

My Home Move Limited
Strategic report, directors' report and
financial statements
Registered number 03874320
For the year ended 31 December 2017

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Strategic report

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

Principal activities, business review and future developments

My Home Move Limited continues to act as the management company to the largest independent provider of mover conveyancing services in England and Wales, Premier Property Lawyers Limited (PPL). On 7 April 2017 the company acquired APLH Limited and its subsidiary Advantage Property Lawyers Limited (APL), known for its efficient and high quality service, its excellent relationships with leading estate agents and winners of a number of high profile industry awards. The acquisition will enable the company to support APL's continued growth over the next few years as well as provide the opportunity for both organisations to share ideas and best practice as they grow together. Through its subsidiaries and panel of law firms the company managed the completion of approximately 70,000 (2016 – 56,400) mover transactions.

In the UK, 2017 was another year of ongoing economic and political uncertainty with a continuing lack of housing supply, political uncertainty surrounding BREXIT negotiations, the snap General Election, as well as rising house prices. Undeterred by this uncertainty the business continued as usual and succeeded in outperforming the conveyancing market in which housing transactions are believed to be 12% below that in 2016 and ended 2017 strongly.

The company uses EBITDA (being profit for the financial year before non-operating interest, tax, depreciation, amortisation, and exceptional administrative expenses) as its primary measure of profitability. EBITDA for the year amounted to £4,684,000 (2016 - £3,214,000), a 46% increase year on year.

The group once again secured award wins during the year, receiving seven in total. The awards are evidence of the group's leading position in the market as well as continued investment and innovation in technology and people. Awards comprised; Best Conveyancing Firm at the Mortgage Strategy Awards, Future of Legal Services Innovation at the Legal Week Innovation Awards, Conveyancing Business Leader of the Year for Doug Crawford at the British Mortgage Awards, Outstanding Commitment to Training at the Modern Law Awards, Best Conveyancing Provider at the What Mortgage Awards, Supplier of the Year in Professional Support at the Negotiator Awards and Best Legal Services Provider at the Your Mortgage Awards.

House building, as recently reaffirmed by the Government, is one of the biggest challenges for the industry in 2018. Despite building levels now reaching their pre-2007 levels, the Government's aim to build 300,000 new homes per year is still a long way off. However we believe that the industry will continue to find innovative solutions, such as modular construction, to speed up this process and produce the homes of the future. Elsewhere in the market, the abolition of stamp duty land tax on properties up to £300,000 for first-time buyers should help to get people onto the first step of the housing ladder. We anticipate that the shared ownership market will grow in 2018, particularly as the government continues its commitment to the Help-to-Buy Shared Ownership scheme. However we expect prices to rise marginally by between 2-3%, which may hinder those further up the ladder. With a second interest rate rise expected in the first half of 2018, the remortgage market should remain active and grow slightly as consumers shop around for the best deals. The objective for the company is to again seek to drive growth irrespective of the market dynamic.

Principal risks and uncertainties

The principal risks and uncertainties facing the business are its indirect reliance upon the performance of the general housing market. The company seeks to manage this risk by monitoring data and feeding results back into the management of the business. Detailed current and historical data is used to identify trends and capture early signs of changes in new business volumes. The number of market transactions is predicted using a variety of methods, including the use of data from HMLR and the BBA.

By order of the Board:



D Crawford
Director
27th APRIL 2018

1 Frances Way
Grove Park, Enderby
Leicester, LE19 1SH

Directors' report

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

The directors have not proposed a final dividend for the year (2016: £nil).

Future developments

Future developments have been considered in the Strategic report on page 1.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the company.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations and the nature of the market in which the company operates, the cost of managing exposure exceeds any potential benefits.

Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to our customer including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated counterparties with a minimum of an investment grade rating are accepted. Otherwise the credit quality of the client is assessed, taking into account its financial position, past experience and other factors.

Liquidity risk

The company has minimal external debt and forecasts to ensure the company has sufficient funds available for operations and planned expansions.

Interest rate risk

The company has interest bearing assets in the form of cash balances which earn interest at fixed rates.

Research & development

The company continues to develop and further enhance the capabilities of its unique eWay system which provides a secure online web-based case file and blends technology with a personal professional conveyancing service. In addition the company has been developing Introducer eWay, a dedicated online case-management service.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person, should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through quarterly business updates, myhomenet intranet and newsletters.

Directors' report *(continued)*

Statement of directors' responsibilities

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, 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.

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

D Crawford
J Duke
S Malle
M Montgomery
P Tennant
A Killeen
K Pay
N Preece

Disclosure of information to the auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board:



D Crawford
Director

27th APRIL 2018

1 Frances Way
Grove Park, Enderby
Leicester, LE19 1SH

Independent auditors' report to the members of My Home Move Limited

Report on the audit of the financial statements

Opinion

In our opinion, My Home Move Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Strategic report, directors' report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; 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 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 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.

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.

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.

Independent auditors' report to the members of My Home Move Limited (continued)

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 31 December 2017 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 Statement of Directors' Responsibilities set out on page 3, 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.



David Teager (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
27th April 2018

Statement of comprehensive income
for the year ended 31 December 2017

	<i>Note</i>	2017 £000	<i>Restated</i> 2016 £000
Turnover	5	56,773	50,212
Cost of sales		(41,944)	(37,223)
Gross profit		14,829	12,989
Administrative expenses		(11,530)	(11,129)
Operating profit	6	3,299	1,860
Analysed as:			
EBITDA		4,684	3,214
Administrative expenses - exceptional	6	(63)	(155)
Amortisation	11	(745)	(594)
Depreciation	12	(577)	(605)
Operating profit	6	3,299	1,860
Income from shares in group undertakings		1,600	-
Profit before interest and taxation		4,899	1,860
Interest receivable and similar income		8	55
Interest payable and similar expenses	9	(163)	-
Profit before taxation		4,744	1,915
Tax on profit	10	(476)	(472)
Total comprehensive income for the financial year		4,268	1,443

All of the activities of the company are classed as continuing operations.

The notes on pages 9 to 18 form part of these financial statements.

Statement of financial position as at 31 December 2017

	<i>Note</i>	2017 £000	2017 £000	<i>Restated</i> 2016 £000	2016 £000
Fixed assets					
Intangible assets	<i>11</i>		2,522		2,048
Tangible assets	<i>12</i>		1,725		2,061
Investments	<i>13</i>		10,810		-
			<hr/>		<hr/>
			15,057		4,109
Current assets					
Debtors	<i>14</i>	10,752		9,679	
Cash at bank and in hand		4,223		7,309	
		<hr/>		<hr/>	
		14,975		16,988	
Creditors: Amounts falling due within one year	<i>15</i>	(11,613)		(9,386)	
		<hr/>		<hr/>	
Net current assets			3,362		7,602
			<hr/>		<hr/>
Total assets less current liabilities			18,419		11,711
Creditors: Amounts falling due after more than one year	<i>16</i>		(2,409)		-
Provision for other liabilities	<i>18</i>		(346)		(315)
			<hr/>		<hr/>
Net assets			15,664		11,396
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	<i>19</i>		15		2,465
Capital redemption reserve			2,450		-
Profit and loss account			13,199		8,931
			<hr/>		<hr/>
Total equity			15,664		11,396
			<hr/>		<hr/>

The notes on pages 9 to 18 form part of these financial statements.

These financial statements were approved by the board of directors on 27th APRIL 2018 and were signed on its behalf by:



D Crawford
Director

Company registered number: 03874320

Statement of changes in equity
for the year ended 31 December 2017

	Called up share capital £000	Capital redemption reserve £000	Capital contribution reserve £000	Profit and loss account £000	Total equity £000
<i>Restated</i> Balance as at 1 January 2016	2,465	-	1,343	8,295	12,103
Profit for the financial year	-	-	-	1,443	1,443
Dividend	-	-	(1,343)	(807)	(2,150)
Other comprehensive income for the year	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Restated</i> Balance as at 31 December 2016	2,465	-	-	8,931	11,396
Profit for the financial year	-	-	-	4,268	4,268
Other comprehensive income for the year	-	-	-	-	-
Share redemption	(2,450)	2,450	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2017	15	2,450	-	13,199	15,664
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Company information

My Home Move Limited is a private limited liability company incorporated in England. The Registered Office is 1 Frances Way, Grove Park, Enderby, LE19 1SH.

2 Statement of compliance

The individual financial statements of My Home Move Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements as its results are included in the group accounts of its parent undertaking. These financial statements present information about the company as an individual undertaking and not about its group.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Related party transactions

Under FRS 102 paragraph 33.1A the company is exempt from the requirement to disclose transactions with entities that are wholly owned subsidiaries of the group.

Cash flow

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, The Move Factory Holdings Limited, includes the company's cash flows in its own consolidated financial statements.

Functional and presentational currency

The company's functional and presentational currency is pound sterling.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost, less its estimated residual value, of tangible fixed assets by equal instalments over their useful economic lives as follows:

Leasehold improvements	Between three and seven years straight line
Fixtures and fittings	Three years straight line
Equipment	Between three and five years straight line

Notes (continued)

3 Summary of significant accounting policies (continued)

Intangible assets

(a) Computer software

Computer software is stated at cost less accumulated amortisation and accumulated amortisation losses. Software is amortised over its estimated useful life of between 3 and 5 years, on a straight line basis.

The assets are reviewed for impairment if factors such as technological advancement or changes in market process indicate that the carrying amount may be impaired.

(b) Goodwill

Goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised. Goodwill is amortised to nil by equal annual instalments over its estimated useful life. Impairment reviews are performed if indicators of impairment exist. Goodwill on the purchase of APLH Limited has an estimated useful life of 10 years.

Leases

(i) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Statement of comprehensive income on a straight line basis over the period of the lease.

(ii) Lease incentives

Incentives received to enter into an operating lease are credited to the Statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between re treatment of capital items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

Turnover

Turnover is measured as the fair value of the consideration received or receivable for management charges and fees in accordance with applicable accounting standards and net of value added tax. The following criteria must be met before turnover is recognised:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Costs directly related to the turnover are recognised in the same period in which the turnover is recognised.

During the year management reviewed the accounting for accrued revenue and determined that the criteria for accruing revenue over the course of a contract could be met. In previous years revenue was recognised on exchange of conveyancing contracts. It is felt that recognising revenue over the course of a contract better reflects the value of the work performed on the portfolio of similar contracts. As a result of this change £6,939,000 of additional accrued revenue has been recognised at the year-end (2016: £5,311,000) with an increase in revenue of £1,628,000 (£2016: a decrease of £108,000). Associated accrued costs of £2,576,000 (2016: 1,911,000) have been recognised in the year with an increase in cost of sales of £664,000 (2016: £293,000). The opening reserves as at 1 January 2016 were increased by £3,801,000.

Exceptional items

Certain one-off charges or credits that have a material impact on the company's financial results, and which are largely non-trading or not expected to recur, are classified as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

Notes (continued)

3 Summary of significant accounting policies (continued)

Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost. Impairment reviews are performed if indicators of impairment exist.

4 Critical accounting judgements and estimation uncertainty

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.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimate useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. See note 12 for the carrying amount of the tangible fixed assets and note 3 for the useful economic lives for each class of asset.

(ii) Provisioning

From time to time in the normal course of business claims are made against the company. When calculating the provision, management assesses the nature of each known claim and makes a judgement on the costs which are likely to be incurred defending and settling the claim. See note 18 for the carrying amount of the provision.

(iii) Accrued revenue

Turnover is recognised as per note 3 above. The calculation of accrued revenue depends upon a number of factors including; expected fee, duration of a case and completion rate. Given that the company manages a portfolio of similar contracts of a type that the entity has been familiar with for a number of years, it is considered that there is sufficient data on which to base a conclusion that revenue is reliably measurable. The value attributed is based on expected recoverable amount using an approach based upon the historical track record of successful outcomes.

(iv) Deferred consideration

Consideration payable for the acquisition of APLH Limited includes a contingent element which is dependent upon the performance of the trading of Advantage Property Lawyers Limited in the financial years ended 2017 and 2018. The calculation of this is based upon known performance for 2017 and budgeted performance for 2018 in accordance with the applicable acquisition agreement.

5 Turnover

Turnover is attributable to the principal activity of the company which all arises in the United Kingdom.

6 Operating profit

	2017 £000	2016 £000
Operating profit is stated after charging:		
Loss on disposal of tangible and intangible fixed assets	-	25
Operating lease charges	1,529	1,272
Exceptional administrative costs	63	155
Auditors' remuneration:		
Audit of these financial statements	53	36
Amounts receivable by the current auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	76	16
Other services relating to taxation	12	12
Other assurance services	13	20
	<hr/>	<hr/>

Exceptional administrative costs related to restructuring costs.

Notes (continued)

7 Remuneration of directors

	2017 £000	2016 £000
Directors' emoluments	1,312	1,195
Pension contributions	72	75
	<u>1,384</u>	<u>1,270</u>
Highest paid director's emoluments	<u>268</u>	<u>263</u>

The company bears the costs of directors' remuneration for the group. Five (2016: four) of the directors are/were also directors of other group companies but they are not specifically remunerated for their services to those companies. Accordingly their emoluments are disclosed in these financial statements.

Eight directors (2016: eight) were members of the defined contribution pension scheme in the year. Eight directors (2016: eight) are accruing benefits under long term incentive schemes.

8 Staff numbers and costs

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

	Number of employees 2017	2016
Operations	501	497
Administrative	87	88
	<u>588</u>	<u>585</u>

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	17,582	16,483
Social security costs	1,656	1,593
Other pension costs	292	271
Amounts capitalised	(314)	(338)
	<u>19,216</u>	<u>18,009</u>

Key management compensation:

	2017 £000	2016 £000
Wages and salaries and other short-term benefits	<u>1,384</u>	<u>1,352</u>

9 Interest payable and similar expenses

	2017 £000	2016 £000
Interest payable on bank loans	39	-
Interest payable on other loans	124	-
	<u>163</u>	<u>-</u>

Notes (continued)

10 Tax on profit

Analysis of charge in year

	2017 £000	2016 £000
<i>UK corporation tax</i>		
Current tax on income for the year	92	11
Adjustment in respect of previous periods	(79)	4
Total current tax	<u>13</u>	<u>15</u>
<i>Deferred tax (see note 17)</i>		
Origination and reversal of timing differences	524	477
Adjustment in respect of previous periods	-	(6)
Effect of change in tax rate	(61)	(14)
Total deferred tax	<u>463</u>	<u>457</u>
Tax on profit	<u>476</u>	<u>472</u>

Factors affecting the tax charge for the current year

The tax charge for the year is lower (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017 £000	Restated 2016 £000
<i>Current tax reconciliation</i>		
Profit before taxation	4,744	1,915
Tax at 19.25% (2016: 20%)	<u>913</u>	<u>383</u>
<i>Effects of</i>		
Expenses not deductible for tax purposes	15	25
Adjustment in respect of previous periods	(79)	78
Difference in tax rates	(61)	(14)
Income not subject to tax	(312)	-
Total tax charge	<u>476</u>	<u>472</u>

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced was to reduce the main rate to 17% from 1 April 2020, and this was enacted on 15 September 2016. The change to reduce the UK corporation tax rate to 18% from 1 April 2020 was substantively enacted on 26 October 2015. The Chancellor's 2017 Autumn Budget did not include any provisions to change these rates.

The deferred tax asset at 31 December 2017 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

Notes (continued)

11 Intangible assets

	Goodwill £000	Software £000	Total £000
<i>Cost</i>			
At 1 January	600	5,312	5,912
Additions	-	1,219	1,219
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December	600	6,531	7,131
	<hr/>	<hr/>	<hr/>
<i>Accumulated amortisation</i>			
At 1 January	600	3,264	3,864
Amortisation	-	745	745
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December	600	4,009	4,609
	<hr/>	<hr/>	<hr/>
<i>Net book amount</i>			
At 31 December 2017	-	2,522	2,522
	<hr/>	<hr/>	<hr/>
At 31 December 2016	-	2,048	2,048
	<hr/>	<hr/>	<hr/>

The software intangible assets include the company's client and introducer case management systems.

12 Tangible assets

	Short leasehold property improvements £000	Fixtures and fittings £000	Equipment £000	Total £000
<i>Cost</i>				
At 1 January	2,413	1,139	1,993	5,545
Additions	39	18	184	241
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	2,452	1,157	2,177	5,786
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>				
At 1 January	1,082	936	1,466	3,484
Charge for the year	240	114	223	577
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	1,322	1,050	1,689	4,061
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book amount</i>				
At 31 December 2017	1,130	107	488	1,725
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	1,331	203	527	2,061
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

13 Investments

	Shares in group undertakings £'000	Total £'000
<i>Cost and net book value</i>		
At 1 January 2017	-	-
Acquisitions	10,810	10,810
At 31 December 2017	10,810	10,810

The undertakings in which the company's interest at the year-end is more than 20% are as follows:

Name	Registered Office	Principal activity	Class and percentage of shareholding
Premier Property Lawyers Limited	1 Frances Way, Grove Park, Enderby, Leicester, LE19 1SH	Conveyancing of residential properties	100% ordinary £1 shareholding
My Home Information Pack Limited	1 Frances Way, Grove Park, Enderby, Leicester, LE19 1SH	Dormant	100% ordinary £1 shareholding
Mover Power Limited	1 Frances Way, Grove Park, Enderby, Leicester, LE19 1SH	Dormant	100% ordinary £1 shareholding
The Mortgage Factory Limited	1 Frances Way, Grove Park, Enderby, Leicester, LE19 1SH	Dormant	100% ordinary £1 shareholding
The Move Factory Limited	1 Frances Way, Grove Park, Enderby, Leicester, LE19 1SH	Dormant	100% ordinary £1 shareholding
First Property Lawyers Limited	1 Frances Way, Grove Park, Enderby, Leicester, LE19 1SH	Dormant	100% ordinary £1 shareholding
The Move Partners Limited	1 Frances Way, Grove Park, Enderby, Leicester, LE19 1SH	Dormant	100% ordinary £1 shareholding
Easier2Move Limited	1 Frances Way, Grove Park, Enderby, Leicester, LE19 1SH	Dormant	100% ordinary £1 shareholding
Secure Conveyancing Limited	1 Frances Way, Grove Park, Enderby, Leicester, LE19 1SH	Dormant	100% ordinary £1 shareholding
APLH Limited	Hurley House, 1 Dewsbury Road, Leeds, LS11 5DQ	Intermediate Holding Company	100% ordinary £1,000 shareholding
Advantage Property Lawyers Limited	Hurley House, 1 Dewsbury Road, Leeds, LS11 5DQ	Conveyancing of residential properties	100% ordinary £1,000 shareholding

On 7 April 2017, My Home Move acquired APLH Limited (APLH) and its subsidiary Advantage Property Lawyers Limited (APL) through the purchase of 100% of the share capital for total consideration of £10,810,000. The acquisition will enable My Home Move to support APL's continued growth over the next few years as well as provide the opportunity for both organisations to share ideas and best practice as they grow together.

Notes (continued)

14 Debtors

	2017 £000	<i>Restated</i> 2016 £000
<i>Amounts falling due within one year:</i>		
Trade debtors	177	106
Corporation tax	31	-
Deferred tax asset (<i>note 17</i>)	117	580
Amounts owed by group undertakings	975	1,239
Other debtors	23	40
Prepayments and accrued income	9,429	7,714
	<hr/> 10,752 <hr/>	<hr/> 9,679 <hr/>

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

15 Creditors: Amounts falling due within one year

	2017 £000	<i>Restated</i> 2016 £000
Bank loans and overdrafts	293	-
Trade creditors	1,476	2,470
Amounts owed to group undertakings	18	-
Corporation tax	-	11
Other taxation and social security	1,608	1,367
Other creditors	641	379
Accruals and deferred income	7,577	5,159
	<hr/> 11,613 <hr/>	<hr/> 9,386 <hr/>

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

16 Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Bank loans and overdrafts	440	-
Accruals and deferred income	1,969	-
	<hr/> 2,409 <hr/>	<hr/> - <hr/>

There is a fixed and floating charge over the assets of the company in favour of Lloyds Bank Plc in relation to any amounts owed to them as a bank loan or overdraft. At the year end the amount owing was £833,000. The bank loan is repayable over 10 quarterly instalments and carried interest at LIBOR +1.75%.

Notes (continued)

17 Deferred taxation

The movement in the deferred tax asset was as follows:

	2017 £000	2016 £000
At 1 January	580	1,037
Charge	(463)	(457)
At 31 December	117	580

The deferred tax asset consists of the tax effect of timing differences in respect of:

	2017 £000	2016 £000
Tangible asset timing differences	100	64
Short term timing differences	17	8
Losses	-	508
	117	580

The net deferred tax asset expected to reverse in 2018 is £9,000. This primarily relates to the unwinding of tangible asset timing differences.

18 Provisions for liabilities

A provision of £346,000 (2016: £315,000) is held in respect of claims made against the company in the normal course of business. The amount reflects all known claims where costs are likely to be incurred, and includes the costs of defending and settling claims. The balance is shown net of anticipated recoveries from professional indemnity insurance policies.

	Claims Provision £000
As at 1 January 2017	315
Additions	137
Utilised	(37)
Released	(69)
As at 31 December 2017	346

Notes (continued)

19 Called up share capital

	2017 £000	2016 £000
<i>Allotted and fully paid:</i>		
3,949,397 (2016: 3,949,397) "A" ordinary shares of £0.001 each	4	4
10,944,354 (2016: 10,944,354) "B" ordinary shares of £0.001 each	11	11
0 (2016: 2,450,000) preference shares of £1 each	-	2,450
	<u>15</u>	<u>2,465</u>

The A and B Ordinary shares hold the same rights in respect of dividends, capital and voting.

On 27 June 2017 the preference shares were cancelled and the amount by which the share capital was diminished was transferred to a capital redemption reserve.

20 Capital and other commitments

Total commitments under non-cancellable operating leases are set out below:

	2017 £000	2016 £000
Operating leases which expire:		
Not later than one year	260	75
Later than one year and not later than five years	496	4,079
Later than five years	8,175	-
	<u>8,931</u>	<u>4,154</u>

21 Related party transactions

During the year £66,000 (2016: £56,000) of management fees and expenses were invoiced to the company by Smedvig Capital UK, investors in The Move Factory Holdings Limited.

22 Controlling parties

The results of the company are consolidated within the financial statements of The Move Factory Holdings Limited, a company incorporated in England. This company is the immediate parent undertaking and its consolidated financial statements are available, by application, from the company secretary, 1 Frances Way, Grove Park, Enderby, Leicester, LE19 1SH. Smedvig Capital AS, a company incorporated in Norway, is the ultimate parent company of The Move Factory Holdings Limited group and the ultimate controlling party by virtue of its ownership of The Move Factory Holdings Limited via Smedvig QIF PLC, an Irish Umbrella Fund.