Registered number: 10568758

WILLOW TOPCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

COMPANY INFORMATION

Directors	J P M Bowtell I J Cash N A R Dunning A J Dupee J M Irby
Company secretary	Oakwood Corporate Secretary Limited
Registered number	10568758
Registered office	3rd Floor 1 Ashley Road Altrincham Cheshire WA14 2DT
Independent auditors	Warrener Stewart Harwood House 43 Harwood Road London SW6 4QP

CONTENTS

The directors present their strategic report on the Company for the year ended 31 December 2019.

Review of the business

2019 was the third year of operation for the business, having been incorporated in January 2017.

During the year the business made 1 acquisition in central London.

The acquired business was Caddington Blue Limited (acquired 8 February 2019). Primarily a lettings business based in the London Bridge market. And is now fully integrated into the core Stirling Ackroyd business.

The business developed its operating model, building on training and systems developments to ensure that it was well placed to take account of opportunities that might arise. We continued to invest in the business and were able to replace the car fleet whilst upgrading to BMW/Mini which aided our staff recruitment and retention. Investing in our people continued and retention levels improved significantly

The change in legislation around the charging of tenant fees on letting activity came into effect during the year and the business sought to mitigate the impact with changes in its fee structures and also through process efficiencies.

We continued to invest in the development of our surveying business increasing the geographic coverage and continuing to focus on quality and timeliness for our clients

Overall, the Group delivered £24,619,000 revenue (2018: £21,770,000).

The overall results are in line with expectations and reflect the position of the business in its development, the changing tenant fee position and at the same time dealing with uncertain market conditions impacted by the extended position around Brexit.

Funding and acquisitions

The business has spent £207,000 (net of cash acquired) on acquisitions giving rise to a goodwill of £207,000. This has been funded through the issue of shares and loan notes of £1,450,000. This was funded from Alchemy Special Opportunities Fund III LP.

Principal risks and uncertainties
Competitive risks
The Group operates in a number of property related markets principally through those for property sales and lettings which are highly competitive and fragmented. Locally provided high quality service is still the primary factor for success. Whilst mindful of the potential impact of online offerings the directors continue to focus on the aspects of service that our customers value most highly.

Principal risks and uncertainties(continued)

Legislative risks

The government enacted legislation ending the charging of fees to tenants with effect from 1 June 2019. Overall the property market remains a source of focus for government and we watch the landscape to see whether any proposed changes may impact the business – for example the introduction of mandatory electrical safety reports on lettings has been introduced since the end of the period and the business has effectively built this into its processes.

Financial key performance indicators

Management monitors the performance of the business by reference to internal budgets and industry averages. These indicators are considered sufficient to provide an overview of business performance relative to expectations and market trends.

Future risks

The Company has considered any risks arising as a result of the UK's departure from the European Union ("EU"). The UK left the EU on 31 January 2020. This began a transition period which is set to end on 31 December 2020, during which the UK remains subject to EU law and remains part of the EU customs union and single market. The principal risk which may arise is general economic uncertainty once the transition period ends which might suppress the market. It is difficult to mitigate this risk other than through being well prepared in advance and quick to respond should circumstances require.

The Company has also considered all risks arising from the Covid-19 pandemic which has been a matter of significant concern since March 2020. The risks range from external, macro-economic uncertainties and fluctuations to internal, operational issues for the business and all its staff. It is difficult to mitigate the macro-economic risk which is likely to be outside the Company's control. The Company successfully negotiated the significant difficulties arising from the initial 'lockdown' and monitors the ongoing situation closely, intending, as above, to be well prepared and ready to respond rapidly to whatever new circumstances might arise. As concerns operational and employee matters, the Company follows all relevant advice issued by HM Government and all necessary measures and recommendations from relevant authorities are implemented to safeguard both staff and clients as far as possible. The general situation is evolving and unpredictable. As such, it is not practicable to readily assess any negative impacts arising in advance, but the potential risks to the business remain significant.

The report was approved by the board and signed on its behalf.

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J M Irby
Director
Date: 25th September 2020

The directors present their report and the consolidated financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Group is the provision of services related to selling, letting and management of residential and commercial property in the UK.

Results and dividends

The consolidated result is set out on page 14.

There were no dividends paid or declared in the period under review.

Financial risk management

Liquidity risk

The directors monitor the cash flow position of the Group and ensure that appropriate resources are available to meet liabilities when they fall due.

Interest risk

The directors monitor the position on interest rates, however the loans in place currently are at a fixed rate.

Credit risk

There are no significant credit risks, the nature of the business is that most revenue is collected at source from funds handled on behalf of landlords or from solicitors acting for vendors of properties being sold.

Directors

The directors who held office during the period and up to the date of signing the financial statements, unless otherwise stated, were:

J P M Bowtell

I J Cash

A J Dupee

N A R Dunning

J M Irby

Post balance sheet events

Townends (Financial Services) Ltd has historically provided financial services advice primarily to the clients of TRSL limited, another group company. The directors of TRSL made a decision to move the provision of financial services to a provider external to the Group – Coreco Partners LLP. As such the business was transferred under TUPE to Coreco on the 31 July 2020. On this date any residual elements of the company were transferred to TRSL Ltd

The ongoing Covid-19 pandemic has had a significant impact on this Company, together with many businesses worldwide. However, as at 31 December 2019, being the end of the period covered by this report, the pandemic had not emerged and only came to light in Spring 2020. It therefore has no impact on this report and financial statements. However, the business has been disrupted during mid- 2020, the impact of which will be seen in the report and financial statements for the year ending 31 December 2020. Any such impact would be determined to be non-adjusting to the 2019 financial statements. The directors are satisfied that at the date of signing this report there is no consequent uncertainty as to the going concern of the company, although they are naturally concerned for the ongoing safety of both staff and clients and continue to monitor the evolving situation extremely closely.

The directors recognise that it is reasonably possible that outcomes within the 2020 financial year may be different from current assumptions based on existing knowledge and could require a material adjustment to the carrying amount of any asset or liability affected.

Employee involvement

The Company encourages the involvement of its employees in its management through regular briefings, including weekly newsletters, the Group intranet (which was upgraded during the year to make it more interactive and engaging), regular training courses and periodic employee surveys, which have the responsibility for the dissemination of information of particular concern to employees and for receiving their views.

Disabled employees

The Company will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. During employment the Company seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

Supplier payment policy

The Company's current policy relating to the payment of trade creditors is to settle invoices as they fall due based on the terms agreed with each supplier for each transaction.

Charitable donations

During the year the Group and Company made no charitable or political donations and expenditures (2018: £nil).

Going concern

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate as the Company has received an undertaking from its parent Alchemy Special Opportunities Fund III LP that it will continue to provide financial support as is required for the Company to meet its obligations as they fall due for at least one year after these financial statements are signed.

Covid-19

The directors have specifically considered the suitability of preparing the financial statements using the going concern basis amid the ongoing Covid-19 pandemic. The Company successfully negotiated the significant difficulties arising from the initial 'lockdown' and monitors the ongoing situation closely, intending, as above, to be well prepared and ready to respond rapidly to whatever new circumstances might arise. As concerns operational and employee matters, the Company follows all relevant advice issued by HM Government and all necessary measures and recommendations from relevant authorities are implemented to safeguard both staff and clients as far as possible. The general situation is evolving and unpredictable. As such, it is not practicable to readily assess any negative impacts arising in advance, but the potential risks to the business remain significant. However, the directors consider that the business is sufficiently robust and financially stable to meet the challenges which are most likely to arise and therefore consider the going concern basis appropriate for the preparation of the financial statements.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Group and Company and of the profit or loss of the Group and Company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

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

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

Auditors

During the year the Directors appointed Warrener Stewart as auditors to the company. A resolution to reappoint Warrener Stewart as auditors will be proposed at the Annual General Meeting.

The report was approved by the board and signed on its behalf.

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J M Irby

Director

Date: 25 September 2020

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Willow Topco Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Profit and Loss account, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Nick Morgan (Senior Statutory Auditor)
for and on behalf of
Warrener Stewart

Chartered Accountants & Statutory Auditors
Harwood House
43 Harwood Road
London
SW6 4QP
Date: 25 SEPTEMBER 2020

WILLOW TOPCO LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	For the year ended 31 Dec 2019 £000's	For the year ended 31 Dec 2018 £000's
Turnover	4	24,619	21,770
Cost of sales		(18,433)	(15,875)
Gross profit		**6,186**	**5,895**
Selling and distribution costs		(2,361)	(2,477)
Administrative expenses before exceptional costs		(7,774)	(7,325)
Exceptional administrative costs	5	(316)	-
Total administrative expenses		(8,090)	(7,325)
Operating loss	6	**(4,265)**	**(3,907)**
Interest receivable and similar income	7.1	2	-
Interest payable and similar charges	7.2	(3,820)	(3,600)
Net interest expense		**(3,818)**	**(3,600)**
Loss before tax		**(8,083)**	**(7,507)**
Tax on loss	9	35	77
Loss for the financial year		**(8,048)**	**(7,430)**

As the Company has no other gains or losses, other than those included in the profit and loss account above, the directors have not disclosed a separate statement of comprehensive income.

The notes on pages 19 - 41 form part of these financial statements.

WILLOW TOPCO LIMITED
REGISTERED NUMBER: 10568758
CONSOLIDATED AND COMPANY BALANCE SHEETS AS AT 31 DECEMBER 2019

	Notes	Group 2019 £000's	Company 2019 £000's	Group 2018 £000's	Company 2018 £000's
Fixed assets					
Intangible assets	10	24,125	-	27,095	-
Tangible assets	11	2,431	-	1,351	-
Investments	12	-	4,215	-	4,066
		26,556	**4,215**	**28,446**	**4,066**
Current assets					
Debtors	13	2,218	3,333	2,356	3,042
Cash at bank and in hand	14	826	-	1,028	-
		3,044	**3,333**	**3,384**	**3,042**
Creditors: amounts falling due within one year	15	(3,137)	-	(3,547)	-
Net current (liabilities)/assets		**(93)**	**3,333**	**(163)**	**3,042**
Creditors: amounts falling due after more than one year	17	(46;223)	(9,000)	(39,742)	(7,947)
Provision for other liabilities	18.1	(404)	-	(778)	-
Provision for deferred tax	18.2	(245)	-	(274)	-
Net liabilities		**(20,409)**	**(1,452)**	**(12,511)**	**(839)**
Capital and reserves					
Called up share capital	19.1	2	2	2	2
Profit and loss account		(20,411)	(1,454)	(12,513)	(841)
Total deficit		**(20,409)**	**(1,452)**	**(12,511)**	**(839)**

The notes on pages 19 – 41 are an integral part of these financial statements.

The financial statements on pages 14 – 41 were approved and authorised for issue by the board and were signed on its behalf by:

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J Irby
Director

Date: 25 SEPTEMBER 2020
Registered number: 10568758

Changes in equity – Group	Called up share capital £000	Profit and loss account £000	Total deficit £000
At 1 January 2019	2	(12,513)	(12,511)
Total comprehensive expense for the year			
Loss for the year	-	(8,048)	(8,048)
Issue of share capital	-	-	-
Credit related to equity settled share based payments	-	150	150
At 31 December 2019	**2**	**(20,411)**	**(20,409)**

Changes in equity – Company	Called up share capital £000	Profit and loss account £000	Total deficit £000
At 1 January 2019	2	(841)	(839)
Total comprehensive expense for the year			
Loss for the year	-	(763)	(763)
Issue of share capital	-	-	-
Credit related to equity settled share based payments	-	150	150
At 31 December 2019	**2**	**(1,454)**	**(1,452)**

Changes in equity – Group	**Called up share capital £000**	**Profit and loss account £000**	**Total deficit £000**
At 1 January 2018	1	(5,233)	(5,232)
Total comprehensive expense for the period			
Loss for the period	-	(7,430)	(7,430)
Issue of share capital	1	-	1
Credit related to equity settled share based payments	-	150	150
At 31 December 2018	**2**	**(12,513)**	**(12,511)**

Changes in equity – Company	**Called up share capital £000**	**Profit and loss account £000**	**Total deficit £000**
At 1 January 2018	1	(258)	(257)
Total comprehensive expense for the period			
Loss for the period	-	(733)	(733)
Issue of share capital	1	-	1
Credit related to equity settled share based payments	-	150	150
At 31 December 2018	**2**	**(841)**	**(839)**

WILLOW TOPCO LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000's	2018 £000's
Adjustments for:			
Net cash from operating activities	8	**(1,167)**	**231**
Taxation recovered		89	(36)
Net cash generated from operating activities		**(1,078)**	**195**
Cash flows from investing activities			
Purchase of tangible assets	11	(1,749)	(643)
Sale of tangible assets		231	-
Acquisition consideration		(109)	(5,393)
Deferred consideration paid		(350)	(1,979)
Net cash used in investing activities		(1,977)	(8,015)
Cash flows from financing activities			
Loan notes issued		1,160	6,576
Finance lease funding		1,400	-
Interest receivable	7.1	2	-
Preference shares issued		290	1,644
Ordinary shares issued	19.1	1	-
Net cash from financing activities		2,853	8,220
Net (decrease)/increase in cash and cash equivalents		**(202)**	**400**
Cash and cash equivalents at beginning of the period		1,028	628
Cash and cash equivalents at the end of the period		**826**	**1,028**

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12 (b) not to present the Company statement of cash flows.

1 General information

Willow TopCo Limited ('the Company') and its subsidiaries (together 'the Group') operate a number of estate agency offices and related estate agency operations including mortgage advisory and property management throughout London, Surrey and Middlesex. It also operates surveying more widely through the country. The Group operates with a number of recognised brand names including Stirling Ackroyd and Townends Regents.

Willow TopCo Limited is a Limited Liability Company, incorporated and registered in England, registration number 10568758 The registered office is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT.

2 Accounting policies

The following principal accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

2.1 Basis of preparation of financial statements

Willow TopCo Limited was incorporated on 17 January 2017. The Group and individual financial statements of Willow TopCo Limited have been prepared in compliance with United Kingdom Accounting Standards including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS 102') and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of critical accounting estimates. It also requires management to exercise judgement in applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

The Group financial statements are presented in pound sterling and rounded to thousands.

The Company's functional and presentation currency is the pound sterling.

2.2 Going concern

The Company realised a loss after taxation of £763,000 for the period ended 31 December 2019, (2018: loss of £733,000) which resulted in a balance sheet deficit of £1,452,000, (2018: deficit of £839,000). At the balance sheet date, £3,333,000 is owed by its subsidiaries, (2018: £3,042,000).

The Group realised a loss after taxation of £8,048,000 for the period ended 31 December 2019, (2018: loss of £7,430,000) which resulted in a balance sheet deficit of £20,409,000, (2018: deficit of £12,511,000).

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate as it has received an undertaking from its parent, Alchemy Special Opportunities Fund III LP, that it will continue to provide financial support as is required for the Company to meet its obligations as they fall due for at least one year after these financial statements are approved.

2 Accounting policies (continued)

2.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

The Company has taken advantage of the following exemptions in its individual financial statements:

i. from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
ii. from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures; and
iii. from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

2.4 Basis of consolidation

The consolidated financial statements present the results of the Group and all its subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Any subsidiary undertaking or associates sold or acquired during the year are included up to, or form the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange difference on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group the control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheets, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements. The results of acquired operations are included in the profit and loss account from the date on which control is obtained.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

2 Accounting policies (continued)

2.5 Investments - Company

Investments in subsidiaries measured at the cost of the ordinary share capital acquired. Adjustments to this value are only made when, in the opinion of the directors, a permanent diminution in value or impairment has taken place and where there is no prospect of an improvement in the foreseeable future.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and the other sales taxes. Revenue from estate agency and professional services represents fees receivable and commissions earned in respect of all transactions exchanged within the accounting period.

Lettings arrangement and property management and maintenance revenue is recognised when funds are collected on behalf of clients and our services completed. Revenue from financial services commissions represents commissions earned, net of amounts refunded on cancellation of agreements or policies lapsed during the year. Provision is made for future refunds or lapses at the end of each financial period, on a specific basis.

2.7 Intangible assets and amortisation

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the profit and loss over its useful economic life which has been assumed as ten years.

Other intangible assets

Brand and customer contracts

Other intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulate amortisation after any accumulated impairment losses. All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years on a straight-line basis. Amortisation is included in administrative expenses in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their estimated residual value over their estimated useful lives using the straight-line method, as follows:

Equipment & fixtures	20% - 33% on a straight-line basis
Motor vehicles	20% on a straight-line basis

2 Accounting policies (continued)

2.8 Tangible assets (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

2.9 Leased assets

Where assets are financed by leasing or hire purchase agreements, the assets are treated as if they had been purchased. The present value of the minimum lease payments payable during the lease term is capitalised as a tangible asset and the corresponding leasing commitment is included as a liability. Rentals payable are apportioned between interest which is charged to the profit and loss account, and capital which reduces the outstanding commitment.

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.12 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

The impairment loss is measured as the difference between an asset's carrying amount and best estimate of fair realisable value, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2 Accounting policies (continued)

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.15 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

2.16 Interest payable

Interest payable is recognised in the profit and loss account using the effective interest method.

2.17 Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

2.18 Share based payments

The Group provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect on nonmarket based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement.

The Group has no cash-settled arrangements.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Preference shares

Preference shares are classified as liabilities. The dividends on the preference shares are recognised in the profit and loss account as interest expense.

2 Accounting policies (continued)

2.21 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.22 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2 Accounting policies (continued)

2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class as obligations might be small.

In particular:

i. Restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
ii. Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

2.24 Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measure at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are only disclosed in the financial statements when an inflow of economic benefits is highly probable.

2.25 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

2 Accounting policies (continued)

2.25 Impairment of non-financial assets (continued)

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

2.26 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. No reversals of impairment are recognised.

3 Critical accounting judgments and estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

a. Critical judgments in applying the Group's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical judgements in applying Group's and Company's accounting policies.

b. Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed on the following page:

3. Critical accounting judgments and estimation uncertainty (continued)

Useful economic lives and impairments of intangible assets

The useful economic lives and residual values are re-assessed annually. Annually the Company considers whether there are any indicators of impairment for goodwill, brands and customer contracts. Where any indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating unit. This requires estimation of the future cash flows from the cash generating unit and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. The carrying amount of intangible assets is £24,125,000 as at 31 December 2019 as noted in 10.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The carrying amount of tangible assets is £2,431,000 as at 31 December 2019 as noted in 11.

Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade debtors, management considers factors including the current rating of the debtor, the ageing profile of debtors and historical experience. The carrying amount of debtors is £1,187,000 as at 31 December 2019 as noted in 13.

Share based payment

The Company makes an estimate of the fair value using Monte Carlo simulation methodology and reviews the inputs to this when necessary, see note 19.2.

Fair value on acquisitions

The fair value of tangible and intangible assets acquired on the acquisitions within the year involved the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimation of the fair values requires the combination of assumptions and judgements.

4 Turnover

The turnover and loss for the year are attributable to the principal activities of the Group and are derived wholly from within the United Kingdom.

	For the year ended 31 Dec 2019	For the year ended 31 Dec 2018
	£000's	£000's
Estate agency	20,254	19,020
Surveying & valuing	2,550	1,300
Property maintenance	1,215	800
Financial services	600	650
	24,619	**21,770**

5 Exceptional Items	**For the year ended 31 Dec 2019**	**For the year ended 31 Dec 2018**
	£000's	**£000's**
Costs incurred as a result of restructuring the business	316	-

6 Operating loss	**For the year ended 31 Dec 2019**	**For the year ended 31 Dec 2018**
	£000's	**£000's**
Operating loss is stated after charging:		
Auditors' remuneration		
- for audit services	70	74
- tax compliance services	25	44
Operating lease rentals		
- land and buildings	1,392	1,368
- vehicle	181	182
Depreciation of tangible assets	583	487
Amortisation of intangible assets	3,079	2,957
Impairment of tangible assets	-	5
Defined contribution pension cost	238	144

7.1 Interest receivable and similar income	For the year ended 31 Dec 2019	For the year ended 31 Dec 2018
	£000's	£000's
On bank deposits	2	-

7.2 Interest payable and similar expenses	For the year ended 31 Dec 2019	For the year ended 31 Dec 2018
	£000's	£000's
On loans (note 17)	3,042	2,868
On preference shares (note 19.3)	764	732
On finance of insurance	14	-
	3,820	3,600

8 Notes to cash flow statement	Note	For the year ended 31 Dec 2019 £000's	For the year ended 31 Dec 2018 £000's
Loss for the financial year		**(8,048)**	**(7,430)**
Adjustments for:			
Interest receivable	7.1	(2)	-
Interest charged on loan	7.2	3,042	2,868
Interest charged on preference shares	7.2	764	732
Interest charged on finance of insurance	7.2	14	-
Profit on disposal of fixed assets	11	(145)	-
Tax on loss	9	(35)	(77)
Operating loss		**(4,410)**	**(3,907)**
Amortisation of intangible asset	10	3,079	2,957
Depreciation of tangible assets	11	583	492
Impairment of tangible assets	11	-	5
Share based payment charge	19.2	150	150
(Increase)/decrease in trade and other debtors		(23)	222
(Decrease)/increase in trade and other creditors		(546)	312
Net cash from operating activities		**(1,167)**	**231**

9 Tax on loss

a) Analysis of credit in the period:

	For the year ended 31 Dec 2019 £000's	For the year ended 31 Dec 2018 £000's
Corporation tax		
UK corporation tax credit on loss for the year/period	-	(39)
	-	**(39)**
Deferred tax		
Origination and removal of timing differences	(35)	(140)
Adjustment in respect of previous periods	-	87
Effect of changes in tax rate	-	15
	(35)	**(38)**
Tax on loss	**(35)**	**(77)**

The credit for the year/period can be reconciled to the loss per the profit and loss account as follows:

	For the year ended 31 Dec 2019 £000's	For the year ended 31 Dec 2018 £000's
Loss before taxation	**(8,083)**	**(7,507)**
Tax on loss at standard UK tax rate of 19%	(1,536)	(1,426)
Effects of:		
Expenses not deductible for tax including amortisation of intangible assets and interest	1,078	970
Deferred tax not provided	423	278
Adjustment in respect of previous periods	-	87
Effect of changes in tax rate	-	15
Tax on loss	**(35)**	**(77)**

The UK corporation tax rate has been 19% since 1 April 2017. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10 Intangible assets

Group	Goodwill	Brand	Customer contracts	Total
	£000's	£000's	£000's	£000's
Cost				
At 1 January 2019	28,842	250	3,210	32,302
Acquisitions (Note 26)	207	-	35	242
Adjustment to consideration post-acquisition	(133)	-	-	(133)
At 31 December 2019	**28,916**	**250**	**3,245**	**32,411**
Accumulated amortisation				
At 1 January 2019	4,724	37	446	5,207
Charge for the year	2,730	24	325	3,079
At 31 December 2019	**7,454**	**61**	**771**	**8,286**
Net book value				
At 31 December 2019	**21,462**	**189**	**2,474**	**24,125**
At 31 December 2018	**24,118**	**213**	**2,764**	**27,095**

The Company had no intangible assets at 31 December 2019.

Goodwill arises as follows:

The share capital of Caddington Blue Limited was acquired in February 2019.

11 Tangible assets

Group	Equipment & fixtures	Motor vehicles	Total
	£000's	£000's	£000's
Cost			
At 1 January 2019	1,646	785	2,431
Additions	250	1,499	1,749
Disposal	-	(610)	(610)
At 31 December 2019	**1,896**	**1,674**	**3,570**
Accumulated depreciation and impairment			
At 1 January 2019	610	470	1,080
Charge for the year	324	259	583
Disposal	-	(524)	(524)
At 31 December 2019	**934**	**205**	**1,139**
Net book value			
At 31 December 2019	**962**	**1,469**	**2,431**
At 31 December 2018	**1,036**	**315**	**1,351**

12 Investments in subsidiaries

	2019	2018
	£000's	£000's
	Shares in group undertaking	Shares in group undertaking
Cost and net book value	£	£
At January	4,066	3,915
Additions	149	151
At 31 December	**4,215**	**4,066**

The following were subsidiary undertakings of Willow TopCo Limited during the year ended 31 December 2019:

Subsidiary	Class of shares	Holding	Principal activity	Date acquired
Willow HoldCo Limited	Ordinary	100%	Holding Company	18/01/2017
Willow BidCo Limited	Ordinary	100%	Holding Company	20/01/2017
Badger Group (Holdings) Limited	Ordinary	100%	Holding Company	31/01/2017
Badger Holdings Limited	Ordinary	100%	Holding Company	31/01/2017
TRSL Limited	Ordinary	100%	Lettings & management agency	31/01/2017
Townends (Financial Services) Limited	Ordinary	100%	Financial services	31/01/2017
Tyser Greenwood Limited	Ordinary	100%	Surveyors & valuers	31/01/2017
INEX Property Solutions Limited	Ordinary	100%	Property maintenance	31/01/2017
Townends (Residential Sales) Limited	Ordinary	100%	Dormant	31/01/2017
Regents Estate Agents (Surrey) Ltd	Ordinary	100%	Dormant	31/01/2017
Middlesex Property Management Ltd	Ordinary	100%	Dormant	31/03/2017
Stirling Ackroyd Limited	Ordinary	100%	Dormant	26/07/2017
The Little Letting Company Ltd	Ordinary	100%	Dormant	31/01/2018
Lourdes Ltd	Ordinary	100%	Dormant	31/08/2018
Bridge Shoreditch Ltd	Ordinary	100%	Dormant	08/10/2018
Bridge Property London Ltd	Ordinary	100%	Dormant	08/10/2018
Caddington Blue Ltd	Ordinary	100%	Dormant	08/02/2019

All the above companies are incorporated in England. The registered address of all subsidiaries except Willow BidCo Limited and Willow HoldCo Limited is Unit 2, Wintersells Road, Byfleet, Surrey, KT14 7LF. The registered address of Willow Bidco Limited and Willow HoldCo Limited is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT.

All the above subsidiaries are included in the consolidation. The Company's investment in Willow Holdco Limited is direct ownership, all other investments are indirect ownership.

The directors assess the impairment of the investments whenever events or changes in circumstances indicate that the carrying value may not be recoverable. There is no such event or changes identified during the year. The directors believe that the carrying value of the investments is supported by underlying net assets and there is no indication that the investments are impaired.

13 Debtors	Group 2019	Company 2019	Group 2018	Company 2018
	£000's	£000's	£000's	£000's
Trade debtors	991	-	1,148	-
Corporation tax	-	-	172	-
Amounts owed from group undertakings	-	3,333	-	3,042
Other debtors	196	-	90	-
Prepayments	1,031	-	946	-
	2,218	**3,333**	**2,356**	**3,042**

The amounts owed by group undertakings are unsecured, interest free and have no fixed terms of repayment.

14 Cash and cash equivalents	Group 2019	Company 2019	Group 2018	Company 2018
	£000's	£000's	£000's	£000's
Cash at bank and in hand	826	-	1,028	-

15 Creditors: amounts falling due within one year	Group 2019	Company 2019	Group 2018	Company 2018
	£000's	£000's	£000's	£000's
Trade creditors	599	-	720	-
Finance lease liabilities	174	-	-	-
Other taxation and social security	1,170	-	1,232	-
Deferred consideration	375	-	725	-
Other creditors	81	-	157	-
Accruals	738	-	713	-
	3,137	**-**	**3,547**	**-**

16 Financial instruments

The Group and Company has the following financial instruments

	Note	Group 2019 £000's	Company 2019 £000's	Group 2018 £000's	Company 2018 £000's
Financial assets that are debt instruments measured at amortised cost					
- Amounts owed from group undertakings	13	-	3,333	-	3,042
- Trade and other debtors including corporate tax	13	1,187	-	1,410	-
		1,187	**3,333**	**1,410**	**3,042**
Financial liabilities measured at amortised cost					
- Preference shares	19.1	(9,000)	(9,000)	(7,947)	(7,947)
- Trade creditors	15	(599)	-	(720)	-
- Deferred consideration	15	(375)	-	(725)	-
- Other creditors	15	(81)	-	(157)	-
- Loan notes	17	(35,997)	-	(31,794)	-
- Finance leases		(1,400)	-	-	-
- Accruals	15	(738)	-	(713)	-
		(48,190)	**(9,000)**	**(42,057)**	**(7,947)**

Trade receivables is stated after deducting an impairment provision of £30,000 (2018: £30,000) based on the expected recoverability of debts from customers.

17 Creditors: amounts falling due after more than one year

	Group 2019 £000's	Company 2019 £000's	Group 2018 £000's	Company 2018 £000's
Loan notes	35,997	-	31,794	-
Preference shares (note 19.3)	9,000	9,000	7,947	7,947
Finance lease liabilities	1,226	-	-	-
At the end of year	**46,223**	**9,000**	**39,742**	**7,947**

96% of loan notes are due to ASO Lux 3 Sarl, a wholly owned subsidiary of Alchemy Special Opportunities Fund III LP, and are repayable in full on 31 January 2023. The loan notes carry interest at 10% per annum, which can be either paid, deferred or satisfied through the issuance of PIK notes.

18.1 Provision for other liabilities

	Provision as at 01/01/2019 £ £000	Charge dealt with in profit and loss £ £000	Utilised during the period £ £000	Provision as at 31/12/2019 £ £000
Professional indemnity claims	335	-	(334)	1
Financial services lapse provisions	50	2	(1)	51
Provision for refunds	350	140	(138)	352
Provision for onerous lease contracts and dilapidations	43	-	(43)	-
	778	**142**	**(516)**	**404**

18.2 Provision for deferred tax

	For the year ended 31 Dec 2019 £000's	For the year ended 31 Dec 2018 £000's
At the start of the year	274	147
Business combinations (note 26)	6	-
Goodwill	-	165
Credit for year	(35)	(38)
At the end of the year	**245**	**274**

The provision for deferred tax consists of the following deferred tax liability/(assets)

	For the year ended 31 Dec 2019 £000's	For the year ended 31 Dec 2018 £000's
Fixed asset and short term timing differences	(12)	(12)
Losses	(193)	(193)
Intangible assets	450	479
Deferred tax liability	**245**	**274**

The net deferred tax liability is expected to reverse as follows:

Deferred tax liability

	For the year ended 31 Dec 2019 £000's	For the year ended 31 Dec 2018 £000's
Recoverable after 12 months	(205)	(197)
Payable within 12 months	45	54
Payable after 12 months	405	417
Deferred tax liability	**245**	**274**

The Group has unrecognised deferred tax asset of £500,000 (2018: £350,000) mainly in respect of unused tax losses. The Company had no deferred tax provision at 31 December 2019 (2018: £nil).

19.1 Called up share capital

The Company issued the following shares during the year all of which were fully paid.

Ordinary shares	2019	2019
Allotted and fully paid	**No. 000's**	**£000's**
At 01 January	156	2
Issued during the year	5	-
At 31 December	**161**	**2**

Nominal shares were issued during the year, the table below details the type of nominal share, when and how many shares were issued:

Date Issued	Share Type	No. 000's
12 February 2019	A3	1
26 March 2019	A3	4
14 March 2019	C	-
		5

19.2 Share based payments

The Group and Company has a share based payment scheme for a number of senior managers. This is based on them co-investing and acquiring a mixture of shares and loan notes. If a manager leaves before the investment in the Company is realised, they are subject to certain leaver-provisions set out in the articles of association of the Company. Under FRS102 there is a requirement to reflect this as a share based payment arrangement, based on a fair value.

Fair value has been assessed using a Monte Carlo Simulation model which is a recognised methodology for such valuations. This gives a fair value of £750,000 in total, which is being expensed to the profit and loss account at the rate of £150,000 per annum. The carrying amount at the end of the period is £450,000 (2018: £300,000).

19.3 Preference shares

The preference shares are classified within creditors amounts falling due after more than one year in the balance sheet.

	2019	2019
Allotted and fully paid	**No. 000's**	**£000's**
At 01 January	6,806	7,947
Issued during the year	290	290
Accrued interest	-	763
At 31 December	**7,096**	**9,000**

During the year, preference shares were issued at £1 each. The table below details when and how many shares were issued:

Date Issued	No. 000's
12 February 2019	50
26 March 2019	240
	290

20 Financial commitments

Group

At 31 December 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	Equipment and vehicles	Land and buildings	Equipment and vehicles
	2019	2019	2018	2018
	£000's	£000's	£000's	£000's
Lease expiry date:				
Within one year	876	4	1,072	15
Between two and five years	1,808	-	2,409	5
Over five years	756	-	983	-
	3,440	**4**	**4,464**	**20**

Company

The Company had no capital or other commitments at 31 December 2019 (2018: £nil).

21 Directors' emoluments

The directors' emoluments were as follows:

	For the year ended 31 Dec 2019 £000's	For the year ended 31 Dec 2018 £000's
Aggregate emoluments including benefits in kind	**405**	**405**

The highest paid director received remuneration of £230,000 (2018: £230,000).

No pension contributions were payable on behalf of any of the directors (2018: £nil).

Key management are defined as the directors of the Company.

22 Employees

Group

The average monthly number of persons (including directors) employed by the Group during the year was:

	For the year ended 31 Dec 2019	For the year ended 31 Dec 2018
Selling	227	217
Administration	162	152
	389	**369**

Staff costs, including director's remuneration, were as follows:

	£000's	£000's
Wages and salaries	15,149	13,347
Social security costs	1,731	1,466
Other pension costs	245	144
Share-based payments	150	150
	17,275	**15,107**

The Company had no employees in 2019 (2018: nil).

23 Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £238,000 (2018: £144,000). Contributions totaling £55,000 (2018: £33,000) were payable to the fund at the reporting date and are included in creditors due falling within one year.

The Company had no post-employment benefits at 31 December 2019 (2018: nil).

24 Related party transactions

Group

Details of the loan ultimately provided by the controlling party is shown in note 17. The interest charged on this loan was £3,042,000 (2018: £2,868,000). See note 21 for disclosure of the directors' remuneration.

There are no other related party transactions requiring disclosure.

Company

The Company has taken the exemption from the requirement to disclose related party transactions within the Willow Group as permitted by FRS 102 (Section 33) 'Related party disclosures' on the basis that all related party transactions are with wholly owned subsidiaries.

25 Ultimate parent undertaking and control

Alchemy Special Opportunities Fund III LP holds a majority equity stake in the Company. The controlling party of the Company is Alchemy Partners L.P. Inc., a partnership registered in Guernsey, acting through its general partner Alchemy Partners GP Limited, a company registered in Guernsey. It is the view of the directors that the Company has no ultimate controlling party.

26 Business combinations

Caddington Blue Limited

On the 8 February 2019, the Group acquired control of Caddington Blue Limited. This was an established business that was integrated into the existing Stirling Ackroyd business in London Bridge.

The goodwill of £207,000 arising from the acquisition is attributable to the acquired customer base.

The following tables summarise the consideration paid by the Group, the fair value of assets acquired, and the liabilities assumed at the acquisition date.

Caddington Blue Limited

Consideration at 8 February 2019	**£000's**
Cash	427
Directly attributable costs	12
Total consideration	**439**

Recognised amounts of identifiable assets acquired and liabilities assumed:

Caddington Blue Limited	Book value £000's	Revaluation adjustments £000's	Fair value £000's
Intangible assets	-	35	35
Cash and cash equivalents	232	-	232
Trade and other receivables	20	-	20
Trade and other payables	(50)	-	(50)
Deferred tax	-	(5)	(5)
Total identifiable net assets/(liabilities)	202	30	232
Goodwill			207
Total consideration			**439**

The revaluation adjustments arising on acquisition were in respect of the recognition of intangible asset relating to contractual arrangements.

For cash flow disclosure purposes, the amounts are disclosed as follows:

Caddington Blue Limited	£000's
Cash consideration	427
Directly attributable costs	12
Cash acquired	(232)
Net cash outflow	**207**

Caddington Blue Limited generated revenue of £151,000 with operating profit of £112,000 since its acquisition.

27 Post balance sheet events

Townends (Financial Services) Ltd has historically provided financial services advice primarily to the clients of TRSL limited, another group company. The directors of TRSL made a decision to move the provision of financial services to a provider external to the Group – Coreco Partners LLP. As such the business was transferred under TUPE to Coreco on the 31 July 2020. On this date any residual elements of the company were transferred to TRSL Ltd

The ongoing Covid-19 pandemic has had a significant impact on this Group, together with many businesses worldwide. However, as at 31 December 2019, being the end of the period covered by this report, the pandemic had not emerged and only came to light in Spring 2020. It therefore has no impact on this report and financial statements. However, the business has been disrupted during mid- 2020, the impact of which will be seen in the report and financial statements for the year ending 31 December 2020. Any such impact would be determined to be non-adjusting to the 2019 financial statements. The directors are satisfied that at the date of signing this report there is no consequent uncertainty as to the going concern of the company, although they are naturally concerned for the ongoing safety of both staff and clients and continue to monitor the evolving situation extremely closely.

The directors recognise that it is reasonably possible that outcomes within the 2020 financial year may be different from current assumptions based on existing knowledge and could require a material adjustment to the carrying amount of any asset or liability affected.