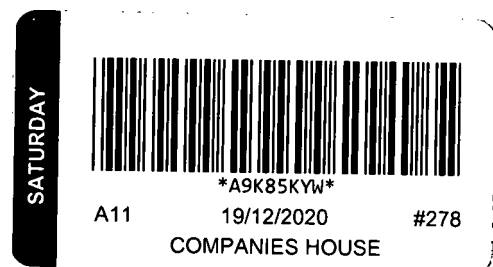


Registration number: 07123442

# **THIRDWAY INTERIORS LIMITED**

Annual Report and Financial Statements  
for the Year Ended 31 December 2019



**BREBNERS**  
Chartered Accountants & Statutory Auditor  
130 Shaftesbury Avenue  
London  
W1D 5AR

# **THIRDWAY INTERIORS LIMITED**

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# THIRDWAY INTERIORS LIMITED

## Company Information

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<b>Directors</b>	B J P Gillam M J Booth D F Munro J T Sweeney M J Sullivan
<b>Registered office</b>	130 Shaftesbury Avenue 2nd Floor London W1D 5EU
<b>Auditor</b>	Brebners Chartered Accountants & Statutory Auditor 130 Shaftesbury Avenue London W1D 5AR

## **THIRDWAY INTERIORS LIMITED**

### **Strategic Report for the Year Ended 31 December 2019**

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

#### **What the business does**

The principal activity of the company during the year was the provision of interior design and build services (including workplace consultancy) across tenant and landlord clients.

At ThirdWay Interiors we have two brand promises – The Outcome You Need, and Total Engagement. By remaining committed to these principles we keep our customers at the heart of our business, as was recognised when ThirdWay was shortlisted for the Customer Focus Award at The Lloyds Bank National Business Awards.

We know we are only as good as our last job and that's why we are committed to making every client our next reference. You will not find a more skilled, passionate, fun-loving, creative and dedicated team to deliver a fit out.

In 2019, our project at Revolut won a Silver award at the London Design Awards. We were also recognised at the Mixology Awards in June, shortlisted for Design & Build Company of the Year, and in November our business won gold at the UK Business Awards where we were recognised as the most Disruptive Business Model in the UK – a significant achievement given the mixed-industry competition. We believe the quality of our work speaks for itself.

#### **Source Type of Work**

ThirdWay continues to maintain a healthy distribution between tenant and landlord work.

The source of this work includes repeat business, agent relationships, property investors, project managers and direct recommendations, as well as increased drive on lead generation through digital and traditional marketing campaigns. Excellent delivery continues to drive additional business.

In 2019, ThirdWay delivered a number of landmark tenant projects including Formula-E, TotallyMoney, Huckletree, G2 Travel, TrueLayer and Wargaming and landlord projects on Shoreditch High Street for the Max Barney Estate, Thomas More Square at St Katherines Dock, and at 22 Bishopsgate for Convene.

#### **CAT A+ Offering**

Since ThirdWay pioneered the Cat A+ concept in design & build, alongside other industry stakeholders, the market has seen significant growth in demand for such space, also known and marketed as 'plug and play'. Our Cat A+ offering enables property owners to market ready-to-use workspaces and continues to be a consistent revenue stream for us. We consider ourselves to be market leaders in this offering and are excellently placed to deliver alongside our partner businesses.

#### **Workplace Consultancy**

In 2019 we formalised a service that we had already been delivering, establishing ThirdWay Workplace as our consultancy arm. Through this discipline we offer workplace visioning, support with stay or go decisions including curating building briefs, and implement change management. We look at how people work with people, space and tech then use the data to inform and optimise our clients' ways of working.

## THIRDWAY INTERIORS LIMITED

### Strategic Report for the Year Ended 31 December 2019

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#### TX / ThirdWay Plus

In 2020, during the pandemic crisis, ThirdWay has been able to leverage existing relationships and expertise to launch two new, interconnected services. TX is an experiential building marketing service in conjunction with our property agent and property owner connections, helping landlords lease space sooner. ThirdWay Plus is a managed office service we can additionally provide landlords, simultaneously offering tenants the flexibility of a co-working space with none of the pitfalls.

#### Financial Key Performance Indicators

The company's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Turnover	£	51,369,601	63,727,411
Profit/(loss) before tax	£	1,096,334	2,970,591
Net assets	£	6,956,605	6,367,412

The current asset ratio for the year to 31 December 2019 was 1.69 (2018: 1.58).

The directors are pleased with the levels of turnover and profitability generated in the year, in what continues to be an uncertain economic environment.

Turnover for 2019 was in line with the business plan and maintained a consistent gross profit margin for the period. Ongoing strong delivery, buyer confidence, returning customers, established brand and reputation, together with additional opportunities created from partner businesses continued to generate revenue for ThirdWay Interiors.

In late 2018 the Group launched ThirdWay Contracts, another complimentary partner business within the ThirdWay Group. ThirdWay Contracts provided services that would have previously fallen to ThirdWay Interiors, explaining the year on year decrease in top line revenue.

2018 included a disproportionate increase in administration expenses predominately due to non-reoccurring costs. Whilst employment and establishment costs have increased during the year, the overall level of administrative expenses incurred were in line with forecasts to continue development and investment in space, people, technology, infrastructure and new offerings, demonstrating the directors positive outlook for the company. On the back of investment in 2019, a number of new offerings were launched in 2020.

The directors are also satisfied with the statement of financial position at 31 December 2019 which shows over £6.9m of net assets, almost £6.2m of net current assets and £2.5m cash at bank.

With these significant financial resources available, the directors feel ThirdWay remains well-placed to exploit future opportunities as and when they arise.

## **THIRDWAY INTERIORS LIMITED**

### **Strategic Report for the Year Ended 31 December 2019**

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#### **COVID-19**

The directors have considered the potential effect of the current COVID-19 crisis, which was deemed a global pandemic by the World Health Organisation on 11 March 2020 and resulted in the severe restrictions introduced in the UK on 23 March 2020. Although there is no certainty as to when this will end, the directors' view is that the impact will be manageable. The company operates in a sector which remains in demand and with the resources that the company has, together with the current actions being taken, and a healthy and diverse split between landlord and tenant work, the company is well positioned to weather the crisis.

During the lockdown restrictions, ThirdWay was able to keep active some of our construction contracts in accordance with the site operating procedures published by the Construction Leadership Council and aligned with guidance from Public Health England.

Further to that, given our experience and expertise of the workplace sector, we are in a unique position to be able to advise other companies on their approach to their return to work following a long period of lockdown. We have engaged our consultancy, design, architecture and furniture teams to launch a new offering, Hybrid Working. Hybrid Working is the process of finding the perfect office:home ratio for our clients' workforce and workspace, delivering the outcome they need through new space, policies and procedures.

#### **Non-Financial Key Performance Indicators**

The company seeks to ensure that responsible business practice is fully integrated into the management of all its operations and into the culture of all parts of its business. It believes that the consistent adoption of responsible business practice is essential for operational excellence, which in turn, ensures the delivery of its core objectives of sustained real growth in profitability.

Given the company's size and diversity, the directors take a vast range of non-financial performance indicators into account.

#### **Group Companies**

The subsidiary companies of The ThirdWay Group Limited, the parent undertaking, continue to provide complementary services to ThirdWay Interiors clients, ensuring a more seamless, integrated and collaborative experience.

Tribe Furniture Limited (principally engaged with the supply of furniture), IV Real Estate Limited (principally engaged in the development and management of commercial property), ThirdWay Architecture Limited (principally engaged in the provision of architectural and consultancy services) and ThirdWay Contracts Limited (principally engaged with the more traditional approach to build management working alongside external consultants) continued to support the overall Group offering during the year.

In 2020, IV Development Limited (principally engaged with the planning, evaluation and implementation of real estate strategy) was established, a further related undertaking and offering.

The Group has continued to operate out of the headquarters in Old Street, which has had a positive impact on employees' performance and allows the team to demonstrate the many offerings in the new client presentation and demonstration suite. The headquarters allows each group entity to have their own space whilst being able to work closely with the partner firms, a benefit that continues to reap rewards throughout the group. In 2019 a further space was taken within the Morelands premises, used primarily as a client experience and workshop area.

## **THIRDWAY INTERIORS LIMITED**

### **Strategic Report for the Year Ended 31 December 2019**

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#### **Employees**

ThirdWay is a business built on people and we have a uniquely skilled, passionate, fun-loving, creative and dedicated team. We aim to ensure that employee retention is market leading, with a high focus on well-being, training and development, which will in turn, ensure the team is in the best position to support our clients.

In 2019 The ThirdWay Group ranked in The Times Top 100 Small Businesses to Work For, for the fourth year in a row and accredited 3 stars for employee engagement by Best Companies.

#### **Health and safety**

Health and safety procedures and policies are in place to ensure continued compliance. We provide regular training and risk assessments are performed. These standards for all site and project staff ensure they are suitably trained for both the on-site requirements and also the legal aspects, not only in terms of documentation, but also awareness of legal responsibilities.

#### **Regulatory compliance**

In early 2019, ThirdWay Interiors agreed to a settlement with the regulator for breaching competition law. The matter relating to ThirdWay Interiors was a single unauthorised infringement over a short period in early 2017. It was not instigated by ThirdWay Interiors, we did not gain commercially in any way from it, and no client suffered any financial loss. Nevertheless, it was important that we acted appropriately by cooperating fully with the regulator. This settlement was provided for in 2018 as shown in note 5 of the financial statements.

Whilst we felt the size of the fine was disproportionate, we took the commercial decision to close the matter and settle the case in 2019. We are incredibly disappointed with the infringement as we have always prided ourselves on doing things the right way. Our board has taken appropriate action to ensure this one-off situation cannot occur again through additional processes and regular staff training. We have also used this event as an opportunity to put in place robust compliance measures.

#### **Financial Instruments, Risk Management, Objectives and Policies**

The company uses basic financial instruments, other than derivatives, comprising cash, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The company had no hedging arrangements at 31 December 2019.

In respect of bank balances the company had no overdraft facility during the year and the company maintained significant cash at bank balances throughout the year.

The company's exposure to exchange risk is minimal as the majority of sales and purchases contracted are in Sterling.

The management of the business is subject to several risks, which are reviewed by the board and appropriate procedures put in place to monitor and mitigate. The key risks are liquidity risk and customer credit exposure.

## THIRDWAY INTERIORS LIMITED

### Strategic Report for the Year Ended 31 December 2019

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#### Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the company has credit facilities available.

#### Credit risk

The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by maintaining strong on-going customer relationships and closely monitoring outstanding debts from all sources.

#### Contract risk

Contract risk is mitigated through back to backing of associated risks with sub-contractors.

#### Research and Development

The company continues to undertake research and development in order to improve and diversify its service offering.

#### Summary and Future Developments

The board continuously monitors for and responds to changes in the company's risk environment, ensuring that the company is well placed to address operational, reputational, financial and business risks in a timely and appropriate manner.

The directors are aware of the potential for future economic uncertainties, driven by the impact of COVID-19 and nervousness around Brexit. However, with ThirdWay's strong brand and diverse product offering, feel both protected, and well-placed to exploit any opportunities as they arise in the marketplace.

Whilst economic times are uncertain, our expectation is that the commercial design and build market will continue to thrive within London and the UK more generally.

Continued development of and investment in people, technology and processes throughout 2019 have further strengthened the foundation for stability and retaining high levels of pre-tax profits.

The directors are confident the pipeline for 2020 demonstrates that revenue will continue to remain strong and healthy due to the successful portfolio built and number of partnerships formed.

23-Sep-20

Approved by the Board on ..... and signed on its behalf by:

*Ben Gillam*

.....  
B J P Gillam  
Director



## THIRDWAY INTERIORS LIMITED

### Directors' Report for the Year Ended 31 December 2019

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

#### Directors of the company

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

B J P Gillam

M J Booth

D F Munro

J T Sweeney

M J Sullivan

#### Dividends

Particulars of recommended dividends are detailed in note to the financial statements.

#### Disclosure of information in the Strategic Report

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments, research & development and financial instruments.

#### Disclosure of information to the auditor

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

23-Sep-20

Approved by the Board on ..... and signed on its behalf by:

*Ben Gillam*

.....  
B J P Gillam  
Director

## **THIRDWAY INTERIORS LIMITED**

### **Statement of Directors' Responsibilities**

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The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **THIRDWAY INTERIORS LIMITED**

### **Independent Auditor's Report to the Members of Thirdway Interiors Limited for the Year Ended 31 December 2019**

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#### **Opinion**

We have audited the financial statements of Thirdway Interiors Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, and Notes to the Financial Statements, 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 company's affairs as at 31 December 2019 and of its profit 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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 auditor's 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.

## **THIRDWAY INTERIORS LIMITED**

### **Independent Auditor's Report to the Members of Thirdway Interiors Limited for the Year Ended 31 December 2019**

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#### **Opinion on other matter 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 8), 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 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.

#### **Auditor's 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 auditor's 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## THIRDWAY INTERIORS LIMITED

### Independent Auditor's Report to the Members of Thirdway Interiors Limited for the Year Ended 31 December 2019

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#### 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
Martin Widdowson (Senior Statutory Auditor)  
For and on behalf of

Brebners, Statutory Auditor  
130 Shaftesbury Avenue  
London  
W1D 5AR

Date: 24/9/20

# THIRDWAY INTERIORS LIMITED

## Statement of Income and Retained Earnings for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	51,369,601	63,727,411
Cost of sales		<u>(40,732,513)</u>	<u>(48,780,340)</u>
<b>Gross profit</b>		<b>10,637,088</b>	<b>14,947,071</b>
Administrative expenses		(11,181,908)	(13,041,347)
Other operating income	4	<u>1,649,151</u>	<u>1,077,059</u>
<b>Operating profit</b>	<b>5</b>	<b>1,104,331</b>	<b>2,982,783</b>
Other interest receivable and similar income	6	8,945	20,377
Interest payable and similar charges	7	<u>(16,942)</u>	<u>(32,569)</u>
<b>Profit before tax</b>		<b>1,096,334</b>	<b>2,970,591</b>
Taxation	12	<u>(42,141)</u>	<u>(1,099,466)</u>
<b>Profit for the financial year</b>		<b>1,054,193</b>	<b>1,871,125</b>
Retained earnings brought forward		6,367,312	5,231,187
Dividends paid		<u>(465,000)</u>	<u>(735,000)</u>
<b>Retained earnings carried forward</b>		<b><u>6,956,505</u></b>	<b><u>6,367,312</u></b>

The notes on pages 14 to 28 form an integral part of these financial statements.

# THIRDWAY INTERIORS LIMITED

## Statement of Financial Position as at 31 December 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	13	2,986	-
Tangible assets	14	<u>835,235</u>	<u>868,436</u>
		<u>838,221</u>	<u>868,436</u>
<b>Current assets</b>			
Debtors	15	12,650,905	17,306,629
Cash at bank and in hand		<u>2,475,156</u>	<u>3,010,212</u>
		15,126,061	20,316,841
<b>Creditors: Amounts falling due within one year</b>	17	<u>(8,946,463)</u>	<u>(12,826,113)</u>
<b>Net current assets</b>		<u>6,179,598</u>	<u>7,490,728</u>
<b>Total assets less current liabilities</b>		<u>7,017,819</u>	<u>8,359,164</u>
<b>Creditors: Amounts falling due after more than one year</b>	17	-	(149,996)
<b>Provisions for liabilities</b>	19	<u>(61,214)</u>	<u>(1,841,756)</u>
<b>Net assets</b>		<u>6,956,605</u>	<u>6,367,412</u>
<b>Capital and reserves</b>			
Called up share capital		100	100
Profit and loss account	21	<u>6,956,505</u>	<u>6,367,312</u>
<b>Shareholders' funds</b>		<u>6,956,605</u>	<u>6,367,412</u>

23-Sep-20

Approved and authorised by the Board on ..... and signed on its behalf by:

*Ben Gillam*

.....  
B J P Gillam

Director

Company registration number: 07123442

The notes on pages 14 to 28 form an integral part of these financial statements.

## **THIRDWAY INTERIORS LIMITED**

### **Notes to the Financial Statements for the Year Ended 31 December 2019**

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#### **1 GENERAL INFORMATION**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:  
130 Shaftesbury Avenue  
2nd Floor  
London  
W1D 5EU

The principal activity of the company is the provision of interior design and build services across tenant and landlord clients.

The principal place of business is:  
Morelands  
5-23 Old Street  
London  
EC1V 9HL

#### **2 ACCOUNTING POLICIES**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except any items disclosed in the accounting policies as being shown at fair value and are presented in sterling, which is the functional currency of the entity.

##### **Summary of disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.



## **THIRDWAY INTERIORS LIMITED**

### **Notes to the Financial Statements for the Year Ended 31 December 2019**

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#### **Going concern**

The company made a profit for the year ended 31 December 2019 and had net assets at that date of £6,956,605 including cash at bank amounting to £2,475,156. The company's most recent management accounts indicate that the company continues to be profitable in 2020.

The directors have considered the potential effect of the current COVID-19 crisis and, although there is no certainty as to when this will end, the directors' view is that the impact will be manageable. The company operates in a sector which remains in demand and with the resources that the company has, together with the current actions being taken, and a healthy and diverse split between landlord and tenant work, the company is well positioned to weather the crisis.

During the lockdown restrictions, the company was able to keep active some of its construction contracts in accordance with the site operating procedures published by the Construction Leadership Council and aligned with guidance from Public Health England.

Revenue has been affected by the pandemic however consistent gross margins on continuing contracts and significantly reduced administrative expenditure has ensured that the company has been able to achieve healthy profits since 31 December 2019. The reduction in administrative expenditure is mainly attributable to low employment costs due to the furloughing of staff and the agreement of reduced salaries, together with the Government's Coronavirus Job Retention Scheme grants received.

With an extensive pipeline of future work, the directors are confident that the company will continue to be profitable whilst some government restrictions remain in place and once restrictions are lifted.

The directors have produced cashflow forecasts based upon various scenarios of construction industry activity and mobilisation which demonstrate that the company has sufficient working capital for a period exceeding 12 months from the approval of the financial statements, taking account of the anticipated reduced activity during the COVID-19 restrictions but with the benefit of the significant net assets built up at 31 December 2019.

On the basis of the above, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

## **THIRDWAY INTERIORS LIMITED**

### **Notes to the Financial Statements for the Year Ended 31 December 2019**

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#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Significant judgements**

Including those involving estimations, the judgements that management have made in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the financial statements are as follows;

#### **Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows;

- **Useful economic lives of tangible assets**

Tangible fixed assets are depreciated to their estimated residual values over their estimated useful lives. The company exercises judgement to determine these useful lives and residual values.

- **Impairment of trade debtors**

The company makes an estimate of the recoverable value of trade debtors. When assessing any potential impairment of trade debtors, management considers factors including the ageing profile of debtors and historical experience.

- **Impairment of other debtors**

The company makes an estimate of the recoverable value of other debtors. Included within other debtors is a loan provided to an investment company which has advanced this amount to a subsidiary undertaking to provide working capital to develop a product to bring to market. The directors of ThirdWay Interiors Limited consider the recoverability of the loan to be dependent on the success of the product that has been developed and the associated profitability of the company.

The company has provided forecasts and other supporting information to ThirdWay Interiors Limited detailing the sales volumes that are required in order for the company to be profitable and to have sufficient cash reserves to repay the loan over the foreseeable future. The directors have assessed the reliability of the calculations by interrogating the underlying assumptions and carrying out a sensitivity analysis.

The directors have reviewed the company's latest sales pipeline, pitch correspondence, and product feedback from current and prospective clients, and have determined that this information can be utilised to reliably assess the probability of the minimum required sales volume being achieved in the foreseeable future and to assess that the amount remains fully recoverable.

The product in question is applicable to office development and refurbishment and therefore compliments the offering of ThirdWay and delivers synergies. The directors have considerable expertise and experience in the industry and are considered capable of reliably assessing the appropriateness of the company's sales forecasts and their assessment of the potential for this product.

## THIRDWAY INTERIORS LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2019

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- Project stage of completion

Income and associated costs are recognised for projects based on their stage of completion at the year end. The company exercises judgement to determine an appropriate stage of completion for each project, which is reviewed regularly throughout the year by management.

#### Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

#### Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated. -

#### Tax

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

## THIRDWAY INTERIORS LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2019

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#### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold property	over the length of the lease
Fixtures, fittings and equipment	25% straight line

#### Research and Development

Research and development expenditure is written off in the period in which it is incurred.

#### Intangible assets

Separately acquired trademarks are shown at historical cost.

Trademarks have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Trademark	Straight line over 10 years

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## **THIRDWAY INTERIORS LIMITED**

### **Notes to the Financial Statements for the Year Ended 31 December 2019**

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#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance costs in the Income Statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

## THIRDWAY INTERIORS LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2019

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#### Financial instruments

##### **Classification**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

##### **Recognition and measurement**

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

##### **Impairment**

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### 3 REVENUE

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019 £	2018 £
Rendering of services	<u>51,369,601</u>	<u>63,727,411</u>

The analysis of the company's revenue for the year by geographical market is as follows:

	2019 £	2018 £
United Kingdom	51,029,263	63,727,411
Rest of world	<u>340,338</u>	<u>-</u>
	<u>51,369,601</u>	<u>63,727,411</u>

#### 4 OTHER OPERATING INCOME

The analysis of the company's other operating income for the year is as follows:

	2019 £	2018 £
Rent receivable	-	79,790
Management charges receivable	<u>1,649,151</u>	<u>997,269</u>
	<u>1,649,151</u>	<u>1,077,059</u>

# THIRDWAY INTERIORS LIMITED

## Notes to the Financial Statements for the Year Ended 31 December 2019

### 5 OPERATING PROFIT

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation expense	326,045	286,339
Amortisation expense	254	-
Foreign exchange losses	15,313	7,315
Operating lease expense - property charges	792,945	708,140
Operating lease expense - equipment hire	24,845	23,233
Regulatory fines	-	1,780,703
Bad debts	-	565,031

### 6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£	£
Interest income on bank deposits	5,050	13,450
Other finance income	3,895	6,927
	<u>8,945</u>	<u>20,377</u>

### 7 INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Interest expense on other finance liabilities	<u>16,942</u>	<u>32,569</u>

### 8 STAFF COSTS

The aggregate payroll costs were as follows:

	2019	2018
	£	£
Wages and salaries	5,178,623	4,612,275
Social security costs	1,019,497	866,024
Pension costs, defined contribution scheme	480,247	160,723
Other employee expenses	936,559	604,696
	<u>7,614,926</u>	<u>6,243,718</u>

## THIRDWAY INTERIORS LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2019

The average number of persons employed by the company during the year, analysed by category was as follows:

	2019 No.	2018 No.
Administration and support	25	14
Sales, marketing and distribution	63	59
	<u>88</u>	<u>73</u>

#### 9 DIRECTORS' REMUNERATION

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	1,080,791	1,241,442
Contributions paid to money purchase schemes	117,392	10,529
	<u>1,198,183</u>	<u>1,251,971</u>

In respect of the highest paid director:

	2019 £	2018 £
Aggregate remuneration	<u>297,113</u>	<u>399,027</u>

#### 10 PENSION AND OTHER SCHEMES

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £480,247 (2018 - £160,723).

#### 11 AUDITOR'S REMUNERATION

	2019 £	2018 £
Audit of the financial statements	<u>30,500</u>	<u>30,500</u>

Fees payable to the company's auditor for other services:

	2019 £	2018 £
Other non-audit services	<u>34,343</u>	<u>27,506</u>



# THIRDWAY INTERIORS LIMITED

## Notes to the Financial Statements for the Year Ended 31 December 2019

### 12 TAXATION

Tax charged/(credited) in the income statement

	2019 £	2018 £
<b>Current taxation</b>		
UK corporation tax	293,319	1,255,857
Research and development tax credits	<u>(251,339)</u>	<u>(149,112)</u>
	41,980	1,106,745
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>161</u>	<u>(7,279)</u>
<b>Tax expense in the income statement</b>	<u><b>42,141</b></u>	<u><b>1,099,466</b></u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u><b>1,096,334</b></u>	<u><b>2,970,591</b></u>
Corporation tax at standard rate	208,304	564,412
Effect of expenses not deductible in determining taxable profit	100,767	688,016
Tax (decrease)/increase from effect of capital allowances and depreciation	(13,816)	5,303
Tax decrease arising from group relief	(1,936)	(1,874)
Research and development tax credits	(251,339)	(149,112)
Deferred tax expense/(credit)	<u>161</u>	<u>(7,279)</u>
<b>Total tax charge</b>	<u><b>42,141</b></u>	<u><b>1,099,466</b></u>

### Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Liability £
<b>2019</b>	
Accelerated capital allowances	<u>61,214</u>
<b>2018</b>	
Accelerated capital allowances	<u>61,053</u>

## THIRDWAY INTERIORS LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 13 INTANGIBLE ASSETS

	Trademarks £	Total £
<b>Cost or valuation</b>		
Additions	3,240	3,240
At 31 December 2019	3,240	3,240
<b>Amortisation</b>		
Amortisation charge	254	254
At 31 December 2019	254	254
<b>Carrying amount</b>		
At 31 December 2019	<u>2,986</u>	<u>2,986</u>

#### 14 TANGIBLE ASSETS

	Leasehold Improvements £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2019	353,766	1,028,259	1,382,025
Additions	-	292,844	292,844
At 31 December 2019	353,766	1,321,103	1,674,869
<b>Depreciation</b>			
At 1 January 2019	68,429	445,160	513,589
Charge for the year	52,780	273,265	326,045
At 31 December 2019	121,209	718,425	839,634
<b>Carrying amount</b>			
At 31 December 2019	<u>232,557</u>	<u>602,678</u>	<u>835,235</u>
At 31 December 2018	<u>285,337</u>	<u>583,099</u>	<u>868,436</u>

At 31 December 2019, items of furniture, fittings and equipment with a carrying value of £197,902 were held under finance leases.

# THIRDWAY INTERIORS LIMITED

## Notes to the Financial Statements for the Year Ended 31 December 2019

### 15 DEBTORS

	Note	2019 £	2018 £
Trade debtors		1,317,834	3,463,379
Amounts owed by group undertakings	24	2,691,190	1,004,675
Other debtors		1,382,946	234,662
Prepayments		1,013,326	834,144
Accrued income		209,045	365,231
Amounts recoverable under contracts		5,605,239	11,404,538
Corporation tax asset	12	431,325	-
<b>Total current trade and other debtors</b>		<b>12,650,905</b>	<b>17,306,629</b>

Included within other debtors is an amount of £1,175,000 (2018: £Nil) relating to the loan referred to within the Accounting Policies, 'Key sources of estimation uncertainty'. The directors consider the loan to be fully recoverable and no provision is required.

### 16 CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash on hand	<u>2,475,156</u>	<u>3,010,212</u>

### 17 CREDITORS

	Note	2019 £	2018 £
<b>Due within one year</b>			
Loans and borrowings	18	149,418	164,135
Trade creditors		3,601,784	5,279,884
Amounts due to group undertakings	24	690,000	207,756
Social security and other taxes		258,323	237,247
Other payables		1,068,221	350,896
Accrued expenses		2,903,281	5,789,734
Corporation tax liability	12	-	494,202
Payments received on account		275,436	302,259
		<u>8,946,463</u>	<u>12,826,113</u>
<b>Due after one year</b>			
Loans and borrowings	18	<u>-</u>	<u>149,996</u>

# THIRDWAY INTERIORS LIMITED

## Notes to the Financial Statements for the Year Ended 31 December 2019

### 18 LOANS AND BORROWINGS

	2019 £	2018 £
<b>Current loans and borrowings</b>		
Finance lease liabilities	<u>149,418</u>	<u>164,135</u>
	2019 £	2018 £
<b>Non-current loans and borrowings</b>		
Finance lease liabilities	<u>-</u>	<u>149,996</u>

Obligations under finance leases are secured on the assets concerned.

### 19 PROVISIONS FOR LIABILITIES

	Deferred tax £	Other provisions £	Total £
At 1 January 2019	61,053	1,780,703	1,841,756
Increase (decrease) in existing provisions	161	-	161
Provisions used	<u>-</u>	<u>(1,780,703)</u>	<u>(1,780,703)</u>
At 31 December 2019	<u>61,214</u>	<u>-</u>	<u>61,214</u>

A provision of £1,780,703 was recognised in the prior year in respect of the directors' best estimate of probable obligations relating to a regulatory issue that was unresolved at 31 December 2018. This issue was resolved in the current year and the provision was released accordingly. No amounts have been recognised in profit and loss in the current year.

### 20 SHARE CAPITAL

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary A shares of £1 each	50	50	50	50
Ordinary B shares of £1 each	28	28	28	28
Ordinary C shares of £1 each	12	12	12	12
Ordinary D shares of £1 each	10	10	10	10
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

## THIRDWAY INTERIORS LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2019

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#### 21 RESERVES

The profit and loss account includes all current and prior retained earnings and accumulated losses.

#### 22 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

##### Finance leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	149,418	164,135
Later than one year and not later than five years	-	149,996
	<u>149,418</u>	<u>314,131</u>

#### 23 COMMITMENTS UNDER OPERATING LEASES

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	818,892	713,417
Later than one year and not later than five years	1,029,028	1,578,376
	<u>1,847,920</u>	<u>2,291,793</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £740,959 (2018 - £281,490).

#### 24 RELATED PARTY TRANSACTIONS

In accordance with FRS 102 paragraph 33.1A, exemption is taken not to disclose transactions in the year between wholly owned group undertakings.

At 31 December 2019 an amount of £2,691,190 (2018: £1,004,675) was due from other group undertakings and an amount of £690,000 (2018: £207,756) was owed to other group undertakings, which were not wholly owned.

At 31 December 2019 an amount of £1,175,000 (2018: £Nil) was due from a company with shareholders in common.

During the year the company made sales and recharged office costs of £2,189,739 (2018: £1,362,104) to and purchases amounting to £527,416 (2018: £263,940) from other group undertakings, which were not wholly owned.

During the year the company made sales and recharged office costs of £244,929 (2018: £250,496) to an associated undertaking.

## **THIRDWAY INTERIORS LIMITED**

### **Notes to the Financial Statements for the Year Ended 31 December 2019**

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#### **25 TRANSACTIONS WITH DIRECTORS**

During the year there were advances and repayments to the directors amounting to £244,866. Interest amounting to £3,895 (2018: £6,927) at 2.5% p.a. was due to the company for the year. There were no agreed terms.

#### **26 PARENT AND ULTIMATE PARENT UNDERTAKING**

The company's immediate parent and ultimate controlling party is The Thirdway Group Limited.

The parent of the smallest group preparing group accounts including the results of the company is headed by The Thirdway Group Limited.

The registered office of The Thirdway Group Limited is :  
130 Shaftesbury Avenue, 2nd Floor, London, W1D 5EU.