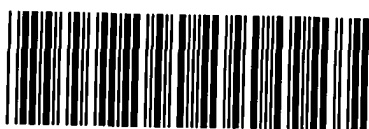


Registered number 07665812

Cybele Solutions Holdings Limited
Annual Report and Financial statements
for the year ended 31 December 2017

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Cybele Solutions Holdings Limited
Annual Report and Financial statements
For the year ended 31 December 2017

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Cybele Solutions Holdings Limited

Directors and advisers for the year ended 31 December 2017

Directors

Alastair Lyons (Resigned 4th December 2017)

Andrew Knee (Resigned 28th September 2017)

Peter Clarkson

David Livesey

Ian Crabb

Nick Chadbourne (Appointed 28th September 2017)

Company Secretary

Peter Clarkson

Registered Office

Bickerton House

Lloyd Drive

Ellesmere Port

CH65 9HQ

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Hardman Square

Manchester

M3 3EB

Solicitors

Brabners Chaffe Street

Brook House

77 Fountain Street

Manchester

M2 2EE

Bankers

Barclays Bank plc

Corporate Banking Centre

PO Box 357

Manchester

M60 2AU

Cybele Solutions Holdings Limited

Strategic Report for the year ended 31 December 2017

The Directors present their Strategic Report on the company for the year ended 31 December 2017.

Principal activities

The principal activity of the Company is as the ultimate holding company for Legal Marketing Services Limited and LMS Direct Conveyancing Limited.

Review of the Business

The UK housing and lending market continued the improvements seen in recent years, with gross lending increasing by 4% from £246.0bn in 2016 to £257.6bn in 2017, the highest annual gross lending figure since 2007. Within these totals, remortgage lending increased by 14% from £66.6bn to £75.8bn.

The development of general panel management services to lenders has been particularly significant over the last 3 years, and Legal Marketing Services Limited has invested significantly in this area, via its Panel Link service. At the start of 2015, Legal Marketing Services Limited had 1 lender customer, 12 by the end of 2015, 18 by the end of 2016, and 24 by the end of 2017 with several additional lenders committed to taking this service during 2018.

At LMS Direct Conveyancing Limited, the business has made operational improvements with the aim of returning the business to profitability. Revenue for the year to 31 December 2017 was £5.1m which represents a 4% increase in revenue from £4.9m for the year to 31 December 2016. The loss before taxation for the year reduced to £211k for the year to 31 December 2017, compared to a loss of £443k for the year to 31 December 2016.

The trading results for the year, and the Group's financial position at the end of the year, are shown in the attached financial statements. In the year ended 31 December 2017, the Group reported a profit before taxation of £2,017,574 (2016 : £980,602).

Non-financial risks

Legal Marketing Services Limited is dependent for the majority of its work on remortgage and conveyancing contracts with UK mortgage lenders. Although contracts are reviewed by lenders every few years, all the Company's major relationships extend back over a number of years. The Company must therefore continue to provide high levels of service to lenders and borrowers, so that its position as a supplier to UK mortgage lenders is not jeopardised. LMS Direct Conveyancing Limited is dependent on Legal Marketing Services Limited for the majority of its work. If Legal Marketing Services Limited were unable to renew its remortgage and conveyancing contracts with lenders, this would have a major impact on the Company.

Financial risk management

The Group's operations expose it to a variety of financial risks that include interest rate risk and credit risk. Interest rate volatility can stimulate remortgage activity, which in itself is favourable. LMS Direct Conveyancing Limited holds client balances on which it earns interest, and as such therefore is exposed to changes in the UK Base Rate and LIBOR.

The Chief Financial Officer of the Group has the responsibility for assessing the levels of such risks, and seeks to limit the adverse effects on the financial performance of the Group by monitoring the Group's exposure to movements in interest rates and general credit risk.

Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Directors are implemented by the Group's finance department.

The Group has implemented policies that require, where appropriate, credit checks on potential customers before sales are made. The majority of the Group's business is with UK mortgage lenders, which are regarded as representing limited credit risk.

Cybele Solutions Holdings Limited

Strategic Report for the year ended 31 December 2017 (Continued)

Future developments

There are no planned changes in 2017 in that the Company will continue to act as the ultimate holding company for Legal Marketing Services Limited and LMS Direct Conveyancing Limited.

UK Finance, the replacement trade body for The Council of Mortgage Lenders, forecasts that gross mortgage lending in 2018 will be £260bn, which would represent a 1% increase on 2017. UK Finance expects home mover activity in 2018 to remain flat, with remortgage activity to continue to grow, as it has done during 2017. The lending and conveyancing industry will continue to face some capacity issues in delivering this increase. The Company has introduced new suppliers to its core remortgage panel in order to mitigate some of the capacity risks.

Legal Marketing Services Limited will aim to expand the activities it carries out in the provision of property related services. The business has been very successful over the last 2 years in winning contracts for general panel management of lenders' broad legal panels of conveyancers. This will continue to be a major focus of activity and investment during 2018. The scope of services offered under general panel management will continue to expand. In addition, lenders continue to focus on their digital strategies, and the company is investing to support these initiatives.

For LMS Direct Conveyancing Limited, the key focus in 2018 will be on productivity and customer service, and supporting the wider panel operated by Legal Marketing Services Limited. In doing this, the Directors recognise that profitability may well have to be sacrificed in order to provide contingent capacity to the wider LMS group.

Key Performance Indicators.

The Directors measure the performance of the Group using a number of key performance indicators (KPIs). The most significant ones are as follows:

- number of instructions (2017: 300k, 44% higher than 209k in 2016)
- number of completions
- average gross profit by business stream by introducer
- average timescales from instruction to completion
- proportion of cancellations relative to instructions
- average instructions per sales manager
- month on month movement in instructions by introducer type
- number of justified complaints relative to instruction levels

Most of the Group's major introducers are under long term contracts. As a result, the average gross profit by business stream has been consistent with previous years, and in line with contractual terms. The performance on instructions to completions on remortgage is satisfactory, and remains within the contractual terms agreed with introducers. Justified complaint levels relative to instruction levels remain within contractually agreed service standards.

By order of the Board



Peter Clarkson

Company Secretary
25th September 2018

Cybele Solutions Holdings Limited

Directors' report for the year ended 31 December 2017

The Directors present their report and the audited financial statements of the Group for the year to 31 December 2017.

Future developments

An indication of the likely future developments of the business is included in the Strategic Report on pages 2 to 3.

Dividends

The Company did not pay a dividend in 2017 (2016: nil).

Financial risk management

Financial risk management is described in the Strategic Report on pages 2 to 3.

Directors

The directors of the Company who served during the year and to the date of this report are:

Alastair Lyons (Resigned 4th December 2017)

Andrew Knee (Resigned 28th September 2017)

Peter Clarkson

David Livesey

Ian Crabb

Nick Chadbourne (Appointed 28th September 2017)

Directors' indemnities

The Company maintained throughout the year, and at the date of approval of the Financial Statements, liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

Cybele Solutions Holdings Limited

Directors' report for the year ended 31 December 2017 (Continued)

Statement of directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006 the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



Peter Clarkson

Company Secretary

25th September 2018

Cybele Solutions Holdings Limited

Independent auditors' report to the members of Cybele Solutions Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Cybele Solutions Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial statements (the "Annual Report"), which comprise: the Consolidated statement of financial position and the Company statement of financial position as at 31 December 2017; the Consolidated income statement, the Consolidated cash flow statement, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Cybele Solutions Holdings Limited

Independent auditors' report to the members of Cybele Solutions Holdings Limited (Continued)

If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Cybele Solutions Holdings Limited

Independent auditors report to the members of Cybele Solutions Holdings Limited (Continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jonathan Studholme

Jonathan Studholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

25 September 2018

Cybele Solutions Holdings Limited

Consolidated income statement for the year ended 31 December 2017

	Note	Year ended 2017 £	Year ended 2016 £
Revenue	2	29,655,105	20,334,147
Cost of sales		(17,406,463)	(10,293,154)
Gross profit		12,248,642	10,040,993
Administrative expenses		(10,235,812)	(9,067,653)
Operating profit	3	2,012,830	973,340
Finance income	6	4,744	7,262
Profit before taxation	7	2,017,574	980,602
Tax on profit	7	(421,686)	(232,200)
Profit for the financial year		1,595,888	748,402

The notes on pages 14 to 30 form an integral part of these financial statements.

All results presented above relate to continuing operations.

Cybele Solutions Holdings Limited

Consolidated statement of financial position as at 31 December 2017

	Note	31 December 2017 £	31 December 2016 £
Fixed assets			
Goodwill	9	1,680,889	1,805,399
Intangibles	11	870,961	-
Property, plant and equipment	10	305,835	300,392
		2,857,685	2,105,791
Current assets			
Debtors	12	13,736,491	8,229,321
Cash		1,853,375	2,324,464
		15,589,866	10,553,785
Creditors: Amounts falling due within one year	13	(12,580,690)	(8,388,603)
Net current assets		3,009,176	2,165,182
Total assets less current liabilities		5,866,861	4,270,973
Net assets		5,866,861	4,270,973
Equity			
Called up share capital	15	108	108
Merger reserve		1,999,892	1,999,892
Profit and loss account		3,866,861	2,270,973
Total shareholders' funds		5,866,861	4,270,973

The financial statements on pages 9 to 30 were approved by the board of directors on 25th September 2018 and were signed on its behalf by:



Peter Clarkson
Director



Nick Chadbourne
Director

Cybele Solutions Holdings Limited

Company statement of financial position as at 31 December 2017

	Note	31 December 2017 £	31 December 2016 £
Fixed assets			
Investments	8	2,113,725	2,113,725
Current assets			
Debtors	11	5,540,000	5,540,000
		5,540,000	5,540,000
Creditors: Amounts falling due within one year	13	(5,590,074)	(5,590,074)
Net current liabilities		(50,074)	(50,074)
Total assets less current liabilities		2,063,651	2,063,651
Net assets		2,063,651	2,063,651
Equity			
Called up share capital	15	108	108
Merger reserve		1,999,892	1,999,892
Profit and loss account brought forward		63,651	63,651
Result for the year		-	-
Total shareholders' funds		2,063,651	2,063,651

The financial statements on pages 9 to 30 were approved by the Board of directors on 25th September 2018 and were signed on its behalf by:



Peter Clarkson
Director



Nick Chadbourne
Director

Registered number: 07665812

Cybele Solutions Holdings Limited

Consolidated and Company statements of changes in equity for the year ended 31 December 2017

Group	Called up share capital	Merger Reserve	Profit and Loss Account	Total shareholders' funds
	£	£	£	£
At 1 January 2016	108	1,999,892	1,522,571	3,522,571
Profit for the financial year and total comprehensive income	-	-	748,402	748,402
At 31 December 2016	108	1,999,892	2,270,973	4,270,973
At 1 January 2017	108	1,999,892	2,270,973	4,270,973
Profit for the financial year and total comprehensive income	-	-	1,595,888	1,595,888
At 31 December 2017	108	1,999,892	3,866,861	5,866,861

Company	Called up share capital	Merger Reserve	Profit and Loss Account	Total shareholders' funds
	£	£	£	£
At 1 January 2016	108	1,999,892	63,651	2,063,651
Profit for the financial year and total comprehensive income	-	-	-	-
At 31 December 2016	108	1,999,892	63,651	2,063,651
At 1 January 2017	108	1,999,892	63,651	2,063,651
Result for the financial year and total comprehensive income	-	-	-	-
At 31 December 2017	108	1,999,892	63,651	2,063,651

Merger reserve comprises of credit on issue of shares. The group has taken the exemption, under Section 612 of the Companies Act 2006, from having to recognise a share premium on the difference between the fair value of the shares issued and their nominal value. Accordingly, the value over and above the nominal value of the shares issued has been credited to a merger reserve.

Cybele Solutions Holdings Limited

Consolidated cash flow statement for the year ended 31 December 2017

	Note	Year ended 2017 £	Year ended 2017 £	Year ended 2016 £	Year ended 2016 £
Net cash inflow from operating activities	17	962,123		957,318	
Interest received		4,744		7,262	
Interest paid		-		-	
Taxation paid		(328,528)		(243,716)	
Net cash generated from operating activities			638,339		720,864
Cash flow from investing activities					
Payments to acquire property, plant and equipment		(1,109,427)		(269,712)	
Proceeds from sale of property, plants and equipment		-		-	
Net cash used in investing activities			(1,109,427)		(269,712)
Cash flow from financing activities					
Dividend paid			-		-
Loan notes redeemed			-		-
Net cash generated from financing activities			-		-
Net (decrease) / increase in cash and cash equivalents			(471,088)		451,152
Cash and cash equivalents at the beginning of the year			2,324,464		1,873,312
Cash and Cash equivalents at the end of the year			1,853,376		2,324,464

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017

1. Accounting policies

General information

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Bickerton House, Lloyd drive, Ellesmere Port, CH65 9HQ.

The principal activity of the Company is as the ultimate holding company for Legal Marketing Services Limited and LMS Direct Conveyancing Limited.

Statement of compliances

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

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost and in accordance with applicable accounting standards and the Companies' Act 2006 and applicable Accounting Standards in the United Kingdom.

The Group financial statements consolidate the financial statements of Cybele Solutions Holdings Limited and its subsidiary undertakings drawn up to 31 December each year. The results for the subsidiary undertakings acquired are consolidated from or to the date on which control passed. Acquisitions are accounted for under the acquisitions method.

The Group has taken advantage of the transition exemption under paragraph 35.10(f) of FRS 102 in respect of using a previous existing carrying value of investments in subsidiaries at, or before, the date of transition to FRS 102 as its deemed cost.

No income statement is presented for Cybele Solutions Holdings Limited as provided by section 408 of the Companies Act 2006. The Company's result for the financial year, determined in accordance with the Act, was nil.

Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- (i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- (ii) from the requirement to present financial instrument disclosures, as required by FRS 102 paragraphs 11.39 to 11.48A, paragraphs 12.26 and 12.29;
- (iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv); and

Revenue

Revenue represents the amounts derived from the provision of goods and services falling within the Group's activities after deduction of trade discounts and value added tax. All revenue is generated within the United Kingdom. For remortgage work, revenue represents the total fee received by Legal Marketing Services Limited from a lender, after deduction of VAT. For transactional work, revenue represents the total marketing fee charged by Legal Marketing Services Limited to third parties who carry out legal work, after deduction of VAT. For LMS Direct Conveyancing Limited remortgage work, revenue represents the total fee received from Legal Marketing Services Limited after deduction of VAT, plus any interest earned on mortgage advances.

Revenue is recognised at the point of the completion of a remortgage or transactional case.

Operating lease agreements

Rentals paid under operating leases are charged to income on a straight line basis over the life of the agreement.

The group has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting policies (continued)

Foreign currencies

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Employee benefits

The group provides a range of benefits to employees, including defined contribution pension plans and holiday pay.

Short term benefits

Short-term employee benefits such as salaries and compensated absence are recognised as an expense in the year employees render services to the group. A liability is recognised at each reporting date to the extent that employee holiday allowance has been accrued but not taken, the expense being recognised as staff costs in the income statement.

Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge disclosed in note 4 represents contributions payable by the group to the fund.

Contributions are also made to the personal plans of employees. The expenditure is charged to the income statement as incurred.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case tax is also recognised directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting policies (continued)

Taxation (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and that result in an obligation to pay more tax in the future or right to pay less tax in the future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Property, Plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment	3 years
Fixtures and fittings	3 years
Motor vehicles	3 years
Computers	3 years

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in income statement.

Intangible Assets

Intangible assets relate to internal costs that are directly attributable to the development of software utilised within the business. As at the balance sheet date the estimated useful lives of intangible assets are as follows:

Computer software	3 years
-------------------	---------

Business Combination – Goodwill

Goodwill arising on acquisitions and representing the excess of consideration over fair value of assets/liabilities acquired, is amortised over 20 years, being the Directors' estimate of its useful economic life. The benefit of such acquisition will accrue to the entity for over 20 years hence it is justified to amortise goodwill over the aforesaid tenure.

The group has taken advantage of the exemption under paragraph 35.10(a) of FRS 102 and have elected not to apply Section 19 Business Combinations and Goodwill to business combinations that were effected before the date of transition to this FRS.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's

Impairment of non-financial assets (continued)

continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation thereafter any excess is income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

Financial instruments

The group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

a) Financial assets

Basic financial assets, including trade receivables and cash, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in income statement.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the income statement, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting policies (continued)

Financial instruments (continued)

b) Financial liabilities

Basic financial liabilities, including trade payables and short term loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The group does not hold or issue derivative financial instruments.

c) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting policies (continued)

Critical accounting judgements and key source of estimation uncertainty (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Useful economic lives of property, plant and equipment.

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of property, plant and equipment and note 1 for the useful economic lives for each class of asset.

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

2 Revenue

All revenue is derived from one class of business, being property related services, and is wholly derived in the United Kingdom.

3 Operating profit

Operating profit is stated after charging:

	Year ended 2017 £	Year ended 2016 £
Depreciation of property, plant and equipment		
- owned assets	179,830	224,785
Amortisation of intangibles		
-software	53,193	-
Auditors' remuneration		
- as auditors	33,533	38,149
- for non audit services	14,240	6,825
Operating lease charges	145,194	145,554
Amortisation of goodwill	124,510	124,510

4 Particulars of employees

The average monthly number of persons (including Directors) employed by the company during the year was:

By activity	Year ended 2017 Number	Year ended 2016 Number
Administration	219	207
Staff costs	2017 £	2016 £
Wages and salaries	5,874,445	5,310,709
Social security costs	552,316	486,856
Other pension costs	30,161	49,971
Total Staff Costs	6,456,922	5,847,536

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

5 Directors' emoluments

The Directors' aggregate emoluments in respect of qualifying services were:

	Year ended 2017 £	Year ended 2016 £
Aggregate emoluments	410,802	315,043

Directors' emoluments are paid by its group entity, Legal Marketing Services Limited. The emoluments of the highest paid Director were £189,842 (2016 : £173,533)

6 Finance income

	Year ended 2017 £	Year ended 2016 £
Bank interest receivable	4,744	7,262

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

7 Tax on profit

	Year ended 2017 £	Year ended 2016 £
Current tax		
Corporation tax based on the results for the year at 19.25% (2016: 20 %)	374,775	217,835
Adjustments in respect of prior years	(32)	4,494
Total current tax	374,743	222,329
Deferred tax		
Deferred tax charge	46,943	9,871
Total deferred tax	46,943	9,871
Tax on profit	421,686	232,200
<hr/>		
Profit before taxation	2,017,574	980,602
Profit multiplied by the standard rate of 19.25% (2016: 20%)	388,314	196,120
Effects of:		
Expenses not deductible for tax purposes	40,403	34,085
Re-measurement of deferred tax – change in UK tax rate	(6,999)	1,470
Adjustments in respect of prior years	(32)	525
Total tax charge for the year	421,686	232,200

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements.

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

8 Investments

Company	2017	2016
	£	£
Investments in subsidiary undertakings	<u>2,113,725</u>	<u>2,113,725</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

	Country of incorporation	Principle business	% Ownership
Cybele Solutions Limited Bickerton House, Lloyd Drive, Ellesmere Port, CH65 9HQ	England	Holding company for the two trading companies below	100%
Legal Marketing Services Limited Bickerton House, Lloyd Drive, Ellesmere Port, CH65 9HQ	England	Provision of legal services	100%
LMS Direct Conveyancing Limited Bickerton House, Lloyd Drive, Ellesmere Port, CH65 9HQ	England	Provision of legal services	100%

Cost represents the fair value of the shares acquired settled in a share for share exchange, plus professional fees. The investment has been recorded in the Company's equity by applying the relief prescribed by Section 612 of the Companies Act 2006, with the excess over and above the nominal value of the shares issued taken to a merger reserve.

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

9 Goodwill

Group	2017 £
Cost:	
At 1 January 2017	2,490,204
At 31 December 2017	2,490,204
Aggregate amortisation:	
At 1 January 2017	684,805
Charge for the year	124,510
At 31 December 2017	809,315
Net book amount:	
At 31 December 2017	1,680,889
At 31 December 2016	1,805,399

The goodwill arising on the acquisition of Cybele Solutions Limited is being amortised on a straight line basis over 20 years. This is the Directors' estimate of its useful economic life. The benefit of such acquisition will accrue to the entity for over 20 years hence it is justified to amortise goodwill over the aforesaid tenure.

10 Property, plant and equipment

Cost or valuation	Equipment £	Fixtures and Fittings £	Motor Vehicles £	Computers £	Total £
At 1 January 2017	170,966	255,977	9,599	479,975	916,517
Additions	87,511	25,353	-	72,409	185,273
At 31 December 2017	258,477	281,330	9,599	552,384	1,101,790
Accumulated Depreciation					
At 1 January 2017	119,551	212,628	9,599	274,347	616,125
Charge for the year	42,568	36,121	-	101,141	179,830
At 31 December 2017	162,119	248,749	9,599	375,488	795,955
Net book value					
At 31 December 2017	96,358	32,581	-	176,896	305,835
At 31 December 2016	51,415	43,349	-	205,628	300,392

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

11 Intangibles

Cost or valuation	Software	Total
	£	£
At 1 January 2017	-	-
Additions	924,154	924,154
At 31 December 2017	924,154	924,154
Accumulated Depreciation		
At 1 January 2017	-	-
Charge for the year	53,193	53,193
At 31 December 2017	53,193	53,193
Net book value		
At 31 December 2017	870,961	870,961
At 31 December 2016	-	-

12 Debtors

	Group	Company	Group	Company
	2017	2017	2016	2016
	£	£	£	£
Trade debtors	2,271,893	-	989,144	-
Amounts owed by Group undertakings	-	5,540,000	-	5,540,000
Client account	8,616,932	-	5,291,807	-
Other debtors	2,561	-	1,820	-
Deferred tax asset (Note 13)	12,274	-	50,105	-
Prepayments	627,425	-	503,270	-
Accrued income	2,205,406	-	1,393,175	-
Total receivables	13,736,491	5,540,000	8,229,321	5,540,000

The amounts owed by Group undertakings are unsecured, have no fixed date of repayment and are not considered impaired. The balance is not interest bearing and is not expected to be repaid within one year.

Client account represents client account bank balances with a corresponding amount within trade payables (see Note 12).

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

13 Creditors: Amounts falling due within one year

	Group	Company	Group	Company
	2017	2017	2016	2016
	£	£	£	£
Client account	8,616,932	-	5,291,807	-
Trade creditors	1,098,305	-	861,751	-
Amounts owed to Group undertakings	-	5,590,074	-	5,588,667
Corporation tax payable	117,861	-	71,646	-
Other taxation and social security	626,744	-	573,574	-
Other creditors	6	-	88,416	(93)
Deferred tax liability (Note 13)	9112	-	-	-
Accruals and deferred income	2,111,730	-	1,501,409	1,500
Total payables	12,580,690	5,590,074	8,388,603	5,590,074

The amounts owed to Group undertakings are unsecured, have no fixed date of repayment and are not considered impaired.

Client account represents client account bank balances with a corresponding amount within debtors (see note 11).

14 Deferred taxation

Group	2017	2016
	£	£
At 1 January	50,105	59,976
Charged to profit and loss account	(46,943)	(9,871)
At 31 December	3,162	50,105

The deferred taxation asset comprises:

	2017	2016
	£	£
Accelerated capital allowances	3,162	50,105

The deferred tax asset is expected to be fully utilised in more than one year.

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

15 Called up share capital

	2017	2016
	£	£
Authorised share capital		
5,162 (2015: 5,162) A Ordinary shares of £0.01 each	52	52
4,960 (2015: 4,960) B Ordinary shares of £0.01 each	49	49
720 (2015: 720) C Ordinary shares of £0.01 each	7	7
Total	108	108
Allotted, issued and fully paid		
A Ordinary shares of £0.01 each	52	52
B Ordinary shares of £0.01 each	49	49
C Ordinary shares of £0.01 each	7	7
Total	108	108

Under the articles of association of the Company, the following rights are attached to each class of shares:

- 1.1 The holders of the A Shares are entitled to receive 66.7% of any dividend declared pro rata to each A Share in issue from time to time, and the B Shares are entitled to receive 33.3% of any dividend (save for any dividend declared on the C Shares in accordance with 1.2 below).
- 1.2 The holders of the C Shares are entitled to such proportion of the dividend of the holders of the B Shares set out in 1.1 as shall be determined by unanimous resolution of all the holders of the A and B Shares.
- 1.3 On a winding up or any return of capital to shareholders the holders of the A Shares shall be entitled to 66.7% of the amount returned to shareholders and any such capital return pro rata to each A Share and (subject to 1.4) the holders of the B Shares shall be entitled to 33.3%.
- 1.4 On a winding up or any return of capital to shareholders after the sum of £25,000,000 in aggregate has been paid to the holders of the A and B Shares, in accordance with 1.3 the holders of B Shares and the holders of C Shares shall be entitled to 33.3% of the surplus amount of capital returned to shareholders in excess of £25,000,000 (with the holders of A Shares entitlement being as set out in 1.3).
- 1.5 The holders of the A Shares are entitled to 51% of the votes exercisable at a general meeting of the Company and the holders of the B and C Shares shall be entitled to 49%.

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

16 Financial commitments

At 31 December, the Company had future minimum lease payments under non-cancellable operating leases expiring as follows:

	2017 £	2016 £
within one year	142,771	142,771
one to two years	-	34,161
two to five years	-	-
more than five years	-	-
Total	142,771	176,932

At 31 December 2017, the company has a commitment in relation to off-site IT infrastructure. The maximum exposure of this commitment totals £799,574 (2016 : £697,240) over the period.

17 Net cash inflow from operating activities

	2017 £	2016 £
Operating profit	2,012,830	973,340
Amortisation of goodwill	124,510	124,510
Depreciation	233,023	224,785
Increase in trade receivables	(2,219,876)	(962,333)
Increase in trade payables	811,636	597,016
Net cash inflow from operating activities	962,123	957,318

Movements in Client Account are excluded from movements in trade receivables and trade payables above.

Cybele Solutions Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

18 Related Party Transactions

The Group has taken exemption as provided in section 33.1A of FRS 102 and does not disclose transactions with members of the same Group that are wholly owned.

LSL Property Services Plc and Connells Group are related parties by virtue of their shareholdings as set out in Note 18.

The following transactions were undertaken during the year

	2017 £	2016 £
Connells Group		
Goods and services provided to	123,087	182,249
Goods and services purchased from	2,030,974	2,235,491
Aggregate trade debtor balance at year end	9,535	7,142
Aggregate trader creditor balance at year end	60,716	81,627
LSL Property Services Plc		
Goods and services provided to	-	-
Goods and services purchased from	30,125	39,970
Aggregate trade debtor balance at year end	-	-
Aggregate trader creditor balance at year end	-	6,894

During the year, payments made to employees' personal pension plans under certain salary sacrifice arrangements were £66,693 (2016 : £92,578).

Key management compensation

Key management includes members of senior management excluding directors. The compensation paid or payable to key management for employee services is shown below:

	2017 £	2016 £
Salaries and other short-term benefits	681,028	326,833

19 Ultimate Controlling Party

LSL Property Services and Connells Limited each own 50% of the A, and C shares, details of which are set out in note 17, above. In addition, LSL Property Services and Connells Limited each own 49.96% of the B shares. Each of LSL Property Services and Connells Limited therefore has rights to 49.99% of the dividends and proceeds on a winding up or return of capital, and each has 49.98% of the voting rights. LSL Property Services and Connells Limited operate as separate organisations. For these reasons, the Company has no ultimate controlling party.