Registered number: 02214839

HOMELOAN MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

HOMELOAN MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	A Jones T Franklin (appointed 4 October 2019) N Oldfield R Banks (appointed 24 September 2019) P Ali
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 7 More London Riverside London SE1 2RT

HOMELOAN MANAGEMENT LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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 Derry. Following a review of future property requirements, a decision was made after the year end to consolidate the two Yorkshire sites into Crossflatts and vacate the Skipton building, which is leased by HML.

HML forms part of the Loan Services division within the Computershare group – Computershare Loan Services ("CLS"), with more than 30 years' experience of working with some of the world's largest financial institutions.

Business review

The directors of HML report an increase in the operating loss from £1,267 thousand for the year ended 30 June 2019 to £4,714 thousand for the year ended 30 June 2020. The increased operating loss reflects a write off of deferred investment costs relating to new lending clients , increased investment in the UK Cost Out programme to drive future operational efficiencies, partly offset by higher revenues due to increased assets under management and cost savings resulting from the CLS UK Cost Out programme.

The year to 30 June 2020 saw some key developments in the market these included:

- The impact of the COVID-19 pandemic on the mortgage market with lower origination volumes.
- Challenger banks continuing to struggle to build market share, with some exiting the market.
- On-going asset sales in the Irish market creating opportunities for future growth.

Administration expenses have increased from £15,036 thousand to £33,830 thousand due to the write off of deferred investment costs, investment in the UK Cost Out programme, partly offset by early benefits from the CLS UK Cost Out programme.

A number of key successes were achieved in the year including the completion of the migration of assets to CLS's standard mortgage administration platform and the ongoing reduction in costs. CLS completed the full UKAR migration, despite the schedule for the final set of clients coinciding with the peak of COVID-19 disruption. The migration team did a sterling job of executing the project without a presence in the office. We have also continued to progress our cost-out program to size the business appropriately, given the headwinds in the UK mortgage origination market that are expected to persist for some time.

Principal risks and uncertainties and Financial risk management

Regulatory environment

The regulatory environment in which HML operates continues to be challenging but HML considers that this provides an opportunity for HML to cement its reputation as one of the industry leaders on regulatory matters.

Market conditions

The FCA reported that the value of gross mortgage advances in the 9 months to 31 March 2020 was 1% higher than the comparable prior year period. In the quarter ending 30 June 2020 COVID-19 negatively impacted the market with gross mortgage advances falling by 33% compared to the comparable prior year period. 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 hard Brexit such as a downturn in the economic climate are mitigated by the natural hedging within the business due to the varied 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.

The Company continues to support UKAR in delivering its publically acknowledged asset disposal programme.

Operational risk and operational losses

The primary risk type that HML is exposed to is Operational Risk and 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 also exposed to credit risk, to the extent that counterparties will be unable to pay amounts in full when they fall due and makes provision for impairment as set out in note 2.12.

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 mortgage 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 cash 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.

Brexit

On 31 January 2020 the UK left the European Union ("EU") and there is now a transition period until the end of 2020 while the UK and EU negotiate additional arrangements. While the current rules on trade, travel, and business for the UK and EU will continue to apply during the transition period there remains uncertainly over the UK's future relationship with the EU. The Computershare Group operates in many jurisdictions including in the UK, EU and elsewhere, so the Group is well placed to be able to adapt to changes imposed.

COVID-19

Computershare Limited, the ultimate controlling party, has published financial results for the year ended 30 June 2020, including a COVID-19 update. Trading results were in line with revised market guidance. Over 90% of the HML workforce moved to working from home, deploying technology and security protocols to ensure no interruption of services to clients. The operations of the Company have not been adversely affected as a result of remote working.

Further details may be found at Computershare's web site www.computershare.com.

The Company earns revenue through the provision of third party mortgage administration services. Despite the impact of COVID-19 on the wider economy the Company has not been materially impacted financially and future operating profit is expected to benefit from incremental revenues from providing additional arrears management support to clients. However, the reduced level of mortgage advances is expected to impact in the medium term.

The directors of the Company take operational resilience seriously and are doing everything possible to ensure the safety of staff and others in line with health and safety guidelines as well as preventing any material effect on our services. We remain focused on strengthening our core business lines and working to continue to deliver great outcomes for customers in what are extremely challenging conditions.

Financial key performance indicators

Financial performance

The results for the year are shown in the Statement of Comprehensive Income on page 14 and the notes thereto. HML made an operating loss of £4,714 thousand (2019: £1,267 thousand) before interest and dividend income, resulting in a loss before taxation for the year of £4,727 thousand (2019: £829 thousand).

The increased operating loss reflects a write off of deferred investment costs relating to new lending clients, increased investment in the Cost Out programme to drive future operational efficiencies, partly offset higher revenues due to increased assets under management and cost savings resulting from the CLS Cost Out programme.

The Balance Sheet and cash position remained strong at 30 June 2020 with eligible capital in excess of the regulatory minimum at 133% (2019: 187%) and cash at bank and in hand at £5,511 thousand (2019: £469 thousand). The reduction in capital in the year reflects the loss after tax.

Key performance indicators (KPIs)

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

	2020	**2019**
Assets under management (year end)	£40.6bn	£34.5bn
Loss before taxation	£(4,727)k	£(829)k
Operating loss	£(4,714)k	£(1,267)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 increased loss figure is discussed in the Financial Performance commentary above.

Directors' statement of compliance with duty to promote the success of the Company

Under Section 172 (1) of the Companies Act 2006, a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a. the likely consequences of any decision in the long term,
b. the interests of the Company's employees,
c. the need to foster the Company's business relationships with suppliers, customers and others,
d. the impact of the Company's operations on the community and the environment,
e. the desirability of the Company maintaining a reputation for high standards of business conduct, and
f. the need to act fairly as between members of the Company.
The following paragraphs summarise how the directors fulfil their duties:

(a) The Company is wholly owned by Computershare Investments (UK) No.3 Limited and the ultimate parent undertaking is Computershare Limited, a Company incorporated in Australia. As such the directors always operates to the standards set by the Computershare Group ('Group') of which it is a member. Any decision taken will be aligned to the strategy of the wider Group and is made in the best interests of all stakeholders. Impacts of any decisions will be determined through ongoing risk assessment conducted with all relevant stakeholders. The Company strategy is regularly reviewed by the Board, is aligned to the key priorities set by Group and is presented to and agreed by Group. The Board has delegated responsibility for the day to day management and administration of the business to the CLS Chief Executive Officer who manages the companies in accordance with the strategy, plans and policies approved by the Board. The Chief Executive Officer chairs weekly Executive Leadership Team meetings where decisions are aligned to the approved Board strategy.

(b) The directors are committed to driving a responsible business. Our behaviour is aligned to our people, clients, investors, communities and society as a whole. Our commitment to our people is aligned to the People disclosures in the Computershare Group Annual Report. We recognise that success is driven by the quality and capabilities of our people and that looking after employees is in the best interests of all stakeholders. The directors undertake regular staff surveys and management build action plans based on the feedback which are reviewed by the Executive Leadership Team, encouraging employee participation. The latest Pulse (staff) survey saw an increase in scores despite the ongoing business restructure and the impact of COVID-19.

(c) The directors recognise the importance of building strong relationships with suppliers and customers and actively engages with representatives of contracting parties to ascertain their views and take them into account. The Company operates a Supplier Relationship Forum, leverages the wider Computershare Group procurement activity and has dedicated Client Relationships Managers. We also foster strong relationships and have regular contact with the FCA and other regulators.

(d) The directors recognise the importance of social and environmental activities and seek to manage them responsibly. We work closely to support our local community and have supported a number of initiatives and good causes during the year. Our approach to Corporate Responsibility is aligned to the disclosures in the Computershare Group Annual Report. The Company donated to the Trussell Trust, a charity that supports a network of 1,200 food banks centres across the UK.

(e) The Board operates a Computershare Loan Services Governance Framework which sets out the Board governance arrangements. The Board discharges its responsibilities through the following Committees of the Board:

- CLS Audit and Compliance Committee
- CLS Risk Committee
- CLS Remuneration Committee

• CLS Nomination Committee

The directors operate strong risk, governance and oversight controls to ensure that high standards of business conduct are observed.

All employees and directors within the Group are required to follow the Computershare Code of Conduct, that sets out the principles and standards with which they are expected to comply as they perform their functions. We recognise that to protect and enhance our reputation, all employees must conduct themselves in accordance with the highest standards of personal integrity. This is critical to ensuring all stakeholders, from clients to investors and suppliers can have confidence in all aspects of our business.

A copy of the Group's board approved Code of Conduct, and other policies and charters noted above are available from the Corporate Governance section of http://www.computershare.com/governance.

(f) The Company is a wholly owned subsidiary of Computershare Investments (UK) No.3 Limited ('CIN 3') and the directors are committed to openly engaging with the Board and Management of CIN3.

This report was approved by the Board on 19 October 2020 and signed on its behalf.

P Ali
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report and the financial statements for the year ended 30 June 2020.

Directors' responsibility 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.

Results and dividends

The loss for the year, after taxation, amounted to £3,704 thousand (2019 - loss £747 thousand).

The directors do not propose a final dividend to be paid (2019: £ nil), nor was an interim dividend paid (2019: £ nil) during the year.

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were:

P Braithwaite (resigned 22 October 2019)
A Jones
J Pattinson (resigned 31 July 2019)
T Franklin (appointed 4 October 2019)
N Oldfield
G Stran (resigned 25 September 2019)
R Banks (appointed 24 September 2019)
P Ali

Political contributions

The Company made no contributions for political purposes in the year (2019: £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.

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..

Future developments

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 has received a Letter of Support from its ultimate parent undertaking, Computershare Limited, confirming that it intends to provide financial support to ensure the Company will be able to meet financial and contractual liabilities as they fall due, and carry on business without significant curtailment of operations for at least 12 months from the date of approval of the Annual Report and Financial Statements for the year ending 30 June 2020.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 6. The financial position of the Company and liquidity position are described in the Company financial statements on pages 14 to 51. Through the Cost Out programme and other initiatives management are working to create a profitable business in the medium term.

For these reasons, the directors continue to adopt the going concern basis of accounting in the financial statements.

Engagement with employees

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.

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.

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 234 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 36.

Branches outside the United Kingdom

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

Greenhouse gas emissions, energy consumption and energy efficiency action

In accordance with UK government's Streamlined Energy and Carbon Reporting ('SECR') policy we provide an update for the year on the Company energy usage and associated greenhouse gas emissions ('GHG').

Computershare are committed to driving change and reducing the carbon footprint where possible across all global business operations. A regular sustainability forum is held which looks at ideas to make significant changes and gives an opportunity for those ideas to be turned into commercial business cases. An ESOS compliance review was undertaken in FY20 which highlighted a number of areas for potential improvements which are planned to be implemented in FY21. HML, as part of the Computershare Group, benefits from and participates in this activity.

The total energy consumed in the year was:

	MWh
Electricity	1,904
Gas	694
Wood pellets	529
Total	**3,127**

The total emissions during the year were 600,646 kg CO2. As a measure of intensity this equates to 966 kg CO2 per employee.

The methodology used to calculate the energy emissions is to apply a BEIS conversion factor to the KWh consumption. The method used for vehicle usage is apply a BEIS conversion factor to the total miles travelled.

Matters covered in the strategic report

The Company's business review, details of the principle 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.

Post balance sheet events

In light of a projected headcount decrease and an increased proportion of colleagues working from home on a permanent basis a review has been undertaken into the future property requirements of CLS. Currently there are two sites, Crossflatts and Skipton, occupied by CLS in Yorkshire. The Skipton site is leased by HML. These are to be consolidated into a single site at Crossflatts and as a result the Skipton site will close, colleagues will transfer to the Crossflatts site where appropriate. The decision was made and communicated to staff in August 2020 and is a non-adjusting event. The financial impact of the decision is subject to the outcome of ongoing commercial discussions and will be accounted for in the financial year ending 30 June 2021.

During August 2020 the parent company Computershare Investments (UK) No.3 Limited invested £10.5m of capital to support the ongoing restructure of the business and repaid £2.5m of the separate £4m loan shown in Debtors. The Company also loaned a principal amount of £10.5m to their parent company. Given the capital support and loan were for the cash equivalent, the amounts were offset against each other and there was no cash movement between the two companies for this.

Independent auditors

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

This report was approved by the Board on 19 October 2020 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 2020 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 2020; the statement of comprehensive income and 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 for 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

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.

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.

Strategic 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 2020 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.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibility statement set out on page 7, 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.

Sarah Hayman

Sarah Hayman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 October 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 £000	2019 £000
Turnover	4	59,192	50,569
Cost of sales		(30,076)	(36,800)
Gross profit		29,116	13,769
Administrative expenses		(33,830)	(15,036)
Operating loss	5	(4,714)	(1,267)
Income from shares in group undertakings		350	500
Interest payable and similar expenses	9	(363)	(62)
Loss before taxation		(4,727)	(829)
Tax on loss	10	1,023	82
Loss for the financial year		(3,704)	(747)

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

BALANCE SHEET
AS AT 30 JUNE 2020

	Note		2020 £000		2019 £000
Fixed assets					
Intangible assets	11		5,584		215
Tangible assets	13		9,075		145
Investments	14		281		281
			14,940		641
Current assets					
Debtors: amounts falling due after more than one year	15	3,567		7,331	
Debtors: amounts falling due within one year	15	16,539		14,064	
Cash at bank and in hand		5,511		469	
		25,617		21,864	
Creditors: amounts falling due within one year	16	(13,025)		(7,505)	
Net current assets			12,592		14,359
Total assets less current liabilities			27,532		15,000
Creditors: Amounts Falling Due After More Than One Year	17		(11,641)		(3,485)
			15,891		11,515
Provisions for liabilities					
Deferred taxation	18	-		(598)	
Other provisions	19	(1,946)		(1,170)	
			(1,946)		(1,768)
Net assets			13,945		9,747

BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2020

	Note	2020 £000	2019 £000
Capital and reserves			
Called up share capital	20	17,252	7,852
Share premium account		180	180
Other reserve		280	280
Share based payments		918	809
Profit and loss account		(4,685)	626
		13,945	9,747

The financial statements on pages 14 to 51 were approved and authorised for issue by the Board of directors and were signed on its behalf on 19 October 2020.

P Ali
Director

The notes on pages 19 to 51 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	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 2018 (adjusted balance)	6,852	180	280	666	(726)	7,252
Impact of change in accounting policy	-	-	-	-	2,099	2,099
At 1 July 2018 (adjusted balance)	6,852	180	280	666	1,373	9,351
Comprehensive income for the year						
Loss for the financial year	-	-	-	-	(747)	(747)
Total comprehensive expense for the year	-	-	-	-	(747)	(747)
Shares issued during the year	1,000	-	-	-	-	1,000
Capital contribution 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
Impact on change in accounting policy	-	-	-	-	(1,607)	(1,607)
At 1 July 2019 (adjusted balance)	7,852	180	280	809	(981)	8,140
Loss for the financial year	-	-	-	-	(3,704)	(3,704)
Total comprehensive expense for the year	-	-	-	-	(3,704)	(3,704)
Shares issued during the year	9,400	-	-	-	-	9,400
Capital contributions in respect of share based payments charge	-	-	-	109	-	109
Total transactions with owners	9,400	-	-	109	-	9,509

STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

At 30 June 2020	17,252	180	280	918	(4,685)	13,945

The notes on pages 19 to 51 form part of these financial statements.

1. General information

Homeloan Management Limited ("the Company") is a private limited company limited by shares and incorporated in England, in the United Kingdom. The Company is domiciled in England 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.

The following principal accounting policies have been applied consistently:

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.

2. Accounting policies (continued)

2.3 Going concern

The financial statements of the Company have been prepared on a going concern basis, which the directors believe to be appropriate. The Company has received a Letter of Support from its ultimate parent undertaking, Computershare Limited, confirming that it intends to provide financial support to ensure the Company will be able to meet financial and contractual liabilities as they fall due, and carry on business without significant curtailment of operations for at least 12 months from the date of approval of the Annual Report and Financial Statements for the year ending 30 June 2020.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 6. The financial position of the Company and liquidity position are described in the Company financial statements on pages 14 to 51. Through the Cost Out programme and other initiatives management are working to create a profitable business in the medium term.

For these reasons, the directors continue to adopt the going concern basis of accounting in the financial statements.

2. Accounting policies (continued)

2.4 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. 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.

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 on a straight line basis over the remaining life of the contract. 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)

2.5 Impact of new international reporting standards, amendments and interpretations

IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019.

On transition to IFRS 16, the Company elected to apply the following practical expedients:

- the Company has not reassessed contracts that were not identified as leases under IAS 17 and IFRIC 4 to determine whether these is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or modified on or after 1 July 2019.
- for leases previously classified as operating leases under IAS 17 -
- the Company has applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of remaining lease term at the date of application.
- the Company has excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- the Company has used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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

Balance Sheet (extract)

	30 June 2019 As originally presented £000	IFRS 16 £000	1 July 2019 Adjusted balance £000
Intangible assets	215	-	215
Tangible assets	145	10,778	10,923
Investments	281	-	281
	-	10,778	10,778
Assets			
Debtors: amounts falling due after more than one year	7,331	328	7,659
Debtors: amounts falling due within one year	14,064	-	14,064
Cash at bank and in hand	469	-	469
Creditors: amounts falling due within one year	(7,505)	(1,773)	(9,278)

2. Accounting policies (continued)

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

Balance Sheet (extract) (continued)

	30 June 2019 As originally presented £000	IFRS 16 £000	1 July 2019 Adjusted balance £000
Creditors: amounts falling due after more than one year	(3,485)	(10,940)	(14,425)
Deferred taxation	(598)	-	(598)
Other provisions	(1,170)	-	(1,170)
Capital and reserves			
Called up share capital	7,852	-	7,852
Share premium account	180	-	180
Share based payments	809	-	809
Other reserves	280	-	280
Profit and loss account	626	(1,607)	(981)

The following table summarises the reconciliation between the contractual undiscounted future cash flows at the prior year end of 30 June 2019 and the opening lease liability as at 1 July 2019.

	2019 £000
Not later than 1 year	1,601
Later than 1 year and not later than 5 years	6,644
Later than 5 years	-
Short term leases	(6)
Termination option	(118)
New lease commitment	5,746
Impact of discounting	(1,154)
Lease liability	12,713

The Company does not act as lessor in the current year and did not act as lessor in the comparative year under any lease arrangements, or arrangements that contain a lease. In all references to leases the Company is the lessee.

In the comparative year the Company was not entered into any leases that were classified as finance leases.

2. Accounting policies (continued)

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

The Company has two significant contracts, for properties in Skipton and Derry, which are classified as operating leases. The assets associated with these were not previously recognised in the Company's balance sheet. Payments made were recognised in profit or loss on a straight-line basis over the term of the lease in line with IAS 17. Under IFRS 16, the Company recognises right-of-use assets for these two leases.

There are also four cars operating under leases, these leases are individually low value and the remaining lease terms at 1 July 2019 were less than 12 months. The Company continues to recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

On transition to IFRS 16, the Company recognised an additional £10,778 thousand of right-of-use assets, £12,713 thousand of lease liabilities and a deferred tax asset of £328 thousand. The difference being recognised in retained earnings. The weighted average incremental borrowing rate applied to the lease liabilities at the date of initial application was 2.5%.

2.6 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract contains a lease if the contract gives the right to control the use of an identified asset for a period of time in exchange for consideration. To assess this right the Company considers whether the contract involves the use of an identified asset, the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use and the Company has the right to direct use of the asset.

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related

2. Accounting policies (continued)

2.6 Leases (continued)

right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Tangible Assets' on the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.8.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.7 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:

Internally developed software	-	10 %
Software	-	Straight line between 20% and 33% per annum on cost

2.8 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.

2. Accounting policies (continued)

2.8 Tangible assets (continued)

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:

Long-term leasehold property	-	term of lease
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 profit or loss.

2. Accounting policies (continued)

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 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.

2.11 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.

2.12 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.

Impairment of financial assets

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

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

2. Accounting policies (continued)

2.12 Financial instruments (continued)

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.

2.13 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.

2.14 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 profit or loss 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 profit or loss within 'other operating income'.

2.15 Finance costs

Finance costs are charged to profit or loss 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)

2.16 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss 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 profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

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 profit or loss 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.

2.19 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 profit or loss 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. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 10 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 judgements in applying its accounting policies that affect the reported amount of assets and liabilities 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.

Asset Impairment Assessment

Intangible and Tangible assets (notes 11 and 13) and Debtors (note 15) are regularly reviewed for objective evidence of impairment. In determining whether an asset is impaired the Company undertakes an annual Value in Use ('VIU') assessment calculating the net present value of future cash flows expected to be derived from the continuing use of the asset and its disposal at the end of its economical useful life. The recoverable amount calculated under the VIU assessment is considered to exceed the fair value. Cash flow projections are based on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions. Future cash flows are discounted using the estimate weighted average cost of capital.

The VIU assessment has been performed for the company as a whole as this is the lowest level Cash Generating Unit.

The key assumptions adopted are:

• Cash flows have been projected using the latest Board approved 5 Year Plan.
• A growth rate of 2.5% has been used to project cash flows beyond the initial 5 year period. The growth rate has been determined based on managements' assessment of long term growth in the UK mortgage sector taking into account historic growth rates.
• A discount rate of 8.5% has been adopted being the estimated weighted average cost of capital.

The headroom (difference between the recoverable amount and the carrying amount) in the VIU assessment was £1.7m. The sensitivity of the assessment to the key assumptions is:

• If revenue was 1% below forecast each year this would reduce the VIU by £4.0m.
• If costs were 1% above forecast each year this would reduce the VIU by £5.7m.
• If the growth rate beyond the initial 5 year period of 2.5% reduced to 1.5% this would reduce the VIU by £2.6m.
• If the discount rate of 8.5% reduced to 7.5% this would increase the VIU by £4.7m.

Contract Asset and Liabilities

Contract assets and liabilities are disclosed in notes 15 and 16 respectively. In determining whether the Contract asset is impaired the Company undertakes an annual Value In Use ('VIU') assessment forecasting the future cash flows expected to be derived from the continuing use of the asset to the end of its useful economic life. The recoverable amount calculated under the VIU assessment is considered to exceed the fair value. Cash flow projections are based on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions.

The key assumptions adopted in the VIU are:

• Future revenues and costs expected from the ongoing delivery of services based on the latest approved management forecasts.
• The expected duration of the contract.
• Any additional future contractual cash flows.

3. Judgments in applying accounting policies (continued)

The outcome of the VIU exercise was an impairment of the asset of £3.0m.

The sensitivity of the assessment to the key assumptions is:

•If future servicing cash outflows were 5% higher this would reduce the VIU by £0.1m.
•If the expected duration of the contracts was 6 months longer this would reduce the VIU by £0.4m.
•If other future contractual cash flows were 5% lower this would reduce the VIU by £0.1m.
The Contract liability is being released over the period that the performance obligation in contract is being transferred to the customer.

Provisions

As part of the ongoing Cost Out programme there is a redundancy provision in place. This provision is under ongoing internal review and requires judgment from management in identifying the relevant costs to include.

4. Turnover

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	53,103	46,013
Rest of Europe	6,089	4,556
	59,192	50,569

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	2021	2022	2023	2024	2025 & 2026	Total
Revenue	1,058	913	767	583	764	4,085
	1,058	913	767	583	764	4,085

4. Turnover (continued)

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

Contract Fulfilment Assets

	£000
As at 1 July 2019	9,016
Additions	187
Amortisation	(1,818)
Impairment	(3,033)
As at 30 June 2020	4,352

These are shown in Debtors: Due within one year £1,793 thousand and Debtors: Due after more than one year £2,558 thousand.

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

Contract Fulfilment Liabilities

	£000
As at 1 July 2019	4,534
Additions	878
Amortisation	(1,327)
As at 30 June 2020	4,085

These are shown in Creditors: Amounts falling due within one year £1,058 thousand and Creditors: Amounts falling due after more than one year £3,027 thousand.

The impairment in the year reflects changes to the expected cashflows under certain contracts. The value of the contract assets has been reassessed accordingly.

5. Operating loss

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

	2020 £000	2019 £000
Depreciation of tangible fixed assets	1,669	119
Amortisation of intangible assets, including goodwill	1,074	637
Exchange differences	(15)	2
Defined contribution pension cost	1,116	1,196

6. Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements	60	55
	60	55
Fees payable to the Company's auditors and their associates in respect of:		
Audit-related assurance services	160	164
	160	164

7. Employees

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

	2020 £000	2019 £000
Wages and salaries	25,350	25,780
Social security costs	1,634	1,859
Other pension costs	1,116	1,196
	28,100	28,835

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

	2020 No.	2019 No.
Directors	5	6
Other	620	729
	625	735

8. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	473	881
Compensation for loss of office	23	-
	496	881

The highest paid director received remuneration of £426 thousand (2019 - £470 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 (2019 - £NIL).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL (2019 - £NIL).

During the year NIL directors received shares under the long term incentive schemes (*2019 -NIL*)

The total accrued pension provision of the highest paid director at 30 June 2020 amounted to £NIL (2019 - £NIL).

The emoluments of P Braithwaite, A Jones, J Pattinson and G 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. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the company.

The emoluments of N Oldfield and P Ali 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. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Computershare Investor Services PLC.

The emoluments of T Franklin and R Banks are paid by Computershare Services Limited 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. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Computershare Services Limited.

9. Interest payable and similar expenses

	2020 £000	2019 £000
Loans from group undertakings	64	62
Finance leases and hire purchase contracts	299	-
	363	62

10. Tax on loss

	2020 £000	2019 £000
Total current tax	-	-
Deferred tax		
Current year	(1,110)	(92)
Adjustments in respect of previous periods	14	-
Effect of changes in tax rates	73	10
Total deferred tax	(1,023)	(82)
Taxation on loss on ordinary activities	(1,023)	(82)

10. Tax on loss (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	(4,727)	(829)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(898)	(158)
Effects of:		
Tax rate changes	73	10
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	108	28
Adjustments to tax charge in respect of prior periods	14	-
Non-taxable income	(67)	(1,039)
Share options	(1)	(13)
Group relief	(252)	1,090
Total tax credit for the year	(1,023)	(82)

The Company has (claimed) / surrendered tax losses of (£1,326) thousand (2019: £5,739 thousand) with a tax effect of (£252) thousand (2019: £1,090 thousand) to fellow subsidiary undertakings for no payment.

Factors that may affect future tax charges

The main UK corporation tax rate is 19% throughout the year ended 30 June 2020. Deferred tax is therefore provided at 19%.

11. Intangible assets

	Software £000	Internally developed software £000	Total £000
Cost			
At 1 July 2019	8,641	-	8,641
Additions - internal	-	6,444	6,444
At 30 June 2020	8,641	6,444	15,085
Amortisation			
At 1 July 2019	8,426	-	8,426
Charge for the year on owned assets	215	860	1,075
At 30 June 2020	8,641	860	9,501
Net book value			
At 30 June 2020	-	5,584	5,584
At 30 June 2019	215	-	215

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

12. Leases

Company as a lessee

The Company has two significant contracts, for properties in Skipton and Derry, which are classified as operating leases. Under IFRS 16, the Company recognises right-of-use assets and associated lease liabilities for these two leases. The cash outflow for these two leases in the year was £2,050 thousand.

The Derry lease has a break point at 31st December 2023, five years prior to the end of the lease.

There are also four cars operating under leases, these leases are individually low value and the remaining lease terms at 1 July 2019 were less than 12 months. The Company continues to recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The cash outflow for these leases in the year was £6 thousand.

Lease liabilities are due as follows:

	2020 **£000**
Current	2,116
Non-current	8,614
	10,730

Contractual undiscounted cash flows are due as follows:

	2020 **£000**
Not later than one year	2,149
Between one year and five years	7,758
Later than five years	1,663
	11,570

There is £6 thousand due not later than one year for short-term car leases.

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2020 **£000**
Depreciation on right-of-use assets	1,632
Interest on lease liabilities	299

13. Tangible assets

	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Office equipment £000	Computer equipment £000	Leasehold improve-ments £000	Total £000
Cost							
At 1 July 2019	-	13	3,612	1,721	3,609	112	9,067
Additions	10,778	-	-	-	24	29	10,831
Revaluations	(232)	-	-	-	-	-	(232)
At 30 June 2020	10,546	13	3,612	1,721	3,633	141	19,666
Depreciation							
At 1 July 2019	-	13	3,536	1,721	3,605	47	8,922
Charge for the year on owned assets	-	-	20	-	6	11	37
Charge for the year on right-of-use assets	1,632	-	-	-	-	-	1,632
At 30 June 2020	1,632	13	3,556	1,721	3,611	58	10,591
Net book value							
At 30 June 2020	8,914	-	56	-	22	83	9,075
At 30 June 2019	-	-	76	-	5	65	146

13. Tangible assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2020 £000	2019 £000
Long leasehold	8,914	-
	8,914	-

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	2020 £000
Tangible fixed assets owned	162
Right-of-use tangible fixed assets	8,914
	9,076

Information about right-of-use assets is summarised below:

Net book value

	2020 £000
Property	8,914
	8,914

During the year there was a lease reassessment triggered by a reduction in future lease payments based on contractual clauses included in the original contract. This resulted in a reduction of £232 thousand to the NBV of the right-of-use asset.

Depreciation charge for the year ended

	2020 £000
Property	(1,632)
	(1,632)

14. Investments

	Investments in subsidiary companies £000
Cost	
At 1 July 2019	281
At 30 June 2020	281

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Baseline Capital Limited	The Pavilions, Bridgwater Road, Bristol BS13 8AE	Ordinary	100%
KB Analytics Limited	The Pavilions, Bridgwater Road, Bristol BS13 8AE	Ordinary	100%
Mortgage Systems Limited	The Pavilions, Bridgwater 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 2020 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	Loss £000
Baseline Capital Limited	189	(147)
KB Analytics Limited	-	-
Mortgage Systems Limited	-	-
HML Mortgage Services Ireland Limited	-	-

15. Debtors

	2020 £000	2019 £000
Due after more than one year		
Other debtors	256	271
Contract assets	2,558	7,060
Deferred tax asset	753	-
	3,567	7,331

	2020 £000	2019 £000
Due within one year		
Trade debtors	3,418	3,933
Amounts owed by group undertakings	9,568	5,116
Prepayments and accrued income	1,760	3,059
Contract assets	1,793	1,956
	16,539	14,064

Amounts owed by group undertakings are unsecured and are repayable on demand. They include a £4,000 thousand loan to CIN3 repayable on demand with interest payable at a rate of UK Daily LIBOR plus 1.05% per annum.

Contract Asset represents contract fulfilment costs that have been capitalised

16. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	348	389
Amounts owed to group undertakings	4,597	2,215
Other taxation and social security	1,950	509
Lease liabilities	2,116	-
Other creditors	-	21
Accruals and deferred income	2,956	3,322
Contract liabilities	1,058	1,049
	13,025	7,505

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

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

	2020 £000	2019 £000
Lease liabilities	8,614	-
Contract liabilities	3,027	3,485
	11,641	3,485

18. Deferred taxation

	2020 £000	2019 £000
At beginning of year	(598)	768
Charged to profit or loss	1,351	(1,366)
At end of year	753	(598)

The deferred taxation balance is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	337	370
IFRS 15 adjustment	-	(1,060)
Temporary differences	416	92
	753	(598)

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	Redundancy provision £000	Annual leave provision £000	Total £000
At 1 July 2019	632	-	538	1,170
Charged to profit or loss	(157)	848	85	776
At 30 June 2020	475	848	623	1,946

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. As these are under review with clients, the values and timings are uncertain.

Redundancy provision
A liability is recognised for estimated redundancy costs associated with the projected reduced headcount resulting from the Cost Out programme. The value and timings of settlement is uncertain due to the ongoing reviews.

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

	2020 £000	2019 £000
Authorised, allotted, called up and fully paid		
17,251,760 (2019 - 7,851,760) ordinary shares of £1.00 each	17,252	7,852

On 20th December 2019, 9,400,000 ordinary shares were issued for £9,400,000

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.

Company Share Incentive Plan

Under the terms of the Company 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 Plan

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:

	2020 £000	2019 £000
Share Incentive Plan	279	70
Deferred Incentive Plan	109	143
	388	213

Company Share Incentive plan

The number of shares outstanding at the end of the year was 135 thousand (2019 - 103 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 AUD19.98 (2019 - AUD20.07).

Deferred Incentive plan

The number of shares outstanding at the end of the year was 23 thousand (2019 - 22 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 AUD17.07 (2019 - AUD18.73).

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 £1,116 thousand (2019: £1,196 thousand). Contributions totalling £nil (2019: £nil) were payable to the fund at the balance sheet date and are included in creditors.

23. Related party transactions

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

24. Post balance sheet events

In light of a projected headcount decrease and an increased proportion of colleagues working from home on a permanent basis a review has been undertaken into the future property requirements of CLS. Currently there are two sites, Crossflatts and Skipton, occupied by CLS in Yorkshire. The Skipton site is leased by HML. These are to be consolidated into a single site at Crossflatts and as a result the Skipton site will close, colleagues will transfer to the Crossflatts site where appropriate. The decision was made and communicated to staff in August 2020 and is a non-adjusting event. The financial impact of the decision is subject to the outcome of ongoing commercial discussions and will be accounted for in the financial year ending 30 June 2021.

During August 2020 the parent company Computershare Investments (UK) No.3 Limited invested £10.5m of capital to support the ongoing restructure of the business and repaid £2.5m of the separate £4m loan shown in Debtors. The Company also loaned a principal amount of £10.5m to their parent company. Given the capital support and loan were for the cash equivalent, the amounts were offset against each other and there was no cash movement between the two companies for this.

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.