

JUST WILLS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2017

(Registered Number: 2427464)

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Directors' Report

The Directors present their Directors' Report and audited financial statements for the year ended 31 December 2017.

INTRODUCTION AND OVERVIEW

The principal activity of the Company is the provision of will writing and storage services.

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

The Company made a profit before tax of £280,000 for the year (2016: £311,000).

DIRECTORS

The directors who served during the year were:

DC Livesey
JP Cosson
RS Shipperley
RJ Twigg

DIVIDENDS

During the year no interim dividend was paid (2016: £nil). The Directors do not propose the payment of a final dividend (2016: £nil).

DISCLOSURE OF INFORMATION TO AUDITOR

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

The Company has taken advantage of the small companies' exemptions in presenting this Directors Report.

EMPLOYEES

It is Company policy to provide employees with information concerning their roles and responsibilities and the trading performance of the Company. This policy is to ensure opportunities are available at every level to improve employees' and corporate performance. Regular meetings are held which involve directors, managers and staff.

CHARITABLE AND POLITICAL DONATIONS

The Company made no charitable or political donations in 2017 (2016: £nil).

DISABLED PERSONS


The Company continues to recognise its social and statutory duty to employ disabled persons and will do all that is practicable to meet this responsibility. Full consideration will be given to the recruitment of disabled persons, where a disabled person can adequately fulfil the requirements of the job. If an employee becomes disabled he or she will continue wherever possible to be employed in the same job. If this action is not practicable or possible, then every effort will be made to find suitable alternative employment. It is the policy of the company that the training, career development and promotion of a disabled person should as far as possible be identical with that of a person who does not have a disability.

AUDITOR

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

By order of the board

RJ Twigg
Director


9 May 2018

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

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 International Financial Reporting Standards as adopted by the European Union (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 for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

Opinion

We have audited the financial statements of Just Wills Limited ("the company") for the year ended 31 December 2017 which comprise the statement of financial position, the income statement, the statement of cash flows, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2017 and of the profit for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

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



Karen Tasker (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

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

15 May 2018

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Year ended 31 Dec 2017 £000	Year ended 31 Dec 2016 £000
Revenue	1	559	573
Administrative expenses	2	<u>(279)</u>	<u>(262)</u>
Profit before tax		280	311
Taxation	4	<u>(48)</u>	<u>186</u>
Profit for the year being total comprehensive income		<u>232</u>	<u>497</u>

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 (2016: £nil) other than those reflected in the above Income Statement.

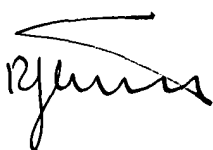
The notes on pages 11 to 18 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2017

	Notes	£000	31 December 2017 £000	£000	31 December 2016 £000
Non-current assets					
Goodwill	6	496		496	
Investments	7	-		-	
Deferred tax	5	148		196	
Total non-current assets			644		692
Current assets					
Trade and other receivables	8	63		49	
Cash and cash equivalents		58		37	
Total current assets			121		86
Total assets			765		778
Current liabilities					
Trade and other payables	9	2,394		2,639	
Total current liabilities			2,394		2,639
Total liabilities			2,394		2,639
Equity – attributable to equity holders of the Company					
Share capital	10	100		100	
Retained deficit	10	(1,729)		(1,961)	
Total equity			(1,629)		(1,861)
Total equity and liabilities			765		778

These financial statements were approved by the Board of Directors on 9 May 2018 and signed on its behalf by:



RJ Twigg
Director

Company registration number: 2427464

The notes on pages 11 to 18 form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2017	100	(1,961)	(1,861)
Total income for the year	-	232	232
Balance at 31 December 2017	100	(1,729)	(1,629)
Balance at 1 January 2016	100	(2,458)	(2,358)
Total income for the year	-	497	497
Balance at 31 December 2016	100	(1,961)	(1,861)

The notes on pages 11 to 18 form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Year ended 31 Dec 2017 £000	Year ended 31 Dec 2016 £000
Cash flows from operating activities			
Profit for the year		232	497
Adjustments for:			
Tax charge / (credit)	4	48	(186)
Operating profit before changes in working capital and provisions		280	311
(Increase) / decrease in trade and other receivables	8	(14)	8
(Decrease) in trade and other payables	9	(245)	(330)
Cash inflow/ (outflow) from operations		21	(11)
Tax paid		-	-
Net cash inflow/ (outflow) from operating activities		21	(11)
Net increase/ (decrease) in cash and cash equivalents		21	(11)
Cash and cash equivalents at 1 January		37	48
Cash and cash equivalents at 31 December		58	37

The notes on pages 11 to 18 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Just Wills Limited (the "Company") is a company incorporated, registered and domiciled in the UK. The following accounting policies have been applied in these company accounts:

a) Basis of accounting

The Company's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and effective as at 31 December 2017, and those parts of the Companies Act 2006 applicable to Companies reporting under IFRS.

The Company has applied the following changes in accounting standards during the year:

- Disclosure Initiative (Amendments to IAS 7);
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12);

These amendments have had no material impact on these Financial Statements.

Disclosed below are the new IFRS and amendments which at 31 December 2017 have been endorsed by the EU but were not effective and have therefore not been applied in preparing these financial statements:

- IFRS 15 Revenue from Contracts with Customers;
- IFRS 9 Financial Instruments; and
- IFRS 16 Leases.

The new revenue recognition standard IFRS 15 will be effective for periods beginning on or after 1 January 2018. The Company does not believe its revenue will be impacted materially by the changes to the standard following a detailed assessment being performed. The Company plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Company will not apply the requirements of IFRS 15 to the comparative period presented.

IFRS 9 will be effective for periods beginning on or after 1 January 2018. The impact has been assessed and is considered minimal given the Company does not hold complex financial instruments. The impact to the trade and receivables balance has been calculated based on historic bad debt rates, but the estimated exposure is not material. Given the limited impact it is not expected significant additional disclosure will be required. The Company plans to apply the IFRS 9 changes retrospectively, with the following exception. The Company will take advantage of the exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 January 2018.

The new leasing standard, IFRS 16, will be effective from 1 January 2019. The standard will have an effect on the Company's income statement and statement of financial position as the Company enters into leases which will be brought onto the statement of financial position under the new standard. The income statement will also be affected as the profile of the expensing of the lease payments is changed. Currently, the lease expense is recognised evenly over the life of the lease. Under the new standard, while the charge will remain the same over the lease period, however the cost recognised in the income statement in earlier years will be higher, with this reducing over the life of the lease.

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 pounds. The functional currency is pounds sterling.

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 7 to 10. 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 Income Statement on page 7, the Company has reported a profit for the year but has net liabilities. Confirmation has been received from its parent undertaking Connells Limited, that it will provide such support that Just Wills Limited requires, for a period of not less than one year from the date of approval of these financial statements enabling it to meet its liabilities as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies *(continued)*

Going concern *(continued)*

The Directors have concluded that this 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) Trade and other receivables

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

d) Trade and other payables

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

e) Goodwill

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 three years. This takes into account the risks inherent in the business and extrapolates cash flows for subsequent years (up to an additional 12 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 3.5% 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%.

f) Taxation

Income tax on the profits for the year comprises current tax and deferred tax. Income tax is recognised in the Income Statement except where items are recognised directly in other comprehensive income, in which case the associated income tax asset or liability is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the year end, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of 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 reporting date.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

The carrying amount of deferred tax assets is reviewed at each year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each year end and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

g) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash comprises cash in hand and loans and balances with banks and similar institutions. Cash and cash equivalents comprise highly liquid investments which 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.

h) Net financing costs

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

2. Expenses and Auditor's remuneration

	Year ended 31 Dec 2017 £000	Year ended 31 Dec 2016 £000
Profit before tax is stated after charging the following:		
Staff costs (see note 3)	113	130
Audit of these financial statements	<u>3</u>	<u>16</u>

3. 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 2017 No.	Year ended 31 Dec 2016 No.
Directors	4	4
Other	5	6
	<u>9</u>	<u>10</u>

	Year ended 31 Dec 2017 £000	Year ended 31 Dec 2016 £000
The aggregate payroll costs of these persons was as follows:		
Wages and salaries	105	119
Social security costs	7	10
Other pension costs	1	1
	<u>113</u>	<u>130</u>

	£000	£000
Directors' emoluments		
Directors' emoluments	20	18
Contributions to defined contribution pension schemes	-	-
	<u>20</u>	<u>18</u>

Three (2016: three) of the directors are remunerated by other group entities. Their services to the Company are inconsequential to attract a notional charge.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. Taxation

a) Analysis of charge/ (credit) in the year at 19.25% (2016: 20%)

	Year ended 31 Dec 2017 £000	Year ended 31 Dec 2016 £000
Current tax charge		
Current tax at 19.25% (2016: 20%)	-	-
Total current tax	-	-
Deferred tax charge		
Current tax at 19.25% (2016: 20%)	48	68
Origination and reversal of temporary differences	-	(254)
Total deferred tax	48	(186)
Tax charge / (credit)	48	(186)

b) Factors affecting current tax charge in the year

The tax charge assessed in the Income Statement is lower (2016: lower) than the standard UK corporation tax rate because of the following factors:

	Year ended 31 Dec 2017 £000	Year ended 31 Dec 2016 £000
Profit before tax	280	311
Tax on profit at UK standard rate of 19.25% (2016: 20%)	54	62
Effects of:		
Effects of other tax rates	(6)	6
Amounts in respect of previous periods	-	(254)
Tax charge / (credit)	48	(186)

The current tax charge is reduced by utilisation of losses brought forward.

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015 and to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

5. Deferred tax

The movement on the deferred tax asset is as shown below:

	Year ended 31 Dec 2017 £000	Year ended 31 Dec 2016 £000
At 1 January	196	10
Charge in income statement	(48)	(68)
Adjustment in respect of prior years	-	254
At 31 December	148	196

Deferred tax assets are attributable to the following items:

Deferred tax assets

	Asset/ (liability) £000	(Charged)/ credited to income £000
2017		
Capital allowances	6	-
Losses	142	(48)
	148	(48)
2016		
Capital allowances	8	-
Losses	188	(68)
	196	(68)

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. Goodwill

	2017 £000	2016 £000
Cost		
At 1 January	496	496
Transferred from investments	-	-
Impairment	-	-
At 31 December	496	496

Goodwill relates to the trade and assets hived up of Legal Services UK and The Willmaster (Storage) Limited and is allocated to the will storage CGU.

7. Investments

At 31 December 2017, the Company owns equity share capital in its subsidiary undertakings, which are all incorporated in the UK, as follows:

Name of subsidiary undertaking	Nature of business	Proportion of ordinary shares held 2017	Proportion of ordinary shares held 2016
The Willmaster (Storage) Limited ^a	Dormant	100%	100%
Legal Services UK Limited ^a	Dormant	100%	100%
Executry Services Scotland Limited ^b	Dormant	100%	100%
Legal Services Probate Limited ^a	Dormant	100%	100%
The Willmaster Limited ^a	Dormant	100%	100%

Registered Offices

^a Cumbria House, 16-20 Hockliffe Street, Leighton Buzzard, Bedfordshire, LU7 1GN

^b c/o MacRoberts LLP, 60 York Street, Glasgow, Scotland, G2 8JX

The carrying value of these investments at 31 December 2017 was £nil (2016: £nil).

8. Trade and other receivables

	2017 £000	2016 £000
Trade receivables	32	35
Prepayments and accrued income	35	18
Bad debt provision	(4)	(4)
	63	49

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

	2017 £000 Gross	2017 £000 Impairment	2016 £000 Gross	2016 £000 Impairment
Not overdue	-	-	-	-
Overdue 0 – 30 days	16	-	17	-
Overdue 31 – 120 days	6	(1)	8	(1)
Overdue 120 days plus	10	(3)	10	(3)
	32	(4)	35	(4)

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

	2017 £000	2016 £000
At 1 January	(4)	(9)
Provisions made during the year	4	(3)
Provisions released during the year	(4)	4
Receivables written off during the year	-	4
At 31 December	(4)	(4)

The Company does not require collateral in respect of trade and other receivables. Management believes that the unimpaired amounts that are overdue are still collectible in full, based on historical payment behaviour and analysis of customer credit risk.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9. Trade and other payables

	2017 £000	2016 £000
Trade payables	6	1
Amounts owed to group undertakings	2,123	2,374
Accruals and deferred income	255	257
Other creditors	10	7
	<u>2,394</u>	<u>2,639</u>

10. Share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
100,000 (2016: 100,000) Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Management of capital

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

Capital	2017 £000	2016 £000
Ordinary shares	100	100
Accumulated deficit	<u>(1,729)</u>	<u>(1,961)</u>
	<u>(1,629)</u>	<u>(1,861)</u>

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.

11. 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.

	Ultimate parent undertaking £000	2017 Immediate parent undertaking £000	Other group companies £000	Ultimate parent undertaking £000	2016 Immediate parent undertaking £000	Other group companies £000
a) Purchase of goods and services	-	(5)	-	-	(4)	-
Total	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>
b) Outstanding balances						
Payables to related parties	-	(26)	(2,097)	-	(278)	(2,096)
Total	<u>-</u>	<u>(26)</u>	<u>(2,097)</u>	<u>-</u>	<u>(278)</u>	<u>(2,096)</u>

All transactions are dealt with on normal credit terms.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

12. Capital Commitments and operating leases

There were no capital commitments at the year end (2016: £nil) and no commitments under operating leases (2016: £nil).

13. 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.

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

2017

	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	271	271	271	-	-	-
Amounts owing to group companies	2,123	2,123	2,123	-	-	-
Total	2,394	2,394	2,394	-	-	-

2016

	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	265	265	265	-	-	-
Amounts owing to group companies	2,374	2,374	2,374	-	-	-
Total	2,639	2,639	2,639	-	-	-

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. Management carefully manages its exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

13. Financial instruments (continued)

The Company's financial assets (excluding available-for-sale financial assets) at the year end were as follows:

	Year ended 2017 £000	Year ended 2016 £000
Cash and cash equivalents	58	37
Trade receivables	<u>32</u>	<u>35</u>
	<u>90</u>	<u>72</u>

As stated in note 8, trade and other receivables are current assets and are expected to convert to cash over the next twelve months.

There are no significant concentrations of credit risk within the Company. The Company is exposed to credit risk from sales. It is Company policy to assess the credit risk of major new customers before entering contracts. The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date. The following table presents a breakdown of the gross trade receivables between the three main types of customer:

	2017 Group £000	2016 Group £000
Individual customers	<u>32</u>	<u>35</u>
	<u>32</u>	<u>35</u>

The cash and cash equivalents consists only of bank balances, and is held with an institution with an A+ credit rating.

14. 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