

Registration number: 07123442

THIRDWAY INTERIORS LIMITED

Financial Statements
for the Year Ended 31 December 2017



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

THIRDWAY INTERIORS LIMITED

Contents

Company Information	1
Strategic Report	2 to 5
Directors' Report	6
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8 to 10
Statement of Income and Retained Earnings	11
Statement of Financial Position	12
Notes to the Financial Statements	13 to 26

THIRDWAY INTERIORS LIMITED

Company Information

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

THIRDWAY INTERIORS LIMITED

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

What the business does

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

The directors are satisfied with the performance for the year which is in line with expectations.

At ThirdWay Interiors our customers are at the heart of our business, as was recognised when ThirdWay was shortlisted for the Customer Focus Award at the Lloyds 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.

Winners or finalists for industry UK Property Awards, London Design Awards and Mixology Awards, we believe the quality of our work speaks for itself.

Financial Key Performance Indicators

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

	Unit	2017	2016
Turnover	£	43,710,578	53,853,558
Profit/(loss) before tax	£	5,133,710	4,036,516
Profit/(loss) before tax margin	%	12	8

Focus on bottom line

The profit before tax margin rose from 7.5% in 2016 to 11.7% in 2017. This was partly because of the significant investments in back end technology and implementation of better processes in 2017 leading to more efficient, transparent and profitable project delivery. Turnover reduced as we deliberately aimed to optimise our project mix by focusing on securing higher margin projects. We also used 2017 to launch a number of other partner businesses within the ThirdWay Group, who provided services that would have previously fallen under ThirdWay Interiors.

Continued development of and investment in people, technology and processes throughout 2017 have further strengthened the foundation for strong growth and retaining high levels of pre-tax profits.

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.

THIRDWAY INTERIORS LIMITED

Strategic Report for the Year Ended 31 December 2017

Source Type of Work

ThirdWay continue 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. Excellent delivery continues to drive additional business.

In 2017, ThirdWay delivered a number of landmark projects including 'Your Space' at Chiswick Park, Pageant Media, Persicopix Merkle and Box.com

The directors are confident the pipeline for 2018 demonstrates that revenue will continue to remain strong and healthy due to the successful portfolio built and number of partnerships formed. ThirdWay Group partner businesses are also providing additional revenue streams.

CAT A+ Offering

With the growth of demand in serviced office space, tenants have started to expect more from landlords and in turn are being viewed more as customers than tenants. ThirdWay has pioneered a new concept in design & build, coined Cat A+, alongside other significant industry stakeholders, such as Property Management Company, Enjoy-Work. The Cat A+ offering includes demo, marketing suite and plug and play concepts which enable property owners to market ready-to-use workspaces to a wide range of customers, meeting the demands of the younger generation and securing a tenant more quickly. ThirdWay are the market leader in this offering and are excellently placed to deliver alongside our partner businesses.

Group Companies

Subsidiary companies of 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), and ThirdWay Architecture Limited (principally engaged in the provision of architectural and consultancy services) continue to support the overall Group offering. In 2018 ThirdWay Contracts Limited, a further related undertaking has been established.

ThirdWay Interiors (and all partner companies) moved to a new Headquarters building at Old Street, London in August 2017. The move 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 new office also allows each group entity to have their own space whilst being able to work closely with the partner firms.

Employees

ThirdWay is a business built on people. Employee retention is market leading, with a high focus on well-being and development. ThirdWay was a winner in the Times Top 100 Small Businesses to work for, for the second year in a row.

ThirdWay continue to invest in their people; with this training and development, the team is able to ensure they are in a better position to support their clients.

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.

THIRDWAY INTERIORS LIMITED

Strategic Report for the Year Ended 31 December 2017

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 2017.

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 a number of 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.

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

Thirdway Interiors Limited is currently undertaking research and development in order to improve and diversify its service offering.

Summary and Future Developments

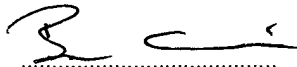
The board continuously monitors for and responds to changes in the company's risk environment, ensuring that the company is well placed to address operational, reputational, financial and business risks in a timely and appropriate manner.

Following a strong growth year in 2016, the Board were pleased to have achieved their objective of consolidating and stabilising the ThirdWay Interiors portfolio in 2017. This positions ThirdWay Interiors well to achieve their 2018 objectives of strong growth while maintaining high pre-tax profit.

THIRDWAY INTERIORS LIMITED

Strategic Report for the Year Ended 31 December 2017

Approved by the Board on 28/09/2018 and signed on its behalf by:



B J P Gillam
Director

THIRDWAY INTERIORS LIMITED

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors of the company

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

B J P Gillam

D F Munro

M J Booth

J T Sweeney

The following director was appointed after the year end:

M J Sullivan (appointed 20 July 2018)

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 auditors

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.

Approved by the Board on 28/09/2018 and signed on its behalf by:



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B J P Gillam
Director

THIRDWAY INTERIORS LIMITED

Statement of Directors' Responsibilities

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 2017

Opinion

We have audited the financial statements of Thirdway Interiors Limited (the 'company') for the year ended 31 December 2017, 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 2017 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 2017

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 , 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

THIRDWAY INTERIORS LIMITED

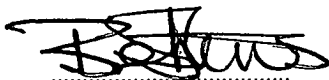
Independent Auditor's Report to the Members of Thirdway Interiors Limited for the Year Ended 31 December 2017

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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... 28/9/2018

THIRDWAY INTERIORS LIMITED

Statement of Income and Retained Earnings for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	43,710,578	53,853,558
Cost of sales		<u>(32,510,597)</u>	<u>(45,644,585)</u>
Gross profit		11,199,981	8,208,973
Administrative expenses		(6,537,961)	(4,191,816)
Other operating income	4	<u>452,823</u>	<u>7,898</u>
Operating profit	6	5,114,843	4,025,055
Other interest receivable and similar income	7	<u>18,867</u>	<u>11,461</u>
Profit before tax		5,133,710	4,036,516
Taxation	11	<u>(887,419)</u>	<u>(857,378)</u>
Profit for the financial year		4,246,291	3,179,138
Retained earnings brought forward		2,984,896	1,730,758
Dividends paid		<u>(2,000,000)</u>	<u>(1,925,000)</u>
Retained earnings carried forward		<u>5,231,187</u>	<u>2,984,896</u>

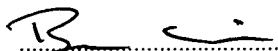
The notes on pages 13 to 26 form an integral part of these financial statements.

THIRDWAY INTERIORS LIMITED

Statement of Financial Position as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	865,103	356,287
Current assets			
Debtors	13	9,937,293	9,141,839
Cash at bank and in hand		<u>4,934,997</u>	<u>2,603,377</u>
		14,872,290	11,745,216
Creditors: Amounts falling due within one year	15	<u>(10,115,667)</u>	<u>(9,065,020)</u>
Net current assets		<u>4,756,623</u>	<u>2,680,196</u>
Total assets less current liabilities		5,621,726	3,036,483
Creditors: Amounts falling due after more than one year	15	(322,107)	-
Provisions for liabilities	17	<u>(68,332)</u>	<u>(51,487)</u>
Net assets		<u>5,231,287</u>	<u>2,984,996</u>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account	20	<u>5,231,187</u>	<u>2,984,896</u>
Total equity		<u>5,231,287</u>	<u>2,984,996</u>

Approved and authorised by the Board on 28/09/2018 and signed on its behalf by:



B J P Gillam
Director

Company registration number: 07123442

The notes on pages 13 to 26 form an integral part of these financial statements.

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

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 place of business is:

Morelands
5-23 Old Street
London
EC1V 9HL

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

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 2017

Judgements and key sources of estimation and 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 judgement

Other than those involving estimations there are no 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.

Key source of estimation uncertainty

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

• 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.

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.

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

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 rates prevailing on the initial transaction dates.

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.

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.

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

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.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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.

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

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.

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.

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- (ii) the company and the party are subject to common control;
- (iii) the party is an associate of the company or a joint venture in which the company is a venturer;
- (iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals;
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company; or
- (vii) the party, or any member of a group of which it is part, provides key management personnel services to the company or its parent.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3 REVENUE

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

	2017 £	2016 £
Rendering of services	<u>43,710,578</u>	<u>53,853,558</u>

4 OTHER OPERATING INCOME

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

	2017 £	2016 £
Rent receivable	95,630	7,898
Management charges receivable	357,193	-
	<u>452,823</u>	<u>7,898</u>

5 OTHER GAINS AND LOSSES

The analysis of the company's other gains and losses for the year is as follows:

	2017 £	2016 £
Gain (loss) on disposal of property, plant and equipment	<u>(13,301)</u>	<u>-</u>

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

6 OPERATING PROFIT

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	179,402	142,151
Foreign exchange losses	6,331	-
Operating lease expense - property charges	306,600	95,293
Operating lease expense - equipment hire	22,494	8,583
Loss on disposal of property, plant and equipment	13,301	-

7 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £	2016 £
Interest income on bank deposits	10,862	5,850
Other finance income	8,005	5,611
	18,867	11,461

8 STAFF COSTS

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	3,452,734	2,167,842
Social security costs	556,852	328,728
Pension costs, defined contribution scheme	46,838	19,747
Other employee expense	387,048	161,426
	4,443,472	2,677,743

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

	2017 No.	2016 No.
Administration and support	57	41

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

9 DIRECTORS' REMUNERATION

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Remuneration	826,817	319,667
Contributions paid to money purchase schemes	2,609	680
	<u>829,426</u>	<u>320,347</u>

In respect of the highest paid director:

	2017 £	2016 £
Aggregate remuneration	<u>402,876</u>	<u>214,227</u>

10 AUDITORS' REMUNERATION

	2017 £	2016 £
Audit of the financial statements	<u>40,000</u>	<u>35,000</u>

11 TAXATION

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
UK corporation tax	1,020,409	837,602
UK corporation tax adjustment to prior periods	<u>(149,835)</u>	<u>-</u>
	870,574	837,602
Deferred taxation		
Arising from origination and reversal of timing differences	<u>16,845</u>	<u>19,776</u>
Tax expense in the income statement	<u>887,419</u>	<u>857,378</u>

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>5,133,710</u>	<u>4,036,516</u>
Corporation tax at standard rate	988,239	807,303
Effect of expense not deductible in determining taxable profit (tax loss)	44,902	50,761
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	16,845	19,776
Tax increase (decrease) from effect of capital allowances and depreciation	(11,017)	(13,469)
Tax increase (decrease) arising from group relief	(1,715)	(6,993)
Tax increase (decrease) from effect of adjustment in research and development tax credit	<u>(149,835)</u>	<u>-</u>
Total tax charge	<u>887,419</u>	<u>857,378</u>

Deferred tax

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

	Asset £
2017	
Accelerated capital allowances	<u>68,332</u>
2016	
Accelerated capital allowances	<u>51,487</u>

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

12 TANGIBLE ASSETS

	Leasehold Improvements £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2017	259,684	445,507	705,191
Additions	331,548	369,970	701,518
Disposals	(202,683)	(54,672)	(257,355)
At 31 December 2017	<u>388,549</u>	<u>760,805</u>	<u>1,149,354</u>
Depreciation			
At 1 January 2017	220,058	128,846	348,904
Charge for the year	44,924	134,479	179,403
Eliminated on disposal	(191,558)	(52,498)	(244,056)
At 31 December 2017	<u>73,424</u>	<u>210,827</u>	<u>284,251</u>
Carrying amount			
At 31 December 2017	<u><u>315,125</u></u>	<u><u>549,978</u></u>	<u><u>865,103</u></u>
At 31 December 2016	<u><u>39,626</u></u>	<u><u>316,661</u></u>	<u><u>356,287</u></u>

13 DEBTORS

	2017 £	2016 £
Trade debtors	2,831,337	3,459,656
Amounts owed by group undertakings	494,076	270,906
Other debtors	12,678	212,013
Prepayments	849,724	257,673
Accrued income	275,945	361,557
Amounts recoverable under contracts	<u>5,473,533</u>	<u>4,580,034</u>
	<u><u>9,937,293</u></u>	<u><u>9,141,839</u></u>

14 CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash on hand	<u><u>4,934,997</u></u>	<u><u>2,603,377</u></u>

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

15 CREDITORS

	Note	2017 £	2016 £
Due within one year			
Loans and borrowings	16	152,964	-
Trade creditors		2,574,848	1,765,554
Amounts due to group undertakings		141,879	5,000
Social security and other taxes		977,554	1,358,644
Other payables		760,019	317,728
Accrued expenses		4,177,484	4,700,452
Corporation tax liability		210,347	837,602
Payments received on account		1,120,572	80,040
		<u>10,115,667</u>	<u>9,065,020</u>
Due after one year			
Loans and borrowings	16	<u>322,107</u>	-

16 LOANS AND BORROWINGS

	2017 £	2016 £
Current loans and borrowings		
Hire purchase and finance lease liabilities	<u>152,964</u>	-
Non-current loans and borrowings		
Hire purchase and finance lease liabilities	<u>322,107</u>	-

Hire purchase and finance lease liabilities are secured on the assets concerned.

17 DEFERRED TAX AND OTHER PROVISIONS

	Deferred tax £	Total £
At 1 January 2017	51,487	51,487
Increase (decrease) in existing provisions	<u>16,845</u>	<u>16,845</u>
At 31 December 2017	<u>68,332</u>	<u>68,332</u>

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

18 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 £46,838 (2016 - £19,747).

19 SHARE CAPITAL

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
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>

20 RESERVES

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

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

21 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Finance leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	152,964	-
Later than one year and not later than five years	322,107	-
	<u>475,071</u>	<u>-</u>

Operating leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	746,917	140,152
Later than one year and not later than five years	2,309,874	288,845
	<u>3,056,791</u>	<u>428,997</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £306,600 (2016 - £95,293).

Operating leases - lessor

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	250,875	-
Later than one year and not later than five years	717,090	-
	<u>967,965</u>	<u>-</u>

Total contingent rents recognised as income in the period are £95,630 (2016 - £Nil).

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

22 RELATED PARTY TRANSACTIONS

Transactions with directors

At 31 December 2017 an amount of £Nil (2016: £698) was due from the directors. During the year advances of £1,164,357 and repayments of £1,165,055 were made. Interest of £8,005 (2016: £5,455) has been charged at an annual rate of 2.5% (2016: 3%). There are no set terms in place.

At 31 December 2017 an amount of £535,765 (2016: £223,152) was due to the directors.

During the year dividends amounting to £Nil (2016: £1,080,000) were paid to the directors.

Summary of transactions with other related parties

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 2017 an amount of £494,076 (2016: £148,726) was due from other group undertakings.

During the year the company made sales and recharged office costs of £813,930 (2016: £Nil) to and purchases amounting to £517,862 (2016: £Nil) from other group undertakings.

23 PARENT AND ULTIMATE PARENT UNDERTAKING

The company's immediate parent and ultimate controlling party is The Thirdway Group Limited, incorporated in England and Wales.

The parent of the smallest group in which these financial statements are consolidated is The Thirdway Group Limited.

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