Stonebridge Mortgage Solutions Limited (Registered number: 05601592)

Strategic Report, Report of the Directors and Audited Financial Statements for the year Ended 31 March 2021

for

Stonebridge Mortgage Solutions Limited

Stonebridge Mortgage Solutions Limited (Registered number: 05601592)

Contents of the Financial Statements
For the Year Ended 31 March 2021

Stonebridge Mortgage Solutions Limited (Registered number: 05601592)

Company Information
for the Year Ended 31 March 2021

DIRECTORS:	J C Carrasco R M Clifford M Cowcher M L Franklin C H Roe
SECRETARY:	S K Tuck
REGISTERED OFFICE:	9 Lords Court Basildon Essex SS13 1SS
REGISTERED NUMBER:	05601592 (England and Wales)
AUDITOR:	KPMG LLP St Nicholas House 31 Park Row Nottingham NG1 6FQ

Report of the directors
for the Year Ended 31 March 2021

Introduction

Stonebridge Mortgage Solutions Limited ("Stonebridge") 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 829 advisors in the Stonebridge network at year end.

The UK housing market has consistently delivered an average of 1.2 million transactions pa for a number of years, 2021 saw a 2% increase from 1.17 million transactions to 1.19 million despite the pandemic, partially helped by stamp duty land tax initiatives.

Business Review

Stonebridge's strategy is to be the ideal home for mortgage advisors working in independently-owned businesses, supported by the network's technology, regulatory process and commercial arrangements. This strategy has allowed it to grow its mortgage advisor numbers from 684 to 829 in the last financial year. Although market conditions lead to revenues falling by around 3% from 2020, 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), Stonebridge 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 ongoing investment into this system, Stonebridge benefits from new, market-leading functionality, thereby delivering risk management and increased efficiency to advisors as well as 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, buy to let activity and consumer appetite for refinancing. The UK housing market is performing well, after the unusual year in which the global pandemic had such an impact.

Clearly despite the UK having excellent levels of vaccinations and a highly buoyant housing market, there is a risk that unemployment will rise which, in turn, could impact both housing market volumes and average prices. Some impact has already been seen this year, as discussed below.

However, despite potential short-term variations in home moving, the Company also benefits from remortgage activity, which represents almost 1/3rd of the total mortgage market and has historically increased when the purchase market slows.

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 financial sanctions by the Financial Conduct Authority. Stonebridge

Mortgage Solutions Limited maintains a robust regulatory monitoring and supervision environment including a Risk Committee chaired by an independent non-executive director. Consistent investment and scale places Stonebridge in a strong position to adjust to further regulatory change.

Covid-19

Given the pandemic and consequent UK Government advice, we moved swiftly to close our physical office locations and we continue to provide all of our key support services to our mortgage broker partners by remote working. We have repeatedly communicated to staff and business partners to promote a safe approach in accordance with NHS and Government guidelines.

Our wholly owned software platform was key to being able to make sure that we and our member firms were able to continue helping pipeline customers who were arranging mortgages, general insurance or life insurance policies at the point of the Government interventions. The vast majority of our mortgage advisers across the UK made a seamless transition to home working and have successfully continued generating new clients and new business despite the lockdown and its impact.

The volume of purchase mortgages fell materially during the initial lockdown but some of that decrease was mitigated by an increase in refinancing activity. Since the lifting of the initial lockdown, quickly followed by the introduction of a temporary stamp duty holiday, trading has recovered strongly with the business now operating above pre-lockdown levels.

This has remained the case during subsequent lockdowns and changes in coronavirus rules as the housing market remained open and active throughout.

Whilst we always hold very healthy reserves over and above the Regulatory Capital requirements, to preserve cash and to protect our business for the future, we looked carefully at our cost base and implemented an immediate recruitment freeze during the first lockdown. We have also made use of the Government's Job Retention Scheme for a number of roles which had been affected by the fall in business volumes. All furloughed employees were re-introduced into the business by the end of July 2020.

Continuing levels of positive market sentiment suggest that longer term the housing market should continue to trade at c. 1.2 million transactions per annum and the business continues to maintain a scale which would be able to support this level of activity.

Report of the directors
for the Year Ended 31 March 2021

Section 172(1) Statement
The Company's Section 172(1) Statement is on pages 5-7.

Financial KPIS and Other KPIs

	2021	2020
Average Advisors	829	639
Total Income (£'000)	47,927	49,211
Operating Profit Margin	11.2%	10.9%

ON BEHALF OF THE BOARD:

....
RM Clifford - Director

Date: 3 August 2021

Report of the directors
for the Year Ended 31 March 2021

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

DIVIDENDS
The profit for the year, after taxation, amount to £5,136,000 (2020 £6,572,000).

During the year, the Company paid dividends of £2,020,000 (2020 £7,750,000).

FUTURE DEVELOPMENTS
We continue in our strategy to grow the business through the ongoing recruitment of Authorised Representatives and the use of our propriety technology solutions to support increases in productivity.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

J C Carrasco
R M Clifford
M Cowcher
M L Franklin

Other changes in directors holding office are as follows:

C H Roe – appointed 1 July 2021

SECTION 172(1) STATEMENT AND STAKEHOLDER ENGAGEMENT
The Board of Stonebridge Mortgage Solutions Limited ("the Company") consider that they have adhered to the requirements of section 172 of the Companies Act 2006 ("the Act") and have, in good faith, acted in a way that they considered would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have had regard to and recognised the importance of considering all stakeholders and other matters (as set out in s.172(1)(a-f) of the Act) in its decision-making.

The new reporting legislation around stakeholder engagement is welcomed by the Board and the commentary and table below sets out our s.172(1) statement. This statement provides details of key stakeholder engagement undertaken by the Board during the year and how it helps the Board to factor potential impacts on stakeholders in the decision-making process.

General

The Company promotes the highest standards of corporate governance. Corporate governance underpins how we conduct ourselves as a board, our culture, values, behaviours and how we do business. As a board we are conscious of the impact that our business and decision have on our direct stakeholders as well as our wider societal impact.

As part of the director induction process, the directors are briefed on their duties, including their duty under s.172 of the Act. The directors are entitled to request from the Company all such information they may reasonably require in order to be able to perform their duties as a director.

For each transaction approved by the Board discussion takes place around employee impact and impact on other stakeholders, such as customers. The relevance of each stakeholder group may vary by reference to the issue in question, so the Board seeks to understand the needs of each stakeholder group and potential conflicts as part of its decision-making. Additionally, the company secretary is on hand to provide support to the Board ensuring that sufficient consideration and time is given to stakeholder issues during these discussions.

Each year the directors deliver a forecast which includes a three-year plan prepared in accordance with the long-term strategy of the Company as part of the wider group. The directors have also acted in the long-term interest of the Company by supporting policies, behaviours and actions which promote the interest of people, customers, and other stakeholders.

Stakeholder Engagement

The table below sets our key stakeholders and provides examples of how we have engaged with them in the year, as well as demonstrating stakeholder consideration in the decision-making process.

Stakeholders	Our approach to stakeholder engagement	Stakeholder consideration in the Board's decision making
Shareholders *Our shareholders are vital to the future success of our business, as our shareholders provide funds which aid business growth.*	*Performance metrics and updates are provided by the Board to our shareholders.*	*As a Board, we aim to provide clear information to our shareholders, and being honest and transparent as to the performance of the business.* *Value is generated for the shareholders by supporting the overall group to deliver on the business plan.*
Customers *We work closely with our customers to understand their evolving needs so the Company can improve and adapt to meet them.*	*To have a strong customer focus but also understand that the best service we can offer our customers is to deliver best value.*	*Long term customer engagement is a key part of the process in developing new propositions and progressing existing ones. The Company's market growth in the last 12 months has primarily been an effect of maintaining high levels of quality service and customer engagement.* *Where customer relationships are more ad hoc Stonebridge aims to provide a consistently high quality of service at a reasonable price to fulfil customer requirements.*

Employees *Our people have a crucial role in delivering against our strategy and creating value.*	*The Company has implemented an employee survey which tracks the employees' view about the business and their connection to it.* *An employee panel comprising of representative employees from each area of the business has been formed, which enables the employees to share their views on specific topics.*	*Feedback from the employee surveys, as well as the employee panel is reviewed at Operating Board and Executive level and forms the basis of proposals and actions for senior management and the Board.*
Regulator *A good working relationship with the Financial Conduct Authority ensures the Company works to the best possible standards*	*We maintain close contact with the regulator and proactively engage on any issues where the answer is not sufficiently clear.* *Our compliance team monitor any correspondence and emerging issues flagged by the FCA in order to ensure we are fully up to date with the latest guidance*	*The head of compliance and a non-executive director focussed on compliance both attend the Company board meetings in order to have the opportunity to raise any relevant issues to the Board's decision making.* *A compliance report of any issues identified within the business is provided to each board meeting for consideration.*

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR
Pursuant to Section 487 of the Company Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

ON BEHALF OF THE BOARD:

....
RM Clifford - Director

Date: 3 August 2021

Statement of Directors' Responsibilities for the Year Ended 31 March 2021

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

Company law requires the directors to prepare 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 judgements and 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.

Stonebridge Mortgage Solutions Limited (Registered number: 05601592)

Report of the Independent Auditor 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 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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.

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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

Report of the Independent Auditor to the Members of Stonebridge Mortgage Solutions Limited

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as provision for the repayment of indemnity commissions. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited incentives, rationalizations and opportunities to fraudulently adjust revenue recognition.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of some of the Company-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors, from inspection of the Company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Stonebridge Mortgage Solutions Limited (Registered number: 05601592)

Report of the Independent Auditor to the Members of Stonebridge Mortgage Solutions Limited

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.

Directors' responsibilities

As explained more fully in their statement set out on page 8 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.

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 does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Stonebridge Mortgage Solutions Limited (Registered number: 05601592)

Report of the Independent Auditor to the Members of Stonebridge Mortgage Solutions Limited

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.

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Craig Parkin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

Date: 3 August 2021

Stonebridge Mortgage Solutions Limited (Registered number: 05601592)

Profit and Loss Account and Other Comprehensive Income
for the Year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
TURNOVER	4	**47,927**	49,211
Cost of sales		**(37,826)**	(38,700)
GROSS PROFIT		**10,101**	10,511
Depreciation and amortisation		**(133)**	(130)
Administrative expenses		**(3,836)**	(3,783)
Administrative expenses – recharges from group entities		**-**	(1,254)
Other operating income		**116**	-
OPERATING PROFIT		**6,248**	5,344
Income from investments	6	**90**	960
Interest receivable and similar income	7	**2**	11
Interest payable and similar expenses	8	**(15)**	(17)
PROFIT BEFORE TAX	9	**6,325**	6,298
Tax on profit	11	**(1,189)**	274
PROFIT FOR THE FINANCIAL YEAR		**5,136**	6,572
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,136**	6,572

The accompanying notes form part of these financial statements.

Statement of Financial Position
31 March 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
NON CURRENT ASSETS					
Intangible Assets	13		**144**		100
Tangible Assets	14		**338**		407
Investments	15		**1,235**		1,235
			1,717		1,742
CURRENT ASSETS					
Debtors (including £3,557k (2020: £1,761k) due after more than one year)	16	**6,777**		4,287	
Cash at bank and in hand		**6,648**		1,194	
		13,425		5,481	
CREDITORS					
Amounts falling due within one year	17	**(4,514)**		(2,480)	
NET CURRENT ASSETS			**8,911**		3,001
TOTAL ASSETS LESS CURRENT LIABILITIES			**10,628**		4,743
CREDITORS					
Amounts falling after more than one year	18		**(181)**		(263)
PROVISIONS FOR LIABILITIES	20		**(5,993)**		(3,142)
NET ASSETS			**4,454**		1,338
CAPITAL AND RESERVES					
Called up share capital	21		**11**		11
Retained earnings			**4,443**		1,327
SHAREHOLDERS' FUNDS			**4,454**		1,338

The financial statements were approved by the Board of Directors on 3 August 2021 and were signed on its behalf by:

....

RM Clifford - Director

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the Year Ended 31 March 2021

	Notes	Called up share capital	Retained earnings	Total equity
		£'000	£'000	£'000
Balance at 1 April 2019		11	2,505	2,516
Dividends	12	-	(7,750)	(7,750)
Total comprehensive income		-	6,572	6,572
Balance at 31 March 2020		11	1,327	1,338
Dividends	12	-	(2,020)	(2,020)
Total comprehensive income		-	5,136	5,136
Balance at 31 March 2021		11	4,443	4,454

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
for the Year Ended 31 March 2021

1. STATUTORY INFORMATION

Stonebridge Mortgage Solutions Limited (the "Company") is a private company, limited by shares, registered in England and Wales. 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, Mortgage and Surveying Services Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Mortgage and Surveying Services 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 directors do not consider there to be any judgements or key sources of estimation uncertainty in relation to the application of these accounting policies.

2. ACCOUNTING POLICIES

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The financial statements have been prepared under the historical cost convention

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

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

2. ACCOUNTING POLICIES – continued
Basis of preparation - continued

As the consolidated financial statements of Mortgage and Surveying Services Limited (formerly SDL Property Services Group Limited) include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

There are no new or amended standards becoming applicable in the near future which will have a material effect on these financial statements. Management will continue to assess the impact of new and amended Standards and Interpretations on an ongoing basis.

2. ACCOUNTING POLICIES – continued

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 ultimate controlling party, Mortgage and Surveying Services Limited, has restructured its operations in the year through the sale of the majority of its loss making property related services.

Accordingly, from 7 December 2020, the Mortgage and Surveying Services Group ("the Group") only includes those entities which are focussed on the provision of mortgage network, panel management and surveying.

While the initial effect of the first coronavirus lockdown was significant, the Group adapted quickly to allow employees to work from home, providing services remotely wherever possible. Following the end of that lockdown period the housing market has bounced back strongly in terms of both price and volume and the business has been able to deliver strong results throughout both the summer and the second national lockdown.

The group is funded by external bank debt and shareholder loan notes.

Despite the strong results subsequent to the first lockdown period, the directors took the decision to secure additional bank funding of £9.1m and additional shareholder funding of £3.5m in order to create additional working capital headroom, settle deferred liabilities arising from government and staff support during the initial lockdown and support the re-organisation of the group.

The directors have prepared detailed cash flow and covenant compliance forecasts for the group for the period of at least twelve months from the date of signing these financial statements. Net debt levels, servicing costs, working capital and covenant requirements are closely monitored and managed in accordance with the Group's objectives, policies and processes, and these have each been considered as part of these forecasts.

These forecasts have considered a severe but plausible downside scenario where there is a significant reduction in the volume of transactions across the housing market over the next 12 months, without assuming any reduction in fixed costs.

The directors note that these forecasts were prepared as part of the refinancing in December 2020 and actual results over the last three months of the financial year and subsequently have exceeded the downside scenario. The latest forecasts for the 12 month period after the approval of these accounts show an increased headroom given the Group performance has exceeded the budget prepared as part of the refinancing.

Based on the forecasts prepared; the trading since the year end; the recent Group re-structuring; the additional funding raised; and the covenant headroom provided in the updated borrowing terms, the Directors continue to believe that it remains appropriate to prepare these accounts on the going concern basis.

2. ACCOUNTING POLICIES – continued

Going Concern – continued

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 generated on the organising of financial products and is recognised at the point the mortgage completes.

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.

Government Grants

The Group has elected to present grants related to income as other operating income.

The group has utilised the Coronavirus Job Retention scheme in the year, the total amount received in the year was £116k (2020: £Nil)

2. ACCOUNTING POLICIES – continued

Classification of financial instruments issues 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.

Tangible fixed assets
Tangible fixed assets under the cost model, other than investment properties, 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
Fixtures and fittings – 25% straight line
Right-of-use assets – straight line over the term of the lease

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 Profit and Loss Account and Other Comprehensive Income.

2. ACCOUNTING POLICIES – continued

IFRS 16: Leases (See note 19)

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

2. ACCOUNTING POLICIES – continued

Leases - continued

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'creditors' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets (assets with a value of less than £5,000) and short-term leases (i.e. leases of 12 months or less). The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES – continued

Impairment excluding stocks and deferred tax assets

(a) 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.

2. ACCOUNTING POLICIES – continued

Impairment excluding stocks and deferred tax assets - continued
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.

(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

2. ACCOUNTING POLICIES – continued

Impairment excluding stocks and deferred tax assets - continued

(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.

(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.

2. ACCOUNTING POLICIES – continued

Impairment excluding stocks and deferred tax assets - continued

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

2. ACCOUNTING POLICIES – continued

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss account and Other 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.

Intangible Assets

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 probably 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.

2. ACCOUNTING POLICIES – continued

Goodwill - continued

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.

Software Development

Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

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.

Interest payable

Interest payable is charged to the Profit and Loss Account and Other Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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 Profit and Loss Account and Other 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.

2. ACCOUNTING POLICIES – continued

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 debtors
Trade and other debtors are recognised initially at fair value. Subsequently to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment loss

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

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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements the directors 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 marketplace.

Clawback accrual
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. If the clawback rate was to increase / decrease by 1% the level of provision required would increase / decrease by £120k

Unauthorised cash
A provision for cash amounts received that are owed to suppliers but cannot be paid out for regulatory reasons is included in the statement of financial position. The estimate of the future amount to be paid out is calculated by management based on historic payment rates using appropriate judgements about the likelihood of payment being made. Changes in supplier behaviour or market conditions could result in a material change to this amount.

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 income on either the opening or closing balance sheet. There is accrued income on the closing balance sheet of £2,104k (2020: £1,659k).

5. EMPLOYEES AND DIRECTORS

	2021	2020
	£'000	£'000
Wages and salaries	1,960	1,918
Social security costs	176	174
Other pension costs	61	68
	2,197	2,160

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

	2021	2020
Administrative	67	70

	2021	2020
	£'000	£'000
Directors remuneration	107	125
	107	125

Information regarding the highest paid director is as follows:

	2021	2020
	£'000	£'000
Wages and salaries	82	81

6. INCOME FROM INVESTMENTS

	2021	2020
	£'000	£'000
Dividends from subsidiaries	90	960

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£'000	£'000
Other interest receivable	2	11

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
Interest on lease liabilities	15	17

9. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2021	2020
	£'000	£'000
Depreciation	133	130
Expenses relating to short-term leases	15	16
Defined contribution pension cost	61	68

10. AUDITOR'S REMUNERATION

	2021	2020
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's financial statements	25	24

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.

11. TAXATION

Analysis of tax expense/(income)

	2021 £'000	2020 £'000
Current tax:		
Tax	**1,183**	-
Adjustments for prior year	**-**	(276)
Total current tax	**1,183**	(276)
Deferred tax (Origination and reversal of temporary difference)	**6**	2
Total tax expense / (income) in Profit and Loss Account and Other Comprehensive Income	**1,189**	(274)

Factors affecting the tax expense/(income)

The tax assessed for the year is lower (2020 – lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
Profit before income tax	**6,325**	6,298
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	**1,201**	1,197
Effects of:		
Income not taxable	**(17)**	(183)
Expenses not deductible for tax purposes	**5**	242
Group relief	**-**	(1,254)
Other differences		
Adjustments for prior periods	**-**	(276)
Tax expense / (income)	**1,189**	(274)

UK corporation rate of 25% (effective 1 April 2023) was announced on 05 March 2021 and substantively enacted on 10 June 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset/(liability) at 31 March 2021 has been calculated at 19% (2020: 19%).

12. DIVIDENDS

	2021	2020
	£'000	£'000
Ordinary A shares of £1 each		
Interim	2,020	7,750

13. INTANGIBLE ASSETS

	Software Development	Goodwill	Total
	£'000	£'000	£'000
COST			
At 1 April 2020	-	100	100
Additions	44	-	44
and 31 March 2021	44	100	144
NET BOOK VALUE			
At 31 March 2021	44	100	144
At 31 March 2020	44	100	100

14. TANGIBLE ASSETS

	Computer equipment	Fixtures and fittings	Right-of-use assets	Totals
	£'000	£'000	£'000	£'000
COST				
At 1 April 2020	106	24	490	620
Additions	-	-	64	64
At 31 March 2021	106	24	554	684
DEPRECIATION				
At 1 April 2020	91	4	118	213
Depreciation for the year	7	7	119	133
At 31 March 2021	98	11	237	346
NET BOOK VALUE				
At 31 March 2021	8	13	317	338
At 31 March 2020	15	20	372	407

For further disclosure of right-of-use assets refer to note 19.

15. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 April 2020	
And 31 March 2021	**1,235**
NET BOOK VALUE	
At 31 March 2021	**1,235**
At 31 March 2020	1,235

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

Class of shares	% holding
Ordinary	100.00

	2021 £'000	2020 £'000
Aggregate capital and reserves	**385**	552
(Loss)/profit for the year	**(167)**	(166)

Stonebridge Genus Limited
Registered office: 9 Lords Court, Basildon, Essex, SS13 1SS
Nature of business: Financial intermediation

Class of shares	% holding
Ordinary	100.00

	2021 £'000	2020 £'000
Aggregate capital and reserves	**71**	3
Profit for the year	**158**	324

15. INVESTMENTS – continued

Moneyquest Mortgage Brokers Limited
Registered office: 3-4 Regan Way, Chetwynd Business Park, Chilwell, Nottingham, NG9 6RZ
Nature of business: Mortgage broker

Class of shares	% holding
Ordinary	100.00

	2021 £'000	2020 £'000
Aggregate capital and reserves	**384**	146
Profit for the year	**237**	636

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Amounts owed by group undertakings	**34**	115
Other debtors	**4,011**	2,107
Tax recoverable	**330**	167
Prepayments and accrued income	**2,402**	1,898
	6,777	4,287

All amounts owed by group undertakings are interest free and repayable on demand. Included within other debtors is £3,557k (2020: £1,761k) expected to be recovered in more than 12 months.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Lease liabilities	**136**	118
Trade creditors	**266**	277
Amounts owed to group undertakings	**819**	511
Social security and other taxes	**72**	54
Other creditors	**2,752**	1,323
Accrued expenses	**469**	197
	4,514	2,480

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

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £'000	2020 £'000
Lease liabilities	181	263
	181	263

19. LEASING AGREEMENTS

Right-of-use assets

	Land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Balance at 31 March 2020	264	4	104	372
Additions to right-of-use assets	-	-	64	64
Depreciation charge for the year	(61)	(2)	(56)	(119)
Balance at 31 March 2021	**203**	**2**	**112**	**317**

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as tangible fixed assets (see note 14)

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	£'000
2021	
Interest expense on lease liabilities	15
Expenses relating to short-term leases	15

	£'000
2020	
Interest expense on lease liabilities	17
Expenses relating to short-term leases	16

20. PROVISION FOR LIABILITIES

	2021	2020
	£'000	£'000
Deferred tax	10	4
Clawback provision	4,791	2,191
Other provisions	1,192	947
	5,993	3,142

	Deferred tax	Clawback	Other	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2020	4	2,191	947	3,142
Provided/(Utilised) during the year	6	2,600	245	2,851
Balance at 31 March 2021	10	4,791	1,192	5,993

A clawback 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 2021 this stood at £3,557k (2020: £1,761k) making the net liability £1,234k (2020: £430k).

Other provisions includes the provision for cash amounts received that are owed to suppliers but cannot be paid out for regulatory reasons.

21. CALLED UP SHARE CAPITAL

Allotted, issued, and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£'000	£'000
10,550	Ordinary shares	£1	11	11

During the prior year the share capital was consolidated from 2,000 Ordinary A shares, 550 Ordinary B shares and 8,000 Ordinary C Shares into 10,550 Ordinary shares.

22. RELATED PARTY DISCLOSURES

During the year Stonebridge Mortgage Solutions Limited paid £12k (2020: £12k) to Adams Property Investment Ltd. R Adams was a director of both companies but resigned as a director at Stonebridge Mortgage Solutions Limited on 1 August 2019.

The Company has taken advantage of the relief available under FRS101.8(k) in respect of the Related Party Disclosure 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 Mortgage and Surveying Services Limited. The results of the Company are included in the financial statements of Mortgage and Surveying Services Limited, incorporated in England and 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. In the opinion of the directors of Mortgage and Surveying Services Limited there is no ultimate controlling party.

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 £61k (2020: £68k). Contributions totalling £8k (2020: £7k) were payable to the fund at the balance sheet date.

25. FINANCIAL INSTRUMENTS

	2021	2020
	£'000	£'000
Financial Assets		
Debt instruments measured at amortised cost	**484**	461
Financial assets measured at fair value	**6,648**	1,194
Total Financial Assets	**7,132**	1,655
Financial Liabilities		
Instruments measured at amortised cost	**3,837**	2,111
Total Financial Liabilities	**3,837**	2,111

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

Financial assets that are measured at fair value comprise cash and cash equivalents.

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