Registered number: 02214839

HOMELOAN MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

COMPANY INFORMATION

Directors	P Braithwaite A Jones N Oldfield (appointed 20 August 2018) P Ali (appointed 20 August 2018) R Banks (appointed 24 September 2019) T Franklin (appointed 4 October 2019)
Company secretary	J Dolbear L K Botha
Registered number	02214839
Registered office	The Pavilions Bridgwater Road Bristol BS13 8AE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Bristol BS2 0FR

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STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Introduction

Homeloan Management Limited ("HML") is a leading provider of UK third party mortgage administration services to the financial services sector. The business operates from Skipton, Crossflatts, Doxford and Londonderry in the United Kingdom.

HML forms part of the Loan Services division within the Computershare group – Computershare Loan Services ("CLS"), with more than 25 years' experience of working with some of the world's largest financial institutions.

Business review

The Directors of HML report a reduction in the operating loss from £6,073 thousand for the year ended 30 June 2018 to £1,267 thousand for the year ended 30 June 2019. The reduced operating loss reflects an increase in assets under management combined with cost savings resulting from management initiatives.

As part of CLS, HML has a growth strategy comprising four pillars: attract and retain clients, innovate in products and technology, deliver excellent service and inspire its people.

The year to 30 June 2019 saw some key developments in the market these included:

- Challenger banks are struggling to build market share
- Tesco Bank exited the UK Mortgage market in May 2019
- On-going asset sales by key CLS clients - positively the servicing was retained on the majority of assets sold
- On-going asset sales in the Irish market creating opportunities for future growth

HML's management team has continued to drive costs down in key areas, notably as a result of continued integration with other companies within the CLS division as well as integration into the Computershare Group.

A number of key successes were achieved in the year including the reduction in costs and securing a number of new servicing clients. The completion of the migration of assets to CLS's standard mortgage administration platform is a priority.

Principal risks and uncertainties and Financial risk management

Regulatory environment
The regulatory environment in which HML operates continues to be intense, but HML considers that this provides an opportunity for HML to cement its reputation as one of the industry leaders on regulatory matters. HML maintains robust systems and controls and its risk management framework is regularly highlighted as a key strength of the business in the annual service reports.

Market conditions
The UK mortgage market has grown marginally over the last 12 months despite the value of new advances reducing. The Company considers that despite the uncertainty regarding Brexit and its final manifestation there are no material direct financial impacts due to the composition of its supplier, cost base and client revenue streams. The potential indirect impacts of a Brexit such as a downturn in the economic climate are mitigated by the natural hedging within the business due to the differing revenue streams and the ongoing cost reduction programme that is underway within the business.

Despite this the Company is monitoring developments in relation to the Brexit negotiations and will review any final implications or guidance on the future trading relations with its clients and suppliers as these become available.

Operational risk and operational losses
The primary risk type that HML is exposed to is Operational Risk. As part of its robust risk management framework, HML has controls and processes in place to manage operational risk.

Provisions are made for specific operational loss cases as and when the necessary criteria are met (in accordance with IAS 37). Details of the Operational Losses provision can be found in note 19.

Credit risk
The Company is exposed to credit risk, which is the risk that the counterparty will be unable to pay amounts in full when they fall due and makes provision for impairment as set out in note 2.9.

Management carefully manages its exposure to credit risk through close client relationships and regular account monitoring. The carrying amount of financial assets net of impairment represents the maximum credit exposure.

As part of its origination offering, at no point in a mortgages lifespan is the Company exposed to any underwriting credit risk

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company at all times maintains adequate committed credit facilities, with support from Computershare Limited (Australia), in order to meet all its commitments as and when they fall due. The Directors believe they have minimal exposure to liquidity risk.

Foreign currency risk
Foreign currency risk arises from the potential change in the exchange rate of Sterling in relation to the Euro. The Company has a number of contracts with clients resident in the Republic of Ireland. Those contracts are denominated In Euros. The costs of servicing those contracts are incurred in both euros and sterling. Management review the financial value of these contracts to the Company and the exposure the Company has to the euro cost base on a regular basis. If considered necessary the Company will hedge its foreign exchange

exposure by purchasing put options (options to sell Euros) at a rate that will maintain the sterling value of its *income streams.*

Financial key performance indicators

Financial performance
The results for the year are shown in the Statement of Comprehensive Income on page 12 and the notes thereto. HML made an operating loss of £1,267 thousand (2018: £6,073 thousand) before interest and dividend income, resulting in a loss before taxation for the year of £829 thousand (2018: £5,704 thousand).

The improved position is through the continued success of its cost saving programme, migration of clients assets onto the HML platform and support of new lenders originating loans in the market which have contributed towards an increase in the portfolio of assets under administration (as detailed in the key performance indicators below).

The balance sheet and cash position remained strong at 30 June 2019 with eligible capital comfortably in excess of the regulatory minimum at 187% (2018: 141%) and cash at bank and in hand at £469 thousand (2018: £1,557 thousand).

Key performance indicators (KPIs)

The following KPIs are used by management to monitor the growth and general financial performance of the business.

	2019	**2018**
Assets under management (year end)	£34.5bn	£32.7bn
Loss before taxation	£(829)k	£(5,704)k
Operating loss	£(1,267)k	£(6,073)k

The increase in assets under management is primarily due to the migration of assets to HML's mortgage administration platform as part of the overall CLS integration program.

The improved loss figure is discussed in the Financial Performance commentary above.

This report was approved by the Board on 16 October 2019 and signed on its behalf.

P Ali
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019

The Directors present their report and the financial statements for the year ended 30 June 2019.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are 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.

The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Branches outside the UK

A branch of the Company was opened in Dublin, Ireland in 2013.

Results and dividends

The loss for the year, after taxation, amounted to £747 thousand (2018 - loss £5,843 thousand).

The Directors do not propose a final dividend to be paid (2018: £ nil), nor was an interim dividend paid (2018: £ nil) during the year.

Directors

The Directors who served during the year were:

P Braithwaite
A Jones
J Pattinson (resigned 31 July 2019)
N Sarkar (resigned 20 August 2018)
N Oldfield (appointed 20 August 2018)
G Stran (resigned 25 September 2019)
P Costigan (resigned 20 August 2018)
P Ali (appointed 20 August 2018)

Political contributions

The Company made no contributions for political purposes in the year (2018: £Nil).

Principal risks and uncertainties

The principal risk faced by the company is the ability to maintain/grow the Assets Under Management and offset the natural decline in the assets managed for existing clients.

Future developments

The Company intends to develop the business under the four pillars identified in the strategic report; namely attracting and retaining clients, innovating in products and technology, delivering excellent service and inspiring its people. The Company is monitoring developments in relation to the Brexit negotiations and will review any final guidance on the future trading relations with its clients and suppliers as these become available.

Going concern

The Company's business activities, performance and position are set out in the Strategic Report on pages 1 to 3. The financial position of the Company and liquidity position are described in the Company financial statements on pages 12 to 43.

Despite the continuing difficult economic environment, the Company is in a net asset position. The Company is a subsidiary undertaking of Computershare Ltd (Australia), Computershare Ltd (Australia) has provided a letter of support confirming their intent to provide such financial support as may be necessary for a period of no less than 12 months from the date of signing these financial statements. On this basis these financial statements have been prepared on a going concern basis.

Subsequent Events

There are no material post balance sheet events to note.

Financial risk management

The Company's operations expose it to a variety of risks that include credit and liquidity risk. Further detail on this is provided in both the strategic report under the principal risks and uncertainties as well as in the notes to the financial statements.

Disabled employees

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining its market leading position. The group encourages the involvement of employees by means of various communication channels, including a web based intranet and employee opinion surveys.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 236 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased insurance in respect of itself and its directors.

Employees

Details of the number of employees and their related costs can be found in note 7 to the financial statements on page 30.

Matters covered in the strategic report

The Company's business review, details of principal risks and uncertainties and the key financial performance indicators are included within the strategic report.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

This report was approved by the board on 16 October 2019 and signed on its behalf.

P Ali
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMELOAN MANAGEMENT LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Homeloan Management Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis of opinion

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

Independence

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMELOAN MANAGEMENT LIMITED

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Stategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMELOAN MANAGEMENT LIMITED

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Christopher Weissberg

Christopher Weissberg (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
17 October 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 £000	2018 £000
Turnover	4	50,569	45,372
Cost of sales		(36,800)	(30,557)
Gross profit		13,769	14,815
Administrative expenses		(15,036)	(20,888)
Operating loss	5	(1,267)	(6,073)
Income from shares in group undertakings		500	400
Interest receivable and similar income	9	-	2
Interest payable and expenses	10	(62)	(33)
Loss before tax		(829)	(5,704)
Tax on loss	11	82	(139)
Loss for the financial year		(747)	(5,843)

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

BALANCE SHEET
AS AT 30 JUNE 2019

	Note		2019 £000		2018 Restated £000
Fixed assets					
Intangible assets	12		215		852
Tangible assets	13		145		195
Investments	14		281		281
			641		1,328
Current assets					
Debtors: amounts falling due after more than one year	15	7,331		1,042	
Debtors: amounts falling due within one year	15	14,064		25,188	
Cash at bank and in hand		469		1,557	
		21,864		27,787	
Creditors: amounts falling due within one year	16	(7,505)		(20,513)	
Net current assets			14,359		7,274
Total assets less current liabilities			15,000		8,602
Creditors: Amounts Falling Due After More Than One Year	17		(3,485)		-
			11,515		8,602
Provisions for liabilities					
Deferred taxation	18	(598)		-	
Other provisions	19	(1,170)		(1,350)	
			(1,768)		(1,350)
Net assets			9,747		7,252

BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2019

	Note	2019 £000	2018 Restated £000
Capital and reserves			
Called up share capital	20	7,852	6,852
Share premium account		180	180
Other reserve		280	280
Share based payments		809	666
Profit and loss account		626	(726)
		9,747	7,252

The financial statements were approved and authorised for issue by the board on 16 October 2019, and signed on its behalf.

P Ali
Director

The notes on pages 16 to 43 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Called up share capital	Share premium account	Other reserves	Share based payments	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 July 2017	2,852	180	280	596	5,117	9,025
Comprehensive income for the year						
Loss for the financial year	-	-	-	-	(5,843)	(5,843)
Total comprehensive expense for the year	-	-	-	-	(5,843)	(5,843)
Shares issued during the year	4,000	-	-	-	-	4,000
Capital contribution in respect of share based payments charge	-	-	-	70	-	70
Total transactions with owners	4,000	-	-	70	-	4,070
At 30 June 2018	6,852	180	280	666	(726)	7,252
Impact on change in accounting policy	-	-	-	-	2,099	2,099
At 1 July 2018 (adjusted balance)	6,852	180	280	666	1,373	9,351
Loss for the financial year	-	-	-	-	(747)	(747)
Shares issued during the year	1,000	-	-	-	-	1,000
Capital contributions in respect of share based payments charge	-	-	-	143	-	143
Total transactions with owners	1,000	-	-	143	-	1,143
At 30 June 2019	7,852	180	280	809	626	9,747

The Impact on change in accounting policy of £2,099 is an adjustment on initial application of IFRS15, net of tax.

1. General information

Homeloan Management Limited ("the Company") is a private limited company limited by shares and incorporated in the United Kingdom. The Company is domiciled in the United Kingdom and its registered office is The Pavilions, Bridgwater Road, Bristol, BS13 8AE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Directors have taken advantage under section 401 of the Companies Act 2006 not to prepare consolidated financial statements as the Company is included by full consolidation in the consolidated financial statements of its ultimate parent, Computershare Limited (Australia), a company registered in Australia. The financial statements of Computershare Limited (Australia) are publicly available.

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Prior period restatement

The prior period comparatives have been restated as explained in Notes 15 and 16. There is no impact on the prior period result from these restatements and no material effect on the information in the statement of financial position at the beginning of the preceding period, accordingly a third statement of financial position as at the beginning of the preceding period is not presented.

2.3 Impact of new international reporting standards, amendments and interpretations

IFRS 9

IFRS 9 presents revised guidance on the recognition and measurement of financial instruments. This also includes a new accounting model for credit losses that is applied in the determination of impairment recognised on financial assets. The standard's provisions concerning general hedge accounting have also been revised. IFRS 9 also carries forward the guidance on the recognition and de-recognition of financial instruments from IAS 39. The adoption of IFRS 9 Financial Instruments has resulted in changes to accounting policies, reclassification of certain financial assets, and changes to the impairment model applied. In accordance with the transition provisions set out in IFRS 9, comparative figures have not been restated.

2. Accounting policies (continued)

2.3 Impact of new international reporting standards, amendments and interpretations (continued)

On the date of initial application of IFRS 9, being 1 July 2018, trade and other receivables, cash and cash equivalents and amounts owed by group undertakings were reclassified. There was no material change to the underlying accounting treatment for the reclassified financial assets, and no change in the carrying amount upon reclassification. No reclassifications were required for financial liabilities.

IFRS 15

Management assessed the impact of IFRS 15 Revenue from Contracts with Customers on each turnover contract. The Company earns turnover through two key streams, the first being the administration of third-party mortgages and the second being client change and on-boarding activity.

The administration of third-party mortgages comprises the underlying servicing of the mortgages and the turnover is billed on a periodic basis. The turnover recognition for this stream does not change due to the adoption of IFRS 15 because of the nature of the performance obligations, primarily because they are initiated and satisfied within a short period of time and do not span multiple financial years.

Client change and on-boarding activity turnover is derived through agreed client changes outside of the core client service arrangement with existing clients and the on-boarding of incremental new business as part of longer-term contract fulfilment agreements with new clients. Due to the nature of these arrangements they are distinct and longer term in nature with performance obligations spanning financial years. The recognition of turnover for this stream under IFRS 15 is different from the previous accounting policy IAS 18.

From 01 July 2018, the Company has applied IFRS 15 using the modified retrospective method of implementation and comparative figures were not restated.

The Company has not retrospectively restated contracts where modifications took place before

1 July 2018. Instead, the Company has reflected the aggregate effect of all the modifications that occurred before 1 July 2018 when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations.

The adoption of IFRS 15 has resulted in a net restatement of £2,099 thousand in the opening Profit and Loss Account, this is all related to client change and on-boarding activity turnover.

As at 30 June 2019 the Contract Liability was £4,534 thousand offset by the corresponding Capitalised Contract Asset of £9,016 thousand, both are to be released in line with the direct incremental turnover streams of each underlying project.

Please refer to note 2.5 for the turnover accounting policy.

The following tables summarise the impacts of adopting new reporting standards on the Company's financial statements.

2. Accounting policies (continued)

2.3 Impact of new international reporting standards, amendments and interpretations (continued)

balance sheet (extract)

	30 June 2018 As originally presented £000	IFRS 15 £000	1 July 2018 As restated £000
Assets			
Debtors: amounts falling due after more than one year	1,042	7,270	8,312
Debtors: amounts falling due within one year	25,188	1,247	26,435
Creditors: amounts falling due within one year	(20,513)	(729)	(21,242)
Creditors: amounts falling due after more than one year	-	(4,241)	(4,241)
Deferred taxation	768	(1,448)	(680)
Capital and reserves			
Profit and loss account	(726)	2,099	1,373

The following principal accounting policies have been applied:

2.4 Going concern

The financial statements of the Company have been prepared on a going concern basis, which the Directors believe to be appropriate. Based on the performance and expected outlook of the business, the Directors are satisfied that the Company has adequate resources to continue to trade for the foreseeable future.

2. Accounting policies (continued)

2.5 Turnover

Turnover is recognised under the principles outlined within IFRS 15. The majority of turnover is earned through the administration of third-party mortgages comprising the underlying servicing of the mortgages and the turnover is billed on a periodic basis. The other turnover stream is client change and on-boarding activity which is derived through agreed client changes outside of the core client service arrangement. These changes support onboarding of incremental new business and subsequent turnover streams. Please see note 2.3 for the impact to the financial statements on adoption of IFRS 15.

Turnover is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. This involves following a 5-step model of turnover recognition.

The 5-step model involves identifying the contract with a customer, identifying performance obligations under the contract, determining the transaction price, allocating the transaction price to performance obligations under the contract and recognising turnover when the Company satisfies its performance obligations

The key area of judgement in recognition of turnover is calculating the scale and timing of future *incremental revenue streams.*

Turnover is recognised either when the performance obligation in the contract has been performed, or over time as control of the performance obligation is transferred to the customer. For contracts with multiple components to be delivered management applies judgement to consider whether there are separate performance obligations.

Due to the nature of the turnover being derived from mortgage servicing there are no performance obligations in relation to refunds, warranties or similar obligations.

At contract inception the total transaction price is fixed, determined based on management's commercial estimates. Estimates are based upon management's understanding of the complexity of the required service based on their experience of providing similar services. This is then allocated to the identified performance obligations based on the directly incurred development cost of the required service for each contract when those performance obligations are satisfied. Any variations to the scope of the performance obligations are assessed as and when a change is requested, the transaction price is then reassessed.

For some contracts the company incurs development costs in order to meet its performance obligation and these costs are recognised as an asset. The asset is then amortised as turnover is recognised. Judgement is applied in assessing whether these costs are costs to fulfil a contract and this judgement will depend on management's assessment of the nature of the underlying costs and whether they principally relate to a particular contract.

As the customer benefits from the value of the contract throughout the contractual period based upon what the Company do for the customer the output method is appropriately applied by the Company.

The Company always acts as the principal as there are no arrangements for another party to provide the goods or services.

2. Accounting policies (continued)

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

Software	-	% between 20% and 33% per annum on cost

2.7 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	-	12.5%
Fixtures and fittings	-	20.0%
Office equipment	-	12.5%
Computer equipment	-	25.0%
Leasehold improvements	-	10.0%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2. Accounting policies (continued)

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sell the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt

2. Accounting policies (continued)

2.11 Financial instruments (continued)

instruments that are measured at amortised or at fair value through other comprehensive income (FVOCI). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit losses (ECL) for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

2.14 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.15 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with fair value of goods and services received.

2.16 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.20 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.21 Intangible assets

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Company makes estimates and assumptions that affect the reported amount of assets and liabilities within the next financial year. The Company also has to make judgements in applying its accounting policies which affect the amounts recognised in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of intangible assets

Intangible assets (note 12) are regularly reviewed for objective evidence of impairment. In determining whether objective evidence exists, the Company considers the present value of future benefits and rewards expected to derive from the use of the asset. Such benefits may include increased revenue or cost reduction. If the value of the benefits is considered to be less than the carrying value of the asset then the Directors assess whether any impairment should be made.

4. Turnover

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	46,013	42,372
Rest of Europe	4,556	3,000
	50,569	45,372

Revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the year end is summarised as follows:

£000's	2020	2021	2022	2023	2024	Total
IFRS 15	1,049	1,449	1,579	441	16	4,534
	1,049	1,449	1,579	441	16	4,534

The Company has the following contract fulfilment assets that have arisen due to performance obligations being satisfied.

Contract Fulfilment Assets

As at 1 July 2018	8,517
Additions	2,779
Amortisation	(2,279)
As at 30 June 2019	9,016

The Company has the following contract fulfilment liabilities regarding due payments that have arisen before satisfaction of the performance obligations.

Contract Fulfilment Liabilities

As at 1 July 2018	4,970
Additions	494
Amortisation	(930)
As at 30 June 2019	4,534

5. Operating loss

The operating loss is stated after charging / (crediting):

	2019 £000	2018 £000
Depreciation of tangible fixed assets	119	169
Amortisation of intangible assets, including goodwill	637	1,118
Exchange differences	2	(33)
Rentals payable under operating leases	2,027	2,084
Staff costs (note 7)	28,835	32,647

6. Auditors' remuneration

	2019 £000	2018 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	55	52
	55	52
Fees payable to the Company's auditor and its associates in respect of:		
Audit-related assurance services	164	150
	164	150

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2019 £000	2018 £000
Wages and salaries	25,780	29,314
Social security costs	1,859	2,088
Cost of defined contribution scheme	1,196	1,245
	28,835	32,647

The average monthly number of employees (full time equivalent), including the Directors, during the year was as follows:

	2019 No.	2018 No.
Directors	6	6
Other	729	744
	735	750

8. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	881	1,587
Company contributions to defined contribution pension schemes	-	2
	881	1,589

During the year retirement benefits were accruing to no Directors (2018 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £470 thousand (2018 - £944 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2018 - £2 thousand).

The emoluments of Mr Braithwaite, Mr Jones, Mr Pattinson and Mr Stran are paid by the company, these individuals are also directors of a number of other companies in the Computershare Group and it is not possible to make an accurate apportionment of their emoluments in respect of each of these companies. There total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the company.

The emoluments of the other directors are paid by Computershare Investor Services PLC which makes no recharge to the company, these individuals are also directors of a number of other companies in the Computershare Group and it is not possible to make an accurate apportionment of their emoluments in respect of each of the companies. Accordingly, the above details include no emoluments in respect of these other directors. There total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Computershare Investor Services PLC.

9. Interest receivable and similar income

	2019 £000	2018 £000
Other interest receivable	-	2
	-	2

10. Interest payable and similar expenses

	2019 £000	2018 £000
Loans from group undertakings	62	33
	62	33

11. Tax on loss

	2019 £000	2018 £000
Corporation tax		
Adjustments in respect of previous periods	-	11
Total current tax	-	11
Deferred tax		
Current year	(92)	(8)
Adjustments in respect of previous periods	-	135
Effect of changes in tax rates	10	1
Total deferred tax	(82)	128
Taxation on (loss)/profit on ordinary activities	(82)	139

11. Tax on loss (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Loss on ordinary activities before tax	(829)	(5,704)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(158)	(1,084)
Effects of:		
Tax rate changes	10	1
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	28	6
Adjustments to tax charge in respect of prior periods	-	147
Non-taxable income	(1,039)	(87)
Share options	(13)	(36)
Group relief	1,090	1,192
Total tax charge for the year	(82)	139

The Company has surrendered tax losses of £5,739 thousand (2018: £6,272 thousand) with a tax effect of £1,090 thousand (2018: £1,192 thousand) to fellow subsidiary undertakings for no payment. Therefore no tax losses are available to carry forward.

Factors that may affect future tax charges

The main UK corporation tax rate is 19% throughout the year ended 30 June 2019, but it will be reduced to 17% from April 2020 following Royal Assent on 15 September 2016. Deferred tax is therefore provided at 17%.

12. Intangible assets

	Software £000
Cost	
At 1 July 2018	8,641
At 30 June 2019	8,641
Amortisation	
At 1 July 2018	7,789
Charge for the year	637
At 30 June 2019	8,426
Net book value	
At 30 June 2019	215
At 30 June 2018	852

Amortisation has been charged to administrative expenses within the statement of comprehensive income.

13. Tangible assets

	Motor vehicles £000	Fixtures and fittings £000	Office equipment £000	Computer equipment £000	Leasehold improve-ments £000	Total £000
Cost						
At 1 July 2018	13	3,847	1,721	7,861	89	13,531
Additions	-	46	-	-	23	69
Disposals	-	-	-	(4,533)	-	(4,533)
Transfers between classes	-	(281)	-	281	-	-
At 30 June 2019	13	3,612	1,721	3,609	112	9,067
Depreciation						
At 1 July 2018	12	3,777	1,715	7,791	41	13,336
Charge for the year on owned assets	1	40	6	66	6	119
Disposals	-	-	-	(4,533)	-	(4,533)
Transfers between classes	-	(281)	-	281	-	-
At 30 June 2019	13	3,536	1,721	3,605	47	8,922
Net book value						
At 30 June 2019	-	76	-	4	65	145
At 30 June 2018	1	70	6	70	48	195

14. Investments

	Investments in subsidiary companies £000
Cost	
At 1 July 2018	281
At 30 June 2019	281

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Baseline Capital Limited	The Pavillions, Bridgewater Road, Bristol BS13 8AE	Ordinary	100%
KB Analytics Limited	The Pavillions, Bridgewater Road, Bristol BS13 8AE	Ordinary	100%
Mortgage Systems Limited	The Pavillions, Bridgewater Road, Bristol BS13 8AE	Ordinary	100%
HML Mortgage Services Ireland Limited	3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82	Ordinary	100%

The aggregate of the share capital and reserves as at 30 June 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit £000
Baseline Capital Limited	617	259
KB Analytics Limited	-	-
Mortgage Systems Limited	-	-
HML Mortgage Services Ireland Limited	-	-

15. Debtors

	2019 £000	2018 £000
Due after more than one year		
Other debtors	271	274
Contract assets	7,060	-
Deferred tax asset	-	768
	7,331	1,042

	2019 £000	2018 Restated £000
Due within one year		
Trade debtors	3,933	4,525
Amounts owed by group undertakings	5,116	18,971
Other debtors	-	242
Prepayments and accrued income	3,059	1,404
Contract assets	1,956	-
Tax recoverable	-	46
	14,064	25,188

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The prior period comparative have been restated. A balance of £667 thousand has been reclassified from trade debtors to prepayments and accrued income.

16. Creditors: Amounts falling due within one year

	2019 £000	2018 Restated £000
Trade creditors	389	-
Amounts owed to group undertakings	2,215	13,567
Other taxation and social security	509	1,339
Other creditors	1,070	-
Accruals and deferred income	3,322	5,607
	7,505	20,513

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

In the previous accounts the input VAT was included in tax recoverable and output VAT included in other taxation and social security. In these accounts the net VAT position is included in other taxation and social security. The prior period comparatives have been restated. A balance of £1,088 thousand has been reclassified from tax recoverable to other taxation and social security.

Included in Other creditors are Contract liabilities of £1,049 thousand and Other creditors of £21 thousand.

17. Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Contract liabilities	3,485	-
	3,485	-

18. Deferred taxation

	2019 £000	2018 £000
At beginning of year	768	896
Charged to profit or loss	(1,366)	(128)
At end of year	(598)	768

18. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	370	403
IFRS 15 adjustment	(1,060)	-
Temporary differences	92	365
	(598)	768

The Directors believe it more likely than not that the Company will generate sufficient future profits to realise the deferred tax asset and it has therefore been recognised in the financial statements. There are no unrecognised deferred tax assets or liabilities.

19. Other provisions

	Operational issues £000	Annual leave provision £000	Total £000
At 1 July 2018	768	582	1,350
Charged to profit or loss	(136)	(44)	(180)
At 30 June 2019	632	538	1,170

Operational issues
The provision is made for estimated compensation payments resulting from past operational issues. The amount of provision to be held and the amount of compensation made is determined through internal investigation and agreement with the client on a case by case basis.

It is uncertain when the provision will be fully utilised due to the ongoing nature of internal investigations and discussions with the client.

Annual leave provision
A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

20. Called up share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
7,851,760 (2018 - 6,851,760) Ordinary shares of £1.00 each	7,852	6,852

On 21st December 2018, 1,000,000 ordinary shares were issues for £1,000,000

21. Share based payments

During the year and the preceding year the Company's directors and employees benefited from two types of share-based payment arrangement.

Share incentive Plan
Under the terms of the Share Incentive Plan, employees may elect to purchase shares in the ultimate parent via monthly deductions from their gross salary. The purchased shares are matched like-for-like by requesting the employing company to purchase matching shares for allocation to the employee concerned. The matching shares vest fully after three years. The employee is entitled to the economic benefit of dividends on the matching shares from the date of allocation and there are no conditions attaching to the matching shares apart from continued employment with the company. The fair value of matching shares is the market value of those shares on the date of allocation to the employee.

Deferred incentive awards
The ultimate parent company provides deferred incentive awards for key management personnel on a discretionary basis. The market value of shares issued to employees for no cash consideration is recognised as a personnel expense over the vesting period with a corresponding increase in the capital contribution reserve. There have been no changes to the terms and conditions of deferred incentive awards since the dates of grant. The fair value of such awards is the market value of the shares on the date of grant.

The statement of comprehensive income charge for each element of the company's share-based payments was as follows:

	2019 £000	2018 £000
Share Incentive Plan	70	284
Deferred Incentive Plan	143	71
	213	355

Share incentive plan
The number of shares outstanding at the end of the year was 103 thousand (2018 - 86 thousand). The weighted average market price of the ultimate parent's shares on the dates on which the awards were granted during the year was AUD20.07 (2018 - AUD16.90).

Deferred incentive plan
The number of shares outstanding at the end of the year was 22 thousand (2018 - 27 thousand). The weighted average market price of the ultimate parent's shares on the dates on which the awards were granted during the year was AUD18.73 (2018 - AUD14.56).

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,196 thousand (2018: £1,245 thousand). Contributions totalling £nil (2018: £nil) were payable to the fund at the balance sheet date and are included in creditors.

23. Commitments under operating leases

At 30 June the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than 1 year	1,601	1,568
Later than 1 year and not later than 5 years	6,644	5,200
Later than 5 years	-	1,950
	8,245	8,718

24. Related party transactions

The Company undertook no transactions with related parties other than parties 100% owned within the Group and therefore exempt from disclosure under FRS101.

25. Controlling party

Homeloan Management Limited is controlled and 100% owned by Computershare Investments (UK) (No. 3) Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and ultimate controlling party is Computershare Limited ("Computershare Limited (Australia)"), a company incorporated in Australia under ACN 005485825, which ultimately holds 100% of the share capital in Homeloan Management Limited and Computershare Investments (UK) (No. 3) Limited.

The smallest and largest group in which Homeloan Management Limited is a member and for which group financial statements are drawn up is the Computershare Limited (Australia) group. The consolidated financial statements of this group can be obtained from Computershare Limited, 452 Johnston Street, Abbotsford, Victoria 3067, Australia. These may also be found at Computershare's website www.computershare.com.