

MIDCO 8787 2 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

COMPANY INFORMATION

Mr N Brawn
Mr P Young (resigned 6 November 2023)
Mr D Garratt (resigned 30 September 2022)
Mr R Grimshaw (resigned 26 October 2022)
Mr D Crawford (appointed 19 July 2023)

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Grant Thornton UK LLP
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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

Introduction

The Directors of MidCo 2 8787 Limited present their Strategic Report on the affairs of the Group, together with the audited financial statements for the year ended 30 June 2023.

Business review

The principal activity of the Group is the provision of legal conveyancing services to home movers in respect of residential property transactions. This activity is regulated by the Council for Licensed Conveyancers. The Group also provides panel management services to certain estate agency businesses, whereby it manages panels of law firms who, in turn, provide conveyancing services to home movers introduced by those estate agencies.

During the years to 30 June 2023 and 30 June 2022, the UK residential property market has continued to witness volatility in transaction patterns. The Group's agility towards hybrid working and its investment in IT hardware and software enable it to cope with fluctuating demand whilst ensuring it operates within its identified capacity levels.

Principal risks and uncertainties

Business and operational risk

The ongoing profitability and growth of the Group's business is dependent on a continued flow of new instructions from clients and having the necessary team of conveyancing lawyers and supporting staff in place to undertake the required conveyancing services for these clients.

The majority of the Group's clients are introduced by estate agency firms. The continued referral of clients by the Group's estate agency partners is dependent on high quality of service being delivered on conveyancing transactions.

The Group continually monitors feedback to ensure high service levels are maintained and takes corrective action where required.

The Group seeks to ensure that it has adequate resources to complete its pipeline of conveyancing instructions by forward planning and recruiting staff to ensure it has sufficient capacity.

The Group is also reliant on its IT systems to deliver a high level of service and to improve its operational efficiency over time. The Group invests significantly in both IT hardware and software and a team of specialist IT staff to ensure this requirement is met.

Macro economic risk

The Group's exposure to macro economic risk relates primarily to the impact of macro economic factors on the UK housing market, where such factors may cause a contraction in the market size. The Group manages this risk through developing strong partnerships with its key partners and through an agile new business sales team that allows it to develop its market share in a highly fragmented market.

Cash flow and liquidity risk

The Group aims to mitigate liquidity risk through proactive management of working capital and financial forecasting. The Group also manages liquidity risk through the use of revolving credit facilities and maintaining appropriate levels of bank borrowings. At 30 June 2023 the Group had consolidated cash balances of £3.1 million (30 June 2022 £4.2 million).

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Interest rate risk

The Group's exposure to market risk in relation to changes in interest rates relates primarily to its senior debt facilities, which are linked to bank base rate. The Group manages this risk through use of sensitivity analysis and seeks to maintain adequate headroom against an adverse move in base rates.

Currency risk

The Group's activities are concentrated in the United Kingdom and as such there is minimal exposure to the financial risks of changes in foreign currency exchange rates. The Group does not use derivative financial instruments.

Credit risk

The Group's principal financial assets are bank balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts stated in the balance sheet are net of provisions for bad and doubtful debts. An impairment provision is made where a risk is identified which, based on previous experience, is evidence of a reduction in the recoverability of amounts due to the Group.

The Group does not have a significant concentration of credit risk; its receivables balances are spread over many customers. The majority of client receivables are settled immediately upon completion of a conveyancing transaction.

Review of current trading and future prospects

The Group continues to broaden its overall agent network in order to grow the number of client instructions and focuses on internal performance metrics to improve EBITDA. The Group maintains its focus on cost control measures and is trading in line with its expectations.

The Directors believe that the Group's reputation for providing high quality conveyancing coupled with its low share of the UK residential conveyancing market will enable it to achieve further growth despite the macroeconomic headwinds.

The Directors have prepared and reviewed financial projections based on their best estimate of future trading through to 30 June 2025 as further described in note 2.3 to the consolidated financial statements and, on that basis, have concluded that the Group has adequate financial resources to meet its liabilities as they fall due and, accordingly, that the financial statements should be prepared on a going concern basis.

Key performance indicators

Being a holding company there are no Company specific key performance indicators. The performance indicators for the Group are disclosed in the financial statements of Topco 8787 Limited.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Directors' statement of compliance with duty to promote the success of the company

The board promotes the success of the group for the benefit of a broad range of stakeholders that we recognise are material to the long-term future success of our business. We consider the impact on our stakeholders throughout all our discussions and decisions. Like any business, we are sometimes required to take decisions that adversely affect one or more of these groups, and, in such cases, we always look to ensure that those affected are treated fairly. We have detailed below how the board have ensured effective engagement with our key stakeholders during the past year.

• **Employees** - Our people are our biggest asset and are central to the ongoing success of the Group. Our people strategy aims to attract, retain, develop and motivate the right people for our current and future business needs.

We engage with our people through the following activities:

- o Employee opinion survey completed with Best Companies.
- o Ensuring every member of staff was involved in the development of our new vision and values with engagement sessions held by the executive and senior management teams in each office.
- o An active employee forum.
- o Regular management briefings and a quarterly newsletter.
- o Presentations by the executive team to discuss performance and strategic plans.

• **Clients** – Our clients are the central focus of our business. The Group's ongoing success is built upon an ability to understand clients needs, respond with solutions and always deliver those with the highest quality of service.

We engage with our clients and monitor feedback through a variety of channels including:

- o Requesting feedback at 3 points of the process for all clients.
 - o Monitoring and engaging with client feedback through external websites such as Trustpilot.
 - o The board also considers the fair treatment of clients through fair pricing and the quick resolution of complaints.
- **Shareholders and banking partners** – We rely on the support and engagement of our shareholders and banking partners to deliver our strategic objectives and grow the business. Our shareholders are supportive of the long-term strategic approach and vision we take in the management of our business.

We engage with our shareholders through the following activities:

- o To provide full visibility, representatives of our majority shareholders met monthly with the executive and non-executives Directors during the year ended 30 June 2023.
 - o On at least a monthly basis, meetings are held independently between our majority shareholders and our Chairman and CEO respectively.
- **Suppliers and regulator** – We recognise the importance of our various partners in delivering services to client and ensure we have shared values. We seek to build positive relationships with our regulators. Regulators provide key oversight of how we run our business.

We engage with our partners and regulators through the following activities:

- o We ensure our payment terms with all suppliers are fair and in compliance with best payment practices.

o We maintain ongoing relationships with our key suppliers during the year in general and ensure we proactively engage on specific challenges or changes quickly.

o We continue our work in the area of preventing modern slavery.

o The Group is regulated by the Council of Licensed Conveyancing and has an open, proactive and transparent relationship with them.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

• Society and communities – We recognise the responsibility we have to wider society and other key stakeholders. The group therefore takes corporate social responsibility very seriously and is committed to ensuring ethical behaviour, a high regard for the welfare of our people and care for the environment in all our activities.

We engage with society and the communities in which we operate through the following activities:

- o We proudly support AgentsGiving with a member of our board acting as an ambassador for them.
- o We have provided work experience opportunities for local academy students in our office locations, fostering their confidence and exposure to professional office environments.
- o We support and engage in numerous fundraising events, supporting various charities and schools. Notable efforts include a 56 mile walk for Refuge, a Make, Bake and Donate day for Comic Relief and collaborating with Peterborough Soup Kitchen to raise funds.
- o The group also supported a week dedicated to Mental Health Awareness during the year.

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

.....
Mr D Crawford

Director

Date: 27 March 2024

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

The directors present their report and the financial statements for the year ended 30 June 2023.

Directors' responsibilities statement

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

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

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

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

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

Results and dividends

The loss for the year, after taxation, amounted to £9,693 (2022 - loss £6,813).

Directors

The directors who served during the year were:

Mr N Brawn
Mr P Young (resigned 6 November 2023)
Mr D Garratt (resigned 30 September 2022)
Mr R Grimshaw (resigned 26 October 2022)

Matters covered in the Strategic Report

The review of the business, principal activities, principal risks and uncertainties and key performance indicators, are addressed in the strategic report.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

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Mr D Crawford

Director

Date: 27 March 2024

Unit 3
Caxton Close
Drayton Fields Industrial Estate
Daventry
NN11 8RT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDCO 8787 2 LIMITED

Opinion

We have audited the financial statements of Midco 8787 2 Limited (the 'Company') for the year ended 30 June 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion,

- the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2023 and of the company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 2 to the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDCO 8787 2 LIMITED (CONTINUED)

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as cost of living crisis and increase in interest rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

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

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDCO 8787 2 LIMITED (CONTINUED)

Matters on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report.

Responsibilities of directors

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDCO 8787 2 LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and we determined that the laws and regulations most directly relevant to specific assertions in the financial statements are those related to the reporting framework (being FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' and the Companies Act 2006) and relevant tax legislation in the UK. In addition, we concluded that there are certain significant laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements such as health and safety regulations, employment law and anti-bribery legislation.

- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by making enquiries of management and those charged with governance, and updating our understanding of the company's operations, financial reporting obligations and control environment, including around compliance with laws and regulations. We considered the risk of fraud to be higher through the potential for management override of controls.

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes.

- Audit procedures performed by the engagement team included:

- o identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud, particularly around journal processing;

- o journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business;

- o challenging assumptions and judgements made by management relating to its areas of significant estimation and judgement;

- o reviewing legal and professional expenditure in the year to assess for any indicators of noncompliance with relevant laws and regulations; and

- o completion of audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- Assessment by the engagement partner of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- o knowledge of the industry in which the company operates and understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and

- o understanding of the legal and regulatory requirements specific to the company.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDCO 8787 2 LIMITED (CONTINUED)

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

Use of our report

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

David White BA FCA

Senior Statutory Auditor
for and on behalf of

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants
Birmingham

27 March 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £	2022 £
Administrative expenses		(9,693)	(6,813)
Operating loss		(9,693)	(6,813)
Interest receivable and similar income		2,992,165	2,588,878
Interest payable and similar expenses		(2,992,165)	(2,588,878)
Loss before tax		(9,693)	(6,813)
Loss for the financial year		(9,693)	(6,813)

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 16 to 24 form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2023

	Note	2023 £	As restated 2022 £
Fixed assets			
Investments	7	1	1
		<u>1</u>	<u>1</u>
Current assets			
Debtors: amounts falling due after more than one year	8	33,215,402	27,336,516
Creditors: amounts falling due within one year	9	(33,242,321)	(27,353,742)
Net current liabilities		<u>(26,919)</u>	<u>(17,226)</u>
Total assets less current liabilities		<u>(26,918)</u>	<u>(17,225)</u>
Net liabilities		<u>(26,918)</u>	<u>(17,225)</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account	11	(26,919)	(17,226)
		<u>(26,918)</u>	<u>(17,225)</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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Mr D Crawford
Director

Date: 27 March 2024

The notes on pages 16 to 24 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2022	1	(17,226)	(17,225)
Comprehensive income for the year			
Loss for the year	-	(9,693)	(9,693)
At 30 June 2023	1	(26,919)	(26,918)

The notes on pages 16 to 24 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2021	1	(10,413)	(10,412)
Comprehensive income for the year			
Loss for the year	-	(6,813)	(6,813)
At 30 June 2022	1	(17,226)	(17,225)

The notes on pages 16 to 24 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

1. General information

Midco 8787 2 Limited (the "Company") is a private company limited by shares, incorporated in England and Wales, registration number 11899683. The address of the registered office is Unit 3 Caxton Close, Drayton Fields Industrial Estate, Daventry, NN11 8RT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the requirement of paragraph 24(b) of IFRS 6 Exploration for and Evaluation of Mineral Resources to disclose the operating and investing cash flows arising from the exploration for and evaluation of mineral resources (when applying this standard in accordance with paragraph 34.11 of FRS 102).

This information is included in the consolidated financial statements of Topco 8787 Limited as at 30 June 2023 and these financial statements may be obtained from Companies House.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. Accounting policies (continued)

2.3 Going concern

Midco 8787 2 Limited is an intermediate holding company with net liabilities of £26,918 as at 30 June 2023 and loss for the year then ended of £9,693. The Company is a wholly owned subsidiary of Topco 8787 Limited. The directors have assessed the going concern of the group as a whole, comprising Topco 8787 Limited and all of its subsidiary undertakings (together 'the Group').

The Directors recognise the ongoing uncertainties in the UK housing market and wider UK economy created by increases in the cost of living and increases to mortgage rates. Against this backdrop, the

Directors have given detailed consideration to the financial position of the Group, its cash flows,

liquidity position and borrowing facilities, including projected compliance with banking covenants. During the year, an additional £84,226 of ordinary shares were issued and an additional £3,416,479 unsecured loans were received to ensure sufficient liquidity is in place.

As at 30 June 2023, the Group had outstanding bank borrowings, provided by Clydesdale Bank plc

under the terms of a senior facility agreement totalling £8,192,184 and it had cash balances of

£3,081,986. The bank borrowings at 30 June 2023 comprised: a term loan of £4,500,000 repayable

on 31 October 2025; a term loan of £1,887,500 repayable in quarterly instalments over the period to

31 October 2024; a term loan of £1,054,685 repayable in quarterly instalments over the period to 29

August 2025; and a further term loan made available under the Coronavirus Business Interruption

Loan Scheme of £750,000 repayable in monthly instalments over the period from 31 December

2020 to 31 May 2025. In addition the Group had an undrawn amount of £1,000,000 available to it

under a revolving credit facility made available by Clydesdale Bank plc. During the year the group agreed and signed an amended banking agreement with Clydesdale Bank plc. As part of this £473,959 of repayment were deferred until the final loan repayment date and the financial covenants tests were amended for the quarterly periods ending 30 September 2023, 31 December 2023 and 31 March 2024.

The Group also has shareholder loans outstanding, which totalled £10,420,479 as at 30 June 2023.

No amounts are repayable until 15 November 2025.

Under the terms of the senior facility agreement with Clydesdale Bank plc, the Group is subject to

financial covenants, the principal covenants being to maintain minimum levels of available cash and

profit performance. The Directors have produced detailed cash flow forecasts covering the period to

30 June 2025 based on their best estimate of likely financial performance. The Directors have also

run a number of downside sensitivities assuming a less favourable trading environment and resulting

lower levels of profitability and cash generation. In all cases, the Group is forecast to fully meet its

banking covenants. The Group is currently in advanced discussions with Clydesdale bank and expects to finalise and agree

an extension of the terms of all of its current facilities until 30 June 2026. Taking into consideration the forecast trading and cashflow performance of the Group, the Directors consider that the going concern basis of accounting continues to be appropriate

for the preparation of the financial statements, on the basis that the Group will be able to continue to

meet its financial obligations as they fall due for a period of not less than twelve months from the date of approval of these financial statements.

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2. Accounting policies (continued)

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Debtors

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

2.9 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2. Accounting policies (continued)

2.10 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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

In the application of the Company's accounting policies management is required to make judgements, estimates and assumptions about the carrying value of the assets and liabilities that are not readily available from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period an future periods if the revision affects both current and future periods.

Impairment and recoverability of inter company balances

Management has considered recoverability of the carrying value of inter-company balances for indicators of impairment. Where such indicators have been identified the directors have considered the value in use and future cashflows. Any impairments identified is recognised immediately in the statement of comprehensive income.

Management believe there are no other areas of estimates or significant judgements which would have a significant effect on the amounts recognised in the financial statements.

4. Auditor's remuneration

During the year, the company obtained the following services from the company's auditor:

	2023	<i>2022</i>
	£	<i>£</i>
Fees payable to the company's auditor for the audit of the company's financial statements	5,000	<i>3,500</i>

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

5. Employees

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

	2023	<i>2022</i>
	No.	<i>No.</i>
Employees	<u>2</u>	<u><i>3</i></u>

No employee received remuneration from the entity during the year (2022: £Nil). The directors received remunerations from Simply Conveyancing Property Lawyers Limited, a company under common control.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

6. Taxation

	2023	2022
	£	£
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 25% (2022 - 19%). The differences are explained below:

	2023	2022
	£	£
Loss on ordinary activities before tax	<u>(9,693)</u>	<u>(6,813)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2022 - 19%)	(1,987)	(1,294)
Effects of:		
Expenses not deductible for tax purposes	613,271	491,887
Income not taxable for tax purposes	(613,271)	(491,887)
Group relief surrendered/(claimed)	1,987	1,294
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the standard rate of corporation tax will increase to 25%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

7. Fixed asset investments

	Investments in subsidiary undertakings £
Cost or valuation	
At 1 July 2022	1
	<hr/>
At 30 June 2023	1
	<hr/> <hr/>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Bidco 8787 Limited	Unit 3 Caxton Close, Drayton Fields Industrial Estate, Daventry, NN11 8RT	Holding company	Ordinary	100 %
Simply Conveyancing Property Lawyers Limited*	Unit 3 Caxton Close, Drayton Fields Industrial Estate, Daventry, NN11 8RT	Residential conveyancing	Ordinary	100 %
Simply Conveyancing Panel Management Limited*	Unit 3 Caxton Close, Drayton Fields Industrial Estate, Daventry, NN11 8RT	Panel management for conveyancing services	Ordinary	100 %
Just UK Legal Services Limited*	Unit 3 Caxton Close, Drayton Fields Industrial Estate, Daventry, NN11 8RT	Mobile app for conveyancing service	Ordinary	100 %
Simply Green Energy Services Limited*	Unit 3 Caxton Close, Drayton Fields Industrial Estate, Daventry, NN11 8RT	Providing energy performance certificates	Ordinary	100 %
Pirie Palmann Holdings Limited*	Unit 3 Caxton Close, Drayton Fields Industrial Estate, Daventry, NN11 8RT	Holding company	Ordinary	100 %
Simply Conveyancing Property Lawyers (East) Ltd*	3 Caxton Close, Drayton Fields Industrial Estate, Daventry, NN11 8RT	Residential conveyancing	Ordinary	100 %

* indirectly held subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

8. Debtors**Due after more than one year**

Amounts owed by group undertakings	22,672,120	19,785,399
Prepayments and accrued income	10,543,282	7,551,117
	<u>33,215,402</u>	<u>27,336,516</u>

Amounts owed by group undertakings are unsecured, repayable on demand and are subject to interest charges but have been disclosed as due after more than one year based on when payment is expected.

9. Creditors: Amounts falling due within one year

	2023	<i>As restated</i> 2022
	£	£
Trade creditors	17,976	10,826
Amounts owed to group companies	22,672,120	19,785,399
Accruals and deferred income	10,552,225	7,557,517
	<u>33,242,321</u>	<u>27,353,742</u>

Amounts owed to group undertakings are unsecured, repayable on demand and are subject to interest charges.

10. Share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
1 (2022 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

11. Reserves

Profit and loss account

The Company's capital and reserves are as follows:

Called up share capital:

Called up share capital represents the nominal value of the shares issued.

Profit and loss account:

The profit and loss accounts represent cumulative profits and losses net of dividends paid and other adjustments.

12. Prior year adjustment

The prior year accounts have been restated as it was identified that the creditors amounts owed to group undertakings of £19,785,399 and the accruals and deferred income of £7,551,117 were incorrectly stated as creditor balances falling due after more than one year, when they should have been shown as creditor balances falling due within one year. These have been restated within these accounts bringing the prior year balance within creditors amounts falling due within one year to £27,353,742, opposed to £17,266 which was shown in the 2022 accounts. The creditors amounts falling due after more than one year has been restated to £nil opposed to the £27,336,516 balance which was showing in the 2022 accounts. There have been no changes to the prior year loss for the year.

13. Contingent liabilities

The Company is an obligor and guarantor under the senior facility agreement with the Group's lender. The amount outstanding on this facility as at 30 June 2023 was £8,192,185 (2022: £8,832,811).

14. Controlling party

The Company's immediate parent undertaking is Midco 8787 1 Limited, a company incorporated in England and Wales with a registered office at Unit 3 Caxton Close, Drayton Fields Industrial Estate, Daventry, NN11 8RT.

The smallest and largest group into which the results of the Company are consolidated is that headed by Topco 8787 Limited. Copies of the consolidated accounts of Topco 8787 Limited may be obtained from Unit 3 Caxton Close, Drayton Fields Industrial Estate, Daventry, NN11 8RT.

The ultimate controlling party is Livingbridge Enterprise 2 LP by virtue of its majority shareholding in the Company's ultimate parent undertaking Topco 8787 Limited.

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