Registered number: 06074771

ZOOPLA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ZOOPLA LIMITED

COMPANY INFORMATION

Directors	C Bryant S Fletcher
Registered number	06074771
Registered office	The Cooperage 5 Copper Row London England SE1 2LH
Independent auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ

ZOOPLA LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

This Strategic report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed. The Strategic report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Company changed its year end in the prior period from 30 September to 31 December. The current reporting period of the financial statements is for the twelve months to 31 December 2021 with the comparative period being the fifteen months from 1 October 2019 to 31 December 2020, and is not directly comparable. The twelve month accounting period arises from a change to the Company's accounting reference date in order to align with its ultimate parent company.

The Directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The principal activity of Zoopla Limited (the "Company") in the year under review was that of an online property portal. The Company earns revenue from subscriptions from UK, overseas and commercial estate agents and new homes developers for displaying their properties online and other property and marketing-related services. The Company also generates revenue from other channels including advertising and data services.

Business model and strategy

Zoopla is the UK's most comprehensive property website, helping consumers to research the market and find their next home by combining hundreds of thousands of property listings with market data and local information. The principal source of revenue is the monthly subscription fees paid by our property partners to advertise their properties on our platform. We offer a variety of subscription packages each with varying levels of services. In addition, our property partners buy additional products to enhance their brand prominence.

The Company benefits from strong network effects where the more consumers who use our platform, the more attractive it is for our partners to advertise and purchase enhanced marketing products. Estate agents, letting agents and new home developers throughout the UK advertise on our platform to benefit from the high level of exposure and leads that we deliver.

On 23 April 2021, the Company purchased 100% of the issued share capital of Yourkeys Technologies Limited ("Yourkeys") for a total consideration of £20,062k. Yourkeys is a SaaS platform offering which manages the sales process of new build properties from reservation through to exchange and completion. The Company subsequently hived Yourkeys' trade and assets into the Company in December 2021 to leverage the Zoopla brand with Yourkeys' offering for a consideration of £1,616k. More detail is disclosed in note 20.

With regards to the current market uncertainty following Covid-19 pandemic ("Covid-19"), the Directors consider sufficient mitigating actions are in place and the Company continues to maintain its market position. Detailed analysis in response to Covid-19 are set out in the going concern section in the Strategic report.

Strategy and objectives

The Company is a subsidiary of ZPG Property Services Holdings UK Limited and is part of the Zephyr Midco 2 Limited Group of companies, which comprises ZPG Property Services Holdings UK Limited and its direct and indirect subsidiaries (the "Group").

The Company supports the wider strategy of the Group in its mission to provide transparency to our consumers to help them make smarter property and household decisions and deliver efficiency to our partners, helping them operate their business more effectively.

Zoopla Limited's core brands, Zoopla and PrimeLocation, attract millions of unique users each month allowing us to deliver exceptional value to our partners. During the year to 31 December 2021, we continued to invest heavily in marketing our brands and developing new products.

Key performance indicators

	12 months to 31 December 2021 £000	15 month period to 31 December 2020 £000
Revenue	**73,296**	86,999
Operating (loss) / profit	**(5,979)**	6,293
(Loss) / profit (restated) for the financial year / period	**(17,828)**	3,705

Financial performance

The Company generated £73,296k of revenue in the year (fifteen month period ended 31 December 2020 - £86,999k).

Revenue increased by 5% (comparing the twelve month period ended 31 December 2021 against the pro-rated twelve month period ended 31 December 2020) due to strong growth in the housing market following the pandemic.

The loss after tax for the year was £17,828k (period ended 31 December 2020 - profit of £3,705k - restated), before impacts from fair value investments through other comprehensive income. Profit has decreased primarily due to normalisation of spend post pandemic along with investments in marketing, staff and the Company's technology platforms aimed at driving future growth, and a partial impairment made against the carrying value of investments for one of its subsidiary entities for £12,081k. This impairment follows a change in the Group strategy to focus on the flagship 'Alto' SaaS product in the Company's sister entity and fellow subsidiary of the immediate parent entity (ZPG Property Services Holdings UK Limited).

The profit for the period ended 31 December 2020 has been restated in relation to a corporation tax error. See note 32 for more information.

Financial position

The Company's statement of financial position remains strong at 31 December 2021. Net assets at 31 December 2021 were £157,674k (2020 - £163,656k - restated). The Company ended the year with £1,559k of cash and cash equivalents (2020 - £665k).

Risk Management, Internal control and principal risks

The Company's activities expose it to several financial risks. Full details of the Group's risk management structure can be found in the Zephyr Midco 2 Limited Annual report and financial statements for the year ended 31 December 2021. These can be obtained from its registered address at The Cooperage, 5 Copper Row, London, SE1 2LH. Specific risks, their descriptions and how managed and mitigated for the Company are shown from pages 4 to 7.

Credit risk

The Company's principal financial assets are cash, trade and other receivables and accrued income. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties, and traditionally there has been a low level of bad debt for the Company.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of short-term and medium-term finance.

The Company's internal control framework is aligned to the "three lines of defence" model. Operational Management is the first line and they are primarily responsible for the direct management of risk, ensuring that appropriate mitigating controls are in place and that they are operating effectively. The second line is formed of the Company's internal governance functions such as compliance, commercial finance, legal, internal controls and risk. The third line includes other third-party advisors and experts and any other independent consultants reporting to the Board.

Risk is managed functionally and at a consolidated Group level. This structure enables the Company to ensure that risks are identified across its range of operations, including recent acquisitions. The risks are then escalated in a manner which is consistent and aligned with the strategic goals.

The Company will continue to assess its risk management processes to ensure that they remain fit for purpose.

The Company maintains a strategic risk register which is reviewed regularly by the Directors. The likelihood and impact of each risk are both scored and combined to provide an overall risk score. Each risk within the register is scored twice: firstly, excluding the existence of mitigating controls (the inherent risk score) and then again once mitigating controls have been taken into account (the residual risk score). The difference between these scores allows Management and the Directors to gain an understanding of the level of control the Company has over each risk.

The analysis contained within the risk register forms the basis of the principal risks and uncertainties detailed below. The risk factors described are not an exhaustive list or an explanation of all risks. Additional risks and uncertainties relating to the Company, including those that are not currently known to the Company or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business operations, results and/or financial condition.

Key risk	Description and impact	Management and mitigation
Macroeconomic conditions The Company derives all its material revenues from markets within the UK. The Company is therefore dependent on the macroeconomic conditions in the UK and macro factors within each of its key markets.	Changes in the UK economy could lead to changes in average property prices, the number of mortgage approvals and the volume of transactions in the UK housing market. Subsequently the marketing budgets of the Company's partners could decrease, which could reduce demand for the Company's services. Impacts from Covid-19 could see lockdowns within the UK and lead to disruption in the housing market. Whilst the pandemic has had an impact on the Company's financial performance, this was primarily due to a strategic decision made to invest in its customers through the free of charge contracts. There has been no change in the Company's business model, underlying operations or overall strategy as a result of Covid-19 and the Directors remain assured of the Company's strong financial position and prospects.	• Regularly reviewing market conditions and indicators. • Building consumer and partner brand loyalty with a business model based on subscription. • Maintaining a flexible cost base that can respond to changing conditions. • Diversifying risk by maintaining a balance between different revenue streams in order to provide protection against volatility within markets. • Investing in the web portal to enhance the estate agents' experience.
Competitive environment The Company operates in market places which are highly competitive. The actions of the Company's competitors, and/or our own inaction, can have a significant and adverse impact on the Company.	If new or existing competitors can provide, or are perceived to provide, an enhanced partner or consumer service then there is a risk to the Company's forecasted revenue. The Company invests significantly in marketing to build brand awareness and drive traffic to its website. Increased digital marketing expenditure by competitors, or general price increases, may cause the Company to incur additional marketing spend to ensure that it can continue to compete effectively.	• Ensuring partners understand the unique value proposition that can be provided through our websites, products and services. • Offering attractive and competitive pricing packages to partners. • Diversifying risk through multiple revenue streams. • Revenue is largely subscription based and is therefore less susceptible to short term fluctuations in the market.

IT systems and cyber security A failure in one system or a security breach may disrupt the efficiency and functioning of the Company's operations.	Any failure of the Company's IT infrastructure through error or attack could impair the operation of the Company's website and services, the processing and storage of data and the day-to-day management of the Company's business. In addition, any theft or misuse of data held within the Company's databases could have both reputational and financial implications for the Company.	• Regularly testing the security of the IT systems and platforms, including penetration testing and testing of Distributed Denial of Service ('DDoS') attack procedures. • Maintaining separate platforms for portals, and websites. • Restricting access to data, systems and code and ensuring all systems are secure and up to date. • Projects initiated to secure the UK government backed certification (Cyber Essentials). • Executive team training performed on ransomware scenarios.
Data hacks and PII compliance Non-compliance with data protection and related requirements could lead to significant penalties for the organisation. The Company is susceptible to an external hack which could lead to a loss of data, including personally identifiable information (PII).	Data protection entails various elements such as ensuring compliance with General Data Protection Regulation ('GDPR'), cookie laws and direct marketing. The company holds PII data in various systems, therefore any loss of data through an external or internal hack could lead to a significant financial and/ or reputational damage.	• Data protection officer ("DPO") position in the Company including a formalised privacy plan. • Training schemes coordinated related to data hacks/ governance. • Experienced IT staff in place to review the security environment. • Business Continuity Plan revisions ensuring mitigation plans are formalised in the event of a data hack.

Retention and recruitment Success depends on the continued retention and performance of the Company's valued employees. Skilled development, technical, operating, sales and marketing personnel are essential for the business to meet its strategic goals and the Company operates in markets with a high demand for high calibre personnel.	Competition for qualified talent is intense and an inability to attract highly skilled employees could adversely impact the Company's operations, financial condition or prospects. Similarly, an inability to motivate, develop and retain key team members could adversely impact the Company's operations, financial condition and prospects. The Company has a track record of growth through acquisition – an inability to retain key team members from these businesses could increase business risk in the event of reliance on their business-critical knowledge.	• Share schemes in place to improve staff retention. • Regular and ongoing learning & development activities held across the Company. • The Talent teams being resourced with experienced senior members who can drive change. • Our recruitment agency partners being well informed to positively impact the recruitment process and source the best candidates. • Careers website in place for vacancies. • New schemes launched to define purpose and behaviours. • Employee Value Proposition defined and embedded across the employee journey.
Integration of acquisitions The Company is highly acquisitive, which presents inherent operational, strategic and cultural challenges.	The inability to successfully integrate acquisitions may adversely affect consumer / or partner experience with a resulting impact on strategic opportunities and the Company's future revenues. The challenges surrounding integrating different cultures, working practices and locations could impact team retention and performance. In addition, there is the possibility that the financial and operational control environments of acquired entities are not as estalished as those of the Company.	• Centralised shared service functions across group finance, facilities, and IT. • Ongoing integration of all acquired entities into the Company reporting software. • Functions within the organisation, particularly shared services, have focused on aligning processes and systems. • Projects initiated, which are now delivering; to develop a streamlined approach across the various segments for products and technology. • Communicating the benefits of acquisitions to both partners and consumers.

Reputational and brand damage The Company operates an identifiable and respected brand which could be damaged by factors such as unethical or unlawful activity, poor customer service or negative press.	Damage to the Company's brand could lead to a fall in consumer confidence, reducing traffic and leads for the Company's partners and in turn impacting the Company's revenue. There is also a risk that the Company's partners may choose to terminate their existing relationship with the Company as a result of any reputational damage, which would directly impact the Company's revenues.	• Embedding a culture of transparency, social awareness and ethical behaviour throughout the Company. • Regularly reviewing the Company's risks and reviewing and developing internal control frameworks to mitigate the risk of error or fraud. • Executing the Company's strategy, which has both consumers and the Company's partners at its core. • Continually investing in the Company's brands.
Foreign exchange risk Potential foreign exchange volatility due to macroeconomic factors which impacts the business.	The Company is exposed to fluctuations primarily in the British Pound (GBP), the Euro (EUR) and U.S. Dollar (USD). The Company's primary cash inflows are in GBP, with some cash outflows for supplier payments in USD and EUR denomination.	• Monitoring by the Group's treasury team for foreign currency rate fluctuations. • Forward rate trading being put in place to minimise Sterling outflows on non-GBP supplier payments.

Covid-19 pandemic

At the date of approval of the annual report and financial statements some uncertainty remains in relation to the future impact that the Covid-19 pandemic will have on the global economy, and, consequently, on the Company. There have, however, been positive developments regarding the success of the UK vaccine rollout and its effectiveness against new variants of the virus, with the resulting easing of government-imposed restrictions generating increased levels of confidence throughout the wider economy.

In response to the Covid-19 pandemic, the Company offered its customers free period contracts as a strategic decision to invest in its partners through uncertain times. By February 2021, all customers had returned to full fee paying and the majority have entered into long-term contracts.

Overall, the Company's performance has been resilient throughout the pandemic to date; the Directors have implemented cash management processes in response to the uncertainty, which includes a rolling cash-flow forecast and cash sweeping arrangements are in place in order to have additional insight and availability from the wider Group's cash facilities. Additionally, the Directors have a range of mitigating actions that can be taken to both maintain the Company's operating capabilities and to enable it to meet its future liabilities as they fall due.

There has been no change in the Company's business model, underlying operations or overall strategy as a result of Covid-19 and the Directors remain assured of the Company's strong financial position and prospects.

Section s172(1) statement

The Directors of the Company consider, in the context of a constitution of a Board, that they have acted in good faith, to promote the success of the company for the benefit of its members with specific reference to Companies Act 2006 S172, in the decisions taken during the year ending 31 December 2021 including:

Shareholders

- The Directors were (and continue to be) able to perform their duty under section 172 (1) with unique and direct access to the perspectives and interests of its shareholders, who themselves fully endorse and support the importance of the Board having due regard to a broad range of matters including those referred to in section 172.
- The Directors are committed to openly engaging with its shareholders through attendance at Board meetings, so that shareholders understand the strategy and objectives of the Company.
- The Company provides regular reports and maintains regular dialogue with shareholders to ensure their involvement in the Company's decision-making.
- As per previous years the Directors approve an annual budget, prepared by senior management. The Directors are then able to monitor performance against the annual budget and plan through the year ended 31 December 2021.
- The Directors worked closely with the shareholders during the acquisitive year under review to source targets that would best add value and returns to the shareholders in the long-term.

Employees

- The Company is passionate about attracting, engaging, developing and retaining the best talent in the industry. The Company is always open to feedback and seeks to provide as many opportunities for discussion as possible.
- The Company engages through Peakon, an employee survey tool, to regularly measure employee net promoter score (eNPS) and key engagement drivers. We also have an Employee Engagement Manager who formalises and leads engagement and internal communications strategy.
- The Company has a strong focus on its employees' wellbeing and has introduced numerous schemes in the period which focus on improving mental health and specifically, to help employees adapt to new working practices caused by the Covid-19 pandemic. The Company continues its Company-wide weekly calls with members of the senior leadership team, weekly HR support calls and a working from home budget for every employee.
- As part of the Company's commitment to creating an inclusive and diverse workforce, Employee Resource Groups have been set up, providing employees with a community and a safe space to meet and support one another, and led by volunteers from across the business. The aim of these groups is to help the Company put Diversity, Equity & Inclusion (DE&I) at the heart of its decisions – be that recruitment, talent development, engagement campaigns and even within our marketing – to ensure the Company becomes more welcoming, fair and representative every day.
- The Company is one of the founding members of 'The Tech She Can Charter' commitment and also has partnerships with charities supporting people from lower socioeconomic backgrounds at the start of their careers, as well as running coaching sessions for young women on how to learn to code.
- The Company was named in the top ten for the UK's 'Winning Tech Talent' for medium-sized businesses in Hired's 2021 publication. We believe this proves our appeal as an employer of choice.

Suppliers

- The Company is committed to working with suppliers who share the Company's values. Before commencing a business relationship with a supplier, the Company will review the supplier's labour practices. The Company is committed to The Prompt Payment Code and has supported suppliers through the Covid-19 pandemic by continuing contracts which could otherwise have been terminated (such as some facilities contracts).

Customers

- The Company aims for its customers, including estate agents and new home developers to benefit from access to a highly engaged audience via the Company's market-leading property portals, generating additional revenues and delivering better service by using the Company's software and data insights. The Company has a dedicated Product and Tech team who are committed to innovating these products so that its customers have a data driven platform which will help their businesses succeed.
- The Company supported and engaged with its customers directly through the offering of free-period contracts to help them navigate the market conditions brought about by the Covid-19 pandemic.

Consumers

- The Company aims for consumers to be able to access market data with real-time alerts to make the most informed decisions about everything related to finding, moving, or managing their homes.
- The Company engaged with consumers directly by launching its biggest marketing campaign to date encouraging homeowners to discover the value of their home with the aim of encouraging consumers to look at the potential value that would give them.

Social responsibility

- The Company recognises the impact it may have on the environment as a business and as individuals, particularly and most currently, the wasteful behaviour across the globe surrounding disposable, single use plastics.
- The Company encourages positive behaviour and attitudes from within the business by providing long life, refillable and reusable options to employees and eliminating the purchase of single use plastic within the offices. Informative tools and advice are provided to all employees on how to prevent further unnecessary waste ending up in the environment and damaging ecosystems.

Regulators/Industry bodies

- The Company operates in several regulated environments. The Company therefore needs to ensure that it engages with the regulators and professional bodies to comply with all regulatory responsibilities.
- The details of the policies implemented, and their outcomes are covered in more detail in the 'Risk Management, Internal control and principal risks' section of the Strategic report.
- Led by the Board, the Company has a high-integrity culture, with appropriate policies, training and processes relating to anti bribery and corruption along with substantial business control functions such as Internal Control and Site Reliability Engineering (the latter covering Cyber Security operations).
  Corporate and social responsibility

As part of the Group, the Company's and the Group's corporate and social responsibility policies can be found in the Zephyr Midco 2 Limited Annual report and financial statements for the year ended 31 December 2021.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, the Directors have considered the financial projections of the parent company, Zephyr Midco 2 Limited, and its subsidiaries (together 'the Group'), which covers a period of 12 months from the date of signing these financial statements.

The Coronavirus crisis may have a continuing impact on the Company's operations over the next 12 months. Therefore, in order to gain comfort over the company's ability to continue as a going concern, the Directors have modelled the Group's cash flow position in relation to the current situation for the 12 months following the date of the signing of these accounts. The Group is subject to covenants under its current debt structure and throughout the cash flow forecast period there is sufficient headroom on the financial covenants that are held within an intermediate parent entity. The Group also has the ability to deliver certain cost savings to offset any short-term revenue downturns. The Group has the ability to support the Company for at least the twelve months from the date of signing of the financial statements and a letter of support has been provided by Zephyr Midco 2 Limited, an intermediate parent company, confirming to support the obligations and liabilities as and when they fall due in the twelve months following the date of signing of these financial statements.

The Directors continue to adopt the going concern basis of accounting in preparing the financial statements. The Director's consideration of uncertainties that the business will face in the next 12 months are captured within the principal risks disclosed in the Strategic report. As at the year-end of 31 December 2021, the Company has a positive cash balance of £1,559k (2020 - £665k) and net current liabilities of £31,187k (2020 - net current assets of £11,180k - restated). The company has net assets of £157,674k (2020 - £163,656k), and the cash and net asset position remains positive on the signing date of these financial statements.

Given the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing these financial statements.

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

S.Fletcher
S.Fletcher (Aug 31, 2022 17:05 GMT+1)
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S Fletcher
Director

Date: 31 August 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors

The Directors who served during the year and up to the date of this report were:

C Bryant
S Fletcher (appointed 2 August 2021, resigned 8 November 2021, re-appointed 22 December 2021)
S Glenister (resigned 8 July 2021)

Directors' indemnities and insurance

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report. The Company's parent has also arranged Directors' and officers' insurance cover in respect of legal action against the Directors of the Group. The policy includes cover for the Directors of Zoopla Limited. Neither the indemnity nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently.

Charitable and political donations

During the year to 31 December 2021, the Company made charitable donations of £13,800 (period ended 31 December 2020 - £14,231).

No political donations were made during the year to 31 December 2021 (period ended 31 December 2020 - £nil).

Research and development

The company continues to incur expenditure on research and development in order to develop new products and enhance existing offerings. The Company accounting policy for research and development is discussed in note 2 to these financial statements. The Company capitalised £10,228k (period ended 31 December 2020 - £6,822k) in relation to technology development costs.

Future developments

The Directors believe that Zoopla Limited is a sustainable business that can build on its position as the UK's most comprehensive property website, helping consumers research the market and find their next home by combining hundreds of thousands of property listings with market data and local information. Additionally, it aims to utilise the cross-sell opportunities from the wider offerings of the Group. In addition, despite the current uncertainty in relation to Covid-19, the Directors consider sufficient mitigating actions are in place and the Company will continue to maintain its market position.

The Company aims to continue its mission of being the platform of choice for consumers and partners engaged in property and household decisions. The Company will continue to innovate and actively improve current products and develop new products to further improve the consumer and partner experience. The Directors look forward to launching more innovative products and services in the year ahead.

Employees

The Company is passionate about attracting, engaging, developing and retaining the best talent in the industry and has invested significantly to improve its talent attraction and recruitment. This includes offering an extensive and varied range of benefits for every life stage and lifestyle and competitive salaries and market-leading benefits, which the Company continually monitors, reviews and evolves in response to industry changes, benchmarking exercises and employee feedback.

The Company is always open to feedback and seeks to provide as many opportunities for discussion as possible. It is vital that every employee feels they have a voice, and this is achieved through Peakon, an employee survey tool, to help the Company regularly measure employee net promoter score (eNPS) and key engagement drivers. Furthermore, there is an Employee Engagement Manager who helps to formalise and lead engagement and internal communications strategy.

The Company is focused on keeping up to date with current best practice when it comes to self-development. This is achieved by having a dedicated learning and development facility that offers a wide selection of opportunities for employees to truly optimise their potential. This includes a range of interactive soft skills workshops where employees can sign up and learn with other colleagues in a "Meet Up" style fashion as well as a large selection of self-learning materials.

Diversity and inclusion

The Directors believe that all current and future employees should have fair and equal access to all opportunities regardless of their age, sexual orientation, parental responsibilities, disability, race, nationality, ethnic origin, membership of a trade union, religion, belief or gender and this is reflected throughout all of the Company's employment policies and practices, including recruitment, selection, training, promotion, salary reviews and flexible working.

The Company's equal opportunities policy is contained in the employee handbook which is available to all employees. This sets out that it is the Company's policy to select the most qualified person for each position within the organisation and it is the Company's intent and resolve to comply with the requirements and spirit of all laws in the implementation of all facets of equal opportunity. This policy applies to all employment practices and personnel actions including, but not limited to, recruitment, selection, training, promotion, pay rates, discipline and dismissal. This includes giving full and fair consideration to applications for employment made by disabled persons and continuing the employment of, and arranging appropriate training, career development and the opportunity for promotion for, any of the Company's employees who are, or become, disabled.

Matters covered in the Strategic report

In accordance with the Companies' Act 2006, s414 (c), information in respect of business activities and principal risks are shown within the Strategic Report.

Results and dividends

The loss after tax for the year was £17,828k (period ended 31 December 2020 - profit of £3,705k - restated), before impacts from fair value investments through other comprehensive income. Profit has decreased primarily due to investments in marketing, staff and the Company's technology platforms aimed at driving future growth, and a partial impairment made against the carrying value of investments for one of its subsidiary entities for £12,081k. This impairment follows a change in the Group strategy to focus on the flagship 'Alto' SaaS product in the Company's sister entity and fellow subsidiary of the immediate parent entity (ZPG Property Services Holdings UK Limited).

The profit for the period ended 31 December 2020 has been restated in relation to a corporation tax error. See note 32 for more information.

The results of the Company are included in the in financial statements from page 19 onwards. The Company did not pay any dividends during the year to 31 December 2021 (period ended 31 December 2020 - £nil).

The Directors do not recommend a final dividend in respect of the year ended 31 December 2021.

Disclosure of information to auditor

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

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

Pursuant to section 485 of the 2006 Companies Act Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be proposed for re-appointment as auditor in the absence of an Annual General Meeting.

Post balance sheet events

On 24 February 2022, Russia initiated the invasion of Ukraine. The event and ongoing conflict has limited direct impact on the Company and its customers; however the Company continues to monitor any new risks that may arise due to the conflict.

On 29 March 2022, the Company settled its final deferred consideration payment amount and interest of £5,089k for the acquisition of Yourkeys Technology Limited.

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

S Fletcher
S.Fletcher (Aug 31, 2022 17:05 GMT+1)

S Fletcher
Director

Date: 31 August 2022

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors are responsible for preparing the Strategic Report, the Directors' Report 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZOOPLA LIMITED

Report on the audit of the Financial Statements

Opinion

In our opinion the financial statements of Zoopla Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of accounting policies (detailed in notes 1-2 of the related notes); and
- the related notes 3 to 34.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and HMRC tax legislations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included General Data Protection Regulations ('GDPR') and Financial Conduct Authority ('FCA') regulations.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it is described below:

- the valuation of accrued income and accuracy of the resulting revenue- We obtained an understanding of the revenue process, we tested the design and implementation of key controls in place to mitigate the risk of material misstatement, challenged management on the valuation of items accrued for and selected a sample of items to agree to supporting documentation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZOOPLA LIMITED

Use of our report

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.

31 August 2022 | 20:52:20 BST

Rachel Argyle (Senior statutory auditor)

for and on behalf of
Deloitte LLP

1 New Street Square
London
EC4A 3HQ
31 August 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	12 months to 31 December 2021 £000	As restated 15 months to 31 December 2020 £000
Revenue	4	**73,296**	86,999
Administrative expenses		**(79,275)**	(80,706)
Operating (loss)/profit	5	**(5,979)**	6,293
Other income	6	**-**	417
Other impairments	7	**(12,081)**	(1,576)
Finance income	11	**52**	1
Finance costs	12	**(254)**	(82)
(Loss)/profit before tax		**(18,262)**	5,053
Taxation credit / (charge)	13	**434**	(1,348)
(Loss)/profit for the financial year/period		**(17,828)**	3,705
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Fair value movements – Financial assets at fair value through other comprehensive income	18	**1,669**	(1,696)
		1,669	(1,696)
Total comprehensive (loss)/income for the year/period		**(16,159)**	2,009

The notes on pages 23 to 57 form part of these financial statements.

ZOOPLA LIMITED
REGISTERED NUMBER:06074771

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	As restated 2020 £000
Fixed assets			
Investments	14	**23,797**	34,262
Goodwill	15	**86,268**	70,793
Intangible assets	16	**18,389**	8,280
Property, plant and equipment	17	**626**	1,722
Financial assets and fair value through OCI	18	**6,218**	4,545
Loan to Group undertakings	19	**55,564**	34,964
		190,862	154,566
Current assets			
Debtors: amounts falling due within one year	21	**19,850**	36,242
Cash and cash equivalents	22	**1,559**	665
Current tax asset		**461**	1,142
		21,870	38,049
Creditors: Amounts falling due within one year			
Trade and other payables	23	**(47,587)**	(25,966)
Lease liabilities	24	**(381)**	(903)
Deferred consideration	25	**(5,089)**	-
Net current (liabilities)/assets		**(31,187)**	11,180
Total assets less current liabilities		**159,675**	165,746
Creditors: Amounts falling due after one year			
Lease liabilities	24	**(370)**	(1,293)
Provisions for liabilities			
Deferred tax liabilities	26	**(1,506)**	(547)
Provisions	27	**(125)**	(250)
		(1,631)	(797)
Net assets		**157,674**	163,656

ZOOPLA LIMITED
REGISTERED NUMBER:06074771

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 £000	As restated 2020 £000
Equity			
Called up share capital (see note 28)	28	**4**	4
Share premium account (see note 29)	29	**20,315**	20,315
Merger reserve (see note 29)	29	**67,066**	66,576
Retained earnings (see note 29)	29	**70,289**	76,761
		157,674	163,656

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 August 2022.

S Fletcher
S.Fletcher (Aug 31, 2022 17:05 GMT+1)
....
S Fletcher
Director

The notes on pages 23 to 57 form part of these financial statements.

ZOOPLA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Merger reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 1 October 2019	4	20,315	66,576	66,095	152,990
Comprehensive income for the period					
Profit for the period (restated)	-	-	-	3,705	3,705
Fair value movements	-	-	-	(1,696)	(1,696)
Total comprehensive income for the period	-	-	-	2,009	2,009
Transactions with owners					
Cash settlement of warrants	-	-	-	(367)	(367)
Capital contribution from parent company	-	-	-	7,620	7,620
Deferred tax on transitional adjustment	-	-	-	(122)	(122)
Share-based payments	-	-	-	1,526	1,526
Total transactions with owners	-	-	-	8,657	8,657
At 1 January 2021	4	20,315	66,576	76,761	163,656
Comprehensive income for the year					
Loss for the year	-	-	-	(17,828)	(17,828)
Fair value movements	-	-	-	1,669	1,669
Total comprehensive income for the year	-	-	-	(16,159)	(16,159)
Capital contribution from parent company	-	-	-	8,647	8,647
Cash settlement of warrants	-	-	-	(389)	(389)
Merger reserve increase (see note 20)	-	-	490	-	490
Share-based payments	-	-	-	1,429	1,429
Total transactions with owners	-	-	490	9,687	10,177
At 31 December 2021	4	20,315	67,066	70,289	157,674

1. General information

Zoopla Limited is a private Company limited by shares domiciled and incorporated in the United Kingdom. The address of the registered office is The Cooperage, 5 Copper Row, London, SE1 2LH. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 1 to 10.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The presentational currency of the financial statements is Pound Sterling (£).

The Company is a wholly-owned subsidiary of ZPG Property Services Holdings UK Limited and is included in the consolidated accounts of Zephyr Midco 2 Limited, comprising ZPG Property Services Holdings UK Limited and its subsidiaries (the "Group"). Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006 and these financial statements are for the Company only.

The Company has changed the presentation of its statement of financial position from the IAS 1 format to the Companies Act format, to align with other Group entities.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Impact of new international reporting standards, amendments and interpretations

There were no new IFRSs or IFRIC interpretations that were effective during the financial year beginning 1 January 2021 that have had a material impact on the Company.

The directors do not expect that the adoption of any IFRSs or IFRIC interpretations that are not yet effective will have a material impact on the financial statements of the Company in future periods, except as noted below:

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, and specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments will be applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

2. Accounting policies (continued)

2.4 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, the Directors have considered the financial projections of the parent company, Zephyr Midco 2 Limited, and its subsidiaries (together 'the Group'), which covers a period of 12 months from the date of signing these financial statements.

The Coronavirus crisis may have a continuing impact on the Company's operations over the next 12 months. Therefore, in order to gain comfort over the company's ability to continue as a going concern, the Directors have modelled the Group's cash flow position in relation to the current situation for the 12 months following the date of the signing of these accounts. The Group is subject to covenants under its current debt structure and throughout the cash flow forecast period there is sufficient headroom on the financial covenants that are held within an intermediate parent entity. The Group also has the ability to deliver certain cost savings to offset any short-term revenue downturns. The Group has the ability to support the Company for at least the twelve months from the date of signing of the financial statements and a letter of support has been provided by Zephyr Midco 2 Limited, an intermediate parent company, confirming to support the obligations and liabilities as and when they fall due in the twelve months following the date of signing of these financial statements.

The Directors continue to adopt the going concern basis of accounting in preparing the financial statements. The Director's consideration of uncertainties that the business will face in the next 12 months are captured within the principal risks disclosed in the Strategic report. As at the year-end of 31 December 2021, the Company has a positive cash balance of £1,559k (2020 - £665k) and net current liabilities of £31,187k (2020 - net current assets of £11,180k - restated). The company has net assets of £157,674k (2020 - £163,656k), and the cash and net asset position remains positive on the signing date of these financial statements.

Given the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing these financial statements.

2. Accounting policies (continued)

2.5 Revenue recognition

Revenue is recognised net of Value Added Tax ("VAT"), with the VAT liability being recognised at the date of invoice.

The main sources of revenue are subscriptions from Estate Agents ("Agency") and developers ("New Homes"), in respect of properties advertised on the Company's websites. Performance obligations are satisfied, and revenue recognised, from the point that customer has access to the platform to allow them to list their properties. Subscription revenue is spread over the life of the contract.

Customers have the option to enhance their property listings and presence on property websites through purchasing additional advertising products. For products that provide enhanced brand property exposure across a period, revenue is recognised over the life of the product from the point the customer gains access to the product. For products which are one-off use, revenue is recognised when the benefit is received by the customer at a point in time.

Where contracts include different prices through-out the life of the contract, the total contract price is calculated and spread over the contract period. Where contracts are modified during their initial term, Management have concluded that the services satisfy the criteria in IFRS 15 paragraph 22 (b) for the services to be accounted for as a series of distinct services that should be accounted for as a single performance obligation.

All revenue is generated in the United Kingdom.

2.6 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants towards staff on furlough leave are recognised as income over the periods necessary to match them with the related costs and are presented as a credit in the statement of comprehensive income within other income.

2.7 Finance income and costs

Finance income represents interest receivable on cash and deposit balances. Interest income is recognised as it accrues using the effective interest method.

Finance costs represent interest charged on bank loans and overdraft balances. Finance costs are recognised on an accruals basis using the effective interest method.

Foreign exchange gains and losses are recognised monthly based on the translation of assets and liabilities held in foreign currencies to Pound Sterling and realised gains and losses on transactions recorded in the year. The Company's principal exposure is to the US Dollar and Euro, through agreements with a number of suppliers based in the United States and Europe. The Directors are comfortable that any sensitivity to fluctuations in exchange rates would not have a material impact on the results of the Company.

2. Accounting policies (continued)

2.8 Employee benefits: defined contribution benefit scheme

The Company operates a defined contribution pension scheme which is a post-employment benefit plan under which the Company pays fixed contributions into a fund. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years. Contributions payable to the fund are charged to the statement of comprehensive income in the year to which they relate.

2.9 Share based payments

The Company provides equity-settled share-based incentive plans whereby its indirect parent company ZPG Property Services Holdings Limited grants shares or nil-cost options over its shares to employees of the Company for their employment services.

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Vesting happens over a five-year period with all shares vesting at the date of an exit event if earlier than five years. The fair value for employee-based schemes is measured using the Black-Scholes valuation model and is charged to the statement of comprehensive income over the vesting period on a straight-line basis. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Zephyr Midco 2 Limited consolidated financial statements. These can be obtained from the address stated in note 1 to these financial statements.

Employer's National Insurance contributions are accrued, where applicable, at a rate of 13.8%. The amount accrued is based on the market value of the shares after deducting the exercise price of the share option.

The Group also issues warrants over shares in ZPG Property Services Holdings Limited to a number of third parties. Fair value is determined by using discounted cashflows of the benefits accruing to the Company and charged to the statement of comprehensive income based on the expected value accrued over the life of the assets.

2. Accounting policies (continued)

2.10 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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 they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.11 Goodwill

Goodwill in these financial statements arises firstly from four historical acquisitions that were hived up to the Company in 2012. Goodwill was determined at the date of the hive-up, where the assets and liabilities of these entities were subsumed by Zoopla and Goodwill recognised as the carrying amount of the investment value in these entities at that date. Further goodwill has been recognised in the Company in 2021 in relation to the acquisition of Yourkeys Technology Limited and the subsequent hive-up into the Company for its trade and assets.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the statement of comprehensive income. Goodwill is not subject to amortisation but is tested for impairment annually and whenever the Directors have an indication that it might be impaired.

For the purposes of impairment testing, goodwill is allocated to the Zoopla Cash Generating Unit, which has been identified as the smallest group of assets that independently produce cash flow.

If the recoverable amount of the Zoopla cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.
On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Accounting policies (continued)

2.12 Other intangible assets

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

The estimated useful lives range as follows:

Database	-	over 3 to 10 years
Website development and computer software	-	over 3 to 5 years
Domain names	-	over 5 years
Customer relationships	-	over 5 to 10 years
Other software	-	over 3 years

2.13 Research and development

The Company incurs expenditure on research and development in order to develop new products.

Research expenditure is expensed in the year in which it is incurred.

Development costs are expensed when incurred unless they meet certain criteria for capitalisation. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Capitalised development costs are presented in these financial statements as additions to software assets and are only amortised once the asset is available for use at which point it is then depreciated on a straight-line basis over their expected useful economic life.

Research and Development tax credit claims made are recognised as a credit to administrative expenses in the financial year relevant to the claim.

2. Accounting policies (continued)

2.14 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. This cost includes the purchase price, directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions. Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and are not revalued.

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:

Fixtures and fittings	- over 3 to 5 years
Computer equipment	- over 2 to 5 years
Right of use assets	- over the lease term

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Leases

The Company as a lessee

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

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

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

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

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

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase

2. Accounting policies (continued)

2.15 Leases (continued)

option, in which case the lease liability is remeasured by discounting the revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

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

The right-of-use assets are included in the Property, plant and equipment line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.14.

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

The Company has made use of the practical expedient available to not recognise right-of-use assets and lease liabilities for short term leases of computer equipment that have a lease term of twelve months or less and leases of low valued assets, including IT equipment. 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)

2.16 Impairment of tangible and intangible assets

At each reporting date, the Directors review the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets are impaired.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Any impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that this increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

2.17 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 Cash and cash equivalents

The Company's cash represents amounts held in the Company's current accounts and overnight deposits that are immediately available. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.19 Financial instruments

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

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

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

IFRS 9 "Financial Instruments" prescribes the rules for recognition and measurement of financial instruments. The standard requires the use of an expected loss model when determining an appropriate provision related to trade receivables. The Company has applied this model and uses both historical analysis and macroeconomic factors in determining the resulting provisions against trade receivables.

Investments in unlisted securities not meeting the definition of associates, joint ventures or subsidiaries are classified as financial assets at fair value through other comprehensive income and are initially recorded at fair value plus transaction costs. The investments are then remeasured at each subsequent reporting date to fair value. Changes in the fair value of the unlisted securities are recognised in other comprehensive income, with the exception of impairment losses. On disposal of the asset any gains and losses recorded within other comprehensive income are realised and are reclassified to the statement of comprehensive income.

2. Accounting policies (continued)

2.19 Financial instruments (continued)

Trade and other receivables are designated as loans and receivables. They are recognised at amortised cost, which is net of any allowance for expected credit losses. This is deemed to be a reasonable approximation of their fair value. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition through detailed analysis of historical payment profiles and past default experience, as well as relevant macro-economic factors. When a trade receivable is deemed uncollectable, it is written off against the allowance account.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Trade and other payables are not interest bearing and are designated as other financial liabilities. They are recognised at their carrying amount, which is deemed to be a reasonable approximation of their fair value.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Company's ordinary shares are classified as equity instruments and are recognised at the proceeds received, net of any direct issue costs.

Financial instruments are not used for speculative purposes.

2.20 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When payments are made, they are charged to the provision carried in the statement of financial position.

Dilapidation provisions are recognised based on Management's best estimate of costs to make good the Company's leasehold properties at the end of the lease term.

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

Key sources of estimation uncertainty

Management make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Actual results may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within future periods are discussed below.

Impairment of investment
On an annual basis, the Company is required to perform an impairment review to assess whether the carrying value of its assets, including the investment asset is less than its recoverable amount. Recoverably amount is based on a calculation of expected future cash flows, which include estimates of future performance.

Impairment of goodwill and intangibles
Determining whether goodwill and intangible assets are impaired or whether a reversal of impairment of intangible assets should be recorded requires an estimation of the recoverable value, which represents the higher of fair value and value in use, of the relevant cash-generating unit. The value in use calculation requires Management to estimate the future cash flows expected to arise from the cash-generating unit discounted using a suitable discount rate to determine if any impairment has occurred. A key area of judgement is deciding the long-term growth rate and the discount rate applied to those cash flows. Refer to Note 15 for further details.

Classification of intercompany receivables as current and non-current
The determination of the portion of intercompany balances expected to be collected in the next twelve months following the year-end includes estimates based on cashflow forecasts and needs of the Company. The Directors do not expect to realise all of their intercompany receivables within the twelve months following the accounting reference date, and have therefore classified relevant intercompany balances as non-current. A change in forecasts could lead to a change in expectation in the amount to be settled in the next twelve months following the accounting reference date, as well as the portion of the non-current intercompany receivables to become current.

Accounting judgements

Accounting for warrants
The Group has historically entered into agreements with certain third parties whereby the Group offers warrants over its own shares or its subsidiaries' shares. During the prior period, the Group signed new warrant agreements with third parties and judgement is required to determine the appropriate accounting treatment. With the assistance of independent third-party experts, Management has performed an extensive exercise to demonstrate that the service provided under the warrant agreements is both distinct from the obligations under the existing commercial service agreements and that the agreements have a reliably measurable fair value. Consequently, the Directors have concluded that the warrant agreements should be accounted for under IFRS 2, as a share-based payments charge, and not as a deduction to revenue under IFRS 15.

During the prior period, the Group modified the warrants agreement with a strategic counterparty; the fair value of the agreement was increased, and term of the contract extended. As there is no specific guidance within IFRS 2 for the modification of services provided, therefore the Directors used the principles under IAS 8:10 to develop an accounting policy that results in information that is relevant and reliable. The Directors consider that there are two options in accounting for the modification – prospectively or through a cumulative catch up approach. As the modification was primarily forward-looking, the Directors made the judgement that prospectively appears to more accurately reflect the commercial substance of the arrangement.

3. Judgments in applying accounting policies (continued)

The fair value of the warrants agreement is determined by using discounted cashflows of the benefits accruing to the Group under a range of different weighted scenarios. Should equal probabilities have applied, the charge in the current period would decrease by £600k.

Share based payment charges are calculated using discounted cash flows of the accrued benefit of the Company. The share based payment is charged to the statement of comprehensive income based on the expected value accrued over the life of the instrument within the Company that the shares relate to.

Capitalisation of development time
Time spent by the Company's employees in software development is capitalised as an internally generated intangible asset when the requirements of IAS 38 and of the Company policy are both met. Management judgement is applied in the assessment of the project against the development criteria of IAS 38.

4. Revenue

Analysis of turnover by country of destination:

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
United Kingdom	**73,296**	86,999
	73,296	86,999

5. Operating (loss)/profit

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

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
Decrease in dilapidation provision	**(125)**	-
Depreciation of property, plant and equipment	**673**	940
Amortisation of intangible assets	**5,905**	4,544
Share-based payments	**9,961**	9,146
Research and development tax credits	**(170)**	(592)
Defined contribution pension cost	**1,040**	914

Amortisation charges on the Company's intangible assets are recognised in the administrative expenses line item in the statement of comprehensive income.

The total gross value of research and development expenditure in the year ended 31 December 2021 was £10,228k (period ended 31 December 2020 - £6,822k). Research and development expenditure relates to staff costs incurred in the development of new products and features.

6. Other income

	12 months to December 2021 £000	15 months to 31 December 2020 £000
Government grants	**-**	417
	-	417

Government grants relate to furlough grants received during the prior period. There were no outstanding amounts due as at 31 December 2021 (2020 - none) and no grants received during 2021.

7. Other impairments

	2021 £000	2020 £000
Impairment of investments	**12,081**	1,576
	12,081	1,576

The impairment of investments in 2021 relates to a partial write-down in Websky Limited. See note 14 for more information.

The impairment of investments in 2020 related to an intercompany balance write-off, following the disposal of the Ravensworth entity.

8. Auditor's remuneration

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**161**	100

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 (Zephyr Midco 2 Limited). These can be obtained from the address stated in note 1.

9. Employee costs

Staff costs (including Directors' remuneration) were as follows:

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
Wages and salaries	**22,341**	22,798
Social security costs	**2,834**	2,800
Cost of defined contribution scheme	**1,040**	914
Share-based payment charges	**1,429**	1,526
	27,644	28,038

The average monthly number of employees, including the Directors, during the year was as follows:

	12 months to 31 December 2021 No.	15 months to 31 December 2020 No.
Administration	**454**	367
Management	**2**	2
	456	369

10. Directors' remuneration

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
Directors' emoluments	**467**	1,820
Share-based payment charges	**-**	87
	467	1,907

The highest paid Director received remuneration, including pension contributions of £435k (2020 - £1,700k).

11. Finance income

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
Other interest receivable	**52**	1
	52	1

12. Finance costs

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
Bank interest payable	**60**	22
Interest on deferred consideration	**90**	-
Interest on lease liabilities	**104**	60
	254	82

13. Taxation (credit) / charge

	12 months to 31 December 2021 £000	As restated 15 months to 31 December 2020 £000
Corporation tax		
Current tax on profits for the year / period	**(516)**	1,992
Adjustments in respect of previous periods	**219**	(575)
Total current tax	**(297)**	1,417
Deferred tax		
Origination and reversal of timing differences	**(74)**	(141)
Adjustment in respect of prior periods	**(161)**	31
Effect of change in UK corporation tax rate	**98**	41
Total deferred tax	**(137)**	(69)
Total taxation (credit) / charge	**(434)**	1,348

See note 32 for more information on the restatement within this note.

13. Taxation (credit) / charge (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2020 - restated - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	12 months to 31 December 2021 £000	As restated 15 months to 31 December 2020 £000
(Loss)/profit before tax	**(18,262)**	5,053
(Loss)/profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**(3,470)**	960
Effects of:		
Expenses not deductible for tax purposes	**4,468**	1,798
Adjustments to tax charge in respect of prior periods	**58**	(544)
Group relief	**(1,588)**	(1,165)
Effect of change in UK corporation tax rate	**98**	41
Other movements	**-**	258
Total tax (credit) / charge for the year/period	**(434)**	1,348

See note 32 for more information on the restatement within this note.

Factors that may affect future tax charges

The Finance Act 2021, which was substantively enacted on 24 May 2021, included an increase in the main rate of UK corporation tax to 25% from 1 April 2023 from 19% as seen within the year and comparative period. This rate has been substantively enacted at the balance sheet date of 31 December 2021, and as a result, the deferred tax balances as at 31 December 2021 have been revalued.

14. Investments

	Techniweb Limited £000	Websky Limited £000	Yourkeys Technology Limited £000	Total £000
Cost or valuation				
At 1 January 2021	**2,100**	**32,162**	**-**	**34,262**
Additions	**-**	**-**	**20,062**	**20,062**
Transfers (see note 20)	**-**	**-**	**(18,446)**	**(18,446)**
At 31 December 2021	**2,100**	**32,162**	**1,616**	**35,878**
Impairment				
Charge for the year	**-**	**12,081**	**-**	**12,081**
At 31 December 2021	**-**	**12,081**	**-**	**12,081**
Net book value				
At 31 December 2021	**2,100**	**20,081**	**1,616**	**23,797**
At 31 December 2020	2,100	32,162	-	34,262

14. Investments (continued)

The investment in Websky Limited includes both the Company's investment in Websky Limited and its investment in W New Holdings Limited. W New Holdings Limited is solely a holding Company which holds 75% of the investment in Websky Limited, with no other balances in its statement of financial position.

In April 2021, the Company acquired 100% of the issued shared capital of Yourkeys Technology Limited for a total consideration of £20,062k. In December 2021, the Company hived up the trading assets and liabilities of Yourkeys Technology Limited for a consideration of £1,616k (see Note 20).

Investments in subsidiaries are valued at cost less any provision for impairment. An impairment loss is recognised when the recoverable amount of the asset is less than its carrying value. The key assumptions for the value in use calculations are those regarding discount rates, cash flow forecasts and the long-term growth rates. The post tax discount rate used for investments in Property Software businesses was 12.6%, consistent with the assumptions used by the Group. The long-term growth rate for Techniweb Limited and Websky Limited utilised was 0%, based on the Group's strategy to focus on the flagship 'Alto' SaaS product in the Property Software division.

The headroom for the investment in Techniweb Limited is £900k, hence no impairment was identified.

During the year, the Company has provided for £12,081k against its investment in Websky Limited, reducing the value of its investment to £20,081k, driven by the shift in the Group's strategy, as mentioned above.

The Group has performed a sensitivity analysis on the Weighted Average Cost of Capital ('WACC') rate utilised.

The headroom for Technicweb Limited would be removed if the pre-tax WACC increased by 7.3%. Should the pre-tax WACC increase by 0.5%, Techniweb Limited would still retain positive headroom of £900k. The Company deems this scenario highly unlikely and therefore no impairment has been recognised.

For Websky Limited, the WACC would have had to reduce by 4.75% for the impairment in the year to reverse.

The ordinary share capital of all companies listed below is held 100% directly by the Company, with an exception in respect of Websky Limited where 75% of ordinary share capital is owned by W New Holdings Limited with Zoopla Limited owning the remaining 25%.

All subsidiaries incorporated in the UK are registered at The Cooperage, 5 Copper Row, London SE1 2LH.

14. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Technicweb Limited	United Kingdom	Ordinary	100%
W New Holdings Limited	United Kingdom	Ordinary	100%
Websky Limited*	United Kingdom	Ordinary	100%
Zoopla Printing Services Limited	United Kingdom	Ordinary	100%
Yourkeys Technology Limited	United Kingdom	Ordinary	100%

*Websky Limited is 25% directly held by the Company and 75% indirectly held through its ownership of W New Holdings Limited

15. Goodwill

	2021 £000
Cost	
At 1 January 2021	**70,793**
Addition upon hive up of subsidiary	**15,475**
At 31 December 2021	**86,268**
Net book value	
At 31 December 2021	**86,268**
At 31 December 2020	70,793

Brought forward goodwill relates to historical hive ups for four entities into the Company in 2012.

The goodwill addition in the year relates to the hive up of Yourkeys Technology Limited in December 2021. See note 20 for more information.

Goodwill and intangibles are tested for impairment by comparing the carrying amount of the cash-generating unit ('CGU') with its recoverable amount, which represents the higher of its estimated fair value and value in use. An impairment loss is recognised when the carrying value of the asset exceeds its recoverable amount.

The recoverable amounts of intangible assets and goodwill are based on the value in use, which is determined using cash flow projections derived from financial plans approved by Management covering a five-year period. They reflect Management's expectations of revenue, earnings before interest, tax, depreciation and amorisation ('EBITDA') growth, capital expenditure, working capital and operating cash flows, based on past experience and future expectations of business performance. Cash flows beyond the five-year period have been extrapolated using perpetuity growth rates.

A growth rate of 4.0% has been applied to extrapolate the cash flows into perpetuity. The growth rate has been determined using the long-term historical growth rates in the technology industry and other relevant data points for the CGU. The post-tax discount rate used was 8.2%. The impairment test demonstrated significant headroom for the CGU.

The Directors are satisfied that a reasonable change in the underlying assumptions would not result in an impairment.

16. Intangible assets

	Database £000	Website development and computer software £000	Domain names £000	Other software £000	Customer relationships £000	Total £000
Cost						
At 1 January 2021	**229**	**16,895**	**1,477**	**203**	**6,091**	**24,895**
Additions	**-**	**10,228**	**-**	**-**	**-**	**10,228**
On hive up of subsidiary	**-**	**5,029**	**-**	**-**	**757**	**5,786**
At 31 December 2021	**229**	**32,152**	**1,477**	**203**	**6,848**	**40,909**
Amortisation						
At 1 January 2021	**229**	**8,689**	**1,477**	**129**	**6,091**	**16,615**
Charge for the year	**-**	**5,838**	**-**	**67**	**-**	**5,905**
At 31 December 2021	**229**	**14,527**	**1,477**	**196**	**6,091**	**22,520**
Net book value						
At 31 December 2021	**-**	**17,625**	**-**	**7**	**757**	**18,389**
At 31 December 2020	-	8,206	-	74	-	8,280

Additions relate to capitalised development costs in respect of software projects.
See note 20 for more information on intangibles arising from the acquisition of subsidiaries.

17. Property, plant and equipment

	Fixtures and fittings £000	Computer equipment £000	Right of use assets £000	Total £000
Cost or valuation				
At 1 January 2021	**236**	**706**	**3,405**	**4,347**
Additions	**1**	**-**	**65**	**66**
On hive up of subsidiary	**-**	**5**	**-**	**5**
Disposals	**-**	**-**	**(1,448)**	**(1,448)**
At 31 December 2021	**237**	**711**	**2,022**	**2,970**
Depreciation				
At 1 January 2021	**235**	**706**	**1,684**	**2,625**
Charge for the year on owned assets	**2**	**-**	**671**	**673**
Disposals	**-**	**-**	**(954)**	**(954)**
At 31 December 2021	**237**	**706**	**1,401**	**2,344**
Net book value				
At 31 December 2021	**-**	**5**	**621**	**626**
At 31 December 2020	1	-	1,721	1,722

The carrying value of vehicle and property leases at 31 December 2021 are £100k and £521k respectively (2020 - £200k and £1,521k respectively).

18. Investments held at fair value through other comprehensive income

	Total £000
At 1 January 2021	4,545
Additions	4
Fair value gain	1,669
At 31 December 2021	**6,218**
At 1 October 2019	6,205
Additions	36
Fair value (loss)	(1,696)
At 31 December 2020	**4,545**

Investments held at fair value though Other Comprehensive Income represent the Company's strategic partnerships with a number of UK Proptech and Fintech companies.

19. Loan to Group undertakings

	Total £000
At 1 January 2021 (as restated)	34,964
Additions	20,600
At 31 December 2021	55,564

Whilst the loan to Group undertakings is repayable on demand, this is intended for use on a continuing basis, and there is no intention for this to settle within the next 12 months.

See note 33 for more information on the restatement within this note.

20. Acquisition and subsequent hive up of subsidiary

On 23 April 2021, the Company completed its 100% ownership acquisition of Yourkeys Technology Limited ("Yourkeys") for £20,062k.

The consideration to the sellers of Yourkeys is settled by £15,063k cash consideration in April 2021 and £4,999k deferred consideration, payable inclusive of a nominal interest sum in March 2022.

On 31 December 2021, the trade, assets and liabilities of Yourkeys were then hived up into the Company. The Company owns 100% of the outstanding share capital of Yourkeys.

As part of the hive up transaction, £20,032k of goodwill, customer relationships and software were transferred to intangible assets (as well as £1,229k of book value intangible assets transferred), as well as the associated deferred tax liability of £1,096k and a merger reserve of £490k was subsequently created.

The transaction flow of the acquisition and subsequent hive up of Yourkeys is as follows:

	2021 £000
Consideration paid	**20,062**
Assets and liabilities acquired:	
Fair value of net assets transferred at 31 December 2021 to Zoopla Limited (see breakdown below)	**1,616**
Fair value of goodwill and other intangible assets transferred at 31 December 2021 to Zoopla Limited	**20,032**
Fair value of deferred tax liability transferred at 31 December 2021 to Zoopla Limited	**(1,096)**
	20,552
Merger reserve created (excess of assets over consideration paid)	**490**

The book value of the net assets transferred as part of the hive-up for the £1,616k was equal to the fair value, and are split as follows:

Yourkeys Assets and liabilities transferred

	Fair value £'000
Property plant and equipment	**5**
Intangible assets (Software)	**1,229**
Trade and other receivables	**477**
Trade and other payables	**(95)**
	1,616

21. Debtors: amounts falling due within one year

	2021 £000	As restated 2020 £000
Trade receivables	**5,878**	4,697
Prepayments	**1,118**	1,477
Accrued income	**3,714**	15,212
Amounts due from group undertakings	**8,514**	14,480
Other receivables	**626**	377
	19,850	36,243

The Directors consider that the carrying value of trade and other receivables is approximate to their fair value. The carrying value also represents the maximum credit exposure.

Amounts due from other Group companies do not accrue interest and are repayable on demand. The decrease in amounts owed by other Group companies was due to repayment of balances in the year. Given the profitability of the counterparties, the Directors consider the amount fully recoverable.

See note 33 for more information on the restatement within this note.

22. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	**1,559**	665
	1,559	665

In January 2022, in line with the wider Group's treasury strategy, the Company entered into a cash pooling arrangement with an intermediate parent company alongside other Group companies.

23. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade payables	**748**	2,140
Accruals	**7,217**	4,321
Deferred income	**151**	2
Other taxation and social security	**5,124**	3,924
Other creditors	**418**	142
Amounts owed to group undertakings	**33,929**	15,437
	47,587	25,966

The Directors consider that the carrying value of trade and other payables is approximate to their fair value and will be settled within the next twelve months.

Amounts owed to other Group companies do not accrue interest and are repayable on demand. The increase in amounts owed to other Group companies was due to operational activity across the Group. Given the longer term profitability of the Company, the Directors consider the amount fully payable.

24. Leases

Company as a lessee

The Company is a lessee in leases for buildings and vehicles.

Lease liabilities are due as follows:

	2021 £000	2020 £000
Current	**381**	903
Non-current	**370**	1,293
	751	2,196

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

	2021 £000	2020 £000
Interest expense on lease liabilities	**104**	60

24. Leases (continued)

Total lease payments made in the period were £1m (2020 - £1m).

The carrying value of vehicle and property leases at 31 December 2021 for Right of Use assets are £100k and £521k respectively (2020 - £200k and £1,521k respectively).

25. Deferred consideration

The fair values of the Company's liabilities in respect of deferred consideration arising on acquisitions are set out below and are considered equal to their book value.

	Deferred consideration £000	Total £000
At 1 January 2021	-	-
Additions during the year	4,999	4,999
Interest accrued	90	90
At 31 December 2021	**5,089**	**5,089**
Current	5,089	5,089
Non-current	-	-
At 31 December 2021	**5,089**	**5,089**

Acquisition breakdown

	Deferred consideration £000	Total £000
Yourkeys	5,089	5,089
At 31 December 2021	**5,089**	**5,089**

During the year end 31 December 2021, £5,089k in relation to the Yourkeys Technology Limited acquisition was accrued for (being the deferred consideration and related interest).

During the period ended 31 December 2020 the Company settled £500k of deferred consideration payments in respect of Ravensworth.

26. Deferred taxation

	2021 £000	2020 £000
At beginning of year	**(547)**	(494)
Charged to profit or loss	**137**	141
Credited to retained earnings	**-**	(122)
Arising on business combinations	**(1,096)**	-
Other movements	**-**	(72)
At end of year	**(1,506)**	(547)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	**201**	(652)
Intangible assets	**(1,809)**	-
Other	**102**	105
	(1,506)	(547)

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. Management believe that the Company will generate sufficient future profits in order to support the recognition of the deferred tax asset.

The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 £000	2020 £000
Deferred tax assets	**303**	105
Deferred tax liabilities	**(1,809)**	(652)
	(1,506)	(547)

27. Provisions

	Dilapidation provision £000
At 1 October 2019 and 1 January 2021	250
Released in 2021	(125)
At 31 December 2021	**125**

	2021 £000	2020 £000
Current	-	-
Non-current	125	250
	125	250

The Dilapidation provisions is held for the Harlequin building. The Dilapidation provision is calculated based on management's best estimate of costs to make good the Company's leasehold properties at the end of the lease term. The Company reassigned part of the Harlequin building to a third party in the year and therefore released part of the dilapidation provision accordingly.

28. Share capital

	2021 £000	2020 £000
Authorised, allotted, called up and fully paid		
41,764,246 (2020 - 41,764,246) Ordinary shares of £0.0001 each	4	4

The ordinary shares carry one vote per share and rights to dividends.

29. Reserves

Share premium account

The share premium reserve relates to any amounts received in excess of the nominal value of ordinary shares upon issue.

Merger Reserve

The merger reserve was created firstly in May 2012 from the premium on shares issued for the acquisition of The Digital Property Group Limited, and added to in 2021 from the Yourkeys Technology Limited hive-up transaction.

Retained earnings

The retained earnings reserve reflects all gains and loss not classified within any other reserve.

30. Related party transactions

In the ordinary course of business, the Company has traded with other subsidiaries of its parent company, Zephyr Holdco Limited. Advantage has been taken of the exemption permitted by FRS 101 not to disclose transactions with entities that are wholly owned by the Group. Balances with these entities are disclosed in notes 19, 21 and 23 of these financial statements.

31. Post balance sheet events

On 24 February 2022, Russia initiated the invasion of Ukraine. The event and ongoing conflict has limited direct impact on the Company and its customers; however the Company continues to monitor any new risks that may arise due to the conflict.

On 29 March 2022, the Company settled its final deferred consideration payment amount and interest of £5,089k for the acquisition of Yourkeys Technology Limited.

32. Prior year adjustment - taxation

During the year, the Company identified a taxation related error related to the prior period. The error was identified following reconciliations with the finalisation of the year-end tax adjustments to the Company's accounting systems. The Company noted a previous uncertain tax provision had been recorded as a consolidation adjustment and not processed in these standalone financial statements; this resulted in the current tax asset and tax credit being overstated in the prior period. The directors are confident that the issue has been resolved following a full reconciliation of the Company's tax position. Management have also carried out further reconciliations for all consolidated adjustments made at the Group level to ensure appropriate subsidiary postings have been pushed down.

The error has been corrected by restating the comparative figures, as detailed in the tables below:

	2020 £000
Previously stated total comprehensive income	4,164
Decrease in income tax credit	(2,155)
Restated total comprehensive income	2,009

	2020 £000
Previously stated current tax asset	3,297
Decrease in current tax asset	(2,155)
Restated current tax asset	1,142

33. Prior year adjustment - Amounts due from group undertakings

In the prior period, amounts owed by fellow group undertakings were presented as a current asset under the IAS 1 balance sheet format. This represented an error as, although repayable on demand, the expectation was that these amounts would not be repaid within twelve months of the balance sheet date. In the current year, the Companies Act balance sheet format has been adopted. Under the Companies Act format, it has been determined that these amounts owed by fellow group undertakings are fixed assets because they are intended for use on a continuing basis. The result is that £34,964k of loans to group undertakings have been reclassified from current assets and are now presented as a fixed asset.

There is no impact on net assets or the statement of comprehensive income as a result of this.

34. Controlling party

The largest group of which the Company is a member and for which group accounts are drawn up for the year ended 31 December 2021 is that of Zephyr Luxco S.a.r.l. The smallest group of which the Company is a member and for which group accounts are drawn up for the year ended 31 December 2021 is that of Zephyr Midco 2 Limited. Zephyr Midco 2 Limited is registered in England and Wales at the address below.

Copies of the report and financial statements are available from The Cooperage, 5 Copper Row, London SE1 2LH.

The consolidated financial statements of Zephyr Luxco S.a.r.l can be obtained from 2, rue Edward Steichen, L-2540 Luxembourg.

The ultimate controlling party of the Company is Silver Lake (Offshore) AIV GP V Ltd.