Adjustment in respect to previous periods	(28)	
Total current tax	(87)	-
Deferred tax credit		
Origination and reversal of temporary differences	(6)	(1)
Total deferred tax	-	(1)
Tax credit	(93)	(1)

b) Factors affecting current tax credit in the year

The tax credit assessed in the Statement of Comprehensive Income is lower (2013: higher) than the standard UK corporation tax rate because of the following factors:

	Year ended 31 Dec 2014 £000	Year ended 31 Dec 2013 £000
Profit / (loss) before tax	(360)	(125)
Tax on profit / (loss) at UK standard rate of 21.50% (2013: 23.25%)	(77)	(29)
Effects of:		
Income not taxable for tax purposes	16	(1)
Effects of other tax rates	2	1
Amounts in respect to previous periods	(28)	29
Other	(6)	-
Tax credit	(93)	-

Other relates to deferred tax transferred as part of the transfer of trade and assets from other group companies.

6. Property, plant and equipment

	Fixtures & fittings £000	Office Equipment £000	Total £000
Cost			
At 1 January 2014	16	55	71
Additions	20	2	22
Disposals	(36)	(57)	(93)
At 31 December 2014	-	-	-
Accumulated depreciation and impairment			
At 1 January 2014	5	18	23
Amortisation charge for the year	1	6	7
Disposals	(6)	(24)	(30)
At 31 December 2014	-	-	-
Carrying amounts			
At 1 January 2014	11	37	48
At 31 December 2014	-	-	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. Property, plant and equipment (continued)

	Fixtures & fittings £000	*Office Equipment* £000	Total £000
Cost			
At 1 January 2013	15	39	54
Additions	-	18	18
Reclassification of assets	2	(2)	-
Disposals	(1)	-	(1)
At 31 December 2013	16	55	71
Accumulated depreciation and impairment			
At 1 January 2013	2	6	8
Depreciation charge for the year	3	12	15
At 31 December 2013	5	18	23
Carrying amounts			
At 1 January 2013	13	33	46
At 31 December 2013	11	37	48

7. Intangible Assets

	Computer Software £000
Cost	
At 1 January 2014	38
Additions	19
Disposals	(57)
At 31 December 2014	-
Accumulated depreciation and impairment	
At 1 January 2013	3
Amortisation charge	6
Disposals	(9)
At 1 January and 31 December 2014	-
Carrying amounts	
At 1 January 2014	35
At 31 December 2014	-

	Computer Software £000
Cost	
At 1 January 2013	19
Additions	19
At 31 December 2013	38
Accumulated depreciation and impairment	
At 1 January 2013	-
Amortisation charge	3
At 1 January and 31 December 2013	3
Carrying amounts	
At 1 January 2013	19
At 31 December 2013	35

8. Deferred tax

The movement on the deferred tax account is as shown below:	Year ended 31 Dec 2014 £000	Year ended 31 Dec 2013 £000
At 1 January	6	5
Credit in Statement of Comprehensive Income	6	1
At 31 December	12	6

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8. Deferred tax (continued)

Deferred tax assets

	Accelerated capital allowances £000
At 1 January 2014	6
Credited in Statement of Comprehensive Income	6
At 31 December 2014	**12**

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at least annually and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred taxes are calculated on timing differences under the liability method using an effective tax rate of 20% (2013: 20%) as this is the enacted rate that is expected to apply when the temporary differences reverse.

9. Goodwill

	Goodwill £000
Cost	
At 1 January 2014	-
Transferred from investments	972
Impairment	(476)
At 31 December 2014	**496**

Goodwill relates to the trade and assets hive up of Legal Services UK and The Willmaster (Storage) Limited and are allocated to the storage CGU. During a review of the goodwill created, it was decided that an impairment of £476,000 should be booked.

10. Investments

	Shares in Group Undertakings £000
Cost	
At 1 January 2014	972
Transfer to goodwill	(972)
31 December 2014	-
Net Book Value	
At 31 December 2014	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10. Investments (continued)

	Shares in Group Undertakings £000
Cost	
At 1 January and 31 December 2013	972
Impairment losses	
At 1 January and 31 December 2013	-
Net book value	
At 1 January 2013	-
At 31 December 2013	972

The Company owns equity share capital in its principal trading subsidiary undertakings, which are incorporated in the UK.

Name of subsidiary undertaking	**Nature of business prior to hive up**	**Proportion of ordinary shares held**
The Willmaster (Storage) Limited	Will writing and associated services	100%
Legal Services UK Limited	Will writing and associated services	100%
Executry Services Scotland Limited	Probate and associated services	100%

11. Trade and other receivables

	Year ended 31 Dec 2014 £000	**Year ended 31 Dec 2013 £000**
Trade receivables	61	31
Amounts owed by group undertakings	-	58
Prepayments and accrued income	23	39
Other	128	-
Bad debt provision	-	(12)
	212	**116**

11. Trade and other receivables (continued)

The ageing of trade receivables (which all arose in the UK) at the year end was:

	31 Dec 2014 £000 Gross	**31 Dec 2014 £000 Impairment**	**31 Dec 2013 £000 Gross**	**31 Dec 2013 £000 Impairment**
Not overdue	5	-	-	-
Overdue 0 – 30 days	26	-	-	-
Overdue 31 – 120 days	15	-	19	-
Overdue 120 days plus	15	-	12	(12)
	61	**-**	**31**	**(12)**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2014 £000	**2013 £000**
At 1 January	(12)	(16)
Provisions made during the year	-	-
Provisions released during the year	-	-
Receivables written off during the year	12	4
At 31 December	**-**	**(12)**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

12. Trade and other payables

	Year ended 31 Dec 2014 £000	Year ended 31 Dec 2013 £000
Bank overdraft	-	-
Trade payables	14	-
Amounts owed to group undertakings	3,303	3,460
Accruals and deferred income	284	105
Other creditors	70	10
	3,671	**3,575**

13. Share capital

	Year ended 31 Dec 2014 £000	Year ended 31 Dec 2013 £000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**100**	**100**

Management of capital

Capital is considered to be the audited retained earnings and ordinary share capital in issue.

Capital	Year ended 31 Dec 2014 £000	Year ended 31 Dec 2013 £000
Ordinary shares	100	100
Retained earnings	(2,753)	(2,486)
	(2,653)	**(2,386)**

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act, with which it complies.

The capital position is reported to the Board regularly. The capital position is also given due consideration when corporate plans are prepared.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

14. Related party transactions

The Company has related party relationships within the Skipton Building Society as detailed below. All such transactions are priced on an arms-length basis.

	2014 Ultimate parent undertaking £000	2014 Immediate parent undertaking £000	2014 Other group companies £000	2013 Ultimate parent undertaking £000	2013 Immediate parent undertaking £000	2013 Other group companies £000
a) Net interest						
Interest receivable	-	-	-	-	-	-
Interest payable	-	-	-	-	-	(57)
Total	-	-	-	-	-	(57)
b) Sales of goods and services						
Management recharges	-	-	268	-	-	943
Total	-	-	268	-	-	943
c) Purchase of goods and services	-	-	-	-	-	-
Total	-	-	-	-	-	-
d) Outstanding balances						
Receivables from related parties	-	-	-	-	-	58
Payables to related parties	-	(1,162)	(2,141)	-	(1,329)	(2,131)
Total	-	(1,162)	(2,141)	-	(1,329)	(2,073)

There is no cash held on deposit with the Skipton Building Society held within cash and cash equivalents at the year end (2013: £nil).

All transactions are dealt with on normal credit terms.

On 1 November 2014 the trade and assets of the Universal Trust Corporation, Willcraft Legal Services, Legal Services UK, Executory Services Scotland, In Home Legal Services, IHLS, Allguard and Willmaster Storage were transferred to Just Wills Limited at book value. Following the transfer, dividends were received as follows:

From	**£**
Executory Services Scotland Limited	65,598
Legal Services UK Limited	103,367
The Willmaster (Storage) Limited	23,231
	192,196

15. Capital Commitments and operating leases

There were no capital commitments at the year end (2013: £nil).

The Company has commitments due under operating leases in respect of rent payable on land and buildings. Total commitments under these non-cancellable operating leases are as follows:

Amounts falling due:	Year ended 31 Dec 2014 £000	Year ended 31 Dec 2013 £000
Less than one year	-	33
Between one and five years	-	-
More than five years	-	-
	-	33

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. *Financial instruments*

Financial risks

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. The principal financial risks to which the Company is exposed are liquidity risk, market risk and credit risk, these are monitored on a regular basis by management. Each of these is considered below.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's liquidity policy is to maintain sufficient liquid resources to cover imbalances and fluctuations in funding, to maintain solvency of the Company and to enable the Company to meet its financial obligations as they fall due.

This is achieved through maintaining a prudent level of liquid assets and through rigorous management control of the growth of the business.

Liquidity risk (continued)

The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount £000	Contractual cash flows £000	In not more than one month £000	In not more than 3 months £000	In more than 3 months but less than 1 year £000	In more than one year but not more than 5 years £000
Trade and other payables	368	368	368	-	-	-
Amounts owing to group companies	3,303	3,303	3,303	-	-	-
Total	**3,671**	**3,671**	**3,671**	**-**	**-**	**-**

There are no differences between the fair values of financial assets and liabilities and their carrying amounts showing in the Statement of Financial Position.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

Currency risk

The Company is not exposed to any currency risk as all transactions are denominated in Sterling.

Interest rate risk

The Company has no external interest bearing liabilities, excluding intra-group loans. The Company monitors any exposure to interest rate risk on a continuous basis.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. As the Company has limited receivables from customers, no impairment provision is necessary. Management carefully manages its exposure to credit risk.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and level of dividends to ordinary shareholders. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

17. Ultimate Parent Undertaking

The Company is a wholly owned subsidiary of Just Wills Group Limited. The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. The largest group in which the results are consolidated is that headed by Skipton Building Society. The smallest group in which the results are consolidated is that headed by Connells Limited and the accounts of this company are available to the public and can be obtained from:

Connells Limited
Cumbria House
16 – 20 Hockliffe Street
Leighton Buzzard
Bedfordshire
LU7 1GN