Annual Report and Financial Statements
UKLS Acquisitions Limited

# For the Year Ended 31 March 2021



**Company No.** 09117397

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# Strategic report

The directors present their strategic report of UKLS Acquisitions Limited ('the Company') and its subsidiaries (together 'the Group') for the year ended 31 March 2021.

Principal activities
The Group's principal activity is the provision of legal and property services to corporate clients as well as direct to individual consumers. The services include residential property conveyancing and the bulk sale and management of residential properties. The Group has developed proprietary software which gives it a competitive advantage in the market and has a strong, customer focused corporate culture driven by the principle of 'treating the customer fairly'.

Business review
Simplify, the largest conveyancer in the UK market comprises DC Law, JS Law, Move with Us, Quality Solicitors, My Home Move and its law firms; Premier Property Lawyers and Advantage Property Lawyers brands. The Group has further grown in the year with the acquisition of the entire share capital of Cook Taylor Woodhouse Limited and Lampthink Limited and the acquisition of the residential conveyancing trade and assets of Gordon Brown Law LLP.

The Group has continued to realise and unlock the benefits of the comprehensive synergy programme that was implemented in the prior year, driving further operational efficiencies through both system and process improvements.

The Covid-19 pandemic has dominated much of the focus for the financial year. The Group's response to Covid-19 was swift; mobilising all but essential office workers to be able to work from home mid-March 2020. The Group then utilised the Coronavirus Job Retention ('CJR') Scheme to manage cost and liquidity while the housing market stalled during national lockdown until the Government announced easing of restrictions in May 2020 and the introduction of a SDLT holiday for properties up to £500,000 in July 2020. Following the SDLT holiday announcement the housing market responded extremely favourably. The level of conveyancing referrals and leads into the group took the pipeline of conveyancing cases to record levels which allowed many operational staff furloughed under the CJR Scheme to return to work by the summer of that year. The group continued to see high levels of referrals across all brands through to the end of year when the Government announced an extension to the SDLT holiday until June 2021 with a tapering of relief up to September 2021.

**Financial performance**
Turnover for the Group was £137.5 million (2020: £138.7 million) of which £124.6 million (2020: £120.7 million), or 91% (2020: 87%), related to Legal Services and £12.9 million (2020: £17.9 million), or 9% (2020: 13%), related to Property Services. Legal Services includes conveyancing and the Move with Us network of estate agents (which supply residential conveyancing leads to the Group). Property Services includes the bulk sale and management of residential property on behalf of new homes developers, mortgage book owners and executors and administrators of deceased estates.

Administrative expenses of £49.4 million (2020: £47.9 million) include £0.7 million of exceptional costs (2020: £3.4 million of exceptional costs) and £18.8 million of amortisation and depreciation (2020: £18.3 million).

Group adjusted EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) for the year was £12.0 million (2020: £12.6 million) and is stated before exceptional items. The operating loss for the year including exceptional items was £7.6 million (2020: £9.1 million loss).

The net cash balance at 31 March 2021 was £20.0 million (2020: £22.3 million).

**Exceptional items**
The Group recognised an exceptional cost of £0.7 million (2020: £3.4 million) arising primarily from the result of restructuring within the Group. Refer to note 9 of the financial statements for a further description of these items.

# Strategic report

**Group performance**
The Board and management use the following Key Performance Indicators (KPIs) to monitor the success of the business:

| **Financial KPIs** | **Unit** | | **2021** | 2020 |
|---|---|---|---|---|
| Revenue for the year | millions | | **137.5** | £138.7 |
| Gross margin | per cent | | **27.7** | 27.3 |
| Adjusted EBITDA | millions | | **£12.0** | £12.6 |
| **Non-Financial KPIs** | | | | |
| Completions | thousands | | **122** | 135 |

In the context of what was a difficult year in residential property markets, the management are satisfied with the performance in the year.

**Segment performance**
As referred to above, the Group is organised into two main business units:

- Legal Services – provision of legal services, primarily conveyancing, via a panel of third-party firms and the Group's own in-house conveyancers Dorling Cottrell Limited (DC Law), JS Law Limited (JS Law), Premier Property Lawyers Limited (PPL), Advantage Property Lawyers Limited (APL) and Cook Taylor Woodhouse Limited (CTW).
- Property Services – outsourced residential sales and ancillary services on behalf of developers, lenders, and executors and administrators of deceased estates.

Strategy
The Group intends to build a substantial property-related legal services business through organic growth, the acquisition of other relevant businesses and the development and application of technology. Management believe that by offering high level of customer service, supported by user-friendly technology, the Group can win increased market share and deliver growth to its investors.

Risks and uncertainties
The list below sets out the most significant risks to the achievement of the Group's business goals. The list does not include all risks that the Group faces and it does not list the risks in any order of priority.

***Economic environment***
There are high levels of economic uncertainty in both the property market, a key market for the Group, and the wider economy. It is still too early to determine the full impact Brexit and Covid-19 may have on the Group, however, management are confident there is sufficient resilience within the Group's business model to allow it to continue to trade profitably through any economic downturn.

During the financial year, following a period of stagnation in the market resulting from national lockdown in response to the Covid-19 national pandemic, the property market was bolstered by the introduction of a stamp duty holiday for properties under £500,000 up to 31st March 2021. An extension to the SDLT holiday until 30th June 2021 and a tapering of relief until 30th September has relieved some capacity pressures in the industry however there remains uncertainty around how the market will react following the end of the SDLT holiday. The Board are confident that the Group can continue to return positive EBITDA and have ensured that there is resilience in the Group's business model.

***Credit risk***
In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed by the directors on a regular basis in conjunction with debt ageing and collection history. Credit risk is also mitigated through the distribution of customers within various market sectors.

***Regulation***
The Group's activities are subject to certain regulation.

The licensed conveyancing activity of the Group is primarily regulated by the Council of Licensed Conveyancers (CLC) with one entity being regulated by The Solicitors Regulation Authority ("SRA"). The Group is subject to periodic inspections by the CLC and SRA and a professional services firm reports to the CLC or SRA on a stipulated set of criteria on an annual basis. The Group ensures it has policies and procedures in place to ensure compliance with the respective entities CLC or SRA regulations.

# Strategic report

Risks and uncertainties (continued)

***Regulation (continued)***

Deposits received through the Group's property management activities are logged with the Tenancy Deposit Scheme. This legal and governance framework, together with the Group's membership of The Property Ombudsman (TPO) scheme, ensure that the Group follows best practice with regard to matters such as the mis-description of property and the holding of client monies. The Group also encourages partners within its estate agent network to be members of the NAEA and TPO scheme.

As well as market-specific regulation, the Group is governed by strict health and safety and data protection legislation. The Board takes its responsibilities very seriously and recognises that any breach of regulation could cause reputational and financial damage to the Group and has policies and procedures in place to manage these risks.

***Employee engagement and retention***

The continued success of the Group relies heavily on its investment in the training and development and the retention of its employees. The Group's employment policies and remuneration and benefit packages are designed to be competitive, as well as providing employees with fulfilling career opportunities. The Group continually engages with employees across the business and operates staff forums to ensure that it communicates with staff at every level in the organisation.

***Information technology (IT)***

Service to our customers is heavily dependent upon the IT systems which support the business. The Group is exposed to the risk of failure in the IT systems upon which it relies. The Group has appropriate controls in place to mitigate the risk of such failure, including systems back-up procedures and disaster recovery plans as well as appropriate virus protection and network security controls.

Other matters

**Corporate Social Responsibility**

The Board has overall responsibility for establishing the Group's Corporate Social Responsibility (CSR) policy. The Group recognises that its business operations and conduct have an impact on the environment, community and its employees. It therefore takes its corporate social responsibility very seriously. It is committed to ensuring ethical behaviour, a high regard for health and safety, care for the environment and ethical sourcing and aims to integrate socially responsible behaviour into its core values and all its activities.

**Community**

The Group continues to encourage all its employees to devote time and fundraising efforts to charitable causes of particular importance to them as individuals. In the year its employees continued to engage with and support their local communities through charitable activities and contributions.

**Environment**

The Group recognises that its operations will have an impact on the environment. Concern for the environment will be a fundamental part of decision making in all aspects of the Company's activities, including capital investment and in the allocation of resources. The Group will:

1. Operate in ways that contribute to lowering energy and fuel usage, reducing carbon emissions, and reducing and recycling waste;
2. Ensure, as a minimum, compliance with all applicable legal requirements, as well as meeting or exceeding other requirements appropriate to the Group's activities;
3. Recognise its key stakeholders' environmental policies and credentials as part of the process for evaluation and selection;
4. Consider key suppliers' environmental policies and credentials as part of the process for evaluation and selection;
5. Monitor and report on, internally and externally, the environmental impact of the Group's operations;
6. Strive for continuous environmental improvement through the setting and reviewing of objectives and targets;
7. Ensure that all producers of electrical equipment comply with the WEEE Regulations.

**Health and safety**

Management consider the effective management of health and safety to be an integral part of managing the Group's business. The Group's on-going policy on health and safety is to provide adequate control of the health and safety risks arising from work activities through consultation with, and training of, its employees. The Group will maintain safe and healthy working conditions for employees, visitors and contractors, and keep its policy on health and safety up-to-date with regular reviews and updates to the policy as and when required.

# Strategic report

**Section 172 Statement**
The Board of Directors of UKLS Acquisitions Limited confirm that during the year under review, it has acted to promote the long-term success of the Group, for the benefit of its members as a whole, whilst having due regard to their duties as set out in section 172(1) (a) to (f) of the Companies Act 2006 as applicable to the UK entities within the Group.

The Board's focus in the financial year has been discussed in the business review on page 1 and how decisions made in relation to these events and topics have affected stakeholders is considered below. Our stakeholders are our people, clients, introducers, suppliers, partners, investors, regulators, community, environment, central and local government. Consideration of section 172 duties is set out below.

a. the likely consequences of any decision in the long term
Following the merger in March 2019, and the synergy program implemented in the prior year, the group has continued to benefit from the complementary strengths of the two groups and build on the services they currently provide to their customers and partners. This has fed into the development of a three year plan which capitalises on benefits unlocked through process improvements and operational efficiencies. Ongoing review of the Group's three year plan will give structure and focus to decision making going forwards, in particular allowing consideration of the future impact of decisions made now. The Directors recognise that the success of the Group depends on its ability to engage effectively with all stakeholders and by taking their views into account in this decision making process.

b. the interests of the company's employees
The continued success of the Group relies heavily on its investment in the training and development and the retention of its employees while ensuring that employees health and safety is maintained as a priority for the group. The Group continually engages with employees across the business and operates staff forums to ensure that it communicates with staff at every level in the organisation. The Board has ensured that all Simplify employees have been informed of changes to the group structure and the effects of Covid-19 on the working practices through email, video and online conference engagement in lieu of been able to hold physical meetings for the current year.

c. the need to foster the company's business relationships with suppliers, customers and others
Key to the Group's growth strategy is ensuring high standards of customer service which is monitored through internally gathered client satisfaction surveys and through external websites such as Trustpilot. The Board continually monitors client satisfaction and uses this as a driving force for decision making in the group. The group is committed to continual improvements to the client journey through application of user friendly, bespoke developed technology and through employee training. The Board also considers the fair treatment of clients through fair pricing, the quick resolution of complaints and confidentiality of data.

The group works closely with the property community across the UK to understand current issues and priorities ensuring this is considered in the decisions the Board is making. Relationships with our introducers are key to the ongoing success of the group and ongoing engagement with these stakeholders is maintained through our Relationship Development Managers, attendance at Industry Conventions and Awards and through hosting lunches and forums.

Although the group has a relatively simple supply chain comprising mainly of business services, real estate and technology services; our supplier relationships are considered in Board decision making by ensuring the fair treatment of suppliers through fair trading practices and payment terms. The Board engages with the group companies to ensure adherence to the Group's Modern Slavery statement including evaluating the modern slavery and human trafficking risks of each new Supplier.

d. the impact of the company's operations on the community and the environment
The Group recognises that its business operations and conduct have an impact on the environment and community. It therefore takes its corporate social responsibility very seriously. It is committed to ensuring ethical behaviour, a high regard for health and safety, care for the environment and ethical sourcing and aims to integrate socially responsible behaviour into its core values and all its activities. Concern for the environment will be a fundamental part of decision making in all aspects of the Group's activities, including capital investment and in the allocation of resources. Further discussion on the environment and community are included on page 3 of the strategic report.

e. the desirability of the company maintaining a reputation for high standards of business conduct
The Board considers maintenance of high standards for business conduct in all aspects of the governance of the Group. Reputation is the foundation to the growth strategy of the Group and is maintain through high levels of customer service and continued engagement with introducers, regulators and the property market.

f. the need to act fairly as between members of the company
The relationship between the Group and its members is administered with openness and transparency ensuring fairness.

# Strategic report

Streamlined Energy and Carbon Reporting ('SECR')

Within the Simplify Group My Home Move Limited, being a large UK entity, meets the SECR criteria as set out in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The Group has excluded the energy and carbon information relating to other group companies who are not required to report individually according to the criteria.

*Energy efficiency action taken*

In the period covered by the report, being the year to 31 March 2021, My Home Move Limited;

- Continued LED light replacement program

Energy efficiency actions have dramatically reduced due to the Coronavirus pandemic as initially all sites were shut down. Due to this there has been no commercial decisions for any investment in the financial year.

*Methodology*

This report has been compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', and the EMA methodology for SECR Reporting. All measured emissions from activities which the organisation has financial control over are included as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, unless otherwise stated in the exclusions statement.

*Previous Year Adjustments*

The previous years figures have been amended to include the kWh used for transport mileage. These figures were not available as a part of the conversion factors data set when the previous report was produced.

The market based emissions for the previous year have been amended to include emissions from sites where electricity is procured via a landlord. The location based emissions factor has been used to calculate the emissions for these sites, as the fuel mix of the landlords supply could not be verified.

# Strategic report

Streamlined Energy and Carbon Reporting ('SECR') (*continued*)

The carbon figures have been calculated using the BEIS 2019 carbon conversion factors for all fuels, other than the market based electricity which has been taken from Total Gas and Power as the UK supplier.

| Scope | Description | Specific fuels | tCO2e | 2021 | 2020 |
|---|---|---|---|---|---|
| **Scope 1** | Combustion of fuel on site and transportation | On site: Natural Gas, Diesel<br>Transport: Diesel, Hybrid-Petrol/Electric | | 11 | 26 |
| **Scope 2** | Purchased energy | Electricity | Location based | 252 | 286 |
| | | | Market Based | 263 | 226 |
| **Scope 3** | Supply Chain Emissions | Employee millage claims: Unknown vehicle fuel | | 6 | 61 |
| **Total** | | | **Location based** | **269** | 373 |
| | | | **Market based** | **280** | 392 |
| **Intensity Ratio** | tCO2e / sq. ft. floor area | | Location based | 0.004 | 0.005 |
| | | | Market based | 0.004 | 0.005 |
| **Energy Usage** | Total kWh consumed | Electricity, Natural Gas, Diesel | | 1,157,543 | 1,462,446 |
| | Renewable % | Electricity | | 0% | 0% |

ON BEHALF OF THE BOARD

R Matson
Director
28 October 2021

# Report of the Directors

The directors present their report and audited consolidated financial statements for the year ended 31 March 2021.

Dividends
The directors have not proposed a dividend during the current and prior year.

Directors
The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

G M Pritchard
J M C Bonnavion
R Matson

*Directors' Qualifying Third Party Indemnity Provisions*

The Group had qualifying third party indemnity provisions for the benefit of the directors in force from the start of the financial year to the date of this report, subject to the conditions set out in the Companies Act 2006. The Group has put in place 'Directors & Officers Liability' insurance to cover for this liability.

Future developments
The Group will continue to focus on delivering its service proposition to a greater share of its existing markets, finding new channels to market and on securing new acquisitions.

Going concern
The directors have assessed the future funding requirements of the Group and Company and considered the forecasts and projections to show that the Group can generate sufficient liquidity.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecasting cash inflows and outflows due in day-to-day business. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. As at the end of the year, the Group had an outstanding loan facility from Permira Credit Solutions amounting to £68.8 million. £4.0 million of revolving credit facility from HSBC drawn down in March 2020 was repaid in the year with facility remaining available to the Group for future utilisation.

The Group has a clear and defined plan to deliver long term profitability built around the following key areas:

- Continued growth; through both increased market share gain and the pursuit of value accretive acquisition targets
- Leveraging operational benefits as a result of the combination of the two groups.

The Group is forecasting to satisfy the loan facility's associated covenants when assessed against the base case three year plan. The Group's base case three year plan has been modelled to incorporate market disruption up to the summer of 2021 resulting from the global Covid-19 pandemic and UK SDLT holiday with subsequent market depression resulting in muted volumes of incoming work for the year following the end of the SDLT holiday. Downside modelling of plausible scenarios, including a suppression of incoming volumes exceeding that modelled in the base case scenario have been performed.

After assessing the forecasts and liquidity of the business for a period that extends beyond 12 months from approval of the accounts, including under the plausible downside scenario, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and the Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

# Report of the Directors

Corporate Governance
*The Board*
The Board meets approximately monthly during the year. Its primary role is to provide the effective and entrepreneurial leadership necessary to enable the Group's business objectives to be met and to review the overall strategic development of the Group. The Board reviews performance at Board meetings and by a detailed monthly management report, which includes the performance of each operating segment against the monthly and annual plan and covers all the key performance indicators featured in this report.

*Internal Controls*
The Board of directors has overall responsibility for the Group's systems of internal controls and for reviewing their effectiveness. An on-going process has been established for identifying, managing and evaluating the risks faced by the Group, including reputational risk. This process has been in place for the full financial year ended 31 March 2021 and up to the date on which the financial statements were approved and is regularly reviewed by the Board.

These systems are designed to manage rather than eliminate business risk; safeguard the Group's assets against material misstatement or loss; fairly report the Group's performance and position, and to ensure compliance with relevant legislation, regulation and best practice, including that related to social, environmental and ethical matters. The systems provide reasonable, not absolute, assurance against material misstatement or loss and are regularly reviewed by the Board to deal with changing circumstances.

Summaries of the key financial risks inherent in the Group's business are given in the Performance Review on pages 1 and 2. The Group operates a management structure with delegated authority levels and functional reporting lines and accountability. It also operates a budgeting and financial reporting system which compares actual performance to budget and to the previous year on a monthly basis. In addition, the directors receive regular information on sales activity and on key performance data. All capital expenditure and other purchases are subject to appropriate authorisation procedures.

*Employees*
The Group's people are its largest resource and most highly valued asset. The Group's ability to respond to market change and innovate with its services is due in no small measure to the talent it has assembled. The Group continues to develop its people through challenge and training to ensure this capability is retained.

The Group has a strong customer focused corporate culture driven by the principle of 'treating the customer fairly'. It is promoted and reinforced by an open and honest communication environment and by investment in ensuring that all employees have a profound understanding of the Group's core values and goals. This is achieved through a combination of a rigorous selection process, thorough induction programme, on-going coaching and mentoring, and cross-functional team building events involving all employees. Staff opinions are frequently sought via both formal and informal routes including regular staff forums, dialogue with senior managers and employee online surveys.

The Group ensures that employees are kept informed of its affairs via information distributed by e-mail, intranet and in dialogue with management at presentations made to all staff. Group employees are encouraged to discuss strategic, operational and business issues within their teams and with their management. The Staff Forum provides staff with an opportunity to both understand their contribution to the business in the context of the financial and economic factors affecting the Group's performance and to raise issues and concerns to management on a regular basis.

Recognising and rewarding exceptional performance is key for the Group, which operates bonus plans that reward certain employees as a percentage of their salary. Participation in the bonus schemes operated by the Group is open to key employees and those with sales and other roles that can be directly linked through business performance.

The Group has a strong commitment to equality of opportunity in all its employment policies, practices and procedures. Its staff are a vital part of the success and growth of the Group and every effort is made to select, recruit, train and promote the best candidates based on suitability for the job, to treat all employees and applicants fairly regardless of race, sex, marital status, nationality, ethnic origin, age, disability, religious belief or sexual orientation, and to ensure that no employee suffers harassment or intimidation.

It is the Group's policy to provide employment and to make reasonable adjustment to accommodate disabled persons wherever the requirements of the organisation will allow and if applications for employment are received from suitable individuals. If existing employees become disabled, every reasonable effort will be made to ensure that their employment with the Group can continue on a worthwhile basis with career opportunities available to them including training, career development and promotions.

Employee engagement statement
Information on the Groups compliance with SI 2008/410 Sch 7.11(1) is contained in the Section 172 statement in the strategic report.

# Report of the Directors

Other stakeholder engagement statement
Information on the Groups compliance with SI 2008/410 Sch 7.11B(1) is contained in the Section 172 statement in the strategic report.

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

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

*Credit risk*
In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed by the directors on a regular basis in conjunction with debt ageing and collection history. Credit risk is also mitigated through the distribution of customers within various market sectors.

*Liquidity risk*
The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the forecast period.

*Interest rate risk*
The Group has interest bearing assets in the form of cash balances which earn interest at rates which are subject to market forces.

Research & development
The Group continues to incur research and development expenditure for the production of identifiable and unique software or systems that are capable of operating in the manner intended by the management. The Group is allowed to recognise Research & Development Expenditure Credits (RDEC) based on IT infrastructure and Intellectual Property expenditure where both an advance in technology is sought and the outcome is uncertain, as defined under rules and guidelines HMRC administer. The government assistance can be recognised if there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants/assistance will be received.

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

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

The directors are 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.

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

# Report of the Directors

Post balance sheet events
In June 2021 The Move Factory Holdings Limited divested its minority shareholding in Lawyer Checker Limited.

In July 2021 Mover With us (2012) Limited acquired the entire share capital of Moving Made Easy Holdings Limited. Essex based, Moving Made Easy's presence in the property sales sector, complements that of Move with Us and there are opportunities to enhance their proposition by sharing the successful technology and process currently used by Move with Us.

In August 2021 Move With Us Limited divested its shareholding in Quality Solicitors Organisation Limited. Turnover for the year to 31 March 2021 contained in the these accounts is £613,000.

Statement of disclosure of information to auditors
Each of the directors at the time when this Report of the directors is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that directors have 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 auditors are aware of that information.

ON BEHALF OF THE BOARD

R Matson
Director
28 October 2021

# Independent auditors' report to the members of UKLS Acquisitions Limited

## Report on the audit of the group financial statements

### Opinion

In our opinion, UKLS Acquisitions Limited's group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2021 and of its loss 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 as at 31 March 2021; the Consolidated statement of comprehensive income, Consolidated statement of cash flows and Consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

#### Independence

We remained independent of the 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

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 group'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.

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.

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

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

### 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.

# Independent auditors' report to the members of UKLS Acquisitions Limited (*continued*)

## Reporting on other information (*continued*)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 March 2021 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 its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

## 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 in respect of the financial statements, 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 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 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.

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.

# Independent auditors' report to the members of UKLS Acquisitions Limited (*continued*)

### Auditors' responsibilities for the audit of the financial statements (*continued*)

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislations, employment laws and regulations, health and safety legislation and anti-bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations;
- Assessing significant judgements and estimates in particular those relating to impairment of goodwill, intangible and tangible assets, allowance for doubtful debts, recoverable amount of investments in subsidiaries and the disclosures included on these balances within the financial statements;
- Reviewing the minutes of the board meeting to check any non -compliance with laws and regulations and
- Incorporating elements of unpredictability in procedures over the appropriateness of capitalised costs within intangible assets and whether exceptional costs have been categorised correctly

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

### Use of this report

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

# Other required reporting

## Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

# Other matter

We have reported separately on the company financial statements of UKLS Acquisitions Limited for the year ended 31 March 2021.

Neil Philpott

Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
29 October 2021

# Consolidated statement of comprehensive Income

For the year ended 31 March 2021

| | Note | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|---|
| **Turnover** | 5 | **137,492** | 138,680 |
| Cost of sales | | **(99,379)** | (100,880) |
| Gross profit | | **38,113** | 37,800 |
| Administrative expenses | | **(49,428)** | (47,874) |
| Other operating income | | **3,713** | 938 |
| **Operating loss** | 6 | **(7,602)** | (9,136) |
| Analysed as: | | | |
| Gross profit | | **38,113** | 37,800 |
| Other operating income | | **3,713** | 938 |
| Other administrative expenses | | **(29,821)** | (26,139) |
| **Adjusted EBITDA** | | **12,005** | 12,599 |
| Depreciation | 13 | **(1,069)** | (894) |
| Amortisation of goodwill | 11 | **(13,269)** | (12,741) |
| Amortisation of other intangible assets | 12 | **(4,566)** | (4,691) |
| Exceptional items | 9 | **(703)** | (3,409) |
| **Operating loss** | | **(7,602)** | (9,136) |
| Finance income | 8 | **4** | 17 |
| Finance costs | 8 | **(11,876)** | (11,286) |
| **Loss before tax** | | **(19,474)** | (20,405) |
| Tax credit/(charge) on loss | 10 | **280** | (661) |
| **Loss for the financial year and total comprehensive expense** | | **(19,194)** | (21,066) |

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

The notes on pages 18 to 34 form part of these financial statements.

# Consolidated statement of financial position

As at 31 March 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Goodwill | 11 | **80,072** | 88,275 |
| Intangible assets | 12 | **5,725** | 8,354 |
| Tangible assets | 13 | **2,847** | 2,745 |
| | | **88,644** | 99,374 |
| **Current assets** | | | |
| Debtors | 14 | **80,616** | 70,891 |
| Cash and cash equivalents | | **19,978** | 22,255 |
| | | **100,594** | 93,146 |
| **Creditors:** amounts falling due within one year | 15 | **(100,286)** | (90,637) |
| **Net current assets** | | **308** | 2,509 |
| **Total assets less current liabilities** | | **88,952** | 101,883 |
| **Creditors:** amounts falling due after more than one year | 16 | **(134,768)** | (128,000) |
| Provisions for liabilities | 17 | **(483)** | (988) |
| **Net liabilities** | | **(46,299)** | (27,105) |
| **Capital and reserves** | | | |
| Called up share capital | 18 | **45,232** | 45,232 |
| Share premium account | | **773** | 773 |
| Accumulated losses | | **(92,304)** | (73,110) |
| **Total equity** | | **(46,299)** | (27,105) |

The registered number of the Company is 09117397.

The financial statements on pages 14 to 34 were approved by the directors on 28 October 2021 and are signed on their behalf by:

R Matson
Director

# Consolidated statement of cash flows

For the year ended 31 March 2021

| | Notes | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Loss for the year | | **(19,194)** | (21,066) |
| Tax (credit)/expense | | **(280)** | 661 |
| Amortisation of goodwill | 11 | **13,269** | 12,741 |
| Amortisation of other intangible assets | 12 | **4,566** | 4,691 |
| Depreciation of property, plant and equipment | 13 | **1,069** | 894 |
| Interest income | 8 | **(4)** | (17) |
| Interest expense | 8 | **11,876** | 11,286 |
| Loss on disposal of asset | 9 | **-** | 460 |
| Increase in trade and other receivables | | **(7,880)** | (1,191) |
| Increase/(decrease) in trade and other payables | | **10,906** | (1,452) |
| Tax payments | | **(804)** | (21) |
| Cash flows generated from operating activities | | **13,524** | 6,986 |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | 13 | **(761)** | (1,269) |
| Purchase of intangible assets | 12 | **(1,938)** | (2,058) |
| Acquisition of subsidiary (net of cash) | | **(4,208)** | - |
| Acquisition of trade and assets | | **(830)** | - |
| Interest received | | **4** | 17 |
| Cash flows used in investing activities | | **(7,733)** | (3,310) |
| **Financing activities** | | | |
| New loan granted by HSBC Bank | 16 | **-** | 4,000 |
| Repayment of HSBC Bank loan | | **(4,000)** | - |
| Interest paid | | **(4,068)** | (4,609) |
| Cash flows used in financing activities | | **(8,068)** | (609) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(2,277)** | 3,067 |
| Cash and cash equivalents at beginning of the year | | **22,255** | 19,188 |
| **Cash and cash equivalents at end of the year** | | **19,978** | 22,255 |

# Consolidated statement of changes in equity

For the year ended 31 March 2021

| | Called up share capital £'000 | Share Premium account £'000 | Accumulated losses £'000 | Total equity £'000 |
|---|---|---|---|---|
| **Balance at 1 April 2019** | **45,232** | **773** | **(52,044)** | **(6,039)** |
| Loss for the year | - | - | (21,066) | (21,066) |
| Other comprehensive loss | - | - | - | - |
| **Total comprehensive loss** | **-** | **-** | **(21,066)** | **(21,066)** |
| **Balance at 31 March 2020 and 1 April 2020** | **45,232** | **773** | **(73,110)** | **(27,105)** |
| Loss for the year | - | - | (19,194) | (19,194) |
| Other comprehensive loss | - | - | - | - |
| **Total comprehensive loss** | **-** | **-** | (19,194) | (19,194) |
| **Balance at 31 March 2021** | 45,232 | 773 | **(92,304)** | **(46,299)** |

# Notes to the consolidated financial statements

1 General information

The Company is a private company limited by shares incorporated in the United Kingdom. The address of UKLS Acquisitions Limited's registered office and its principal place of business is Grant Hall, Parsons Green, St Ives, Cambridgeshire PE27 4AA.

2 Statement of compliance

The consolidated financial statements of the Group have been prepared under the historic cost convention and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The consolidated financial statements incorporate the financial statements of UKLS Acquisitions Limited (the 'Company') and its subsidiaries (together the 'Group') for the year ended 31 March 2021. Comparatives are presented for the year ended 31 March 2020. The financial statements and supporting disclosure notes are presented in thousands (denoted by £'000) unless otherwise indicated.

3 Summary of significant accounting policies

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

These accounting policies have been used consistently throughout all years presented in the financial statements.

The consolidated financial statements are presented in pounds sterling (£), which is also the functional currency of the parent company.

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarised below.

3.1 Basis of consolidation

The Group financial statements consolidate those of the parent company and all its subsidiary undertakings drawn up to 31 March 2021. Subsidiaries are all entities over which the Group has control. Control is achieved where the Company has power over the investee, is exposed and has right to, the variable returns from its involvement with the investee and had the ability to use its power to affect its return from that entity. All subsidiaries have a reporting date of 31 March.

Intragroup transactions and balances between Group companies are eliminated on consolidation and there are no unrealised gains or losses on these transactions.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3.2 Going concern

The directors have assessed the future funding requirements of the Group and Company and considered the forecasts and projections to show that the Group can generate sufficient liquidity.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecasting cash inflows and outflows due in day-to-day business. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. As at the end of the year, the Group had an outstanding loan facility from Permira Credit Solutions amounting to £68.8 million and had drawn down £nil of revolving credit facility from HSBC.

The Group has a clear and defined plan to deliver long term profitability and future cash generation built around the following key areas:

- Continued growth; through both increased market share gain and the pursuit of value accretive acquisition targets
- Leveraging operational benefits as a result of the combination of the two groups.

The Group is forecasting to satisfy the loan facility's associated covenants when assessed against the base case three year plan. The Group's base case three year plan has been modelled to incorporate market disruption up to the summer of 2021 resulting from the global Covid-19 pandemic and UK SDLT holiday with subsequent market depression resulting in muted volumes of incoming work for the year following the end of the SDLT holiday.

# Notes to the consolidated financial statements

3.2 Going concern (continued)
Downside modelling of plausible scenarios, including a suppression of incoming volumes exceeding that modelled in the base case scenario have been performed.

After assessing the forecasts and liquidity of the business for a period that extends beyond 12 months from approval of the accounts, including under the plausible downside scenario, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and the Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

3.3 Business combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the fair value on the acquisition date. Acquisition costs incurred are capitalised and form part of the calculation of goodwill.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

The excess of the consideration transferred, the acquisition costs incurred and the acquisition-date fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised on the statement of financial position and realised in the statement of comprehensive income in the years which non-monetary assets are recovered.

If the initial accounting for a business combination is incomplete by the end of the reporting year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.4 Revenue
Revenue comprises the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts.

The Group recognises revenue at the time it provides the goods or services, providing it is also probable that economic benefit will flow to the Group.

Revenue arising within the Property Services business segment is recognised as follows:

*Law of Property Act ("LPA") services*
Revenue arising from LPA services is recognised at two separate stages; when an exit strategy report is completed for the lender and when the receivership is concluded. These stages reflect the delivery points for the service to the customer.

*Rental collection fees*
Income from rental collection fees is recognised when the rentals have been collected and forwarded to the lender (if under receivership) or property owner.

*Maintenance service fees*
*Income from maintenance services is recognised upon confirmation from the Group's sub-contractor maintenance providers through written and photographic evidence that work has been completed.*

# Notes to the consolidated financial statements (continued)

3.4 Revenue (continued)

*Revenue arising within the Legal Services business segment is recognised as follows:*

*Referral fees*

The Group receives referral fee income where the referral of a conveyancing case is made to a solicitor or licensed conveyancer. A proportion of revenue is recognised at the point of referral, based on management's judgement as to whether the underlying property transaction will complete, and the balance of revenue is recognised on completion of the property transaction.

*Conveyancing income*

The Group receives income from conveyancing where the instruction of a conveyancing case is made to Group's network of solicitor or licensed conveyancer. A proportion of revenue is recognised at the point of instruction, based on management's judgement as to whether the underlying property transaction will complete, and the balance of revenue is recognised on completion of the property transaction.

*Subscriptions*

Income from estate agents subscribing to the Group's estate agent network and internet services is recognised over the subscription period to which it relates (usually one year).

*Dividend income*

Dividend income is recognised at the time the right to receive payment is established.

3.5 Other operating income

Other operating income is recognised as follows:

*Interest on client accounts*

Interest received on client account monies is recognised on a receivable basis and recorded as other operating income.

*Government grants*

Government grants are accounted for on an accruals basis. During the year ended 31 March 2021 the Group has recognised £3,229,000 (2020: £Nil) in receipts form the UK Government's Coronavirus Job Retention Scheme.

3.6 Goodwill

Goodwill (representing the excess of the fair value of the consideration and acquisition costs incurred given over the fair value of the separable net assets acquired) is capitalised. As a result of transition to FRS 102, Goodwill is amortised to nil by equal annual instalments over its estimated useful life. Impairment reviews are performed if indicators of impairment exist. Goodwill has an estimated useful life of 10 years.

3.7 Other intangible assets and research and development activities

Other intangible assets comprise of acquired customer relationships, brand names and trademarks and internally generated software and are carried at acquisition and directly associated cost respectively.

Costs directly associated with the production of identifiable and unique software products or systems that are considered likely to generate economic benefits, and are capable of operating in the manner intended by management are separately identified and capitalised. Directly attributable costs that are capitalised include employee costs and consultancy costs. Such intangible assets arising from development of software and/or systems are amortised, on a straight-line basis, over their useful economic lives (not exceeding four years) from the date the product is available for use. Other expenditure, including software research costs are expensed as incurred.

Capitalised development expenditure and purchased software is stated at cost less accumulated amortisation and impairment losses. Such assets are assessed for impairment where there is an indication of impairment.

Where impairment exists, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss recognised in the income statement. The amortisation charge for the asset is then adjusted to reflect the asset's revised carrying amount. Subsequent expenditure is only capitalised when it increases the future economic benefits embodied in the specific asset to which it relates.

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

| | | |
|---|---|---|
| Software licenses | - | 25% straight line |
| Development cost | - | 25% straight line |
| Customer relationships & brand names/trademarks | - | 5 to 7 years |

# Notes to the consolidated financial statements (continued)

Amortisation has been included within 'administrative expenses'.

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

| | | |
|---|---|---|
| Leasehold improvements | - | straight line over the length of the lease |
| Fixtures & fittings | - | 20% straight line |
| Office equipment | - | 20% straight line |
| Computer equipment | - | 25% straight line |

3.9 Leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.10 Financial instruments
The group has chosen to adopt sections 11 and 12 of FRS102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

*Financial assets*
For the purpose of subsequent measurement, financial assets are classified as loans and receivables upon initial recognition.

Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs' or 'finance income', except for impairment of trade receivables which is presented within 'administrative expenses'.

*Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Receivables that are not considered to be individually significant are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The percentage of the write down is then based on recent historical counterparty default rates for each individually significant receivable.

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

# Notes to the consolidated financial statements (continued)

3.10 Financial instruments (continued)

*Financial liabilities*

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

*Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

3.11 Taxation

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

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

3.12 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material non-recurring items of income or expense that have been shown separately due to the significance of their nature or amount.

3.13 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. All shares are considered to be equity instruments.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

3.14 Post-employment benefits and short-term employee benefits

The Group provides post-employment benefits for certain employees through a defined contribution plan.

A defined contribution plan is a pension plan under which the Group may pay fixed contributions into an independent entity. The Group has no legal or constructive obligation to pay further contributions after its payment of the fixed contribution. Contributions to the plan are recognised as an expense in the year that relevant employee services are received.

3.15 Provisions

Provisions are recognised when the Group has a present obligation for a past event and where it is probable that this will result in an outflow of economic benefits and this can be reliably measured.

3.16 Discontinued operations

Cash flows and operations that relate to a major component of the business or geographical region that have been disposed (that is sold or closed) or classified as held for sale are shown separately from continuing operations.

4 Critical accounting judgements and estimates

The preparation of the consolidated financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

# Notes to the consolidated financial statements (continued)

4 Critical accounting judgements and estimates

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years, if applicable.

Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

*Revenue recognition (referral fees and conveyancing income)*

Referral fee and conveyancing income are initially recognised based on the activity status of the underlying transaction and the probability of the underlying transaction proceeding to completion and so generating a fee for the Group in respect of the referral/instruction made. Management use historical conversion rates for referrals to calculate the revenue to initially be recognised.

*Revenue recognition (case management fees)*

A proportion of case management fees are recognised as revenue at the outset of the case, with further tranches recognised upon achieving certain key milestones within the case and on final payment to beneficiaries. The amount of revenue recognised at each milestone is applied consistently across all cases and is allocated in proportion to the associated costs actually incurred in comparison to the total costs management expect to incur in completing the case. Management reviews the historic cost profiling of cases on a quarterly basis to assess whether the profile of revenue recognition remains appropriate.

*Trade receivables*

Trade receivables are stated net of a provision for bad and doubtful debts, based on the Group's best estimate of the likelihood of recovery on a specific basis.

*Capitalised development costs*

Internally generated software costs are capitalised when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

*Impairment*

The Group follows the guidance in section 27 of FRS 102 to determine when intangible assets or goodwill are impaired. In making this judgement management take into account the following factors:

- Intangible assets (capitalised development costs) – obsolescence of certain technologies within the software product, and if the software product is no longer fit for the purpose it was developed for
- Goodwill and acquired intangible assets – the decline in future cash flows from potential adverse changes in the businesses acquired

The impairment reviews of the cash generating units in the Group is a significant estimate. Within the impairment review the recoverable amount is determined using a value in use calculation which required the use of assumptions. The calculation uses cash flow projections based on the business plan devised by management which covers a five-year period. Cashflows beyond the five-year period are extrapolated using an estimated growth rate.

WACC of 10% with a terminal growth rate of 2% has been used in the calculations. No impairment of the goodwill has been booked as a result of the review.

The model has completion volume growth with a CAGR of 7% between the year ending 31 March 2020 (pre the effects of Covid-19) and the year ending 31 March 2024. If instead this was 0% the cashflows would continue support the value of the goodwill.

Pricing assumptions have also been factored into the business model. A pricing review and subsequent changes in pricing structure have been implemented during the year with planned amendments continuing into the year ended 31 March 2022. As a result, only the portion of pricing changes not yet implemented in FY21 have been included in the sensitivity. The projected cashflows under this scenario continue to support the value of the goodwill.

# Notes to the consolidated financial statements (continued)

5 Turnover

The turnover, profit before tax and net assets are all attributable to the principal activity of the group which all arises in the United Kingdom.

Analysis of turnover by category:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Property services | 12,910 | 17,932 |
| Legal services | 124,582 | 120,748 |
| | 137,492 | 138,680 |

6 Operating loss

Operating loss is stated after charging/(receiving):

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Auditors' remuneration: | | |
| Fees payable to the Company's auditors for the audit of parent company and consolidated financial statements | 26 | 24 |
| Fees payable to the Company's auditors for other services | | |
| - The audit of the Company's subsidiaries | 141 | 152 |
| - Tax compliance service | - | - |
| - Tax advisory service | - | - |
| - Other services | 8 | 45 |
| Government grants – Coronavirus Job Retention Scheme | (3,229) | - |
| Exceptional items | 703 | 3,409 |
| Operating lease expense | 2,183 | 2,438 |

7 Employees

7.1 Employee benefits expense and average number of people employed

Expenses recognised for employee benefits (including directors) are analysed below:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Wages and salaries | 49,229 | 42,353 |
| Social security costs | 4,333 | 3,802 |
| Other pension costs | 1,550 | 1,523 |
| Amounts capitalised | (455) | (477) |
| | 54,657 | 47,201 |

The Group operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

The monthly average number of staff (including directors) employed by the Group during the year amounted to:

| | 2021 No | 2020 No |
|---|---|---|
| Administration staff | 295 | 166 |
| Operations staff | 1,448 | 1,298 |
| | 1,743 | 1,464 |

# Notes to the consolidated financial statements (continued)

7 Employees (continued)
7.2 Remuneration of Directors
The emoluments for directors' services are as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Directors' emoluments | **219** | 114 |
| Pension costs | **7** | 3 |
| | **226** | 117 |

Emoluments of highest paid director:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Total emoluments | **219** | 114 |

Two of the Company's directors did not receive remuneration for their services to the Company (2020: two). One of the directors accrued benefits under company pension schemes during the current year (2020: one).

7.3 Remuneration of key management personnel
Apart from the board of directors there are a number of senior executives whose roles influence the ability of the Group to meet its strategic objectives. The remuneration of these senior executives includes the following expenses:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Short-term employee benefits | **1,835** | 2,282 |
| Post-employment benefits | **88** | 102 |
| | **1,923** | 2,384 |

8 Finance income and finance costs
Finance income may be analysed as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Interest income | **4** | 17 |

Finance costs may be analysed as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Interest on loans from Parent Company | **6,047** | 5,599 |
| Interest on bank loans | **5,282** | 5,150 |
| Amortisation of arrangement fee | **547** | 537 |
| Finance costs | **11,876** | 11,286 |

# Notes to the consolidated financial statements (continued)

9 Exceptional items

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Loss on disposal of assets | - | (412) |
| Restructuring costs | **(610)** | (2,988) |
| Others | **(93)** | (9) |
| | **(703)** | (3,409) |

**Year ended 31 March 2021**

Restructuring costs
These are various restructuring costs incurred by the Group during the year. The costs are in relation to the final stages of the synergy program following the merger of The Simplify Group with The Move Factory Holdings Group.

**Year ended 31 March 2020**

Loss on Disposal of assets
A number of internally generated assets were impaired following the restructure of the group to integrate The Move Factory Holdings Limited Group and align case management and IT infrastructure systems.

Restructuring costs
These are various restructuring costs incurred by the Group during the year. The costs are in relation to two key projects; the change of offshore support provider and a synergy project to realise the benefits of an enlarged group including the adoption of a new case management system in Dorling Cottrell Limited and JS Law Limited.

# Notes to the consolidated financial statements (continued)

10 Tax on loss

(a) Analysis of charge/(credit) in the year

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Current tax: | | |
| Current tax on loss for the year | **470** | 581 |
| Adjustment in respect of prior years | **(231)** | 328 |
| Current income tax charge | **239** | 909 |
| Deferred tax: | | |
| Current year | **(492)** | (492) |
| Adjustment in respect of prior years | **(27)** | 134 |
| Effect of changes in tax rate | **-** | 110 |
| Total deferred tax credit | **(519)** | (248) |
| **Total tax (credit)/ charge** | **(280)** | 661 |

(b) Factors affecting current tax credit

The tax assessed on the loss for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%).

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Loss before tax | **(19,474)** | (20,405) |
| Tax at UK corporation tax rate of 19% (2020: 19%) | **(3,700)** | (3,877) |
| Effects of: | | |
| Adjustments in respect of previous years | **(259)** | 462 |
| Expenses not deductible for tax purposes | **873** | 470 |
| Group relief surrendered | **359** | 1,086 |
| Fixed asset differences | **25** | 6 |
| Change in rate of deferred tax | **-** | 110 |
| Utilisation of tax losses not recognised for deferred tax | **(22)** | (17) |
| FRS 102 amortisation of goodwill | **2,444** | 2,421 |
| **Total tax charge/(credit)** | **(280)** | 661 |

# Notes to the consolidated financial statements (continued)

11 Goodwill

| **Cost** | **£'000** |
|---|---|
| At 1 April 2020 | 110,434 |
| Acquisition | 5,066 |
| **At 31 March 2021** | **115,500** |
| | |
| **Accumulated amortisation** | |
| At 1 April 2020 | 22,159 |
| Amortisation for the year | 13,269 |
| **At 31 March 2021** | **35,428** |
| | |
| **Net book value** | |
| **At 31 March 2021** | **80,072** |
| At 31 March 2020 | 88,275 |

Acquired goodwill in the year relates to the acquisition of Cook Taylor Woodhouse Limited, Lampthink Limited and the trade and assets acquisition of the residential conveyancing business of Gordon Brown Law LLP.

12 Intangible assets

| | **Acquired customer relationships** £'000 | **Brand names & trademarks** £'000 | **Development costs** £'000 | **Software licenses** £'000 | **Total** £'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **At 1 April 2020** | **24,584** | **720** | **5,967** | **5,146** | **36,417** |
| Additions | - | - | 492 | 1,445 | 1,937 |
| **At 31 March 2021** | **24,584** | **720** | **6,459** | **6,591** | **38,354** |
| | | | | | |
| **Accumulated amortisation** | | | | | |
| **At 1 April 2020** | **21,480** | **667** | **4,242** | **1,674** | **28,063** |
| Amortisation | 2,325 | 32 | 759 | 1,450 | 4,566 |
| **At 31 March 2021** | **23,805** | **699** | **5,001** | **3,124** | **32,629** |
| | | | | | |
| **Net book amount** | | | | | |
| **At 31 March 2021** | **779** | **21** | **1,458** | **3,467** | **5,725** |
| At 31 March 2020 | 3,104 | 53 | 1,725 | 3,472 | 8,354 |

# Notes to the consolidated financial statements (continued)

13 Tangible assets

The Group's property, plant and equipment comprise leasehold improvements, fixtures and fittings, office equipment and motor vehicles. The carrying amount can be analysed as follows:

| | Leasehold improvements £'000 | Fixtures & fittings £'000 | Office equipment £'000 | Computer equipment £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 April 2020 | 1,475 | 114 | 773 | 1,065 | 3,427 |
| Additions | 245 | 5 | 310 | 452 | 1,012 |
| Acquisition of subsidiary | 85 | - | 45 | 29 | 159 |
| **At 31 March 2021** | **1,805** | **119** | **1,128** | **1,546** | **4,598** |
| **Accumulated depreciation** | | | | | |
| At 1 April 2020 | 415 | 52 | 13 | 202 | 682 |
| Depreciation | 387 | 17 | 295 | 370 | 1,069 |
| **At 31 March 2021** | **802** | **69** | **308** | **572** | **1,751** |
| **Net book amount** | | | | | |
| **At 31 March 2021** | **1,003** | **50** | **820** | **974** | **2,847** |
| At 31 March 2020 | 1,060 | 62 | 760 | 863 | 2,745 |

All depreciation charges are included within 'administrative expenses'.

14 Debtors

Trade and other receivables recognised in the statement of financial position can be analysed as follows:

| | **2021 £'000** | 2020 £'000 |
|---|---|---|
| Trade debtors, gross | **6,823** | 4,970 |
| Provision for impairment | **(599)** | (506) |
| Trade debtors, net | **6,224** | 4,464 |
| Amounts owed by group undertakings | **45,839** | 45,676 |
| Corporation tax receivable | **194** | - |
| Other debtors | **375** | 606 |
| Prepayments and accrued income | **27,984** | 20,145 |
| | **80,616** | 70,891 |

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

# Notes to the consolidated financial statements (continued)

15 Creditors: amounts falling due within one year
Trade and other payables recognised in the statement of financial position can be analysed as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Bank loans and overdrafts | - | 4,000 |
| Trade creditors | **6,499** | 5,392 |
| Amounts owed to group undertakings | **57,588** | 56,810 |
| Corporate tax payable | - | 390 |
| Other taxation and social security | **7,382** | 3,378 |
| Other creditors | **5,420** | 2,964 |
| Accruals and deferred income | **23,397** | 17,703 |
| Total trade and other creditors | **100,286** | 90,637 |

Amounts owed to group undertakings comprised of amounts due to UKLS Midco Limited amounting to £12.6 million (2020: £11.6 million) which is unsecured, earns 8% (2020: 8%) interest and is repayable on demand; and the amounts due to UKLS Investment Limited amounting to £45.0 million (2020: £45.2m) is unsecured, interest free, have no fixed date of repayment and are repayable on demand.

There is a fixed and floating charge over the assets of the Company in favour of Agensynd as agents in relation to any amounts owed by the Simplify Group to lenders by means of loan or overdraft.

16 Creditors: amounts falling due after more than one year

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Bank loans and overdrafts | **66,144** | 64,405 |
| Amounts due to parent company | **68,624** | 63,595 |
| | **134,768** | 128,000 |

The loans are shown net of arrangement fees, which are being amortised over the life of the loan.

During the year ended 31 March 2019, the Group secured a new loan facility from Permira Credit Solutions amounting to £67 million with an initial carrying amount, net of arrangement fees and issue costs of £63.3 million. The bank loan is repayable on or before March 2026 and carries interest at LIBOR +6.75%. Unpaid interest on loans with Permira Credit solutions is £nil (2020: £nil) which is payable every quarter. Accrued interest with the parent company amounting to £5.0 million (2020: £4.7 million) compounded and became part of the principal.

17 Provisions for liabilities

| | Claims provision £'000 | Deferred tax £'000 | **Total £'000** |
|---|---|---|---|
| At 1 April 2020 | 430 | 558 | 988 |
| Prior year adjustment | - | (27) | **(27)** |
| Acquired | - | 37 | **37** |
| Utilised in year | (107) | - | **(107)** |
| Current year charge/(credit) | 84 | (492) | **(408)** |
| **At 31 March 2021** | 407 | 76 | **483** |

Claims provision of £407,000 (2020: £430,000) is held in respect of claims made against the Group in the normal course of business. The amount reflects all known claims where costs are likely to be incurred and includes the costs of defending and settling claims. The balance is shown net of anticipated recoveries from professional indemnity insurance policies.

# Notes to the consolidated financial statements (continued)

17 Provisions for liabilities (continued)
Deferred taxes arising from temporary differences can be summarised as follows:

| | Acquired intangible assets | Other short term temporary differences | Total |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **At 1 April 2019** | **994** | **(188)** | **806** |
| Charge to profit & loss | (352) | 106 | (246) |
| Prior year adjustment | - | (2) | (2) |
| **Balance at 31 March 2020** | **642** | **(84)** | **558** |
| Charge to profit & loss | (448) | (44) | (492) |
| Prior year adjustment | - | (27) | (27) |
| Acquired | - | 37 | 37 |
| **Balance at 31 March 2021** | **194** | **(118)** | **76** |

As at 31 March 2021, the Group had unrecognised deferred tax assets of £2,814,630 (2020: £3,004,503) relating losses recognised during the year.

The Finance Act 2020, which provides for the main rate of corporation tax to remain at 19% effective from 1 April 2020, was substantively enacted on 17 March 2020. This rate change has been reflected in the calculation of deferred tax at the balance sheet date.

Subsequently, the Finance Act 2021, which provides for an increase in the main rate of corporation tax to 25% effective from 1 April 2023, was substantively enacted on 24 May 2021. As the change to 25% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

18 Called up share capital

| | Authorised, allotted, issued and paid | |
|---|---|---|
| | **2021** | 2020 |
| | **No.** | No. |
| Ordinary shares of £1 each | **45,231,555** | 45,231,555 |
| A ordinary shares of £0.0001 each | **772,583** | 772,583 |
| B ordinary shares of £1 each | **21** | 21 |
| Total number of shares | **46,004,159** | 46,004,159 |
| | **£** | £ |
| Total nominal value of shares | **45,231,653** | 45,231,653 |

Each ordinary, A ordinary and B ordinary share carries one vote, participates equally with the other ordinary shares in distributions of dividends and capital (including on a winding up) and is not redeemable.

19 Notes to the cashflow statement
Analysis of changes in net debt

| | At 01 April 2020 | Cash flows | Non-cash changes | **At 31 March 2021** |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | **£'000** |
| Cash and cash equivalents | 22,255 | (2,277) | - | **19,978** |
| Bank loans – revolving credit facility | (4,000) | 4,000 | - | **-** |
| Bank loans – term loan | (64,405) | - | (1,739) | **(66,144)** |
| Total | (46,150) | 1,723 | (1,739) | **(46,166)** |

Non-cash changes represent £546,000 amortisation of loan arrangement fees and the capitalisation of £1,193,000 of interest into the loan value.

# Notes to the consolidated financial statements (continued)

20 Operating leases as lessee

The Group's future minimum operating lease payments are as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Within 1 year | **829** | 631 |
| 1 to 5 years | **2,244** | 2,728 |
| After 5 years | **7,282** | 8,211 |
| Total | **10,355** | 11,570 |

21 Subsidiaries of the Group

At 31 March 2021, the subsidiaries of the Group were as follows:

| Subsidiaries | Class of share held | Registered office | Nature of business |
|---|---|---|---|
| Evident Legal Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Dormant |
| Washbrook Capital Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Holding company |
| Move With Us (2012) Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Holding company |
| Move With Us Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Holding company |
| Partners In Property (UK) Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Management services for the property sales industry |
| Movewithus Conveyancing Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Provision of conveyancing services for residential house sales |
| Quality Solicitors Organisation Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Marketing services for independent solicitors |
| Dorling Cottrell Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Licensed conveyancer |
| JS Law Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Licensed conveyancer |
| JSL Legal Services Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Property pack provider |
| The Move Factory Holdings Limited | 100% Ordinary | 1 Frances Way, Grove Park, Enderby Leicester, LE19 1SH | Holding company |
| My Home Move Limited | 100% Ordinary | 1 Frances Way, Grove Park, Enderby Leicester, LE19 1SH | Management services for conveyancing of residential properties |
| Premier Property Lawyers Limited | 100% Ordinary | 1 Frances Way, Grove Park, Enderby Leicester, LE19 1SH | Conveyancing of residential properties |
| APLH Limited | 100% Ordinary | Hurley House, 1 Dewsbury Road, Leeds, LS11 5DQ | Holding company |
| Advantage Property Lawyers Limited | 100% Ordinary | Hurley House, 1 Dewsbury Road, Leeds, LS11 5DQ | Conveyancing of residential properties |
| Cook Taylor Woodhouse Limited | 100% Ordinary | 68/70 High Street, Eltham, London, SE9 1BZ | Conveyancing of residential properties |
| Lampthink Limited | 100% Ordinary | 68 High Street, Eltham, London, SE9 1BZ | Property pack provider |

All subsidiary companies are incorporated in Great Britain and are included within the consolidated financial statements.

# Notes to the consolidated financial statements (continued)

21 Subsidiaries of the Group (continued)

For the period ended 31 March 2021, Evident Legal Limited (Registered number: 07422740), Washbrook Capital Limited (Registered number: 08630970), Move With Us (2012) Limited (Registered number: 08251699), Move With Us Limited (Registered number: 03883536), Quality Solicitors Organisation Limited (Registered number: 06616950), JS Law Limited (Registered number: 04582779), JSL Legal Services Limited (Registered number: 05495102), The Move Factory Holdings Limited (Registered number: 05633986) and APLH Limited (Registered number: 06780270) were entitled to exemption from audit under section479A of the Companies Act 2006 relating to subsidiary companies.

22 Related party transactions

The Group's related parties include its key management and others as described below. Transactions between the Company and its subsidiaries, which are also related parties, have been eliminated on consolidation and are not disclosed within this note.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The immediate parent company of the Group is UKLS Midco Limited, which is a related party. At 31 March 2021 the Company had outstanding loans amounting to £68.6 million (2020: £63.6 million), which accrued interest of £5.1 million during the year ended 31 March 2021 (2020: £4.7 million). During the year, unpaid interest on loans with UKLS Midco Limited, amounting to £4.9 million (2020: £4.7 million), compounded and became part of the principal.

UKLS Investment Limited, the immediate parent company of UKLS Midco Limited is also a related party. At 31 March 2021, the Company had an outstanding loan amounting to £45.2 million (2020: £45.2 million) which is unsecured, interest free, has no fixed date of prepayment and is repayable on demand.

# Notes to the consolidated financial statements (continued)

23 Business combinations

On 26 June 2020 My Home Move Limited completed the acquisition of Cook Taylor Woodhouse Limited and Lampthink Limited. The acquisition is a result of the Simplify Group's ongoing growth strategy, strengthening the Groups presence in London and the South East and increasing the range options available for clients and introducers.

On the 17th September 2020 the trade and assets of Gordon Brown Law Firm (LLP) were acquire by Dorling Cottrell Limited.

Consideration paid by the Company;

| | Cook Taylor Woodhouse Limited and Lampthink Limited £'000 | Trade and assets of Gordon Brown Law LLP £'000 |
|---|---|---|
| Cash | 6,430 | 785 |
| Deferred consideration | 1,025 | 45 |
| Directly attributable costs | 101 | 45 |
| | 7,556 | 875 |

Recognised amounts of identified assets;

| | £'000 | £'000 |
|---|---|---|
| Tangible assets | 159 | 251 |
| Intangible assets | - | - |
| Cash | 2,323 | - |
| Debtors | 1,347 | 300 |
| Creditors | (1,015) | - |
| Total identified assets | 2,814 | 551 |
| Goodwill on acquisition | 4,742 | 324 |
| | 7,556 | 875 |

24 Ultimate controlling party
The ultimate controlling party is Palamon Capital Partner LLP, managed by Palamon Capital Partners LP, which owns the majority of the shares in the ultimate parent company.

UKLS Investment Limited, a company registered in Jersey, is the ultimate parent and the parent undertaking of the largest and smallest group which prepares publicly available consolidated financial statements. Copies of the consolidated financial statements may be obtained by written request to the Company Secretary at Grant Hall, Parsons Green, St. Ives, Cambridgeshire, PE27 4AA.

# Independent auditors' report to the members of UKLS Acquisitions Limited

## Report on the audit of the company financial statements

### Opinion

In our opinion, UKLS Acquisitions Limited's company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss 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 Parent company balance sheet as at 31 March 2021; the Parent company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

#### Independence

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

### Conclusions relating to going concern

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.

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.

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

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

### 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.

# Independent auditors' report to the members of UKLS Acquisitions Limited (*continued*)

## Reporting on other information (*continued*)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

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

### Auditors' responsibilities for the audit of the financial statements

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

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.

# Independent auditors' report to the members of UKLS Acquisitions Limited (*continued*)

### Auditors' responsibilities for the audit of the financial statements (*continued*)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislations, employment laws and regulations, health and safety legislation and anti-bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations;
- Assessing significant judgements and estimates in particular those relating to allowance for doubtful debts, recoverable amount of investments in subsidiaries and the disclosures included on these balances within the financial statements;
- Reviewing the minutes of the board meeting to check any non -compliance with laws and regulations and
- Incorporating elements of unpredictability in procedures over whether exceptional costs have been categorised correctly

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

### Use of this report

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

# Other required reporting

## Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

# Other matter

We have reported separately on the group financial statements of UKLS Acquisitions Limited for the year ended 31 March 2021.

Neil Philpott

Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
29 October 2021

# Parent company balance sheet
As at 31 March 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments | 3 | **127,094** | 127,094 |
| **Current assets** | | | |
| Debtors | 4 | **70,454** | 71,615 |
| Cash and cash equivalents | | **131** | 8,732 |
| | | **70,585** | 80,347 |
| **Creditors:** amounts falling due within one year | 6 | **(73,768)** | (78,435) |
| **Net current assets** | | **(3,183)** | 1,912 |
| **Total assets less current liabilities** | | **123,911** | 129,006 |
| **Creditors:** amounts falling due after more than one year | 7 | **(134,768)** | (128,000) |
| **Net assets** | | **(10,857)** | 1,006 |
| **Equity** | | | |
| Called up share capital | 8 | **45,232** | 45,232 |
| Share premium account | | **773** | 773 |
| Accumulated losses | | **(56,862)** | (44,999) |
| **Total shareholders' funds** | | **(10,857)** | 1,006 |
| **Company's loss for the financial year** | | **11,863** | 11,424 |

The registered number of the Company is 09117397.

The financial statements on pages 38 to 44 were approved by the directors on 28 October 2021 and are signed on their behalf by:

R Matson
Director

# Parent company statement of changes in equity

For the year ended 31 March 2021

| | Called up share capital £'000 | Share Premium account £'000 | Accumulated loss £'000 | Total shareholders' funds/(deficit) £'000 |
|---|---|---|---|---|
| **Balance at 1 April 2019** | 45,232 | 773 | (33,575) | 12,430 |
| Loss for the financial year | - | - | (11,424) | (11,424) |
| Other comprehensive income | - | - | - | - |
| **Total comprehensive expense** | **-** | **-** | **(11,424)** | **(11,424)** |
| **Balance at 31 March 2020 and 1 April 2020** | 45,232 | 773 | (44,999) | **1,006** |
| Loss for the financial year | - | - | (11,863) | (11,863) |
| Other comprehensive income | - | - | - | - |
| **Total comprehensive expense** | **-** | **-** | **(11,863)** | **(11,863)** |
| **Balance at 31 March 2021** | **45,232** | **773** | **(56,862)** | **(10,857)** |

# Notes to the parent company financial statements (continued)

1 Summary of accounting policies

Basis of accounting and general information

The Company is a private company limited by shares incorporated in United Kingdom and domiciled in England. The address of UKLS Acquisitions Limited's registered office and its principal place of business is Grant Hall, Parsons Green, St Ives, Cambridgeshire PE27 4AA.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The principal accounting policies are summarised below. They have been applied consistently throughout the year.

Income statement

No income statement is presented for UKLS Acquisitions Limited as provided by Section 408 of the Companies Act 2006. The Company's loss for the financial year, determined in accordance with the Act, was £11,863,000 (2020: £11,424,000) and is included in the Group profit for the year.

The auditors' remuneration for audit services to the Company was £25,667 (2020: £24,455) and was settled by another group company.

The directors were not remunerated by the parent company in either this year or the prior year.

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Financial instruments

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

*Financial assets*

For the purpose of subsequent measurement, financial assets are classified as loans and receivables upon initial recognition and are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

*Financial liabilities*

The Group's financial liabilities are comprised of trade and other payables and are measured subsequently at amortised cost using the effective interest method.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Going Concern

After assessing the forecasts and liquidity of the Company for the next financial year the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further information is given in directors' report on page 6. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2 Employee numbers

The company has no employees (2020: nil). The company paid for no directors' remuneration in the period (2020: nil). Two of the directors are directors of this company only and are not specifically remunerated for their services as directors. One of the directors is also a director of other group companies and is not specifically remunerated for their services as directors of this company.

# Notes to the parent company financial statements (continued)

3 Investments

| | Investment in subsidiaries £'000 |
|---|---|
| Cost and net book amount | |
| At 31 March 2020 and 31 March 2021 | 127,094 |

The directors deem the carrying value of the investments to be appropriate and no impairment is due.

At 31 March 2021, the Company held the following share capital of the following undertakings. All subsidiaries were incorporated in the United Kingdom, which is also their principal place of business.

| Direct ownership | Class of share held | Registered office | Nature of business |
|---|---|---|---|
| Evident Legal Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Dormant |
| Washbrook Capital Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Holding company |
| The Move Factory Holdings Limited | 100% Ordinary | 1 Frances Way, Grove Park, Enderby Leicester, LE19 1SH | Holding company |
| **Indirect Ownership** | | | |
| Move With Us (2012) Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Holding company |
| Move With Us Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Holding company |
| Partners In Property (UK) Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Management services for the property sales industry |
| Movewithus Conveyancing Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Provision of conveyancing services for residential house sales |
| Quality Solicitors Organisation Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Marketing services for independent solicitors |
| Dorling Cottrell Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Licensed conveyancer |
| JS Law Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Licensed conveyancer |
| JSL Legal Services Limited | 100% Ordinary | Grant Hall, Parsons Green, St Ives, Cambridgeshire, PE27 4AA | Property pack provider |
| My Home Move Limited | 100% Ordinary | 1 Frances Way, Grove Park, Enderby Leicester, LE19 1SH | Management services for conveyancing of residential properties |
| Premier Property Lawyers Limited | 100% Ordinary | 1 Frances Way, Grove Park, Enderby Leicester, LE19 1SH | Conveyancing of residential properties |
| My Home Information Pack Limited | 100% Ordinary | 1 Frances Way, Grove Park, Enderby Leicester, LE19 1SH | Dormant |
| APLH Limited | 100% Ordinary | Hurley House, 1 Dewsbury Road, Leeds, LS11 5DQ | Holding company |
| Advantage Property Lawyers Limited | 100% Ordinary | Hurley House, 1 Dewsbury Road, Leeds, LS11 5DQ | Conveyancing of residential properties |
| Cook Taylor Woodhouse Limited | 100% ordinary | 68/70 High Street, Eltham, London, SE9 1BZ | Conveyancing of residential properties |
| Lampthink Limited | 100% Ordinary | 68 High Street, Eltham, London, SE9 1BZ | Property pack provider |

All subsidiary companies are incorporated in Great Britain and included within these consolidated financial statements. All activities are conducted in the United Kingdom.

# Notes to the parent company financial statements (continued)

3 Investments (continued)

For the period ended 31 March 2021, Evident Legal Limited (Registered number: 07422740), Washbrook Capital Limited (Registered number: 08630970), Move With Us (2012) Limited (Registered number: 08251699), Move With Us Limited (Registered number: 03883536), Quality Solicitors Organisation Limited (Registered number: 06616950), JS Law Limited (Registered number: 04582779), JSL Legal Services Limited (Registered number: 05495102), The Move Factory Holdings Limited (Registered number: 05633986) and APLH Limited (Registered number: 06780270) were entitled to exemption from audit under section479A of the Companies Act 2006 relating to subsidiary companies.

4 Debtors

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| Amounts owed by group undertakings | 25,039 | 26,210 |
| Amounts due from parent company | 45,232 | 45,232 |
| Deferred tax (see note 5) | 154 | 149 |
| Other debtors | 29 | 24 |
| | 70,454 | 71,615 |

All amounts owed by group undertakings and due from parent company are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

5 Deferred taxation
The movement in deferred taxation during the year was:

| | Other short-term temporary difference |
|---|---|
| | £'000 |
| As at 1 April 2020 | 149 |
| Credited to profit & loss | 5 |
| | 154 |

6 Creditors: amounts falling due within one year

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| Bank loans and overdrafts | - | 4,000 |
| Amounts owed to group undertakings | 60,834 | 62,537 |
| Amounts owed to parent company | 12,557 | 11,625 |
| Deferred consideration | 164 | 164 |
| Accruals and deferred income | 213 | 109 |
| | 73,768 | 78,435 |

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are payable on demand. The amount due to Parent Company is unsecured, bears 8% interest, have no fixed date of repayment and repayable on demand.

There is a fixed and floating charge over the assets of the Company in favour of Agensynd as agents in relation to any amounts owed by the Simplify Group to lenders by means of loan or overdraft.

# Notes to the parent company financial statements (continued)

7 Creditors: amounts falling due after more than one year

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Bank loans and overdrafts | **66,144** | 64,405 |
| Amounts owed to parent company | **68,624** | 63,595 |
| | **134,768** | 128,000 |

The loans are shown net of arrangement fees, which are being amortised over the life of the loan.

During the year ended 31 March 2019, the Company secured a new loan facility from Permira Credit Solutions amounting to £67 million with an initial carrying amount, net of arrangement fees and issue costs of £63.3 million. The bank loan is repayable on or before March 2026 and carries interest at LIBOR +6.75%. Unpaid interest on loans with Permira Credit solutions is £nil (2020: £nil) which is payable every quarter. Accrued interest with the parent company amounting to £5.0 million (2020: £4.7 million) compounded and became part of the principal.

8 Called up share capital

| | Authorised, allotted, issued and paid | |
|---|---|---|
| | **2021 No.** | 2020 No. |
| Ordinary shares of £1 each | 45,231,555 | 45,231,555 |
| A ordinary shares of £0.0001 each | 772,583 | 772,583 |
| B ordinary shares of £1 each | 21 | 21 |
| Total number of shares | **46,004,159** | 46,004,159 |
| | **£** | £ |
| Total nominal value of shares | **45,231,653** | 45,231,653 |

Each ordinary, A ordinary and B ordinary share carries one vote, participates equally with the other ordinary shares in distributions of dividends and capital (including on a winding up) and is not redeemable.

# Notes to the parent company financial statements (continued)

9 Related party transactions

The Company has taken advantage of the exemption available under FRS 102 not to disclose transactions with other wholly owned group companies.

The immediate parent company of the Group is UKLS Midco Limited, which is a related party. At 31 March 2021 the Company had outstanding loans amounting to £68.6 (2020: £63.6 million), which accrued interest of £5.1 million during the year ended 31 March 2021 (2020: £4.7 million). During the year, unpaid interest on loans with UKLS Midco Limited, amounting to £4.9 million (2020: £4.7 million), compounded and became part of the principal.

UKLS Investment Limited, the immediate parent company of UKLS Midco Limited is also a related party. At 31 March 2021, the Company had an outstanding loan amounting to £45.2 million which is unsecured, interest free, have no fixed date of prepayment and repayable on demand.

The ultimate controlling party is Palamon Capital Partner LLP, managed by Palamon Capital Partners LP, which owns the majority of the shares in the ultimate parent company.

UKLS Investment Limited, a company registered in Jersey, is the parent undertaking of the largest and smallest group which prepares publicly available consolidated financial statements. Copies of the consolidated financial statements may be obtained by written request to the Company Secretary at Grant Hall, Parsons Green, St. Ives, Cambridgeshire, PE27 4AA.