

**Stonebridge Mortgage Solutions Limited**  
**Strategic Report, Report of the Directors and**  
**Audited Financial Statements for the Year Ended 31 March 2019**



**Contents of the Financial Statements  
for the Year Ended 31 March 2019**

|   | <b>Page</b> |
|---|-------------|
| <b>Company Information</b>                      | <b>1</b>    |
| <b>Strategic Report</b>                         | <b>2</b>    |
| <b>Report of the Directors</b>                  | <b>4</b>    |
| <b>Statement of Directors' Responsibilities</b> | <b>5</b>    |
| <b>Report of the Independent Auditors</b>       | <b>6</b>    |
| <b>Statement of Comprehensive Income</b>        | <b>9</b>    |
| <b>Statement of Financial Position</b>          | <b>10</b>   |
| <b>Statement of Changes in Equity</b>           | <b>11</b>   |
| <b>Notes to the Financial Statements</b>        | <b>12</b>   |

**Stonebridge Mortgage Solutions Limited**

**Company Information  
for the Year Ended 31 March 2019**

**DIRECTORS:**

J C Carrasco  
R M Clifford  
M Cowcher  
M L Franklin

**SECRETARY:**

S K Tuck

**REGISTERED OFFICE:**

9 Lords Court  
Basildon  
Essex  
SS13 1SS

**REGISTERED NUMBER:**

05601592 (England and Wales)

**AUDITORS:**

KPMG  
St Nicholas House  
31 Park Row  
Nottingham  
NG1 6FQ

**Strategic Report  
for the Year Ended 31 March 2019**

**Introduction**

Stonebridge Mortgage Solutions Limited is one of the UK's largest mortgage networks, with growth driven by developing best-in-class systems alongside excellent customer service and highly competitive commercial terms, together with proven and experienced regulatory monitoring and supervision. The Company has grown its Appointed Representative model, with over 600 advisors in the Stonebridge network at year end.

The UK Housing market has remained steady in 2018, with transaction volumes at 1.2 million being flat against 2014 to 2017 levels. UK Finance forecasts these transactions to remain relatively flat over the next 12 to 24 months, which matches the Stonebridge Board's expectation that the market will remain subdued as consumers remain cautious while the UK negotiates the terms of its exit from the EU. The Company has seen increased proportions of remortgage and product transfer business as consumers seek to achieve rate certainty in a competitive market with rates still historically low.

**Business Review**

Stonebridge's strategy is to be the ideal home for mortgage advisors, supported by technology, regulatory process and commercial arrangements. This strategy has allowed it to grow its mortgage advisor numbers from 553 to 606 in the last financial year, with Revenues climbing in the year by around 21.8%.

Stonebridge continues to maintain healthy levels of cash and reserves to support regulatory capital requirements.

Through Revolution, the bespoke business management software wholly owned by Revolution Company (Essex) Limited (a subsidiary of Stonebridge Mortgage Solutions Limited), the Company provides its mortgage broker firms with a well-regarded system which manages lead generation and sales progression through to business processing and customer retention, as well as delivering regulatory compliance processes. Through Revolution Company (Essex) Limited's ongoing investment into this system, Stonebridge Mortgage Solutions Limited will benefit from new, market-leading functionality, thereby delivering increased productivity and efficiency to advisors and an enhanced customer journey.

**Principal Risks and Uncertainties**

The Company's revenues and profits are substantially dependent on the volume of housing transactions in the UK residential property market. During recent years, the mortgage market has been stable, but remains cyclical and subject to changes in consumer confidence. The company has a focus on retaining key partner and client relationships through high levels of customer service, which has enabled it to compete successfully in a difficult market.

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Failure to comply with regulatory requirements could result in reputational and financial damage, including withdrawal of authorisation or financial sanctions by the Financial Conduct Authority. Stonebridge Mortgage Solutions Limited maintains a robust regulatory monitoring and supervision environment. Consistent investment and its relationship with the regulator places Stonebridge in a strong position to adjust to further regulatory change.

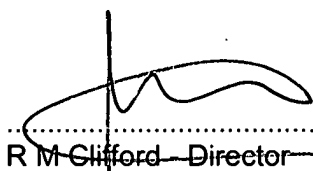
**Strategic Report  
for the Year Ended 31 March 2019**

The UK's decision to leave the European Union resulted in increased uncertainty for consumers and this has contributed to continued subdued levels of property transactions. Stonebridge Mortgage Solutions Limited expects market volumes to continue at these subdued levels until such time as more clarity around the impact of Brexit emerges.

**Financial KPIs and Other**

| <b>KPIs</b>             | <b>2019</b> | <b>2018</b> |
|-------------------------|-------------|-------------|
| Average Advisors        | 581         | 538         |
| Total Income (£'000)    | 47,558      | 39,057      |
| Operating Profit Margin | 12.6%       | 15.0%       |

**ON BEHALF OF THE BOARD:**

  
.....  
R M Clifford – Director

Date: 29/11/19 .....

**Report of the Directors  
for the Year Ended 31 March 2019**

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

**DIVIDENDS**

The profit for the year, after taxation, amounted to £7,434,000 (2018- £5,968,000).  
During the year the Company paid dividends of £7,280,000 (2018- £6,510,000).

**FUTURE DEVELOPMENTS**

We continue in our strategy to grow the business through market share gains driven by best-in-class performance.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

R M Clifford  
M Cowcher

Other changes in directors holding office are as follows:

J C Carrasco - appointed 25 June 2018  
T A Cole - resigned 30 June 2018  
M L Franklin - appointed 1 July 2018  
J S Murray - resigned 31 July 2018  
R P Adams – resigned 1 August 2019

**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

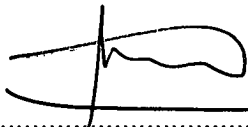
The director at the time when this Director's Report is approved has confirmed that:

- so far as is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- 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 auditor is aware of that information.

**AUDITORS**

The auditors, KPMG LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
R M Clifford - Director

Date: 29/11/19 .....

**Statement of Directors' Responsibilities  
for the Year Ended 31 March 2019**

The directors are responsible for preparing the Strategic and Directors' Reports and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's Report to the Members of Stonebridge Mortgage Solutions Limited**

### **Opinion**

We have audited the financial statements of Stonebridge Mortgage Solutions Limited (the 'company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going Concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

## **Independent Auditor's Report to the Members of Stonebridge Mortgage Solutions Limited (continued)**

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Strategic and directors' report**

The directors are responsible for the strategic and directors' reports. Our opinion on the financial statements does not cover these reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic and directors' reports and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic and directors' reports;
- in our opinion the information given in these reports for the financial year is consistent with the financial statements; and
- in our opinion the reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Responsibilities of directors**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Independent Auditor's Report to the Members of  
Stonebridge Mortgage Solutions Limited (continued)**

**Auditor's responsibilities**

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 our opinion in an auditor's report. 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 Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Louise De Lucchi (Senior Statutory Auditor)  
for and on behalf of KPMG  
St Nicholas House  
31 Park Row  
Nottingham  
NG1 6FQ

Date: 29 November 2019

**Statement of Comprehensive Income  
for the Year Ended 31 March 2019**

|  | Notes | 2019<br>£'000       | 2018<br>£'000       |
|--|-------|---------------------|---------------------|
| <b>TURNOVER</b>                                | 4     | <b>47,558</b>       | <b>39,057</b>       |
| Cost of sales                                  |       | <b>(36,978)</b>     | <b>(29,677)</b>     |
| <b>GROSS PROFIT</b>                            |       | <b>10,580</b>       | <b>9,380</b>        |
| Depreciation & amortisation                    |       | <b>(22)</b>         | <b>(15)</b>         |
| Administrative expenses                        |       | <b>(4,648)</b>      | <b>(3,514)</b>      |
| <b>OPERATING PROFIT</b>                        |       | <b>5,910</b>        | <b>5,851</b>        |
| Income from investments                        | 6     | <b>1,420</b>        | <b>590</b>          |
| Interest receivable and similar income         | 7     | <b>16</b>           | <b>15</b>           |
| <b>PROFIT BEFORE TAXATION</b>                  | 8     | <b>7,346</b>        | <b>6,456</b>        |
| Tax on profit                                  | 10    | <b>88</b>           | <b>(488)</b>        |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>           |       | <b>7,434</b>        | <b>5,968</b>        |
| <b>OTHER COMPREHENSIVE INCOME</b>              |       | <b>-</b>            | <b>-</b>            |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> |       | <b><u>7,434</u></b> | <b><u>5,968</u></b> |

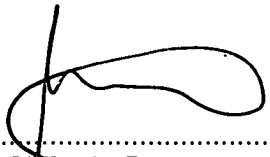
The notes form part of these financial statements

Statement of Financial Position  
31 March 2019

|  | Notes | 2019<br>£'000       | 2018<br>£'000       | 2018<br>£'000       |
|--|-------|---------------------|---------------------|---------------------|
| <b>FIXED ASSETS</b>                          |       |                     |                     |                     |
| Intangible assets                            | 12    | 100                 |                     | 100                 |
| Tangible assets                              | 13    | 23                  |                     | 31                  |
| Investments                                  | 14    | <u>1,235</u>        |                     | <u>735</u>          |
|  |       | <b>1,358</b>        |                     | <b>866</b>          |
| <b>CURRENT ASSETS</b>                        |       |                     |                     |                     |
| Debtors                                      | 15    | 3,881               | 4,132               |                     |
| Cash in hand                                 |       | <u>2,286</u>        | <u>2,545</u>        |                     |
|  |       | <b>6,167</b>        | <b>6,677</b>        |                     |
| <b>CREDITORS</b>                             |       |                     |                     |                     |
| Amounts falling due within one year          | 16    | <u>1,908</u>        | <u>2,091</u>        |                     |
| <b>NET CURRENT ASSETS</b>                    |       |                     | <b>4,259</b>        | <b>4,586</b>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |                     | <b>5,617</b>        | <b>5,452</b>        |
| <b>CREDITORS</b>                             |       |                     |                     |                     |
| Amounts falling due after more than one year | 17    |                     | (271)               | (254)               |
| <b>PROVISIONS FOR LIABILITIES</b>            | 19    |                     | <b>(2,830)</b>      | <b>(2,836)</b>      |
| <b>NET ASSETS</b>                            |       |                     | <b><u>2,516</u></b> | <b><u>2,362</u></b> |
| <b>CAPITAL AND RESERVES</b>                  |       |                     |                     |                     |
| Called up share capital                      | 20    | 11                  |                     | 11                  |
| Retained earnings                            | 21    | <u>2,505</u>        |                     | <u>2,351</u>        |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <b><u>2,516</u></b> |                     | <b><u>2,362</u></b> |

The financial statements were approved by the Board of Directors on .....  
and were signed on its behalf by:

29/11/19

  
.....  
R M Clifford - Director

**Statement of Changes in Equity  
for the Year Ended 31 March 2019**

|                                 | <b>Called up<br/>share<br/>capital<br/>£'000</b> | <b>Retained<br/>earnings<br/>£'000</b> | <b>Total<br/>equity<br/>£'000</b> |
|---------------------------------|--|--|-----------------------------------|
| <b>Balance at 1 April 2017</b>  | 11   | 2,893                                  | 2,893                             |
| <b>Changes in equity</b>        |  |  |                                   |
| Dividends                       | -  | (6,510)                                | (6,510)                           |
| Total comprehensive income      | -  | <u>5,968</u>                           | <u>5,968</u>                      |
| <b>Balance at 31 March 2018</b> | <u>11</u>  | <u>2,351</u>                           | <u>2,362</u>                      |
| <b>Changes in equity</b>        |  |  |                                   |
| Dividends                       | -  | (7,280)                                | (7,280)                           |
| Total comprehensive income      | -  | <u>7,434</u>                           | <u>7,434</u>                      |
| <b>Balance at 31 March 2019</b> | <u>11</u>  | <u>2,505</u>                           | <u>2,516</u>                      |

**Notes to the Financial Statements  
for the Year Ended 31 March 2019**

**1. STATUTORY INFORMATION**

Stonebridge Mortgage Solutions Limited (the "Company") is a company incorporated, domiciled and registered in England in the UK. The registered number is 05601592 and the registered address is 9 Lords Court, Basildon, Essex, SS13 1SS.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, SDL Property Services Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of SDL Property Services Group Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from its registered office. The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on the historical cost basis.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019**

**2. ACCOUNTING POLICIES - continued**

The company has taken advantage of the following disclosure exemptions where necessary in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 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 paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- 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;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 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 paragraphs 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;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

**Classification of financial instruments issued by the company**

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium accounts exclude amounts in relation to those shares.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019**

**2. ACCOUNTING POLICIES - continued**

**Revenue**

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Revenue is commission on the organising of the mortgage products and is recognised at the point the mortgage completes comprises on organisation of financial products.

Revenue is recognised net of a provision for the repayment of indemnity commissions. A liability is shown for the repayment of indemnity commissions which may become repayable to customers should a policy lapse within its indemnity period. A corresponding receivable is shown for the amount that the Company would recover in respect of such payments from its Appointed Representatives. Movements in the liability are presented in cost of sales and movements in the receivable are presented in revenue.

**Goodwill**

Goodwill represents the excess of the costs of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence results in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortized. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit and loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overbidding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019**

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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:

Office equipment - 25% Straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**IFRS 9 Financial Instruments**

The Company has adopted IFRS 9 with a date of initial application of 1 April 2018. The requirements of IFRS 9 represent a change from IAS 39 Financial Instruments. However the adoption of IFRS 9 does not present a significant or material impact to these statutory financial statements.

**Adopted IFRS not yet applied**

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 16 Leases (effective date 1 January 2019).

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019**

**2. ACCOUNTING POLICIES - continued**

**Impairment excluding stocks and deferred tax assets**

Policy applicable from 1 April 2018

**(i) Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**(ii) Classification and subsequent measurement**

Financial assets

**(a) Classification**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are accounted for in accordance with IFRS 9.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019**

**2. ACCOUNTING POLICIES – continued**

**(b) Subsequent measurement and gains and losses**

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Financial liabilities and equity**

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**Intra-group financial instruments**

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019**

**2. ACCOUNTING POLICIES - continued**

**(iv) Impairment**

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**Write-offs**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019**

**2. ACCOUNTING POLICIES - continued**

**Financial assets (including trade and other debtors) Pre 1 April 2018**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to group of CGU's that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis

An impairment loss in respect of goodwill is not reversed.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019**

**2. ACCOUNTING POLICIES - continued**

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Taxation**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting 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 Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that the 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 reporting date.

**Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. The directors have prepared projections for the period to 31 March 2021. These projections have been prepared using assumptions which the directors consider to be appropriate to the current financial position of the company as regards to current expected revenues and its cost base and support the going concern basis and show continued growth and strong profitability.

**Operating leases: the company as a lessee**

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

**Employee benefit costs**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019**

**2. ACCOUNTING POLICIES - continued**

**Provisions for liabilities**

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

**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.

**Non-derivative financial instruments**

Trade and other creditors

Trade and other creditors are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

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 rate.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019**

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCER**

In preparing the financial statements the director's have been required to estimate the future value of claims for lapsed policies. In doing so they have used the historic rate of lapses as a guide in combination with trends in the market place.

A provision for the repayment of indemnity commissions is included in the statement of financial position. The estimate of the provisions is by their nature judgmental and the provision for the repayment of indemnity commissions is based upon an estimate of the most likely future repayment rate. Whilst every attempt is made to ensure that the provision is as accurate as possible, there remains a risk that the provision does not match the level of indemnity commissions which will ultimately be repaid.

The directors do not believe there to be any more critical accounting judgements.

**4. TURNOVER**

The following is a description of the principal activities from which the Company generates its revenue in line with IFRS 15. For further detail on the accounting policy for the current year please see note 2.

The company generates all of its revenue from commission on organisation of financial products. Revenue is recognised at the inception of the product to which it relates as this is considered to be the point at which the performance obligation is satisfied. Cash is received in the week following recognition.

All turnover was generated in the United Kingdom. There is no deferred or accrued income on either the opening or closing balance sheet.

**5. EMPLOYEES AND DIRECTORS**

|                       | <b>2019</b>         | <b>2018</b>         |
|-----------------------|---------------------|---------------------|
|                       | <b>£'000</b>        | <b>£'000</b>        |
| Wages and salaries    | <b>2,196</b>        | <b>1,868</b>        |
| Social security costs | <b>196</b>          | <b>187</b>          |
| Other pension costs   | <b>8</b>            | <b>9</b>            |
|                       | <b><u>2,400</u></b> | <b><u>2,064</u></b> |

The average number of employees during the year was as follows:

|                | <b>2019</b>      | <b>2018</b>      |
|----------------|------------------|------------------|
| Administration | <b><u>61</u></b> | <b><u>60</u></b> |

|                         | <b>2019</b>           | <b>2018</b>           |
|-------------------------|-----------------------|-----------------------|
|                         | <b>£</b>              | <b>£</b>              |
| Directors' remuneration | <b><u>252,303</u></b> | <b><u>352,000</u></b> |

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019

5. EMPLOYEES AND DIRECTORS - continued

Information regarding the highest paid director is as follows:

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| Highest paid Director's salary (£151,600) and NI contributions (£16,180) | <u>167,780</u> | <u>132,000</u> |

The value of company's contribution paid to a defined contribution scheme in respect of the highest paid director amounted to £NIL (2018-£Nil).

6. INCOME FROM INVESTMENTS

|                             | 2019<br>£'000 | 2018<br>£'000 |
|-----------------------------|---------------|---------------|
| Dividends from subsidiaries | <u>1,420</u>  | <u>590</u>    |

7. INTEREST RECEIVABLE AND SIMILAR INCOME

|                           | 2019<br>£'000 | 2018<br>£'000 |
|---------------------------|---------------|---------------|
| Other interest receivable | <u>16</u>     | <u>15</u>     |

8. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

|                                   | 2019<br>£'000 | 2018<br>£'000 |
|-----------------------------------|---------------|---------------|
| Other operating leases            | 76            | 120           |
| Depreciation - owned assets       | 22            | 15            |
| Loss on disposal of fixed assets  | 10            | -             |
| Defined contribution pension cost | <u>8</u>      | <u>9</u>      |

9. AUDITORS' REMUNERATION

|  | 2019<br>£'000 | 2018<br>£'000 |
|--|---------------|---------------|
| Fees payable to the company's auditors for the audit of the company's financial statements | <u>13</u>     | <u>16</u>     |

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019

10. TAXATION

Analysis of tax (income)/expense

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| Current tax:  |               |               |
| Tax on profits for the year                                     | -             | 490           |
| Prior year tax credit   | (88)          | -             |
| Total current tax   | (88)          | 490           |
| Deferred tax  | -             | (2)           |
| Total tax (income)/expense in statement of comprehensive income | (88)          | 488           |

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| Profit before income tax  | 7,346         | 6,456         |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%) | 1,396         | 1,227         |
| Effects of:   |               |               |
| Expenses not deductible for tax purposes  | 16            | 6             |
| Group relief  | (1,233)       | (745)         |
| Adjustments for prior periods   | (88)          | -             |
| Income not taxable  | (181)         | -             |
| Adjustments for prior periods deferred tax  | 2             | -             |
| Tax (income)/expense  | (88)          | 488           |

Reductions in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 March 2017 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 16 September 2016. This will reduce the company's future current tax charge accordingly

11. DIVIDENDS

|                                     | 2019<br>£'000 | 2018<br>£'000 |
|-------------------------------------|---------------|---------------|
| Ordinary A shares shares of £1 each |               |               |
| Interim                             | 7,280         | 6,510         |

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019

12. INTANGIBLE FIXED ASSETS

Goodwill  
£'000

**COST**

At 1 April 2018

and 31 March 2019

100

**NET BOOK VALUE**

At 31 March 2019

100

At 31 March 2018

100

13. TANGIBLE FIXED ASSETS

Computer  
equipment  
£'000

**COST**

At 1 April 2018

Additions

92

14

At 31 March 2019

106

**DEPRECIATION**

At 1 April 2018

Charge for year

61

22

At 31 March 2019

83

**NET BOOK VALUE**

At 31 March 2019

23

At 31 March 2018

31

14. INVESTMENTS

Shares in  
group  
undertakings  
£'000

**COST**

At 1 April 2018

Additions

735

500

At 31 March 2019

1,235

**NET BOOK VALUE**

At 31 March 2019

1,235

At 31 March 2018

735

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019**

**14. INVESTMENTS - continued**

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Revolution Company (Essex) Limited**

Registered office: 9 Lords Court, Basildon, Essex, SS13 1SS

Nature of business: Software development

|                                | %<br>holding | 2019<br>£'000    | 2018<br>£'000 |
|--------------------------------|--------------|------------------|---------------|
| Class of shares:               |              |                  |               |
| Ordinary                       | 100.00       |                  |               |
| Aggregate capital and reserves |              | <b>718</b>       | 173           |
| Profit for the year            |              | <b><u>34</u></b> | <u>24</u>     |

**Stonebridge Genus Limited**

Registered office: 9 Lords Court, Basildon, SS13 1SS

Nature of business: Financial intermediation

|                                | %<br>holding | 2019<br>£'000      | 2018<br>£'000 |
|--------------------------------|--------------|--------------------|---------------|
| Class of shares:               |              |                    |               |
| Ordinary                       | 100.00       |                    |               |
| Aggregate capital and reserves |              | <b>86</b>          | 65            |
| (Loss)/profit for the year     |              | <b><u>(91)</u></b> | <u>479</u>    |

**Moneyquest Mortgage Brokers Limited**

Registered office: 3-4 Regan Way, Chetwynd Business Park, Chilwell, Nottingham NG9 6RZ

Nature of business: Mortgage broker

|                                | %<br>holding | 2019<br>£'000       | 2018<br>£'000 |
|--------------------------------|--------------|---------------------|---------------|
| Class of shares:               |              |                     |               |
| Ordinary                       | 100.00       |                     |               |
| Aggregate capital and reserves |              | <b>131</b>          | 211           |
| (Loss)/profit for the year     |              | <b><u>(195)</u></b> | <u>308</u>    |

**15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | 2019<br>£'000       | 2018<br>£'000 |
|------------------------------------|---------------------|---------------|
| Trade debtors                      | <b>887</b>          | 726           |
| Amounts owed by group undertakings | -                   | 25            |
| Other debtors                      | <b>1,754</b>        | 2,362         |
| Tax Recoverable                    | <b>210</b>          | 122           |
| Prepayments and accrued income     | <b><u>1,030</u></b> | <u>897</u>    |
|                                    | <b><u>3,881</u></b> | <u>4,132</u>  |

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019

15. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

All amounts owed by group undertakings are interest free and repayable on demand.

16. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | 2019<br>£'000 | 2018<br>£'000 |
|------------------------------------|---------------|---------------|
| Trade creditors                    | 87            | 450           |
| Amounts owed to group undertakings | 739           | 150           |
| Social security and other taxes    | 51            | 52            |
| Other creditors                    | 1,012         | 1,386         |
| Accrued expenses                   | 19            | 53            |
|                                    | <u>1,908</u>  | <u>2,091</u>  |

All amounts owed to group undertakings are interest free and repayable on demand.

17. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                              | 2019<br>£'000 | 2018<br>£'000 |
|------------------------------|---------------|---------------|
| Accruals and deferred income | <u>271</u>    | <u>254</u>    |

18. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

|                            | 2019<br>£'000 | 2018<br>£'000 |
|----------------------------|---------------|---------------|
| Within one year            | 72            | 102           |
| Between one and five years | 184           | 170           |
| In more than five years    | -             | 82            |
|                            | <u>256</u>    | <u>354</u>    |

During the year £75,735 was recognised as an expense in the income statement in respect of operating leases (2018: £119,720).

19. **PROVISIONS FOR LIABILITIES**

|                    | 2019<br>£'000 | 2018<br>£'000 |
|--------------------|---------------|---------------|
| Deferred tax       | 2             | 2             |
| Clawback provision | <u>2,828</u>  | <u>2,834</u>  |
|                    | <u>2,830</u>  | <u>2,836</u>  |

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019

19. PROVISIONS FOR LIABILITIES - continued

|   | Deferred<br>tax<br>£'000 | Clawback<br>£'000 |
|---|--------------------------|-------------------|
| Balance at 1 April 2018                                 | 2                        | 2,834             |
| Credit to Statement of Comprehensive Income during year | -                        | (6)               |
| Balance at 31 March 2019                                | <u>2</u>                 | <u>2,828</u>      |

Provision is made for repayment of indemnity commission to the product provider in the event that a policy may lapse within the indemnity period. Given the nature of these policies it is uncertain what the number and monetary value will be of any such lapses.

An asset held for the amount recoverable from advisors for any liability caused by the above is included within other debtors. As at 31 March 2019 this stood at £1,727k (2018: £2,318k) making the net liability £421k (2018: £565k).

In the current year provisions also includes the provision for cash amounts received that are owed to suppliers but cannot be paid out for regulatory reasons. In the previous year this was included within other creditors.

20. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: |                   | Nominal | 2019      | 2018      |
|----------------------------------|-------------------|---------|-----------|-----------|
| Number:                          | Class:            | value:  | £'000     | £'000     |
| 2,000                            | Ordinary A shares | £1      | 2         | 2         |
| 550                              | Ordinary B shares | £1      | 1         | 1         |
| 8,000                            | Ordinary C Shares | £1      | <u>8</u>  | <u>8</u>  |
|                                  |                   |         | <u>11</u> | <u>11</u> |

21. RESERVES

|                     | Retained<br>earnings<br>£'000 |
|---------------------|-------------------------------|
| At 1 April 2018     | 2,351                         |
| Profit for the year | 7,434                         |
| Dividends           | <u>(7,280)</u>                |
| At 31 March 2019    | <u>2,505</u>                  |

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2019**

**22. RELATED PARTY DISCLOSURES**

During the year Stonebridge Mortgage Solutions Limited paid £36k (2018: £36k) to Adams Property Investment Ltd. R Adams is a director of both companies.

The Company has taken advantage of the relief available under FRS101.8(k) in respect of Related Party Disclosures and does not disclose transactions with wholly owned entities that are fellow group companies.

**23. ULTIMATE CONTROLLING PARTY**

The company is a subsidiary undertaking of SDL Property Services Group Limited, which is also considered to be the ultimate controlling party. The results of the Company are included in the financial statements of SDL Property Services Group Limited, incorporated in England & Wales. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from 3-4 Regan Way, Chilwell, Nottingham, NG9 6RZ.

**24. 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 £8k (2018 £9k). Contributions totalling £Nil (2018 - £Nil) were payable to the fund at the balance sheet date.

**25. FINANCIAL INSTRUMENTS**

|   | <b>2019</b>         | <b>2018</b>  |
|---|---------------------|--------------|
|   | <b>£'000</b>        | <b>£'000</b> |
| Financial assets                            |                     |              |
| Debt instruments measured at amortised cost | <u><b>2,641</b></u> | <u>3,113</u> |
| Total Financial assets                      | <u><b>2,641</b></u> | <u>3,113</u> |
| Financial Liabilities                       |                     |              |
| Instruments at amortised cost               | <u><b>4,668</b></u> | <u>4,820</u> |
| Total Financial liabilities                 | <u><b>4,668</b></u> | <u>4,820</u> |

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and provision