

Homeward Legal Limited

Annual report and financial statements

Registered number 07314708

31 December 2020

Unaudited

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Company information

Company registration number	07314708
Registered office	Bevan House Kettering Parkway Kettering Northamptonshire NN15 6XR
Directors	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	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London EC1Y 4AG

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 with the performance of the Company for year ended 31 December 2020. Turnover for the year is £2,826,000 (2019: £2,586,000), gross profit for the year is £1,123,000 (2019: £917,000) and operating loss for the year is £278,000 (2019: operating loss £3,004,000). The loss for 2019 includes an exceptional impairment charge of £2,374,000 in respect of the investment in Searches UK Limited, goodwill and intangible assets. The Directors are also satisfied with the balance sheet position at the year end.

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 and customers

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

COVID-19

COVID-19 continues to provide uncertainty for the business. The third national lockdown began on 5 January 2021 and whilst the impact on the business was not as severe as in 2020, detailed risks for the business continue to include the health and availability of our people to run the business, in particular key individuals; accessibility of our customers and their appetite for our services; the resilience of suppliers and partners; the resilience of our systems and the ability of our people to work from alternative locations. Management continues to adopt its 2020 plans to mitigate the potential impact on our staff and customers including the ability to work remotely using existing technology and working closely with key suppliers to safeguard continuity of service.

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

15 September 2021

Bevan House
Kettering Parkway
Kettering
Northants
NN15 6XR

Directors' report

The Directors present their annual report and the financial statements for the year ended 31 December 2020.

Directors

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

J R Atkinson – resigned 4 September 2020
W D Herbertson
C M Higham
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. 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 regular review of the receivables balance for overdue accounts by a dedicated credit control function and accounts being put on hold where credit limits are reached.

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 revolving credit facility through a fellow Group member, and aims to maintain a balance between continuity of funding and flexibility through the use of 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 ultimate 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.

By order of the board



J D Saralis
Director

15 September 2021

Bevan House
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.

Profit and Loss Account
for the year ended 31 December 2020

	<i>Note</i>	Year ended 31 December 2020 £000	Year ended 31 December 2019 as restated¹ £000
Turnover	2	2,826	2,586
Cost of sales		(1,703)	(1,669)
Gross profit		1,123	917
Administrative expenses		(1,401)	(3,921)
Operating loss	3	(278)	(3,004)
Interest payable and similar charges	4	(1)	(3)
Loss before taxation		(279)	(3,007)
Taxation	7	(6)	9
Loss and total comprehensive income for the financial year		(285)	(2,998)

- As part of the restructure of its Consumer Legal Services division in the year ended 31 December 2020, the Group headed by NAHL Group plc, of which Homeward Legal Limited is a subsidiary, reclassified the costs relating to staff directly involved in the provision of services from administrative expenses to cost of sales. The Directors believe that this better reflects the nature of the costs and the operations of the business. Accordingly, cost of sales, gross profit and administrative expenses for 2019 have been restated to reflect the reallocation of these costs on the same basis to allow for greater comparability year on year.

All results reported above arise from continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

Balance Sheet
at 31 December 2020

	<i>Note</i>	December 2020 £000	December 2020 £000	December 2019 £000	December 2019 £000
Fixed assets					
Goodwill	8	-		-	
Investments	9	-		-	
Intangible assets	10	-		33	
Tangible assets	11	-		35	
Right of use assets	12	-		64	
Deferred tax	15	-		5	
			-		137
Current assets					
Debtors	13	905		887	
Cash at bank and in hand		242		109	
		1,147		996	
Creditors: amounts falling due within one year	14	(2,018)		(1,682)	
Lease liabilities	12	-		(37)	
Net current liabilities			(871)		(723)
Total assets less current liabilities			(871)		(586)
Net liabilities			(871)		(586)
Capital and reserves					
Called up share capital	19		1		1
Retained earnings			(872)		(587)
Total Equity			(871)		(586)

The notes on pages 12 to 24 form part of these financial statements.

For the year ended 31 December 2020, the Company was entitled to exemption from audit under section 479A of the Companies Act relating to qualifying subsidiaries.

Members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts are prepared in accordance with the special provisions relating to the companies subject to the medium-sized companies regime.

These financial statements were approved by the board of Directors on 15 September 2021 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 2020

	Called up Share Capital	Retained Earnings	Total equity
	£000	£000	£000
Balance at 1 January 2019	1	2,411	2,412
Total comprehensive income for the year			
Profit for the financial year	-	(2,998)	(2,998)
Total comprehensive income	-	(2,998)	(2,998)
Balance at 31 December 2019	1	(587)	(586)
Total comprehensive income for the year			
Loss for the financial year	-	(285)	(285)
Total comprehensive income	-	(872)	(872)
Balance at 31 December 2020	1	(872)	(871)

The notes on pages 12 to 24 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Homeward Legal Limited (the “Company”) is a private Company registered, incorporated and domiciled in the UK.

The registered number is 07314708 and the registered address is Bevan House, 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 Accounting Standards 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 Accounting 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
Bevan House
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 financial statements have been prepared on the going concern basis, notwithstanding the net liabilities of £871,000 (2019: net liabilities of £586,000) which the Directors believe to be appropriate for the following reason: Consumer Champion Group Limited has indicated that for at least 12 months from the date of approval of these financial statements, that they will not seek repayment of amounts currently outstanding on inter-Company accounts. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any Company placing reliance on other group entities for financial support the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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 IFRS 9.

Trade and other creditors, loans and borrowings

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.

Notes (continued)

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
- 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 within administrative expenses 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 Company 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 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.

1.11 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.

Notes (continued)

1.11 Taxation (continued)

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.

1.12 Government grants

As a result of the economic impact of the COVID-19 pandemic, the Company made use of the Government's Coronavirus Job Retention Scheme. Income from this scheme has been accounted for under IAS 20: Government Grants and is included within the profit and loss account as a deduction from the corresponding expense.

1.13 Leased assets

Operating lease payments

The Company as a lessee

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

Notes (continued)

1.13 Leased assets (continued)

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

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/(crediting):

	2020	2019
	£000	£000
Depreciation of fixed assets	14	13
Depreciation of right of use assets	64	127
Amortisation of intangible assets	33	162
Government grants	(91)	-
	<u><u> </u></u>	<u><u> </u></u>

4 Interest payable

Interest payable consists of:

	2020	2019
	£000	£000
Interest on lease liabilities	1	3
	<u><u> </u></u>	<u><u> </u></u>

5 Directors' remuneration

The Directors received £70,497 emoluments in respect of their services to the Company (2019: £171,191). A further £98,696 of directors' remuneration was borne by another Group Company. £35,249 of Director fees were charged to the Company's subsidiary undertaking, Searches UK limited, for services provided during the year (2019: £76,806). Two Directors were paid by NAHL Group plc. The notional allocation of the cost to the Company for their services was £15,000 (2019: £15,000). 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 £947 (2019: £2,498). Contributions of £1,354 were borne by another Group Company.

Notes (continued)

6 Staff numbers and costs

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

	Number of employees	
	2020	2019
Directors	4	4
Other	17	23
	21	27

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	1,132	1,116
Social security costs	117	127
Other pension costs	23	29
	1,272	1,272

Notes (continued)

7 Tax on profit

Recognised in the profit and loss account

Analysis of charge/(credit) for the year

	2020 £'000	2019 £'000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Adjustments in respect of prior periods	-	(5)
Total current tax	-	(5)
<i>Deferred tax</i>		
Origination/reversal of timing differences	6	(4)
Total deferred tax	6	(4)
Tax on profit on ordinary activities	6	(9)

Factors affecting the tax for the current year

The tax for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £'000	2019 £'000
Loss for the financial year	(285)	(2,998)
Total tax charge/(credit)	6	(9)
Loss before taxation	(279)	(3,007)
Tax using the UK corporation tax rate of 19.00% (2019: 19.00%)	(53)	(571)
Expenses not deductible for tax purposes	24	473
Group relief	29	90
Adjustments in respect of prior periods	-	(5)
Changes in deferred tax provisions	6	4
Total tax charge/(credit)	6	(9)

Changes in tax rates and factors affecting the future tax charge

On 17 March 2020, it was substantively enacted that the rate of corporation tax would remain at 19% and has therefore been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date are measured at 19% (2019: 19%). The UK Government announced in the 2021 budget that from 1 April 2023 the rate of corporation tax in the UK will increase from 19% to 25%. This was not substantively enacted until post year end so there is no impact on deferred tax.

Notes (continued)

8 Goodwill

	£000
Cost	
At 1 January 2020 and 31 December 2020	<u>40</u>
Impairment	
At 1 January 2020 and 31 December 2020	<u>40</u>
Net book value	
At 31 December 2019 and 31 December 2020	<u>-</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.

9 Investments

	Interests in subsidiary undertakings £000
Cost	
At 1 January 2020 and 31 December 2020	<u>2,080</u>
Impairment	
At 1 January 2020 and 31 December 2020	<u>2,080</u>
Net book value	
At 31 December 2019 and 31 December 2020	<u>-</u>

Notes (continued)

9 Investments (Continued)

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 Bevan House, Kettering Parkway, Kettering, Northants, NN15 6XR.

At the end of 2019, in light of the continuing uncertainty around the residential property market, the Directors undertook an impairment review of goodwill, investments and intangibles assets. The recoverable amount of these assets was calculated on a value in use basis using the latest operating cash forecasts. These forecasts indicated that there were insufficient cash flows to support the recoverable value of the investment in Searches UK Limited. As such, an impairment loss of £2,080,000 was recognised in the profit and loss account in relation to the investment and further impairment losses of £40,000 and £254,000 were recognised against goodwill and intangible assets respectively. All impairment losses are included within administrative expenses in the profit and loss account.

10 Intangible assets

	Brands £000	Other £000	Asset under construction £000	Total £000
Cost				
Balance at 1 January 2020	174	570	7	751
Transfer	-	7	(7)	-
Balance at 31 December 2020	174	577	-	751
Accumulated amortisation and impairment				
Balance at 1 January 2020	174	544	-	718
Amortisation charge for the year	-	33	-	33
Balance at 31 December 2020	174	577	-	751
Net book value				
At 31 December 2019	-	26	7	33
At 31 December 2020	-	-	-	-

Notes (continued)

11 Tangible assets

	Computer equipment £000	Fixtures & fittings £000	Total £000
Cost			
Balance at 1 January 2020	84	88	172
Additions	1	6	7
Transfers to Group companies	(32)	(21)	(53)
Balance at 31 December 2020	53	73	126
Accumulated depreciation and impairment			
Balance at 1 January 2020	57	80	137
Depreciation charge for the year	7	7	14
Transfers to Group companies	(11)	(14)	(25)
Balance at 31 December 2020	53	73	126
Net book value			
At 31 December 2019	27	8	35
At 31 December 2020	-	-	-

12 Leases

This note provides information for leases where the Group is a lessee.
Amounts recognised in the balance sheet:

	December 2020 £'000	December 2019 £'000
Right of use assets		
Buildings	-	64
	-	64

Lease liabilities of £nil have been recognised (2019: £37,000).

The profit and loss account includes the following amounts in relation to leases:

	December 2020 £'000	December 2019 £'000
Depreciation charge on right of use assets		
Buildings	64	127
	64	127
Interest expense	1	3
Expenses relating to leases of low value assets	-	-

Notes (continued)

13 Debtors

	2020	2019
	£000	£000
Trade debtors	329	297
Amounts due from group undertakings	539	556
Prepayments and accrued income	37	34
	905	887

Included within the trade debtors balance is a £187,000 (2019: £80,000) provision for impairment and credit losses. Amounts owed from group undertakings are unsecured, interest free and repayable on demand.

14 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	32	30
Amounts owed to group undertakings	1,752	1,488
Taxation and social security	145	86
Accruals and deferred income	89	65
Other Creditors	-	13
	2,018	1,682

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

15 Deferred taxation

	2020	2019
	£'000	£'000
Asset at beginning of the year	5	1
Profit and loss account movement during the year	(5)	4
Deferred tax asset at end of year	-	5

The deferred taxation asset consists of the tax effect of timing differences in respect of:

	2020	2019
	£'000	£'000
Short term timing differences	-	11
Accelerated capital allowances	-	(6)
	-	5

Notes (continued)

16 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 and to group undertakings have not been included within the consolidated financial statements and have been considered below.

Amounts owed by and to group undertakings

The fair value of amounts owed by and to 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 2020 £000	Fair value 2020 £000	Carrying amount 2019 £000	Fair value 2019 £000
Amounts due from Group undertakings	Level 3	539	539	556	556
Total financial assets		539	539	556	556
Amounts owed to Group undertakings	Level 3	1,752	1,752	1,488	1,488
Total financial liabilities measured at amortised cost		1,752	1,752	1,488	1,488

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.

Notes (continued)

17 Capital commitments

The Company had no capital commitments at either 31 December 2020 or 31 December 2019.

18 Contingent liabilities

There were no contingent liabilities requiring disclosure at either 31 December 2020 or 31 December 2019.

19 Called up share capital

Authorised:

	2020		2019	
	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>

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

Allotted, called up and fully paid:

	2020		2019	
	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>

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
 Bevan House
 Kettering Parkway
 Kettering
 Northants
 NN15 6XR