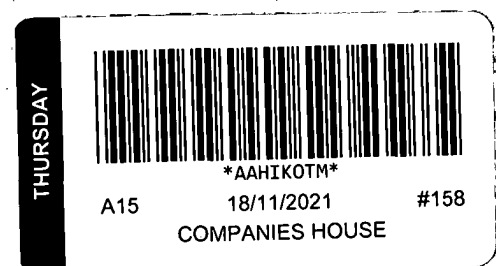


Registration number: 07123442

THIRDWAY INTERIORS LIMITED

Annual Report and Financial Statements for the Year Ended 31 December 2020



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

THIRDWAY INTERIORS LIMITED

Contents

<i>Company Information</i>	1
<i>Strategic Report</i>	2 to 4
<i>Directors' Report</i>	5
<i>Statement of Directors' Responsibilities</i>	6
<i>Independent Auditor's Report</i>	7 to 9
<i>Statement of Income and Retained Earnings</i>	10
<i>Statement of Financial Position</i>	11
<i>Notes to the Financial Statements</i>	12 to 27

THIRDWAY INTERIORS LIMITED

Company Information

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

THIRDWAY INTERIORS LIMITED

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal Activity and Business Review

There have not been any significant changes in the company's principal activity during the period under review. The company is a leading supplier of design and build services to commercial property owners and tenants.

The business saw a contraction in revenues in the year due to the Coronavirus pandemic reducing market activity but continued to trade profitably with improved margins and also carried on safely delivering a significant volume of high quality projects to our landlord and tenant clients.

The company used the Government's Coronavirus Job Retention Scheme (CJRS) to avoid unnecessary redundancies and was well positioned to return staff to work and seize market opportunities as lockdowns eased and demand increased. The company continued to invest in training its workforce so that it is better placed to respond fully to an expected bounce back in activity following the pandemic.

Further details regarding the impact of the Covid-19 pandemic and the associated developments in the business during the year are included within the Going Concern section of Note 2. The company has found the impact of the pandemic manageable and has continued to trade profitably through it and the directors expect this situation to continue.

Financial Key Performance Indicators

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

	Unit	2020	2019
Turnover	£	39,482,194	51,369,601
Profit/(loss) before tax	£	1,072,271	1,096,334
Net assets	£	8,073,048	6,956,605

The current asset ratio for the year to 31 December 2020 was 1.65 (2019: 1.69).

Turnover in 2020 was lower than business plan and that of 2019. The reasons for this are three fold:

- A number of sold tenant led projects delayed start dates into 2021;
- A slow down in new tenant led sales during the height of the pandemic, driven by uncertainty and no imminent need to act. We have seen this start to correct itself in 2021; and
- A number of projects that would previously have fallen to Thirdway Interiors Limited were instead delivered by Thirdway Contracts Limited.

Whilst the overall level of administrative expenses has remained relatively static during the year, they were all in line with forecasts to continue development and investment in space, people, technology, consulting, advertising, infrastructure and new offerings, demonstrating the directors positive outlook for the company.

The directors are also satisfied with the statement of financial position at 31 December 2020 which shows over £8.0m of net assets, £7.1m of net current assets and almost £3.2m cash at bank.

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

THIRDWAY INTERIORS LIMITED

Strategic Report for the Year Ended 31 December 2020

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 wide range of non-financial performance indicators into account.

Financial Instruments, Principal Risks and Uncertainties

Competitive risk

The company operates in competitive markets and has a number of key competitors. The company manages this risk by providing high quality designs to its clients at competitive prices.

Market risk

The market is subject to fluctuations due to wider economic factors that affect demand for office space and related design and build services. The company manages this risk by periodically reviewing:

- (a) its current cost base to ensure it is appropriate to current market volumes; and
- (b) the level of appeal and marketability of its current market offering to ensure it is appropriate and kept up to date to meet current market requirements.

Credit risk and financial instruments

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.

The company had no hedging arrangements at 31 December 2020. The company's exposure to exchange risk is minimal as the majority of sales and purchases contracted are in Sterling. The company uses no financial instruments other than cash, trade debtors and trade creditors.

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 periodically runs cash flow forecasts to ensure that liquidity is maintained and adjusts its cost base as needed to do so. The company maintains a positive cash balance at all times and did not have an overdraft or bank loan in operation during the year. Although a bank overdraft facility is in place in case of reduced liquidity, it is not currently forecast that this will be needed.

Health and Safety risk

The company performs large scale property fit out works that carry significant health and safety risks to employees, clients and contractors unless carried out in a safe manner. The company regularly reviews its health and safety policies and procedures to ensure they adequately address the risks faced. Staff members receive regular health and safety training and risk assessments are conducted as needed for work conducted by staff members and contractors. Coronavirus specific health and safety measures were also put in place during 2020 in response to the pandemic.

THIRDWAY INTERIORS LIMITED

Strategic Report for the Year Ended 31 December 2020

Contract risk

The company takes on risks in relation to potential cost over runs on new design and build projects and in relation to potential late delivery. This risk is mitigated by back to backing of associated risks with sub-contractors and by internal review and sign off on all new customer contracts to ensure they are priced appropriately and that delivery timescales are realistic.

Research and Development

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

Future Prospects and Subsequent Events

The company continues to be well positioned as a leader in its target market. The directors do not anticipate any changes in the company's principal activities but will continue to ensure its services meet market needs.

Despite continued uncertainties following Brexit and due to the Coronavirus pandemic, the directors are confident the pipeline for 2021 demonstrates that revenue will continue to remain strong and healthy due to the successful portfolio built and number of partnerships formed. It is expected that the commercial design and build market will continue to show significant demand as employers re-work their office spaces following the pandemic.

The company will continue to co-operate with other group subsidiaries including Tribe Furniture Limited, Thirdway TX Limited, Thirdway Architecture Limited and Thirdway Pulse Limited where there are good synergies that enable improved service offerings to clients.

15-Nov-21

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



.....
B J P Gillam
Director

THIRDWAY INTERIORS LIMITED

Directors' Report for the Year Ended 31 December 2020

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

Directors of the company

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

B J P Gillam

M J Booth

M J Sullivan

J T Sweeney

D F Munro (resigned 5 February 2021)

Dividends

Particulars of paid interim dividends and recommended final dividends are detailed in note 23 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.

15-Nov-21

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



.....
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 2020

Opinion

We have audited the financial statements of Thirdway Interiors Limited (the 'company') for the year ended 31 December 2020, 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 2020 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 2020

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 6), 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.

THIRDWAY INTERIORS LIMITED

Independent Auditor's Report to the Members of Thirdway Interiors Limited for the Year Ended 31 December 2020

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and the industry in which it operates, we determined that the principal risks of non-compliance with laws and regulations related to the reporting framework (FRS 102 and the Companies Act 2006), UK corporate taxation laws, health and safety legislation and anti-bribery legislation. These risks were communicated to our audit team and we remained alert to any indications of non-compliance throughout our audit.

We understood how the company is complying with relevant legislation by making enquiries of management and conducting a review of board minutes. We also considered the results of our audit procedures and to what extent these corroborate this understanding and assessed the susceptibility of the company's financial statements to material misstatement. This included consideration of how fraud might occur and evaluation of management's incentives and opportunities for fraudulent manipulation of the financial statements.

We designed our audit procedures to identify any non-compliance with laws and regulations. Such procedures included, but were not limited to, inspection of any regulatory or legal correspondence; challenging assumptions and judgements made by management; identifying and testing journal entries with a focus on large or unusual transactions as determined based on our understanding of the business; and identifying and assessing the effectiveness of controls in place to prevent and detect fraud.

Owing to the inherent limitations of an audit, there remains a risk that a material misstatement may not have been detected, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance with laws and regulations and cannot be expected to detect all instances of non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Use of our report

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

Brebners

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

Brebners, Statutory Auditor
130 Shaftesbury Avenue
W1D 5AR

15-Nov-21
Date:.....

THIRDWAY INTERIORS LIMITED

Statement of Income and Retained Earnings for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	39,482,194	51,369,601
Cost of sales		<u>(29,744,613)</u>	<u>(40,732,513)</u>
Gross profit		9,737,581	10,637,088
Administrative expenses		(11,909,169)	(11,181,908)
Other operating income	4	<u>3,273,368</u>	<u>1,649,151</u>
Operating profit	5	1,101,780	1,104,331
Other interest receivable and similar income	6	6,016	8,945
Interest payable and similar charges	7	<u>(35,525)</u>	<u>(16,942)</u>
Profit before tax		1,072,271	1,096,334
Taxation	12	<u>239,172</u>	<u>(42,141)</u>
Profit for the financial year		1,311,443	1,054,193
Retained earnings brought forward		6,956,505	6,367,312
Dividends paid		<u>(195,000)</u>	<u>(465,000)</u>
Retained earnings carried forward		<u>8,072,948</u>	<u>6,956,505</u>

The notes on pages 12 to 27 form an integral part of these financial statements.

THIRDWAY INTERIORS LIMITED

Statement of Financial Position as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	3,562	2,986
Tangible assets	14	<u>1,059,241</u>	<u>835,235</u>
		<u>1,062,803</u>	<u>838,221</u>
Current assets			
Debtors	15	14,865,725	12,650,905
Cash at bank and in hand		<u>3,165,177</u>	<u>2,475,156</u>
		18,030,902	15,126,061
Creditors: Amounts falling due within one year	17	<u>(10,905,296)</u>	<u>(8,946,463)</u>
Net current assets		<u>7,125,606</u>	<u>6,179,598</u>
Total assets less current liabilities		8,188,409	7,017,819
Provisions for liabilities	19	<u>(115,361)</u>	<u>(61,214)</u>
Net assets		<u>8,073,048</u>	<u>6,956,605</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account	21	<u>8,072,948</u>	<u>6,956,505</u>
Shareholders' funds		<u>8,073,048</u>	<u>6,956,605</u>

15-Nov-21

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



B J P Gillam

Director

Company registration number: 07123442

The notes on pages 12 to 27 form an integral part of these financial statements.

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

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 2020

Going concern

The company made a profit for the year ended 31 December 2020 and had net assets at that date of £8,073,048 including cash at bank amounting to £3,165,177. The company's most recent management accounts indicate that the company continues to be profitable in 2021.

The directors have considered the potential effect of the current COVID-19 crisis and, with lockdowns easing, the directors are hopeful that the worst of the crisis is over. However, as there is no certainty as to when normality will fully return, 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 some of its construction contracts active in accordance with the site operating procedures published by the Construction Leadership Council and aligned with guidance from Public Health England.

Revenue in the year has been affected by the pandemic however improved gross margins on continuing contracts and use of the Government's Coronavirus Job Retention Scheme grants has ensured that the company has been able to achieve healthy profits to 31 December 2020. The company has generated profits in the period since 31 December 2020 and with an extensive pipeline of future work, the directors are confident that the company will continue to be profitable in the forthcoming year.

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.

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 2020

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.

- 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.

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

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.

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.

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

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.

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.

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

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 2020

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:

	2020 £	2019 £
Rendering of services	<u>39,482,194</u>	<u>51,369,601</u>

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

	2020 £	2019 £
United Kingdom	39,482,194	51,029,263
Rest of world	-	340,338
	<u>39,482,194</u>	<u>51,369,601</u>

4 OTHER OPERATING INCOME

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

	2020 £	2019 £
Government grants	387,520	-
Management charges receivable	2,885,848	1,649,151
	<u>3,273,368</u>	<u>1,649,151</u>

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

5 OPERATING PROFIT

Arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation expense	412,080	326,045
Amortisation expense	324	254
Foreign exchange losses	9,132	15,313
Operating lease expense - property charges	894,191	792,945
Operating lease expense - equipment hire	<u>25,237</u>	<u>24,845</u>

6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Interest income on bank deposits	4,333	5,050
Other finance income	<u>1,683</u>	<u>3,895</u>
	<u>6,016</u>	<u>8,945</u>

7 INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Interest expense on other finance liabilities	<u>35,525</u>	<u>16,942</u>

8 STAFF COSTS

The aggregate payroll costs were as follows:

	2020	2019
	£	£
Wages and salaries	5,561,335	5,178,623
Social security costs	820,699	1,019,497
Pension costs, defined contribution scheme	486,498	480,247
Other employee expenses	<u>646,583</u>	<u>936,559</u>
	<u>7,515,115</u>	<u>7,614,926</u>

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

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

	2020 No.	2019 No.
Administration and support	38	25
Sales, marketing and distribution	60	63
	<u>98</u>	<u>88</u>

9 DIRECTORS' REMUNERATION

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Remuneration	1,399,435	1,080,791
Contributions paid to money purchase schemes	43,357	117,392
	<u>1,442,792</u>	<u>1,198,183</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	<u>5</u>	<u>5</u>

In respect of the highest paid director:

	2020 £	2019 £
Aggregate remuneration	<u>613,806</u>	<u>297,113</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 £486,498 (2019 - £480,247).

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

11 AUDITOR'S REMUNERATION

	2020 £	2019 £
Audit of the financial statements	<u>30,500</u>	<u>30,500</u>

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

	2020 £	2019 £
Other non-audit services	<u>33,083</u>	<u>34,343</u>

12 TAXATION

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	-	293,319
Research and development tax credits	<u>(293,319)</u>	<u>(251,339)</u>
	(293,319)	41,980
Deferred taxation		
Arising from origination and reversal of timing differences	<u>54,147</u>	<u>161</u>
Tax (receipt)/expense in the income statement	<u>(239,172)</u>	<u>42,141</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>1,072,271</u>	<u>1,096,334</u>
Corporation tax at standard rate	203,731	208,304
Effect of expenses not deductible in determining taxable profit	59,306	100,767
Tax decrease from effect of capital allowances and depreciation	(39,071)	(13,816)
Tax decrease arising from group relief	(223,966)	(1,936)
Research and development tax credits	(293,319)	(251,339)
Deferred tax expense	<u>54,147</u>	<u>161</u>
Total tax (credit)/charge	<u>(239,172)</u>	<u>42,141</u>

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

Deferred tax

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

	Liability £
2020	
Accelerated capital allowances	<u>115,361</u>
2019	Liability £
Accelerated capital allowances	<u>61,214</u>

13 INTANGIBLE ASSETS

	Trademarks £	Total £
Cost or valuation		
At 1 January 2020	3,240	3,240
Additions	<u>900</u>	<u>900</u>
At 31 December 2020	<u>4,140</u>	<u>4,140</u>
Amortisation		
At 1 January 2020	254	254
Amortisation charge	<u>324</u>	<u>324</u>
At 31 December 2020	<u>578</u>	<u>578</u>
Carrying amount		
At 31 December 2020	<u><u>3,562</u></u>	<u><u>3,562</u></u>
At 31 December 2019	<u><u>2,986</u></u>	<u><u>2,986</u></u>

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

14 TANGIBLE ASSETS

	Leasehold Improvements £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2020	353,766	1,321,103	1,674,869
Additions	<u>327,974</u>	<u>308,112</u>	<u>636,086</u>
At 31 December 2020	<u>681,740</u>	<u>1,629,215</u>	<u>2,310,955</u>
Depreciation			
At 1 January 2020	121,209	718,425	839,634
Charge for the year	<u>91,587</u>	<u>320,493</u>	<u>412,080</u>
At 31 December 2020	<u>212,796</u>	<u>1,038,918</u>	<u>1,251,714</u>
Carrying amount			
At 31 December 2020	<u><u>468,944</u></u>	<u><u>590,297</u></u>	<u><u>1,059,241</u></u>
At 31 December 2019	<u><u>232,557</u></u>	<u><u>602,678</u></u>	<u><u>835,235</u></u>

At 31 December 2020, items of furniture, fittings and equipment with a carrying value of £nil (2019: £197,902) were held under finance leases.

15 DEBTORS

	2020 £	2019 £
Trade debtors	4,268,497	1,317,834
Amounts owed by group undertakings	4,282,395	2,691,190
Other debtors	127,759	1,382,946
Prepayments	1,190,245	1,013,326
Accrued income	331,024	209,045
Amounts recoverable under contracts	4,376,243	5,605,239
Corporation tax asset	<u>289,562</u>	<u>431,325</u>
Total current trade and other debtors	<u><u>14,865,725</u></u>	<u><u>12,650,905</u></u>

16 CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash on hand	<u><u>3,165,177</u></u>	<u><u>2,475,156</u></u>

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

17 CREDITORS

	Note	2020 £	2019 £
Due within one year			
Loans and borrowings	18	-	149,418
Trade creditors		4,348,417	3,601,784
Amounts due to group undertakings		-	690,000
Social security and other taxes		2,039,734	258,323
Other payables		540,805	1,068,221
Accrued expenses		3,776,207	2,903,281
Payments received on account		200,133	275,436
		<u>10,905,296</u>	<u>8,946,463</u>

18 LOANS AND BORROWINGS

	2020 £	2019 £
Current loans and borrowings		
Finance lease liabilities	<u>-</u>	<u>149,418</u>

Obligations under finance leases are secured on the assets concerned.

19 PROVISIONS FOR LIABILITIES

	Deferred tax £	Total £
At 1 January 2020	61,214	61,214
Increase (decrease) in existing provisions	<u>54,147</u>	<u>54,147</u>
At 31 December 2020	<u>115,361</u>	<u>115,361</u>

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

20 SHARE CAPITAL

Allotted, called up and fully paid shares

	2020		2019	
	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>

There are no restrictions on the repayment of capital or the distribution of dividends.

Each class of share ranks pari-passu for voting purposes.

21 RESERVES

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

22 COMMITMENTS, GUARANTEES AND CONTINGENCIES

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	850,308	876,538
Later than one year and not later than five years	<u>209,767</u>	<u>1,060,075</u>
	<u>1,060,075</u>	<u>1,936,613</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £894,191 (2019 - £792,945).

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

23 DIVIDENDS

	2020 £	2019 £
Interim dividend	<u>195,000</u>	<u>465,000</u>

Interim dividends paid

	2020 £	2019 £
Interim dividend of £1,170 (2019 - £2,790) per each Ordinary A share	58,500	139,500
Interim dividend of £2,089 (2019 - £4,982) per each Ordinary B share	58,500	139,500
Interim dividend of £4,875 (2019 - £11,625) per each Ordinary C share	58,500	139,500
Interim dividend of £1,950 (2019 - £4,650) per each Ordinary D share	<u>19,500</u>	<u>46,500</u>
	<u>195,000</u>	<u>465,000</u>

24 RELATED PARTY TRANSACTIONS

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

At 31 December 2020 an amount of £4,158,057 (2019: £2,691,190) was due from other group undertakings and an amount of £124,338 (2019: £690,000) was owed to other group undertakings, which were not wholly owned.

At 31 December 2020 an amount of £36,528 (2019: £1,175,000) was due from a company with shareholders in common.

During the year the company made sales and recharged office costs of £3,350,424 (2019: £2,189,739) to and purchases amounting to £871,058 (2019: £527,416) from other group undertakings, which were not wholly owned.

During the year the company made sales and recharged office costs of £280,868 (2019: £244,929) to an associated undertaking.

25 TRANSACTIONS WITH DIRECTORS

During the year there were advances and repayments to the directors amounting to £99,274. Interest amounting to £1,683 (2019: £3,895) at 2.25-2.5% p.a. was due to the company for the year. There were no agreed terms.

THIRDWAY INTERIORS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

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 and largest 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.