

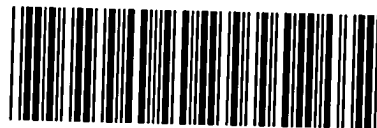
Fitzalan Partners Ltd

Annual report and financial statements

Registered number 07314708

31 December 2018

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Company information

Company registration number	07314708
Registered office	1430 Montagu Court Kettering Parkway Kettering Northamptonshire NN15 6XR
Directors	J R Atkinson W D Herbertson C M Higham J D Saralis
Secretary	J D Saralis
Bankers	Yorkshire Bank plc Birmingham Financial Solutions Centre Temple Point No.1 Temple Row Birmingham B2 5YB
Solicitors	Pinsent Masons LLP 55 Colmore Row Birmingham B3 2FG
Independent Auditors	PricewaterhouseCoopers LLP Exchange House Central Business Exchange Midsummer Boulevard Central Milton Keynes MK9 2DF

Strategic report

Principal activities

The company is principally engaged in the provision of online marketing services for home buyers and sellers in England and Wales, on behalf of law firms and surveyors; providing access to providers of local authority and environmental searches.

Trading results

The directors are satisfied the performance of the company for year ended 31 December 2018. Turnover for the year is £2,394,000 (2017: £3,166,000), gross profit for the year is £1,760,000 (2017: £2,287,000) and operating profit for the year is £276,000 (2017: £649,000). The directors are also satisfied with the balance sheet position at the year end, and consider that this will be maintained.

Principal risks and uncertainties

The directors have the ultimate responsibility for setting the company's risk appetite and for effective management of risk. Management of risk and review of key risks is performed when appropriate. The directors consider that the company does not currently face significant business or other risks and uncertainties over the short term other than the following:

Loss of key suppliers

The company uses a small number of key suppliers. The loss of these suppliers could have a significant impact on the company's operating ability and profitability. This risk is managed through a dedicated Business Development Manager who ensures our relationships with these key suppliers are maintained.

As part of our normal management process, we prepare detailed projections of future trading, which, include the impact for possible changes in market or regulatory conditions. Based on these projections we remain positive about the company's short and longer term prospects.

Key performance indicators

The company maintains a strict control over the key indicators for the business, measuring and reporting internally on the appropriate KPIs to ensure safeguarding of the shareholder's investment and customer satisfaction. Included in these KPIs is a review of turnover, and gross and operating profit against budget and rolling forecasts; other KPIs are more business specific.

It is also important to ensure that high quality personnel are retained in the business. The company operates a company wide appraisal programme for its entire staff.

By order of the board



J D Saralis
Director

12 April 2019

1430 Montagu Court
Kettering Parkway
Kettering
Northants
NN15 6XR

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Directors

The directors who held office during the year were as follows:

J R Atkinson
W D Herbertson (appointed 7th December 2018)
C M Higham (appointed 12th June 2018)
R G Rickwood (resigned 7th December 2018)
J D Saralis

Dividends

No dividends were paid in the current or prior year.

Going concern

The company has a positive cash balance at the year end. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a consequence, the directors believe that the company is well placed to manage its business risks successfully. As part of normal management process detailed projections of future trading are prepared, which include sensitivity analysis for possible changes in market or regulatory conditions. Based on these projections the Board remain positive about the company's short and longer term prospects. The Group has provided a letter of support to the Company to confirm that payments will only be demanded on the inter-company balances which are outstanding from the Company to the extent that the Company is capable of making such payments. Accordingly, the directors continue to adopt the going concern basis in preparing the directors' report and financial statements.

Financial risk management

Through its activities the company is exposed to a number of risks. The principal risks facing the business are set out below:

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers. Management consider the credit risk to be mitigated as a result of a) the holding of deposits for all significant customers and b) only offering significant deferred terms to those PLFs with whom the company holds strategic partnerships and after satisfactory credit checks have been obtained.

Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company has access to a group rolling credit facility through its parent company, Consumer Champion Group Limited, and aims to maintain a balance between continuity of funding and flexibility through the use this facility to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The directors have ultimately responsibility for the Company's financial risk management policy and they manage this through the maintenance and review of a risk register and careful monitoring of receivables, cash and financing on a monthly basis.

Indemnity provision

The Ultimate Parent Company of the Company maintained during the period and to the date of approval of the financial statements, indemnity insurance for its Directors and Officers against liability in respect of proceedings brought by third parties, subject to the terms and conditions of the Companies Act 2006.

Future developments

No significant changes to current business operations are expected and no significant events have occurred since the end of the financial period.

Independent Auditor

PricewaterhouseCoopers LLP were appointed as independent auditors during the financial year.

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

By order of the board



J D Saralis
Director

12 April 2019

1430 Montagu Court
Kettering Parkway
Kettering
Northants
NN15 6XR

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

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

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

Independent auditors' report to the members of Fitzalan Partners Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Fitzalan Partners Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Mark Skedgel (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
12 April 2019

Profit and Loss Account
for the year ended 31 December 2018

	<i>Note</i>	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Turnover	2	2,394	3,166
Cost of sales		(634)	(879)
Gross profit		1,760	2,287
Administrative expenses		(1,484)	(1,638)
Operating profit	3	276	649
Profit before taxation		276	649
Tax on profit	6	96	(15)
Profit and total comprehensive income for the financial year		372	634

All results reported above arise from continuing operations.

The notes on pages 13 to 23 form part of these financial statements.

Balance Sheet
at 31 December 2018

	<i>Note</i>	December 2018 £000	December 2018 £000	December 2017 £000	December 2017 £000
Fixed assets					
Goodwill	7	40		40	
Investments	8	2,080		2,080	
Intangible assets	9	408		228	
Tangible assets	10	21		44	
Deferred tax	13	1		-	
			2,550		2,392
Current assets					
Debtors	11	1,101		794	
Cash at bank and in hand		24		82	
		1,125		876	
Creditors: amounts falling due within one year	12	(1,248)		(1,148)	
Provisions for liabilities: deferred tax	13	-		(48)	
Net current liabilities			(123)		(320)
Total assets less current liabilities			2,427		2,072
Net assets			2,427		2,072
Capital and reserves					
Called up share capital	18	1		1	
Retained earnings		2,426		2,071	
Total Equity			2,427		2,072

The notes on pages 13 to 23 form part of these financial statements.

These financial statements were approved by the board of directors on date 12 April 2019 and were signed on its behalf by:



J D Saralis
Director

Registered number: 07314708

Statement of Changes in Equity

For the year ended 31 December 2018

	Called up Share Capital	Retained Earnings	Total equity
	£000	£000	£000
Balance at 1 January 2017	1	1,437	1,438
Total comprehensive income for the year			
Profit for the financial year	-	634	634
Total comprehensive income	-	634	634
Balance at 31 December 2017 as previously reported	1	2,071	2,072
IFRS 9 – change in accounting policy (note 19)	-	(17)	(17)
Balance at 31 December 2017 as restated	1	2,054	2,055
Total comprehensive income for the year			
Profit for the financial year	-	372	372
Total comprehensive income	-	372	372
Balance at 31 December 2018	1	2,426	2,427

The notes on pages 13 to 23 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Fitzalan Partners Ltd (the "Company") is a private company registered, incorporated and domiciled in the UK.

The registered number is 07314708 and the registered address is 1430 Montagu Court, Kettering Parkway, Kettering, Northamptonshire, NN15 6XR.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is exempt by virtue of s400 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.

The Company's ultimate parent undertaking, NAHL Group plc includes the Company in its consolidated financial statements. The consolidated financial statements of NAHL Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the corporate website (www.nahlgroupplc.co.uk) or from the address below:

NAHL Group plc
1430 Montagu Court
Kettering Parkway
Kettering
Northants
NN15 6XR

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures in respect of transactions with wholly owned subsidiaries.

As the consolidated financial statements of NAHL Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes (continued)

1 Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Critical accounting judgements and key resources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates are based on past experience and other reasonable assessment criteria. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

In applying the Group's accounting policies, management have not identified any areas of judgement or estimates which are material to the amounts reported within the financial statements.

1.3 Going concern

The company has a positive cash balance at the year end. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a consequence, the directors believe that the company is well placed to manage its business risks successfully. As part of normal management process detailed projections of future trading are prepared, which include sensitivity analysis for possible changes in market or regulatory conditions. Based on these projections the Board remain positive about the company's short and longer term prospects. The Group has provided a letter of support to the Company to confirm that payments will only be demanded on the inter-company balances which are outstanding from the Company to the extent that the Company is capable of making such payments. Accordingly, the directors continue to adopt the going concern basis in preparing the directors' report and financial statements.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors and cash and cash equivalents

Trade and other debtors and cash and cash equivalents are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. Impairment losses for trade and other debtors are measured using the expected credit loss model as permitted by IFRS9.

Trade and other creditors, loans and borrowing

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.5 Goodwill

Goodwill represents the excess of fair value of the consideration given over the fair value of the company's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill is not amortised but is tested for impairment annually and again whenever indicators of impairment are detected and is carried at cost less any provision for impairment. Any impairment is recognised in the profit and loss account.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Computer equipment 3 years

Notes (continued)

- Fixtures and fittings 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7 Intangible assets

Software and assets under construction

Expenditure on internally generated brands is recognised in the profit and loss account as an expense as incurred.

Software that is acquired by the Company is stated at cost less accumulated amortisation and less accumulated impairment losses. Software assets are measured at the cost of bringing the asset into use. This may include externally incurred consultant costs or a proportion of internal time and salary where internal resource have been used to build the asset. Internally allocated time is based on hours spent bringing the asset into use multiplied by hourly salary rates.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Brands	3 years
Other intangibles	3 years

1.8 Investments

Fixed asset investments are stated at cost less any amount written off for permanent diminution in value.

1.9 Turnover

The company receives income from the provision of online marketing services to target homebuyers and sellers in England and Wales and offering lead generation services to Panel Law Firms and surveyors in the conveyancing sector. Management consider there to be one performance obligation being the delivery of instructions to the Panel Law Firms and surveyors. Revenue is recognised at a point in time being the transfer of instruction to the Panel Law Firm or Surveyor as it is at this point at which the Group has no further obligations in respect of the instruction and so control of the instruction passes to the customer. The full transaction price being the contractually agreed upon fixed fee per instruction is recognised as revenue at this point. All turnover is stated net of Value Added Tax.

1.10 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

1.11 Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Notes (continued)

2 Turnover

All turnover is derived from the company's principal business, being referral fees on Conveyancing and Survey transactions. All turnover arose within the United Kingdom.

3 Operating profit

Operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation of fixed assets	34	41
Amortisation of intangible assets	95	88
Operating leases – land and buildings	151	150
Audit fees	19	18
	<u>299</u>	<u>397</u>

4 Directors' remuneration

The directors received £239,399 emoluments in respect of their services to the company (2017: £194,713). The emoluments in respect of the highest paid director were £132,576. £98,500 of directors fees were charged to the company's subsidiary undertaking, Searches UK limited, for services provided during the year. 2 Directors were paid by NAHL Group plc. The notional allocation of the cost to the company for their services was £15,000 (2017: £17,000). The company operates a defined contribution scheme for all employees including the directors. Employer's contributions paid into the scheme in respect of directors during the year were £1,954 (2017: £1,154).

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2018	2017
Directors	3	3
Other	19	22
	<u>22</u>	<u>25</u>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	687	1,109
Social security costs	111	129
Other pension costs	31	9
	<u>829</u>	<u>1,247</u>

Notes (continued)

6 Tax on profit

Recognised in the profit and loss account

Analysis of (credit)/charge for the year

	2018 £'000	2017 £'000
<i>UK corporation tax</i>		
Current tax on income for the year	41	132
Adjustments in respect of prior periods	(91)	(112)
Total current tax	(50)	20
<i>Deferred tax</i>		
Origination/reversal of timing differences	(46)	(5)
Total deferred tax	(46)	(5)
Tax on profit on ordinary activities	(96)	15

Factors affecting the tax for the current year

The tax for the year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Profit for the financial year	372	634
Total tax (credit)/charge	(96)	15
Profit before taxation	276	649
Tax using the UK corporation tax rate of 19.00% (2017: 19.25%)	52	125
Expenses not deductible for tax purposes	3	3
Group relief	(17)	-
Adjustments in respect of prior periods	(91)	(112)
Changes in deferred tax provisions	(43)	(1)
Total tax (credit)/charge	(96)	15

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2017 has been calculated based on these rates.

The prior year adjustments arise from additional Group relief surrendered to the company in 2017 and 2016.

Notes (continued)

7 Goodwill

	£000
Cost	
At 1 January 2018 and 31 December 2018	<u>40</u>
Impairment	
At 1 January 2018 and 31 December 2018	<u>-</u>
Net book value	
At 31 December 2017 and 31 December 2018	<u>40</u>

The goodwill arose on the acquisition of Best Value Conveyancing (BVC) and is tested for impairment annually. The recoverable amount of Goodwill is based on value in use which is calculated on the cash flows expected to be generated by the BVC website. Cashflows are based on the latest budgeted data for the coming year extrapolated at an annual growth rate and discounted for the time value of money.

8 Investments

	Interests in subsidiary undertakings £000
Cost	
At 1 January 2018 and 31 December 2018	<u>2,080</u>
Impairment	
At 1 January 2018 and 31 December 2018	<u>-</u>
Net book value	
At 31 December 2017 and 31 December 2018	<u>2,080</u>

The company's subsidiary undertakings are as follows:

Company	Country of Registration	Principal activity	Ownership	Holding
Searches UK Limited	United Kingdom	Conveyancing search provider	100%	Direct
Inside Eye Limited	United Kingdom	Dormant	100%	Indirect

The registered office of the all of the above subsidiaries is 1430 Montagu Court, Kettering Parkway, Kettering Venture Park, Kettering, Northants, NN15 6XR.

Notes (continued)

9 Intangible assets

	Brands £000	Other £000	Asset under construction £000	Total £000
Cost				
Balance at 1 January 2018	174	182	79	435
Additions	-	-	275	275
Transfer	-	354	(354)	-
Balance at 31 December 2018	174	536	-	710
Accumulated amortisation and impairment				
Balance at 1 January 2018	153	54	-	207
Amortisation charge for the year	21	74	-	95
Balance at 31 December 2018	174	128	-	302
Net book value				
At 31 December 2017	21	128	79	228
At 31 December 2018	-	408	-	408

10 Tangible assets

	Computer equipment £000	Fixtures & fittings £000	Total £000
Cost			
Balance at 1 January 2018	53	81	134
Additions	5	6	11
Balance at 31 December 2018	58	87	145
Accumulated depreciation and impairment			
Balance at 1 January 2018	41	49	90
Depreciation charge for the year	12	22	34
Balance at 31 December 2018	53	71	124
Net book value			
At 31 December 2017	12	32	44
At 31 December 2018	5	16	21

Notes (continued)

11 Debtors

	2018 £000	2017 £000
Trade debtors	255	119
Amounts due from group undertakings	758	600
Prepayments and accrued income	88	75
	<u>1,101</u>	<u>794</u>

Amounts owed from group undertakings are unsecured, interest free and repayable on demand.

12 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	19	77
Amounts owed to group undertakings	1,081	768
Corporation tax	42	132
Taxation and social security	64	101
Accruals and deferred income	42	70
	<u>1,248</u>	<u>1,148</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

13 Deferred taxation

	2018 £'000	2017 £'000
Liability at beginning of the year	(48)	(53)
Recognition of deferred tax on IFRS 9 provision for debtors	3	-
Profit and loss account movement during the year	46	5
	<u>1</u>	<u>(48)</u>
Deferred tax asset/(liability) at end of year	<u>1</u>	<u>(48)</u>

The deferred taxation asset/(liability) consists of the tax effect of timing differences in respect of:

	2018 £'000	2017 £'000
Short term timing differences	1	(8)
Deferred tax liability acquired	-	(40)
	<u>1</u>	<u>(48)</u>

The deferred tax asset at 31 December 2018 has been calculated on the rates of 17-19% substantively enacted at the balance sheet date, depending on when the timing difference is expected to reverse.

Notes (continued)

14 Financial instruments

The Company has taken an exemption from the requirement to prepare a financial instruments note on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements. The amounts owed by group undertakings have not been included within the consolidated financial statements and have been considered below.

Amounts owed by group undertakings

The fair value of amounts owed by group undertakings are estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Management believe there are no risks arising from these financial instruments on the grounds that the amounts are payable on demand and no interest is charged to group undertakings. The Board reviews and agrees policies for managing these risks. There have been no substantive changes in the Company's exposure to financial instrument risks or its objectives, policies and processes for managing and measuring those risks during the periods in this report unless otherwise stated.

	Fair Value Hierarchy	Carrying amount 2018 £000	Fair value 2018 £000	Carrying amount 2017 £000	Fair value 2017 £000
Amounts due from Group undertakings	Level 3	758	758	600	600
Total financial assets		<u>758</u>	<u>758</u>	<u>600</u>	<u>600</u>
Amounts owed to Group undertakings	Level 3	1,081	1,081	768	768
Total financial liabilities measured at amortised cost		<u>1,081</u>	<u>1,081</u>	<u>768</u>	<u>768</u>

Fair value hierarchy

IFRS 7 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the value measurements:

Level 1 – inputs are quoted prices in active markets

Level 2 – a valuation that uses observable inputs for the asset or liability other than quoted prices in active markets

Level 3 – a valuation using unobservable inputs, i.e. a valuation technique.

There were no transfers between levels throughout the periods under review.

15 Operating leases

Future minimum lease payments under non-cancellable operating leases were as follows

	2018 £000	2017 £000
Within one year	151	151
Within two to five years	75	226
	<u>226</u>	<u>377</u>

The Company leases an office building under operating lease. During the year £151,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £150,000).

Notes (continued)

16 Capital commitments

The company had no capital commitments at either 31 December 2018 or 31 December 2017.

17 Contingent liabilities

There were no contingent liabilities requiring disclosure at either 31 December 2018 or 31 December 2017.

18 Called up share capital

Authorised:

	2018		2017	
	No.	£000	No.	£000
725 Ordinary shares of £1 each	725	1	725	1
	<u>725</u>	<u>1</u>	<u>725</u>	<u>1</u>
	<u>725</u>	<u>1</u>	<u>725</u>	<u>1</u>

All classes of ordinary share carry equal rights over dividends, capital distribution and voting.

Allotted, called up and fully paid:

	2018		2017	
	No.	£000	No.	£000
Ordinary shares of £1 each	725	1	725	1
	<u>725</u>	<u>1</u>	<u>725</u>	<u>1</u>
	<u>725</u>	<u>1</u>	<u>725</u>	<u>1</u>

19 Changes in Accounting Policies

This note explains the impact of the adoption of IFRS9 *Financial Instruments* on the financial statements.

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 1. In accordance with the transitional provisions in IFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

The total impact on the company's retained earnings as at 1 January 2018 is as follows:

	£000
Retained earnings 31 December 2017 – as previously reported	2,071
Increase in provision for trade receivables and contract assets	(17)
Retained earnings 31 December 2017 – as restated	2,054

20 Related parties

All of the Company's voting rights are controlled within the group headed by NAHL Group plc. The Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of NAHL Group plc, within which this Company is included, can be obtained from the address given in note 21.

21 Ultimate parent company and controlling party

The Company is a subsidiary undertaking of NAHL Group plc which is the ultimate parent and controlling party incorporated in the United Kingdom.

The smallest and largest group in which the results of the Company are consolidated is that headed by NAHL Group plc, incorporated in the United Kingdom. No other group financial statements include the results of the Company. The consolidated financial statements are available to the public from the corporate website (www.nahlgroupplc.co.uk) or from the address below:

NAHL Group plc
1430 Montagu Court
Kettering Parkway
Kettering
Northants
NN15 6XR