JUST WILLS LIMITED

DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS

31 December 2020

(Registered Number: 02427464)

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Directors' Report

The Directors present their Directors' Report and unaudited financial statements for the year ended 31 December 2020.

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; 02427464.

The Company made a profit before tax of £375,000 for the year (2019: £372,000).

DIRECTORS

The directors who served during the year were:

DC Livesey
JP Cosson
RJ Twigg
J M Davy

DIVIDENDS

During the year no interim dividend was paid (2019: £nil). The Directors do not propose the payment of a final dividend (2019: £nil).

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 2019 (2019: £nil).

EMPLOYEE DEVELOPMENT AND EQUAL OPPORTUNITIES

The Company's approach is to ensure it recruits and promotes the right people regardless of gender, disability, age, sexual orientation or race, and is committed to a culture of meritocracy whereby career progression is based on ability. It facilitates opportunities for all employees to progress and regularly reviews practices and policies. It regards its people as its most valuable asset and is committed to investing in them to achieve their full potential, without discrimination.

People with disabilities are given equal opportunities wherever they can fulfil the requirements of the job. If an employee becomes disabled during their employment with the Company every reasonable effort is made to enable them to continue their career within the Company.

GOING CONCERN

The Directors have undertaken a thorough assessment of the Company's financial forecasts to 31 December 2022, including the continuing impact of Covid-19 on its operations within the UK.

The Company is funded by its operating profits and the cash thereby generated. For the year ended 31 December 2020 the Company reported a net profit after tax of £306,000 (2019: £309,000) and at 31 December 2020 had cash balances amounting to £255,000 (2019: £82,000). At the date of signing these accounts, the Company has a similar cash balance and has no external debt.

As a result of the above, the outputs of financial modelling and following careful consideration, and having received assurances from the ultimate parent company of ongoing support, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' Report (continued)

AUDITOR

The Directors have relied upon the exemption from the obligation to appoint auditors permitted under section 479A of the Companies Act 2006 in submitting these unaudited Financial Statements. There is a parent guarantee in place from Connells Limited.

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

By order of the board

RJ Twigg
Director

21 September 2021

Windmill Road
St Leonards on Sea
East Sussex
TN38 9BY

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

The directors are responsible for preparing the annual 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 the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance;
- in respect of the financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not 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 irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a directors' report 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.

The directors confirm, to the best of their knowledge:

- that the financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the company;
- that the financial statements, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face; and
- that they consider the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Revenue	3	612	668
Employee benefit expenses	4	(120)	(124)
Other operating expenses	2	(117)	(172)
Profit before tax		**375**	**372**
Taxation	5	(69)	(63)
Profit for the year being total comprehensive income		**306**	**309**

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 (2019: £nil) other than those reflected in the above Income Statement.

The notes on pages 10 to 18 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2020

	Notes	£000	31 December 2020 £000	£000	31 December 2019 £000
Non-current assets					
Goodwill	7	496		496	
Investments	8	-		-	
Deferred tax	6	4		19	
Total non-current assets			500		515
Current assets					
Trade and other receivables	9	122		162	
Cash and cash equivalents		255		82	
Total current assets			377		244
Total assets			**877**		**759**
Current liabilities					
Trade and other payables	10	1,572		1,760	
Total current liabilities			1,572		1,760
Total liabilities			**1,572**		**1,760**
Equity – attributable to equity holders of the Company					
Share capital	11	100		100	
Retained earnings	11	(795)		(1,101)	
Total equity			(695)		(1,001)
Total equity and liabilities			**877**		**759**

The notes on pages 10 to 18 form part of these financial statements.

These accounts were approved by the Board of Directors on 21 September 2021 and signed on its behalf by:

The Directors:

(a) confirm that for the financial period in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act 2006; and

(b) acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

RJ Twigg
Director

Company registration number: 02427464

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £000	Retained Earnings £000	Total equity £000
Balance at 1 January 2020	100	(1,101)	(1,001)
Total income for the year	-	306	306
Balance at 31 December 2020	**100**	**(795)**	**(695)**
Balance at 1 January 2019	100	(1,410)	(1,310)
Total income for the year	-	309	309
Balance at 31 December 2019	**100**	**(1,101)**	**(1,001)**

The notes on pages 10 to 18 form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Cash flows from operating activities			
Profit for the year		306	309
Adjustments for:			
Tax charge	5	69	63
Operating profit before changes in working capital and provisions		**375**	**372**
Decrease / (Increase) in trade and other receivables	9	40	(30)
(Decrease) in trade and other payables	10	(188)	(364)
Cash inflow / (outflow) from operations		**227**	**(22)**
Tax paid		(54)	-
Net cash inflow / (outflow) from operating activities		**173**	**(22)**
Net increase/ (decrease) in cash and cash equivalents		**173**	**(22)**
Cash and cash equivalents at 1 January		82	104
Cash and cash equivalents at 31 December		**255**	**82**

The notes on pages 10 to 18 form part of these financial statements.

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 accounting standards in conformity with the requirements of the Companies Act and effective as at 31 December 2020.

During the year the Directors have adopted the following new or amended accounting standards and interpretations, all of which are effective for accounting periods starting on or after 1 January 2020:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- IFRS 16 Rent concessions (Amendment to IFRS 16)

These amendments have had no material 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 pounds. The functional currency is pounds sterling.

Going concern

The Directors have undertaken a thorough assessment of the Company's financial forecasts to 31 December 2022, including the continuing impact of Covid-19 on its operations within the UK.

The Company is funded by its operating profits and the cash thereby generated. For the year ended 31 December 2020 the Company reported a net profit after tax of £306,000 (2019: £309,000) and at 31 December 2020 had cash balances amounting to £255,000 (2019: £82,000). At the date of signing these accounts, the Company has a similar cash balance and has no external debt.

As a result of the above, the outputs of financial modelling and following careful consideration, and having received assurances from the ultimate parent company of ongoing support, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b) Revenue recognition

Revenue, which excludes value added tax, represents the total invoiced sales of the Company and is recognised as follows:

- Revenue is recognised upon completion of a draft will. The sales invoice is raised upon the instruction of a will and revenue associated with this invoice is deferred until completion of the service, which is when the performance obligation is considered to have been met, in accordance with IFRS 15.
- Revenue from will storage is recognised when the underlying service has been performed. Invoices are usually payable annually in advance.
- Revenue from probate management services is recognised when the underlying service has been performed based on the expected stage of completion. Invoices are usually raised on instruction.

c) Trade and other receivables

Trade receivables are initially recognised when they are originated and measured at the transaction price. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method, less any impairment losses.

The Company recognises an allowance for expected credit losses (ECLs). The Company takes a simplified approach and recognises a loss allowance based on lifetime ECLs at each reporting date. The Company uses a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment. This is applied to third party and intercompany receivables and cash balances.

d) Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

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"). 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.

Impairment losses are recognised through the Statement of Comprehensive Income. 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.

f) Taxation

Income tax on the profits 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 other comprehensive income, in which case the associated income tax charge or credit 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 the Company.

f) Taxation (continued)

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.

g) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash comprises cash in hand and balances with banks and similar institutions. 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) Investments

Investments in subsidiaries are carried at cost less any impairment. The cost of investment arising on the acquisition of subsidiary undertakings or businesses comprises the consideration paid. The Company regularly reviews its subsidiary investments for objective evidence of impairment. Impairment losses are recognised in profit or loss.

i) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income against the related cost, on a systematic basis over the periods the cost is incurred. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2. Expenses and Auditor's remuneration

	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Profit before tax is stated after charging the following:		
Staff costs (see note 4)	120	124
Audit of these financial statements	-	4

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Revenue

All revenue in the Company is considered to originate from contracts with customers. The table below disaggregates the revenue from contracts with customers into the significant service lines. All revenues are derived by the Company in the UK.

2020	Products and services transferred at a point in time £000	Products and services transferred over time £000	Total 2020 £000
Will Writing	171	-	171
Storage	-	349	349
Probate	-	82	82
Other	10	-	10
	181	**431**	**612**

2019	Products and services transferred at a point in time £000	Products and services transferred over time £000	Total 2019 £000
Will Writing	220	-	220
Storage	-	339	339
Probate	-	86	86
Other	23	-	23
	243	**425**	**668**

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 2020 No.	Year ended 31 Dec 2019 No.
Directors	4	4
Other	5	5
	9	**9**

The aggregate payroll costs of these persons was as follows:	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Wages and salaries	109	112
Social security costs	9	9
Other pension costs	2	3
	120	**124**

Wages and salaries are stated after crediting £8,000 (2019: £nil) of government grants received under the Coronavirus Job Retention Scheme (CJRS). Further details are provided in note 14.

Directors' emoluments	£000	£000
Directors' emoluments	-	15
Contributions to defined contribution pension schemes	-	-
	-	**15**

Four (2019: three) of the directors are remunerated by other group entities. Their services to the Company are inconsequential to attract a notional charge.

There are not considered to be further key management personnel other than the Directors of the Company noted above.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Taxation

a) Analysis of charge in the year at 19% (2019:19%)

	Year ended 31 Dec 2020 £000	***Year ended 31 Dec 2019 £000***
Current tax charge		
Current tax at 19.00% (2019: 19.00%)	54	-
Total current tax	54	-
Deferred tax charge		
Current year	17	63
Effect of changes in tax rates	(2)	-
Origination and reversal of temporary differences	-	-
Total deferred tax	15	63
Tax charge	**69**	**63**

b) Factors affecting current tax charge in the year
The tax charge assessed in the Income Statement is lower (2018: lower) than the standard UK corporation tax rate because of the following factors:

	Year ended 31 Dec 2020 £000	**Year ended 31 Dec 2019 £000**
Profit before tax	375	372
Tax on profit at UK standard rate of 19.00% (2019: 19.00%)	71	71
Effects of:		
Effects of other tax rates	(2)	(8)
Tax charge	**69**	**63**

6. Deferred tax

The movement on the deferred tax asset is as shown below:	**Year ended 31 Dec 2020 £000**	**Year ended 31 Dec 2019 £000**
At 1 January	19	82
Charge in income statement	(15)	(63)
At 31 December	**4**	**19**

Deferred tax assets are attributable to the following items:

Deferred tax assets	**Asset/ (liability) £000**	**(Charged)/ credited to income £000**
2020		
Capital allowances	4	-
Losses	-	15
	4	**15**
2019		
Capital allowances	4	6
Losses	15	76
	19	**82**

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)

7. Goodwill

Goodwill and brands acquired in a business combination is allocated, at acquisition, to the individual cash generating units (CGUs) that are expected to benefit from that business combination. The carrying value of goodwill and brands is allocated as follows:

Group

Cash Generating Unit	Goodwill Carrying value 2020 £000	Brands Carrying value 2020 £000	Goodwill Carrying value 2019 £000	Brands Carrying value 2019 £000
Legal Services (UK) Limited	426	-	426	-
Willmaster Storage I imited	70	-	70	-
	496	**-**	**496**	**-**

There was no impairment charge during the year. The recoverable amounts of goodwill and brands are determined from value-in-use calculations for the CGUs listed above.

	2020 £000	2019 £000
Cost		
At 1 January and 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. The recoverable amount of each CGU is determined from value in use calculations.

Key assumptions

The calculation of value-in-use is most sensitive to the following assumptions:
- Forecast cash flows
- Long term growth rate
- Discount rates

Forecast cash flows reflect how management believe the business will perform over the short term five year period and are used to calculate the value-in-use of the CGU. The Company prepares cash-flow forecasts on the assumption that the CGU is held for long-term investment, and are derived from the most recent financial budgets for the next five years, which take into account the risks inherent in the business.

The growth rate reflects how management believe the business will perform over the long term, and extrapolate cash flows for subsequent years (up to an additional 10 years). Due to the nature of the storage income, it has been assumed that revenue will reduce by 5% per annum (2019: 5%). The Company estimates pre-tax discount rates based on the current cost of capital adjusted for the risks inherent in the CGU of 10.9% (2019: 8%).

Sensitivities

Management has undertaken sensitivity analyses to determine the effect of changes in assumptions on the 2019 impairment review. The key assumptions driving the carrying values are the discount rate applied to the cash flow forecasts and the growth rates within the cash flow forecast. To test the sensitivity the discount rate was increased, for increases up to 70% the CGUs carrying values would still exceed the asset value.

8. Investments

At 31 December 2020, 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 2020	Proportion of ordinary shares held 2019
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%

<u>Registered Offices</u>
[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 2020 was £nil (2019: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Trade and other receivables

	2020 £000	2019 £000
Trade receivables	78	120
Prepayments and accrued income	42	40
Other debtors	3	4
Bad debt provision	(1)	(2)
	122	162

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

	2020 £000 Gross	2020 £000 Impairment	2019 £000 Gross	2019 £000 Impairment
Not overdue	-	-	-	-
Overdue 0 – 30 days	17	-	41	-
Overdue 31 – 120 days	60	-	77	(1)
Overdue 120 days plus	1	(1)	2	(1)
	78	(1)	120	(2)

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

	2020 £000	2019 £000
At 1 January	(2)	(3)
Provisions made during the year	(2)	(1)
Provisions released during the year	3	2
At 31 December	(1)	(2)

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.

10. Trade and other payables

	2020 £000	2019 £000
Trade payables	4	3
Amounts owed to group undertakings	1,402	1,537
Accruals and deferred income	155	203
Other creditors	11	17
	1,572	1,760

11. Share capital

	2020 £000	2019 £000
Authorised, allotted, called up and fully paid		
100,000 (2019: 100,000) Ordinary shares of £1 each	100	100

Management of capital

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

Capital	2020 £000	2019 £000
Ordinary shares	100	100
Retained earnings	(795)	(1,101)
	(695)	(1,001)

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 commensurate 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)

12. Related party transactions

The Company has related party relationships within the Skipton Building Society as detailed below.

	2020 Ultimate parent undertaking £000	2020 Immediate parent undertaking £000	2020 Other group companies £000	2019 Ultimate parent undertaking £000	2019 Immediate parent undertaking £000	2019 Other group companies £000
a) Purchase of goods and services	-	(6)	-	-	(6)	-
Total	-	(6)	-	-	(6)	-
b) Outstanding balances						
Payables to related parties	-	(16)	(1,386)	-	-	(1,537)
Total	-	(16)	(1,386)	-	-	(1,537)

All transactions are dealt with on normal credit terms.

13. Capital Commitments

There were no capital commitments at the year end (2019: £nil).

14. Government grants

	2020 £000	2019 £000
At 1 January	-	-
Received during the year	8	-
Released to the income statement	(8)	-
At 31 December	-	-
Current	-	-
Non-current	-	-

Government grants have been received relating to the government Coronavirus Job Retention Scheme. During the year the Company also deferred payment of its Q2 VAT liability, but this was paid before the year end.

15. 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:

2020

	Carrying amount £000	Contractual cash flows £000	In not more than 3 months £000	In more than 3 months but not less than 1 year £000	In more than one year but not more than 5 years £000	In more than 5 years £000
Trade and other payables	4	4	4	-	-	-
Amounts owing to group Companies	1,402	1,402	1,402	-	-	-
Total	1,406	1,406	1,406	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Financial instruments (continued)

2019

	Carrying amount £000	Contractual cash flows £000	In not more than 3 months £000	In more than 3 months but not less than 1 year £000	In more than one year but not more than 5 years £000	In more than 5 years £000
Trade and other payables	45	45	45	-	-	-
Amounts owing to group Companies	1,537	1,537	1,537	-	-	-
Total	1,582	1,582	1,582	-	-	-

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.

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.

Currency risk

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

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.

The Company's financial assets at the year end were as follows:

	Year ended 2020 £000	**Year ended 2019 £000**
Cash and cash equivalents	255	82
Trade receivables	78	120
Other receivables	45	44
	378	246

As stated in note 9, 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 main types of customer:

	2020 Group £000	**2019 Group £000**
Individual customers	78	120
	78	120

The Company uses an allowance matrix to measure the expected credit losses (ECLs) of trade receivables, which comprise a large number of small balances. Loss rates are based on actual credit loss experience over the previous year, and adjusted for the Company's view of current economic conditions over the expected lives of the receivables. However given the low levels of impairment loss experience, the ECL allowance is very small.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. 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