



## Annual Report & Accounts 2019

## A Better Home Moving Experience



A UK leader in the provision of online legal services

## Highlights

### Launch of DigitalMove

The Group has launched DigitalMove which aims to make home moving a better experience. It provides an easy-to-use secure portal allowing the consumer to interact with the conveyancer in an efficient and paperless environment transforming the speed and the way conveyancing is done.

### Underlying PBT maintained

Underlying PBT remained broadly constant despite difficult market conditions while reported profit before tax rose by 50%. This was due to a reduction in exceptional items.

### Continued increase in dividend

The Group's ability to turn much of its profit in to cash has enabled it to continue to increase its dividend per share.

### Investing in the future

The Group continues to invest in future growth. Staff numbers have increased by over 10% as we continue to invest in new technology as well as other parts of the business.

### Conveyancing Alliance ('CAL')

The business has continued to grow and a smooth handover from the sellers to the new management team has been completed.



To find out more go to [ulstechnology.com](http://ulstechnology.com)

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#### Revenue

**£30.0m -2%**

Revenue is generated principally from the completion of conveyancing cases and also the associated sales of searches and ID checks.



#### Profit before tax

**£4.1m +50%**

IFRS measure of profit which is after exceptional costs.



#### Profit before tax (underlying)

**£5.4m -2%**

Non-IFRS measure of profit which excludes items not likely to impact future cash flows (see page 23).



# At a glance

## Our vision

To make home moving and ownership a better experience for everyone.

## Our mission

To become the leading provider of digital tools to transform the experience of buying, selling and owning property.

## Investment Case

### Profitable Growth

The Group has a long track record of profitable growth. It has increased its market share and has plenty of scope to maintain this momentum via organic and acquisitive growth.

### Innovating



### Progressive Dividend

The growth and cash generation of the business has allowed it to pay a progressive dividend. The Directors intend to continue to pursue this policy of increasing the dividend payment each year.

### Investing



### Cash Generative

The Group is highly cash generative, turning a high percentage of profit into cash. This allows it to invest in future growth, product development and acquisitions whilst still paying a dividend.



## Our strategy

Our strategy is to continue to generate profitable growth by:

### Providing best in class solutions

Continue to provide best in class solutions that deliver choice, service and competitive pricing.

### Innovation

Continue to develop new products, such as DigitalMove, which are better than what currently exists in the market and work for solicitors, consumers and introducers.

### Acquisition

We will continue to seek out opportunities which provide value and help us grow our core proposition.

## What we do

Our technology brings together people buying, selling and refinancing their homes with DigitalMove enabled conveyancers providing customers with a better experience, quality rated choice and excellent value.

## Our distribution channels

We primarily provide our services through white-labels to mortgage brokers, banks, building societies and price comparison websites amongst others. Our service allows our partners to provide their customers choice and enables them to complete mortgage applications efficiently.

## Independent

Unlike many of the Group's competitors, the business does not undertake any conveyancing itself. This allows it to give consumers an independent choice and engenders a feeling of trust in the quality ratings that the Group publishes on each solicitor or conveyancer on its panel.

## Proprietary IT

The websites and the sophisticated background technology that the Group operates are all built in-house. The Group has a strategy of continual innovation and improvement.

## Delivering

## Revenue

# £30.0m

Revenue is generated principally from the completion of conveyancing cases and also the associated sales of searches and ID checks.

## EBITDA (underlying)

# £6.3m

EBITDA (underlying) excludes exceptional items (see reconciliation on page 23).

## Conveyancing completions

# 83,364

A conveyancing completion is when the conveyancing transaction has been marked as completed on the ULS platform by the conveyancer and revenue is recognised.

## Conveyancing instructions

# 117,731

A conveyancing instruction is the point where a customer chooses a conveyancer through the ULS platform. This provides a strong indication of future revenues. Instructions typically take three or four months to complete with around 70% reaching completion.

## Average Quality Rating

88%

For all cases completed on our eConveyancer platform, we ask both the consumer and the introducer to provide feedback and marks on the service received from the solicitor. We convert this in to a percentage. Figure shown was average rating in March 2019.



A better home moving experience for

# Solicitors



**We normally spend a lot of time helping clients to fill in forms; I wish we could have DigitalMove for all our cases.**

**Bannister Preston**



Solicitors and licensed conveyancers are at the heart of what we do. Whilst our platforms allow solicitors to compete on service and price, as well as providing location as a selection criterion, our platform isn't open to any solicitor. We carefully select, check and continually monitor solicitors to appear on our panel. We also help monitor capacity so that no solicitor is overloaded with work which may then impact turnaround times. The result of this process means that we are delighted to have a high-quality panel of solicitors who between them provide conveyancing services covering a wide range of client requirements and virtually all lenders. We believe that we have the largest panel of solicitors in the country giving the consumer true choice.

Now with the launch of DigitalMove, we are making things easier and more secure for solicitors who work with us. We have worked very closely with our panel of solicitors in designing DigitalMove to make sure that the end product was something that they wanted, was truly useful and value-adding as well as working from the consumers' point of view.



A better home moving experience for

# Consumers



**Overall  
DigitalMove  
is an excellent  
portal, easy  
to use and  
compliments  
the modern  
world we  
now live in.**

Consumer

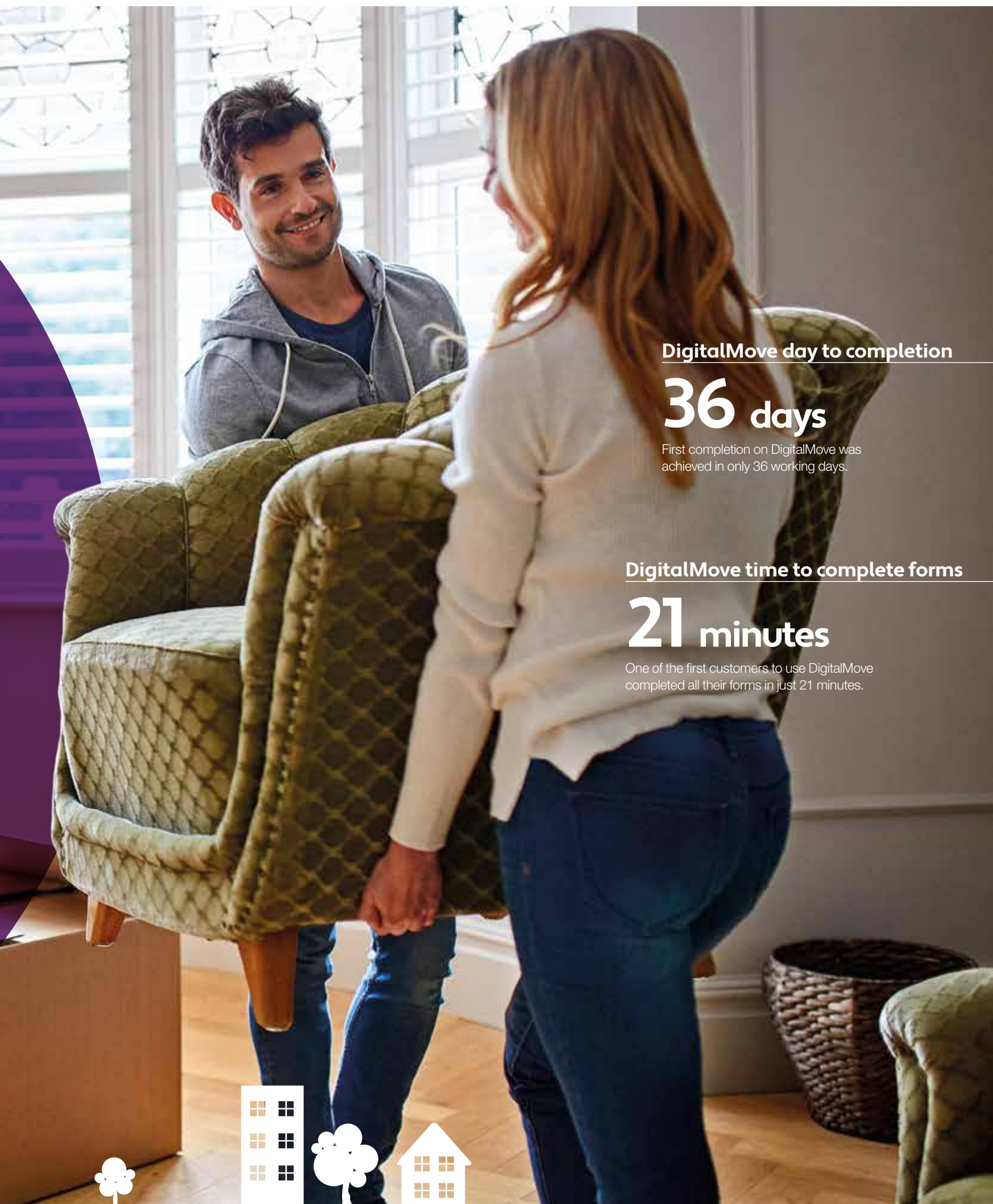


Home moving is often a stressful process. Our aim is to try and take some of that stress away and make the process as smooth as possible. We do this by providing easy to use platforms giving access to a high-quality panel of highly-rated solicitors and licensed conveyancers at a competitive price. In addition we give a no completion, no fee guarantee.

Choosing and instructing a solicitor takes only a few minutes and gives the consumer complete peace of mind knowing that their sale, purchase and/or re-mortgage is in safe hands. All panel firms are regulated by either the Solicitors Regulation Authority or the Council for Licensed Conveyancers and undergo a full due diligence procedure prior to being accepted on to the panel as well as continuous monitoring thereafter.

The addition of DigitalMove makes things even easier for the consumer with everything being able to be done online in a safe and secure environment, easy to use forms and help buttons all helping to speed up the house moving process and reducing the stress.





**DigitalMove day to completion**

**36 days**

First completion on DigitalMove was achieved in only 36 working days.

**DigitalMove time to complete forms**

**21 minutes**

One of the first customers to use DigitalMove completed all their forms in just 21 minutes.





# A better home moving experience for Introducers



**Absolutely  
fabulous service.  
Thank you for  
helping my  
clients so well.**

**Caroline Brown**



Mortgage brokers use our platforms to find solicitors for their clients because they find the systems easy to use, they have confidence in the quality and breadth of the panel of solicitors that we offer and we make the mortgage application process easier.

As well as enabling the instructing of a solicitor, our platforms provide ongoing updates as a case progresses giving the broker visibility that he wouldn't otherwise get. We also provide a 7 day a week support desk so that the broker always knows that help is at hand should he need it.

As well as dealing with thousands of individual mortgage brokers, we also work with some of the largest mortgage clubs and networks in the country, in many cases providing white-labelled versions of our platform for them.





Mortgage brokers actively using our systems

**3,000+**

Active mortgage brokers on our platforms is measured as someone who has placed an instruction for a conveyancing case through one of our platforms in the last 3 months.

# Chairman's statement

Against a difficult market backdrop, the Group has done well to maintain profits while investing for future growth. I am excited by the launch of DigitalMove and pleased with the initial feedback we have received.

## Review of the year

Although there has been significant turbulence in our market over the past year we continued to maintain profit levels while at the same time investing for future growth. We are confident that the market will improve once the political situation has stabilised and we will be well placed to drive growth with our new platform.

We continued our focus on the broker market and made good progress among lenders. We launched Digital Move, our new platform, towards the end of last year and have started to install it more widely following a successful launch of the first phase.

An increasing number of mortgage brokers are placing orders through our systems driven by our growing telephone sales teams. We expect this to continue even during these more difficult times. The lender market is more long term but we made good progress with several smaller lenders waiting to come on stream. While the sales were made during last year it will take until some way through this year for revenue to start, so the full impact will not be felt until next year.

Digital Move has the potential to significantly change the way the market works with documentation being streamlined and communicated digitally. We have already seen instructions pass through the system faster than previously. This is saving time and making the whole process more efficient and easier to track. Again much of the investment in this new platform has been made during the last year while the full revenue impact will not be felt until at least next year.

While being a difficult year, reported profit before tax grew by 50%, largely due to a reduction in exceptional costs, while underlying profit before tax was maintained at broadly the same level as the prior year.

## Final dividend

Subject to approval by shareholders at the Annual General Meeting to be held on 30 July 2019, the Board proposes a final dividend of 1.20p per share, payable on 2 August 2019 to those shareholders on the register at the close of business on 5 July 2019. This, together with the interim dividend of 1.20p per share already paid, takes the total proposed distribution relating to the year ended 31 March 2019 to 2.40p per share.

## Board changes

There have been a number of changes to the Board in the past year, some of which were announced in last year's report. Steve Goodall took over as CEO in April 2018 having previously been MD of the business. Steve's in-depth existing knowledge of the business ensured a smooth transition whilst also enabling him to implement a number of changes to ensure the Group continues to be market-leading.

Elaine Bucknor joined our Board as an independent Non-Executive Director in June 2018. Elaine is a member of the Group Technology Executive team at Sky and we are already benefitting from her expertise on the Board.

Finally, Martin Rowland joined the Board as an independent Non-Executive Director in November 2018. Martin is a qualified accountant and is chairing the audit committee. Martin has spent many years working in corporate finance and private equity and his skills and experience will be particularly helpful when looking at potential acquisitions.

## Outlook

The general housing market is likely to remain fairly flat over the near future, at least until an outcome on Brexit becomes clear. However, the Group is in a strong, profitable and cash generative position, with an enviable distribution network of introducers, and is therefore well positioned for when the market picks up.

DigitalMove looks set to be another industry leading product and will considerably widen the revenue earning possibilities for the Group once fully rolled-out. We are all very excited by the planned roll out and are looking forward to benefiting from our growing product portfolio.

## Geoff Wicks

### Independent Chairman

ULS Technology plc

18 June 2019



**The Group has continued to deliver significant profits and turn that in to operating cash flow.**



## Profit before tax

# £4.1m

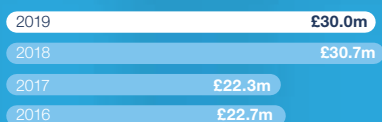
IFRS measure of profit which is after exceptional costs.



## Revenue

# £30.0m

Revenue is generated principally from the completion of conveyancing cases and also the associated sales of searches and ID checks



## EBITDA (underlying)

# £6.3m

EBITDA (underlying) excludes exceptional items (see reconciliation on page 23).

**Geoff Wicks**

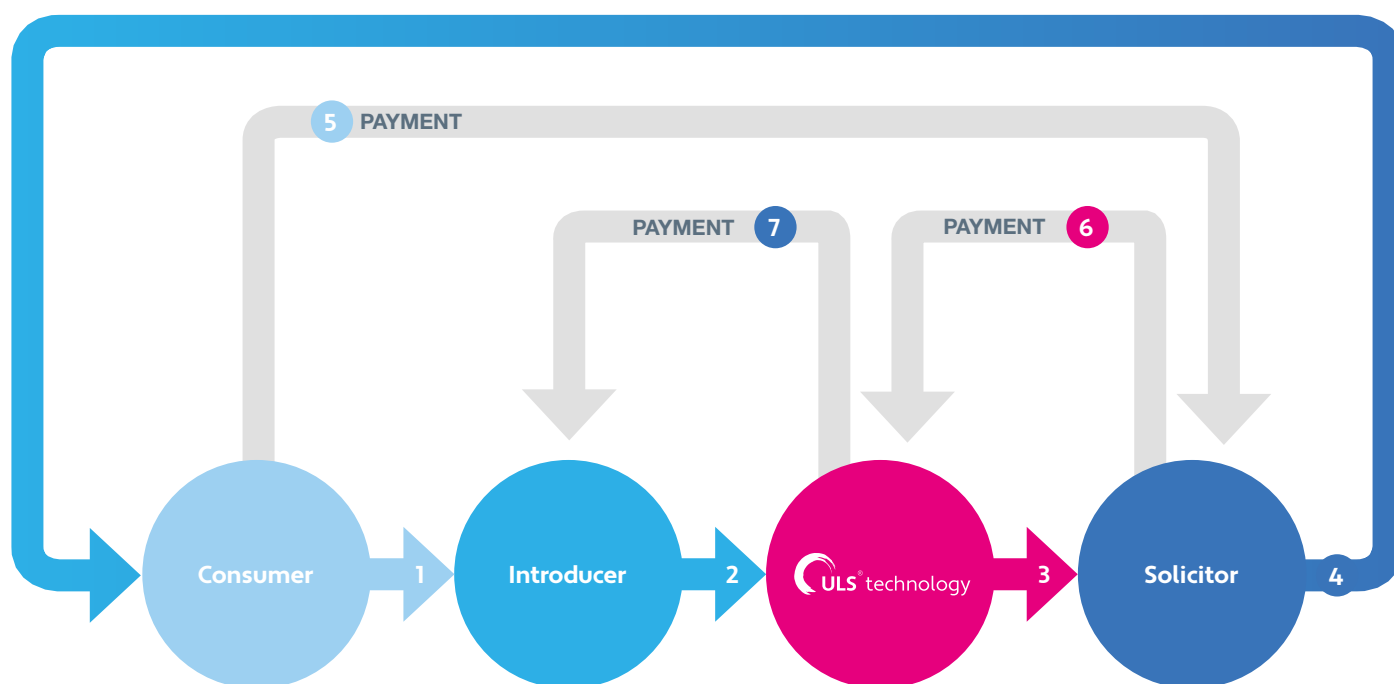
Independent  
Chairman

# Our business model

## ULS Compare: How our core business model works

We bring consumers and legal professionals together via housing market comparison services, delivered through our systems.

We partner with solicitors and conveyancing firms to create panels that compete for consumers' business on price, location and service rating.



1. A house buyer approaches a lender, mortgage broker or other intermediary.
2. The mortgage broker uses the ULS eConveyancer platform to identify a solicitor to undertake the conveyancing, filtering by price, location, service rating and the user's requirements.
3. The ULS platform instructs the selected solicitor to undertake the conveyancing.
4. The solicitor sends their letter of engagement to the house buyer, executes the conveyancing and invoices the house buyer on completion of the transaction.
5. The house buyer pays the solicitor (typically as part of the transaction completion monies).
6. The solicitor pays fees to ULS via the eConveyancer platform.  
Solicitors also generate additional revenues for ULS by using the platform to perform legal searches and ID checks.
7. ULS remits a proportion of the fees to the mortgage broker or other intermediary.

From an accounting point of view, in the above model, Introducer = supplier and solicitor = customer.  
The above model represents ULS Complete which generates the majority of revenue for Group.

## How we create value for stakeholders

ULS has created an ecosystem where there are benefits for all parties involved. This is why the system is successful and allowed it to be sustainable over many years.

### Benefits for Consumers

#### Cost Saving

ULS aims to reduce the cost of services to users by creating price competition between providers.

#### Choice

ULS increases the choice of services available to users by aggregating a broad range of providers via a single platform.

#### Service

ULS provides ratings on its providers helping the consumers to make an informed choice.

### Benefits for Introducers

#### Scope

ULS enables intermediaries to offer their customers a range of conveyancing services from a wide choice of providers nationwide at competitive prices.

#### Reward

ULS allows intermediaries to access multiple related services from a single interface, helping them to generate multiple sales from their customer in one sitting and to increase profitability.

#### Time saving

ULS' user-friendly interface is designed to reduce the time taken to complete the sales process, further enhancing broker ROI.

### Benefits for Solicitors

#### Volume

ULS connects service providers with a large pool of potential clients via intermediaries, increasing work flow at a low cost of acquisition.

#### Market Reach

ULS provides a platform for service providers such as lawyers with low brand recognition to raise their profile, helping them attract new business.



# Our market

Over the trading period, housing transaction volumes have been under pressure. However, the market is not consistent across the UK and is arguably holding up remarkably well considering what it is up against with ongoing Brexit uncertainty affecting buyer and seller confidence.

- The underlying longer-term prospects for housing transactions remain broadly positive.
- Mortgage finance remains cheap owing to low interest rates.
- Housing stock remains in short supply.
- Employment levels are at record highs.
- Sales volumes in South Eastern England are reduced and this is acting as a drag on overall residential transaction volumes.
- Competition in the mortgage market remains high.
- Political uncertainty and financial barriers (stamp duty) are still influencing some homeowners to improve not move.

- The number of first-time buyer mortgages is at a twelve-year high.
- Private landlords hit by roll out of previous changes to tax treatment of buy-to-let mortgages and changes to energy ratings and repeal of Section 21 evictions.

## House-purchase

First-time buyers are propping up Britain's housing market, as the level of current homeowners moving house fell recently. The number of homemovers (who already own their own home) fell by 4pc to an estimated 360,200 in 2018, down from 374,800 in 2017, while the number of first-time buyers increased by 3pc to 372,100 during the same period. This boost was thanks to previous stamp duty cuts and the continuation of the Help to Buy scheme. Lenders continue to offer competitively-priced high loan-to-value products to attract them and with property prices softening in some areas, there are good opportunities for those trying to get on the ladder for the first time.

## Remortgage

Data suggest that uncertainty caused by Brexit encouraged homeowners to seek financial security and remortgage sooner rather than later over the last year, encouraged by the end of many two-year fixed rate deals secured in 2016. This resulted in a boom of remortgaging activity as they came to an end. We should expect another boost in activity between April and June in 2019 as another tranche of fixed deals finish. This is welcome for ULS however the growth in product transfers, where a customer is moved onto another product by the same lender has meant remortgage business has been affected by a drop in the requirement for conveyancing in the product transfer process. Nevertheless, any further interest rate rises (depending on the outcome of Brexit) will drive more remortgaging.

Mortgage  
lending

House  
building

Interest  
rates

Housing  
transactions



**Drivers of  
demand impact  
our market.**



## Buy-to-let

There's no question that buy-to-let is becoming an increasingly troublesome gauntlet for investors to run in 2019. Landlords have been getting accustomed to the increasing ream of regulations, changes to tax policy, and the subsequent cost increases on the rentals market. In 2018, sales to landlords dropped 12% year-on-year to some 66,400 and the latest round of energy efficiency rules and repeal of Section 21 evictions may further diminish the appeal of this once-popular investment sector still further. However, there are growing numbers of buy-to-let transactions now taking place

through Limited Companies – a vehicle now used by many landlords to avoid some of the tax changes of recent years. Portfolio landlords have benefitted from the exit of small landlords and demand from these clients for new properties and portfolio refinancing remains robust.

## The home-owning value chain

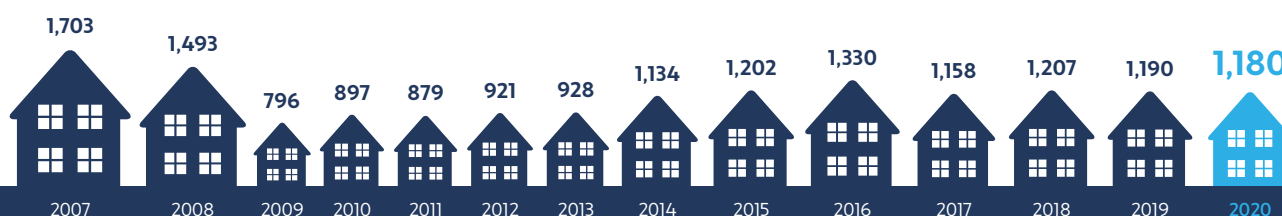
Our existing and prospective lender and intermediary partners, in part as a result of regulatory pressure, in part to secure market share and in part as a result of margin pressures, are focussing on using technology to deliver a better mortgage experience: we delivered DigitalMove into pilot in January of

this year with some excellent results. We plan to roll out the technology to more panel firms, lenders and intermediaries over 2019. It will complement our offer over this coming year and address unwieldy processes and high overheads through our new conveyancing-related technologies.

## Our objective for the current year

We aim to create and deliver technology products that ensure our business partners and end-users are optimally positioned to benefit from the technology we employ. ULS will strive to use its distribution power to make this innovation, together with continuous improvement and refinement of existing products and services, the key drivers of growth and momentum for the Group.

## Property transactions and forecasts (thousands)



\* Years are to 31 March  
 \* Historical data is per HMRC  
 \* Forecast is per OBR (published April 2019)

## Total ULS completions v Total UK market



\* Both lines based to 100 in FY2012

# Our strategy

The Group's strategy is to generate profitable growth by continuing to develop digital tools to make the home moving process a better experience for everyone. One of our USPs is the scale of our distribution. This means we can bring our new products to market and attain critical mass and momentum more quickly than others.

## Introducers, Solicitors and Consumers

While property law might not change, the expectations of consumers, policy makers, regulators, lenders, brokers and conveyancers do. Therefore, the way we conduct our business must evolve to meet the challenges of the digital age. The motivations from various market participants might vary but all recognise the current way of conducting business could be improved. In a recent survey of our solicitor firms 45% expressed concern that fraud is the biggest concern facing their business – a concern fuelled by the fact that 60% of responders conduct over 70% of their business by email. Our new platform solutions address this concern while providing many other benefits.

Conveyancing is undergoing an unprecedented amount of scrutiny from all areas. Regulators, policy makers, lenders and brokers are looking to re-engineer home buying and refinancing. We realise that our solutions need to address all the touch-points in the value chain. The entire customer journey is being examined in part because of regulatory pressure, in part because of cost pressures, but also because technology offers a way of addressing rising concerns about the security of communication systems like email and text in a transaction where such large sums of money are involved. The Group is putting itself at the forefront of this change.

Our business model and technology platforms enable us to provide a comprehensive menu of conveyancing firms and services. We have often long-standing contractual relationships with larger solicitors and conveyancers. Our technology platforms allow our firms to quote, be instructed, submit and be monitored for their work – all at a fixed and known cost that enables them to plan and scale their operations, as well as invest in process refinement and service improvements.

ULS acquires conveyancing business from mortgage intermediaries, mortgage lenders, estate agents, and directly via consumer online portals. We will continue to pursue market share growth in each of these segments and our new products will not only serve these sectors but, over the longer-term, unite currently disparate parts of the value

chain. We recognise that as our market and the value chain continue to discover and deliver digital solutions, multiple platforms will need to integrate further and put the consumer at the heart of that home buying journey.

## Product innovation through DigitalMove

ULS is focussing on how conveyancing can be improved as current process inefficiencies and potential market intervention play directly in our favour. We have already built technology that improves some of the process, but we firmly believe that technology has the potential to revolutionise the way in which we buy, sell and refinance houses.

The DigitalMove platform will securely improve communication and the speed of transactions, eliminate bad cost by reducing cancellations and aborted cases and, eliminates duplication such as rekeying and reduces the potential for error. DigitalMove will also mean that lenders, panel managers, conveyancers, intermediaries, valuers and estate agents will all have secure access to the same correct, accurate information concurrently.

DigitalMove has the ability to integrate by way of API seamlessly with third party case management systems as well as with lenders' own systems and, by being one secure platform for all parties, will ensure consistent reporting, improved data analysis, as well as accurate monitoring of trends and performance. DigitalMove also provides the ability for us to scale as required and to quickly react to market fluctuations.

DigitalMove allows estate agents and mortgage intermediaries to engage more quickly with buyers and sellers and acts as a sales progression tool giving more certainty for these cash driven businesses. Indeed, we believe DigitalMove is a product for the entire value chain which in combination with other initiatives, such as our lender panel management software ULS Complete, gives us a compelling proposition for the coming years as the market and value chain as a whole increasingly embraces digitalisation with the encouragement of policymakers, regulators, and the broader consumer market.

DigitalMove provides a reason for more introducers to want to use our platforms and should help drive growth in our existing revenue streams. However, it also opens up the possibility of new revenue streams with solicitors keen to use it for all of their business, not just the work we introduce to them and it gives us the opportunity to present other products to consumers as we are engaged with them, through the platform, throughout their property transaction.

## Acquisition

The Group continually looks at possible opportunities to make complementary acquisitions of businesses in sectors that we understand and that augment what we offer. Our current success is in no small part owing to our successful acquisition in 2016 of Conveyancing Alliance Holdings Limited (CAL). Within our sector we will look at acquisitions that can deliver shareholder value to the Group. In particular, we look for opportunities where there is the possibility to cross-sell existing products and where the acquisition opens new routes to market for the innovative products that we are currently delivering.

Completions  
**83,364**  
2019

Market Share  
**2.8%**  
2019



ULS is optimally positioned to continue to maximise opportunities and grow market share.

# Transforming the experience of buying and selling property

Say hello to the digital conveyancing platform for home movers, conveyancers, brokers, estate agents and lenders – available 24/7 on mobile, tablet and desktop devices.

DigitalMove enhances the conveyancing process and addresses concerns raised by the home moving industry, consumers and policy makers.

Through a modern, intuitive user interface, DigitalMove provides a more consistent experience for home movers and conveyancers alike and offers improved security over traditional conveyancing.

## DigitalMove works for everyone

### For Solicitors

- Saves time by automating the process of taking instructions, verifying identity, determining source of funds and ordering searches.
- Improves communication between conveyancers and their customers, reducing unnecessary waiting times.
- Ensures consistent conveyancing journeys.
- Incorporates digital verification, reducing the risk of fraud throughout the conveyancing process.
- Integrates fully with existing systems using the DigitalMove API.

### For Consumers

- Gets home movers started immediately, with no waiting around for the process to begin.
- Ensures greater communication with estate agents, conveyancers and others in the journey.
- Keeps home movers informed of progress and offers greater visibility of work being undertaken using real-time updates.
- Makes document signing and ID verification easier and more secure.
- Minimises the risk of fraud as communications are managed within the secure DigitalMove environment.

### For Introducers

- Shows transaction progress and helps identify and address issues earlier.
- Increases visibility of your interaction with different parties in the conveyancing process, demonstrating the value your services add.
- Engages the customer immediately, resulting in greater conversion rates.
- Delivers a competitive advantage and USP against non-DigitalMove providers, strengthening the appeal to customers.
- Drives real operational efficiencies – less time chasing, less time emailing and quicker payment.
- Speeds up cases, giving you increased availability to take on additional work.

The pilot for DigitalMove was launched in January 2019 for purchase cases. Sale cases have since gone live with remortgage cases to follow in the middle of 2019. Feedback has been fantastic so far and the Group is looking forward to rolling out further enhancements as the year progresses and making a real improvement in the experience of all parties in the home moving and home refinancing process.



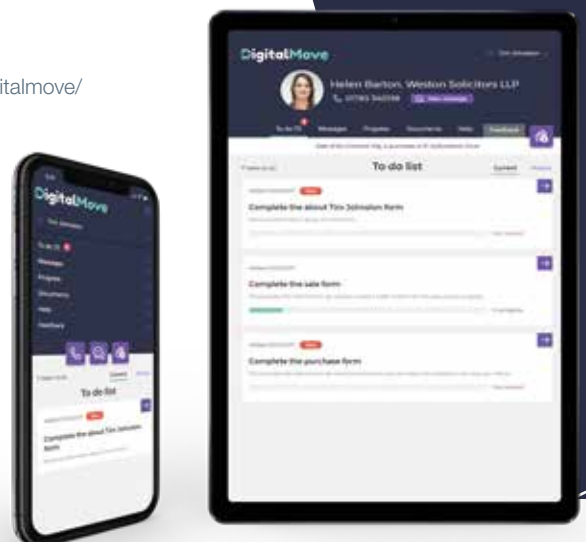
### For more information

[www.ulstechnology.com/digitalmove/](http://www.ulstechnology.com/digitalmove/)

Introducers

Solicitors

Consumers



# DigitalMove

Secure,  
digital  
platform

Available  
24/7

Mobile  
and tablet  
responsive

Accessible  
by everyone  
involved in  
the process



**We firmly believe that technology has the potential to revolutionise the way in which we buy and sell houses. We are encouraged that progress has already been made and we want to work with industry to ensure that innovation can continue.**

Improving the home buying and selling process  
Ministry of Housing, Communities and Local Government



# Chief Executive's statement

Over the reporting period, consumer confidence and the UK home-moving market have been dominated by Brexit. The UK Bank Base Rate saw its second rise in the last 10 years in August 2018. Job growth has remained strong thus far, with employment at record levels and wage growth rising, at last, above inflation. Housing transactions have therefore remained under pressure and house prices remained largely flat.

Over the reporting period, consumer confidence and the UK home-moving market have been dominated by Brexit. The UK Bank Base Rate saw its second rise in the last 10 years in August 2018. Job growth has remained strong thus far, with employment at record levels and wage growth rising, at last, above inflation. Housing transactions have therefore remained under pressure and house prices largely flat.

But beyond these political and economic forces are social and technology trends that are more long-term. People are living longer and moving less and while our adoption as a society of mobile digital technology continues to challenge the high-street, it offers opportunities to companies like ULS in equal measure.

It is against this backdrop that we believe ULS has performed well. We maintain a market share of circa 3% and continue to build our presence in our key market segments. We have continued to invest in our core business while developing new value propositions to support our business in the future.

## Operational performance

Last year we invested in developing new technology to enable us to offer a more comprehensive range of conveyancing services to mortgage lenders, intermediaries, estate agents and conveyancing firms.

Launched in a pilot scheme in January this year, over 200 home-buyers and sellers have already used DigitalMove. It has been adopted by 11 of the UK's largest conveyancing firms (an increase of five from the original pilot) and a select number of mortgage intermediaries with a view to growing our future transactions exponentially. In addition we will launch our DigitalMove re-mortgage proposition in July to further support transactions on the platform. I am delighted that we have not only successfully launched the DigitalMove proposition but have already implemented learnings from the pilot for the roll out to the bulk of our conveyancing partner firms. DigitalMove represents a key competitive advantage for the Group in winning new business, and we believe that once introducers and their customers become familiar with the platform, they will continue to use the platform for the long-term. We expect to further monetise DigitalMove as it becomes more established.

We are well on track to deliver on our DigitalMove objectives for this coming year.

Lenders are grappling with new technology and its impact on their entire lending process as they seek more efficient lending in the face of an oversupply of mortgage lenders and thin margins. The lending industry is embracing digitalisation not only in distribution but also in 'post offer' parts of the mortgage value chain. ULS, through DigitalMove and ULS Connect, offers a digital conveyancing solution that is unrivalled in the market and delivers significant efficiencies for lenders, their distributors and home-movers and owners.

Because of our innovation in this sector and the success of ULS Connect we have continued to secure valuable lender business. We will continue our efforts with lenders who need a company like ULS to help them navigate the digitisation of this complex value chain. Lender services continue to be a key part of our Group proposition but we are realistic that the market issues facing lenders have impacted their ability to embrace all we have to offer. We continue to advance steadily and are confident that improved market confidence will mean our ambitions for our lender services can be met over the coming couple of years.

Mortgage intermediaries are part of this digital journey too. Our strong historical ties to the larger intermediary firms, networks and clubs remains crucial to our role in being part of their future with our own digital offering and these have been enhanced as we leverage the learnings of CAL to implement a best practice sales model in delivering to the entire intermediary market.

There has been a lot of focus on increasing the number of individual brokers actively using our systems; this higher margin business has reduced the impact of volume decreases from our larger introducers. We exited the year with the number of active users increasing across both United Legal Services and CAL. Over the course the year, CAL increased the number of active users by 17%. This has been done while embedding a new management team into CAL and, on that note, I would like to thank the outgoing team of Harpal Singh and John Phillips for their valued contribution since the acquisition of CAL in December 2016 and to welcome and congratulate the new Managing Director, Mark Snape, and Sales Director, Keith

Young, for achieving a seamless handover and continuing the growth profile of CAL.

Furthermore, brokers are adopting new Customer Relationship Platforms that offer another opportunity for ULS. The regulator's expression of frustration with broking recently prompted it to suggest that more digitalisation would improve outcomes for consumers. ULS is part of the answer to a better consumer journey.

## Building a culture fit for purpose

The increasing focus of the entire value chain on digital solutions is good news for the Group. We are evolving too, to ensure our product innovation complements consumer expectations as well as those of our partners throughout the home-moving value chain. The individuals in this business are an integral part of delivering the solutions to our markets and we have worked hard to build a culture that understands the benefits of digital transformation in the conveyancing space. We are building a Group that is focussed on discovery and delivery.

## Going forwards

We understand that we need to outperform our competitors and the market itself and, as part of doing this, we must build a Group that uses its technology prowess to support and unite an entire value chain that in turn helps consumers. This way we can secure more of the available market and be less dependent on market volumes dictating how we perform. If we grow through innovation, we can look forward to continued and even greater success in the near future. We think that the development of DigitalMove, enhanced lender services and an increase in active users of the systems provides a strong base for long term growth.

We are pleased with how the Group has performed over this last year and are taking advantage of the economic environment to position ourselves and our innovative new products for the home-moving market of tomorrow as well as of today.

**Steve Goodall**

**Chief Executive Officer**

ULS Technology plc

18 June 2019

## Conveyancing completions

# 83,364 (2019)

## Conveyancing instructions

# 117,731 (2019)



The Group has performed well in a difficult market, maintaining profit and launching DigitalMove.



## Conveyancing Completions

**46,566**  
2015

**53,830**  
2016

**56,789**  
2017

**83,756**  
2018

**83,364**  
2019

## Conveyancing Instructions

**62,548**  
2015

**74,657**  
2016

**89,208**  
2017

**123,847**  
2018

**117,731**  
2019

**Steve Goodall**  
Chief Executive  
Officer



# Financial review

The Group delivered significant growth in IFRS profit before tax due to a reduction in exceptional costs while underlying profit remained broadly unchanged.

## Summary

- Revenue £30.0 million (2018: £30.7 million).
- Gross margin £12.5 million (2018: £12.5 million).
- Underlying PBT £5.4 million (2018: £5.5 million).
- Reported PBT £4.1 million (2018: £2.7 million).
- Net debt £2.9 million (2018: £1.9 million).
- Group continues to pay a progressive dividend.
- Increase in diluted earnings per share of 70%.

## Results

The Group delivered significant profit growth in 2019 with profit before tax up by 50%. This was due to a reduction in exceptional costs in the year. As a Board the key profitability measure we use is underlying PBT. We believe that this measure gives a better guide to the longer-term cash generating ability of the Group. Against the backdrop of a difficult housing market, underlying profit before tax remained broadly unchanged. Revenue fell slightly offset by an improvement in the gross margin percentage as the Group focussed on improving the mix of work it receives.

## Capitalisation of internal IT resource

In accordance with accounting rules, we capitalise internal and external IT resource where there is a clear definable project and we can identify a profitable revenue stream. The capitalisation is shown under intangible assets and amortised over the expected useful life of the asset. However, it is useful to look at the impact on profit if we had purely expensed all of this type of expenditure and we do this in the table opposite. This gives a closer indication as to the cash generative ability of the business rather than looking at reported profit.

	2019 £000's	2018 £000's
<b>Underlying PBT</b>	5,402	5,513
Capitalised development resource	(798)	(671)
Amortisation of capitalised development resource	536	474
<b>Adjusted underlying PBT</b>	5,140	5,316

The Group has continued its strategy of investing in development projects with more resource taken on as it continues to invest in the future of the Group. While there is development on a number of different projects, most significant is the development of DigitalMove which the Group sees as core to its future strategy and direction.

## Key performance indicators

Our key performance indicators are set out on pages 1 and 3.

## Shares and dividends

In January 2019, the Group paid an interim dividend of 1.20 pence per share. We have proposed a final dividend of 1.20 pence per share in line with our aim of paying the total dividend in two equal amounts.

No new shares have been issued in the year.

## Conveyancing Alliance Holdings Limited

On the 19 December 2016, the Group acquired the entire share capital of Conveyancing Alliance Holdings Limited and its wholly owned subsidiary, Conveyancing Alliance Limited. This was for an initial cash consideration of £7.2 million plus its free cash, together with an earn-out based on performance until 31 March 2019 to be wholly satisfied in cash. The first earn-out payment of £2,934,000 and was made in July 2018. The final earnout payment is due

to be paid in July 2019 and is estimated to be £2,337,000. There was no change to the earnout estimates during the reporting period and the adjustment to expected contingent consideration going through exceptional operating costs was due to the movement in the net present value calculation. The Board has been delighted with the performance of CAL since the acquisition and it continues to be a valuable asset for the Group.

## Cash and debt

The Group continued to generate positive operating cash flow:

- Scheduled payments of £1 million made against the term loan with HSBC;
- RCF balance with HSBC increased by £1 million;
- Dividends paid of £1.5 million; and
- Leverage rose from 0.29 to 0.46 as at 31 March 2019.

Leverage is calculated as net debt against underlying EBITDA.

The underlying position of the Group is that it continues to turn a significant proportion of its operating profit into cash, which we expect to allow payment of a progressive dividend, while still investing in the growth of the business. Where opportunities exist, the business will also take on debt facilities to fund acquisitions and we aim to limit leverage to one times EBITDA which we are currently well below. Our bank covenants allow for much higher leverage.

Since year-end, the Group has agreed a £2 million increase in its RCF facility to £4 million on the same terms as the existing facility with an increase in the term for the enlarged facility to December 2021.

Underlying PBT	2019 £000's	2019 £000's	2018 £000's	2018 £000's
<b>Profit before taxation (PBT)</b>		4,110		2,735
Amortisation of intangible assets arising on acquisition		540		540
Exceptional operating costs				
Acquisition activity costs	268		85	
Adjustment to expected contingent consideration	484		2,062	
Exceptional operating costs		752		2,147
NPV adjustment of deferred consideration		–		91
<b>Underlying PBT</b>		5,402		5,513

Underlying EBITDA	2019 £000's	2018 £000's
<b>Underlying PBT</b>	5,402	5,513
Finance income	(12)	(6)
Finance costs	132	135
Amortisation (excluding arising on acquisition)	536	474
Depreciation	204	274
<b>Underlying EBITDA</b>	6,262	6,390



The Group continues to generate strong levels of operating cashflow while continuing to invest for future growth.

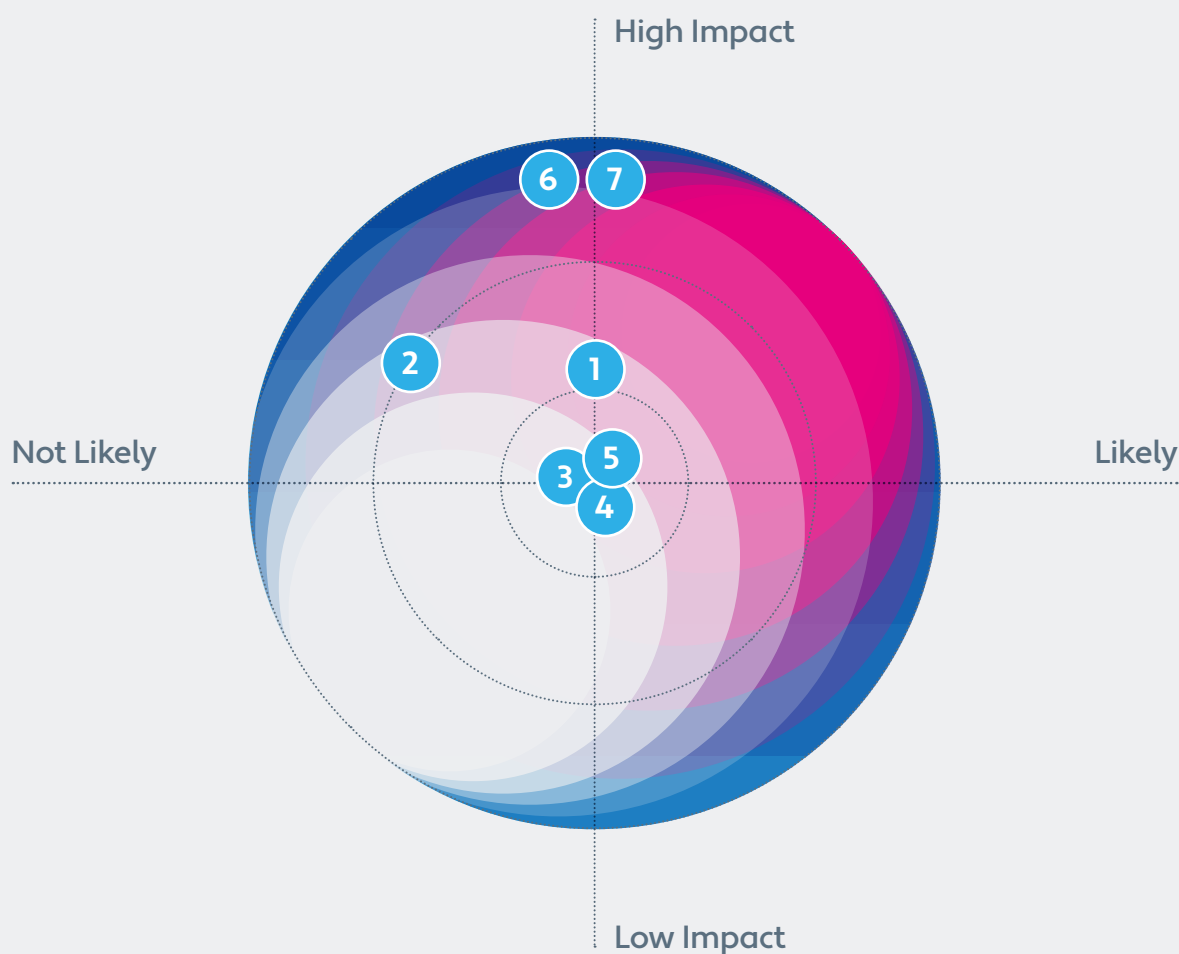


**John Williams**  
Finance Director

# Principal risks and uncertainties

## Risk heat map

The Group has put in place a risk management committee which meets monthly and reports back to the Board. They have evaluated the principal risks and uncertainties as follow:



Risk Areas	Potential Impact	Mitigation
<b>1 Loss of key introducer</b> The contract with Lloyds Banking Group delivers significant gross margin.	The loss of this contract would clearly have a significant impact on the scale and performance of the Group although there are a number of parts to the contract.	The Group is widening its routes to market and gross margin attributable to this contract remains below 40% on a run-rate basis. Additionally, the Group works closely with Lloyds Banking Group to ensure it is delivering a high level of service and constantly enhancing the service being offered.
<b>2 Loss of key panel firms</b> The Group operates a panel of over 100 solicitors and licensed conveyancer firms, but the largest firms receive significant percentages of the work.	The loss of a major panel firm could impact on the Group's ability to fulfil all the orders it receives and could reduce price competition.	The Group builds strong relationships with its panel of firms thereby enabling it to constantly monitor their capacity and service levels. The Group actively looks to recruit new firms onto its panel across a range of sizes to maintain sufficient capacity within the model and keep prices at a competitive level, while keeping quality of service high. The Group takes reputation risk seriously and any new firms have to pass certain criteria before they are allowed on the panel.
<b>3 Macro-economic conditions</b> The revenue of the business is closely linked with the number of transactions in the UK housing market.	Changes in interest rates, house prices, government policy, GDP growth and wider economic factors can positively or negatively impact the number of housing transactions.	The Group continues to widen its distribution channels by increasing the number of introducers as well as the markets they operate in. This means that the Group is not solely reliant on growth in the general market for its own growth.
<b>4 New products</b> The Group continually looks to innovate and develop new products.	When developing products there is a risk that products developed are not commercially successful or cost more to develop than planned.	The Group plans to continually gather and obtain market research prior to the launch of any new initiative. It also conducts post completion audits to enable and promote continuous improvement.
<b>5 Competition</b> There are a number of competitors of varying sizes across the market.	Where there is competition there is always a risk that others will gain a competitive edge and either make it more difficult to win new customers and/or to retain existing customers.	The Group is focused on continual improvement, innovation, quality and resilience in order to maintain its competitive advantage and values existing introducers as much as potential new ones. Additionally, while the Group is increasing its market share it still holds a relatively small percentage and there is plenty of scope for growth. The Group is striving to increase its market share organically through expansion into more lender related conveyancing and through becoming more involved in conveyancing in the Estate Agency sector. There are also opportunities within competitors as illustrated by the acquisition of CAL.
<b>6 IT systems</b> The Group is dependent on its IT systems to be able to provide its services.	Computer systems are inherently open to failure or security breaches. These could impact the ability of the Group to be able to provide its service and serious failures could result in the loss of customers.	The Group ensures that anti-virus software is kept up-to-date and regular penetration tests are performed. The main servers are located off-site at dual locations, enabling immediate failover in the event of a server becoming unavailable at one of the locations.
<b>7 Acquisitions</b> The Group has made acquisitions and plans to continue to be acquisitive.	Making acquisitions is inherently risky. Risks include over paying, not achieving expected synergies and impact on the existing business due to distraction of management.	The general strategy of the Group is to acquire businesses in sectors it understands, to undertake proper due diligence, gain a good understanding of the corporate culture and to resource sufficiently and effectively. Acquisitions made to date have maintained or exceeded value paid for them.

The Strategic Report was approved by the Board of Directors on 26 June and was signed on its behalf by:

**Steve Goodall**  
**Chief Executive Officer**  
 ULS Technology plc

**John Williams**  
**Finance Director**  
 ULS Technology plc

# Board of Directors



**Geoff Wicks**  
Independent  
Chairman



**Steve Goodall**  
Chief Executive  
Officer



**John Williams**  
Finance Director

## Appointed

Geoff joined the Board as a Non-Executive Director when the Group listed in July 2014. He became Chairman of the Board in November 2017.

Steve joined the Company as Managing Director in May 2017 before becoming CEO in April 2018.

John joined the business in January 2011 at the point of Lloyds Development Capital (LDC) investment in the Group and oversaw the listing process in 2014.

## Background and Experience

Geoff Wicks was CEO of Group NBT plc, a specialist in online brand protection and digital asset management, from 2001 until he led the sale of the business to HgCapital in 2011. He remained as part of the Group NBT business, now renamed NetNames, as a Non-Executive Director until 2013.

Geoff spent much of his earlier career at Reuters, including heading divisions in the UK, France and Nordic regions, and latterly was Director of Corporate Communications. Prior to Reuters, Geoff worked in the banking and insurance industries.

Steve has been instrumental in building the Company's success in tailoring conveyancing services and technology for lenders as well as introducing and commercialising new products and services for existing and new B2B relationships.

Prior to joining ULS, Steve worked for Legal & General Surveying Services ('LGSS') for over 15 years, most recently holding the post of Managing Director. During his tenure, he successfully transformed LGSS from a modest surveying business into the number one, market leading property risk and valuation distribution business, which in 2016 handled over 500,000 valuation instructions and generated revenue of approximately £80 million.

Steve was awarded the Royal Institute of Chartered Surveyors' Fellowship in 2012 and also holds numerous high-profile industry awards, both personally and on behalf of LGSS.

Prior to joining the Company, John was Finance Director at Stortext FM Limited, a private equity backed SaaS business specialising in document management. There, he led a merger process before taking the lead in a successful trade sale of the merged entity to Box-it Limited.

John is a chartered accountant, having qualified with Ernst & Young, before he gained blue-chip experience with Motorola in a number of roles.

## Committee Memberships

● Remuneration Committee ● Audit Committee ● Nominations Committee



**Andrew  
Weston**  
Co-founder  
and IT Director



**Elaine  
Bucknor**  
Independent  
Non-Executive  
Director



**Martin  
Rowland**  
Independent  
Non-Executive  
Director

Andrew co-founded ULS in 2003. He is responsible for product development and is the brains behind DigitalMove.

Elaine joined as Non-Executive Director in June 2018. She is Chair of the Nominations Committee.

Martin joined as Non-Executive Director in November 2018 having previously been a Non-Executive Director of the Group between 2011 and 2014. Martin is Chair of the Audit and Remuneration Committees.

He started his career developing and implementing software solutions at PE International plc and Vintner Computer Systems. He founded his own businesses: Weston Computing, in 1995; and Weston Technology in 2000.

Andrew has spent the last 14 years building property, financial and legal services applications for the Group and also co-founded ehps Ltd (now known as United Home Services Ltd) in 2007, which is now part of ULS.

She is currently Sky Plc's Group Chief Information Security Officer and a Group Director in its Technology Executive team. Elaine has over 20 years in operational and strategic technology consultancy and leadership roles, with multinational market leaders in the telecommunications, media, technology, travel, financial and public sectors. She has advised at Board level on technology capabilities to enable scalable growth and resilience in highly disruptive markets and specialises in shaping and executing innovative technology strategies.

Elaine is a key sponsor on a number of programmes to encourage more women into technology-based careers and is also a member of a number of industry councils in the Technology and Cyber Security sectors.

Martin has spent the last 10 years in a variety of investment roles, working for institutional private equity houses and investing alongside family offices. Prior to this Martin held operational and strategic roles in mid-sized and large corporates. He has been a director of companies in an executive and non-executive capacity, helping businesses to scale organically and through acquisition. Martin is a qualified accountant.

# Compliance with Corporate Governance Code

## Chairman's Introduction

ULS Technology plc and its subsidiaries are committed to high standards of corporate governance. The Directors recognise the importance of sound corporate governance and confirm that they aim to comply with best practice appropriate for a company of its nature and scale.

Taking this into account, the Board have chosen to comply with the QCA Corporate Governance Code. Below we outline how we have applied each of the principles of the code and how its application supports the Group's medium to long-term success.

**Geoff Wicks**

**Non-Executive Chairman**



**Geoff Wicks**  
Non-Executive  
Chairman

### Principle 1:

**Establish a strategy and business model which promote long-term value for shareholders**

The Group strategy is to grow market share and value through focusing on continual improvement, innovation and quality. We will also endeavour to acquire complementary businesses to ULS where appropriate to do so.

The Group's strategy and business model are discussed on pages 12 to 16 and a diagram of the business model on page 12.



**Our Strategy**

Page 16



**Business Model**

Page 12

**Principle 2:****Seek to understand and meet shareholder needs and expectations**

The Group seeks to maintain a regular dialogue with both existing and potential new shareholders to communicate the Group's strategy and progress and to understand the needs and expectations of its shareholders.

The Board communicates with its shareholders in a number of ways. Principal ways are through regulatory announcements, the Annual Report and the Annual General Meeting. In addition, the CEO and the FD regularly meet with a large range of existing and potential institutional investors and private client fund managers throughout the UK. The CEO and FD have also hosted a presentation evening for private investors.

**Principle 3:****Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Group has a range of stakeholders. The benefits we bring to the various parties in our business model are illustrated on page 13. Making sure that all stakeholders in the model benefit from it helps ensure the long-term viability of the model.

Chief among the Group's stakeholders are its staff. While there is the usual day-to-day communication, the Group also holds regular 'town hall' meetings for staff and conducts annual staff surveys. A high percentage of staff hold share options to enable them to share in the success of the Group.

The Group also encourages staff participation in charitable activities through time and fund matching.

**Principle 4:****Risk Management**

The principal risks and uncertainties affecting the Group are set out on page 24 and 25 of the Annual Report along with the potential impact and how these risks are mitigated.

The risk management committee owns and manages all risk registers for the Group. The risk management committee meets once a month to identify, assess and manage the risks faced by the Group. The risk management committee reports back to the Board their findings and the Board will assess to ensure the control systems in place are effective.

The Board and risk committee follow the following risk management cycle:

- Identify risk (Opportunities and threats).
- Assess scale of risk (Potential likelihood and impact).
- Develop risk response strategy (Transfer, Accept, Reduce, Avoid).
- Implement strategy and allocate responsibilities.
- Implementation and monitoring of controls.
- Review and refine process and repeat the process.

**Principal Risks and Uncertainties**

Page 24



# Compliance with Corporate Governance Code

continued

## Principle 5:

**Maintain the Board as a well-functioning, balanced team led by the Chair**

The Group's Board is currently comprised of three Non-Executive Directors and three Executive Directors. The Chairman is responsible for the effective management of the Board.

All of the Board Directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the Board and will continue to seek re-election at least once every three years.

The Board considers Geoff Wicks, Chairman, Elaine Bucknor and Martin Rowland, Non-Executive Directors to be independent and consider this to be sufficient for the size and complexity of the Group.

Non-Executive Directors receive their fees through payroll and are not part of any share incentive plan or bonus scheme. Geoff Wicks has purchased shares and these are disclosed in the Annual Report on page 32. The Board does not regard this holding as material or impacting his independence.



**Find out more on**

Page 32

## Principle 6:

**Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities**

The Board considers that all of the Board Directors are of sufficient competence and calibre and, together, have the range of skills necessary to run and monitor the Group successfully.

A summary of the experience, skills and capabilities of each of the Board of Directors is set out on pages 26 and 27.

The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group. The Board was pleased that Martin Rowland joined the Board in November 2018. It is felt Martin's M&A experience will be invaluable as the business looks to continue to grow by acquisition as well as organically. As a qualified accountant Martin will chair the Audit Committee.

In June 2018, Elaine Bucknor joined the Board. As a technology company, the Board felt it was important to have a technology specialist as a Non-Executive Director and were delighted that someone with Elaine's background and experience agreed to join.

In recent years there have been some other changes to the composition of the Board. Geoff Wicks moved from Non-Executive Director to Non-Executive Chairman, Steve Goodall moved from a non-Group position of MD to Group CEO and a place on the Group Board.

## Principle 7:

**Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The Board considers that the size of the Group does not justify the use of third parties to evaluate the performance of the Board on an annual basis. Nevertheless, review of the Executive Directors by the Non-Executive Directors takes place regularly throughout the year. Additionally, third party Board Evaluation Software to enable the evaluation of the Board as a whole is currently being implemented.



**Board of Directors**

Page 26

**Principle 8:****Promote a corporate culture that is based on ethical values and behaviours**

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are enshrined in the written policies and working practices adopted by all employees in the Group.

The Board understands that their decisions regarding strategy and risk will impact the corporate culture of the Group and that this in turn will impact the performance of the Group.

The Board is aware that the control environment set will greatly impact all aspects of the company and the way that employees behave and perform.

The Board believes that sound ethical values and behaviours set out in the ULS Ethics policy are vital to enable the company to achieve its corporate objectives. The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through informal discussions between Group management, operating company management and employees as well as regular 'town hall' meetings.

**Principle 9:****Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

The Board has overall responsibility for promoting the success of the Group. The Executive Directors have day-to-day responsibility for the operational management of the Group's activities. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions.

Ten Board meetings are held each year where all Board Directors are expected to attend. The Non-Executive Directors will additionally meet with the Executive Directors on a regular basis. In particular, the Chairman will meet with the CEO monthly. The Non-Executive Directors time commitment to the Group is at least two days per month.

The Board has established Audit, Remuneration and Nominations Committees. Details of these Committees can be found on pages 33 and 34.



**Find out more on**  
Page 33

**Principle 10:****Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

How the Group and the Board communicates with its shareholders and other stakeholders is outlined above, in particular, under principles 2 and 3.

The Annual Report, notice of AGMs and results of previous AGMs can be found on the website. Whilst we have not disclosed the actual voting at each AGM in the past, just whether motions have been carried or not, we will look to disclose more details in the future.



# Directors' report

The Directors present their report and the financial statements of ULS for the year ended 31 March 2019.

## Principal activity

The Company acts as a holding company for its four subsidiaries and provides management services to its subsidiary companies.

The main subsidiary, United Legal Services Limited, develops and provides software that supports the provision of online legal comparison services, particularly in the conveyancing sector. Its disruptive technology creates competition amongst the providers of legal services to the benefit of the consumer. Conveyancing Alliance Limited operates in a similar fashion.

Legal-Eye Limited provides risk management and compliance services to solicitors and licensed conveyancers.

United Home Services Limited has developed a commercial proposition for the estate agency comparison product. Its operations are currently immaterial to the Group.

## Review of business and future developments

The review of the business and future developments is outlined in the Chairman's statement on pages 10 and 11 and the Chief Executive's Statement on pages 20 and 21.

## Dividends

A final dividend in respect of the year ended 31 March 2018 of 1.15 pence per share was paid on 3 August 2018. An interim dividend of 1.20 pence per share was paid on 4 January 2019. A final dividend of 1.20 pence per share is proposed by the Directors subject to approval at the AGM.

## Directors

The Directors of the Company during the year and their beneficial interest in the ordinary shares and share options of the Company at 31 March 2019 are set out below:

	Ordinary shares		Share options	
	2019	2018	2019	2018
Peter Opperman	–	2,704,625	–	–
Andrew Weston	1,276,625	1,276,625	226,898	226,898
John Williams	48,291	48,291	485,809	485,809
Ben Thompson	–	53,333	–	1,618,698
Geoffrey Wicks	52,000	52,000	–	–
Steve Goodall	–	–	650,000	322,500
	1,376,916	4,134,874	1,362,707	2,653,905

## Directors' remuneration

The following table sets out an analysis of the pre-tax remuneration for the year ended 31 March 2019 for the individual Directors who held office in the Company during the year:

	2019 Salary/fees £	2019 Bonuses £	2019 Benefits in kind £	2019 Sub Total £	2019 Share-based payment £	2019 Total £	2018 Total £
Peter Opperman	11,163	–	177	11,340	–	11,340	35,110
Andrew Weston	112,656	–	7,115	119,771	9,840	129,611	164,384
John Williams	130,667	–	19,641	150,308	12,060	162,368	181,662
Ben Thompson	28,330	–	1,548	29,878	(82,887)	(53,009)	223,632
Geoffrey Wicks	38,913	–	–	38,913	–	38,913	36,726
Steve Goodall	179,200	–	9,564	188,764	40,536	229,300	–
Elaine Bucknor	28,554	–	1,082	29,626	–	29,626	–
Martin Rowland	11,579	–	155	11,734	–	11,734	–
	559,893	–	39,282	580,344	(20,451)	559,893	641,514

The share-based payment charge for Ben Thompson is negative for the period due to the write back of previous charges on options which lapsed prior to vesting when he left the business.

Ben Thompson resigned as a Director on 4 April 2018. Peter Opperman resigned as a Director on 25 July 2018. Steve Goodall was appointed as a Director on 4 April 2018. Elaine Bucknor was appointed as a Director on 13 June 2018. Martin Rowland was appointed as a Director on 30 November 2018.

## Share options and warrants

The share-based payment of £(20,451) (2018: £60,892) to Directors represents the share-based expense relating to share options issued in prior years. The following share options table comprises share options held by Directors who held office during the year ended 31 March 2018:

	Options held at 31 March 2018	Options granted in period	Options exercised in period	Options lapsed in period	Options held at 31 March 2019	Exercise price (p)	Exercisable from	Exercisable to
John Williams	258,911	–	–	–	258,911	40.00	18/08/17	17/08/24
John Williams	226,898	–	–	–	226,898	76.75	21/12/19	20/12/26
Ben Thompson	647,279	–	–	(647,279)	–	39.50	28/11/17	27/11/24
Ben Thompson	647,279	–	–	(647,279)	–	47.50	30/03/18	29/03/25
Ben Thompson	324,140	–	–	(324,140)	–	76.75	21/12/19	20/12/26
Andrew Weston	226,898	–	–	–	226,898	76.75	21/12/19	20/12/26
Steve Goodall	322,500	–	–	–	322,500	106.00	01/05/20	31/04/27
Steve Goodall	–	327,500	–	–	327,500	134.25	28/06/21	27/06/28

## Employee involvement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through informal discussions between Group management, operating company management and employees, staff surveys as well as regular 'town hall' meetings.

The Group operates an EMI share option scheme and, as well as options issued to Directors as shown above, options have also been issued to and are held by a significant number of employees.

## Substantial shareholders

The Company has been notified of the following interests of three per cent or more in its issued share capital as at 31 March 2019.

Shareholder	No. of shares	%
Kestrel Partners	14,963,265	23.08
Schroder Investment Management	6,585,816	10.16
Nigel Hoath	5,713,433	8.81
Unicorn Asset Management	5,150,200	7.94
River and Mercantile Asset Management	4,645,860	7.17
Herald Investment Management	4,400,000	6.79
Lombard Odier Investment Managers	3,009,954	4.64
BlackRock	2,794,022	4.31
Tellworth Investments	1,945,949	3.00

## Research and development

The Group develops software products in-house and CAL uses an external provider to do the same. These are capitalised in line with the accounting policies shown on page 46.

## Financial instruments and risks

The Group's operations expose it to a variety of liquidity, credit and interest rate risks. Details of the use of financial instruments by ULS and these risks are contained in pages 63 to 65 of the financial statements.

## Corporate governance

ULS Technology plc and its subsidiaries are committed to high standards of corporate governance. The Directors recognise the importance of sound corporate governance and confirm that they aim to comply with best practice appropriate for a company of its nature and scale.

## Audit Committee Report

The Audit Committee is chaired by Martin Rowland and includes Geoff Wicks and Elaine Bucknor. It meets at least twice a year and may invite other Directors to attend its meetings. The Committee is responsible for reviewing a wide range of matters, including half-year and annual results before their submission to the Board, and for monitoring the controls that are in force to ensure the integrity of information reported to the shareholders. The Audit Committee will also meet with the auditors without the presence of the Executive Directors.

During the year Martin replaced Peter Opperman as chair of the committee. As chair, Martin met with the external auditors prior to the audit to discuss areas of risk and where particular focus should be placed. The committee agreed with the areas identified by the external auditors as key audit matters as reported on Page 36.

Grant Thornton have been the external auditors for the Group for five years. As a matter of course, the Audit Committee will review and benchmark the external auditors of the Group prior to the next audit. This review will not preclude Grant Thornton continuing as auditors.

## Remuneration Committee Report

The Remuneration Committee is chaired by Geoff Wicks and includes Martin Rowland and Elaine Bucknor. It meets at least twice a year and no Director is permitted to participate in discussion or decisions concerning his own remuneration. The Remuneration Committee reviews the performance of the Executive Directors. It sets and reviews the scale and structure of their remuneration, the basis of their remuneration and the terms of their service agreements with due regard to the interests of shareholders. In determining the remuneration of Executive Directors, the Remuneration Committee will seek to enable the Group to attract and retain staff of the highest calibre. The Remuneration Committee will also make recommendations to the Board concerning the allocation of share options to employees.

# Directors' report

continued

The remuneration of Directors and the share options they hold can be seen on pages 32 and 33. The Executive Directors are primarily rewarded through basic salary, annual bonuses and share options. The bonuses are primarily based on profit growth over one year. Share options are used to incentivise longer-term profit growth and value creation. The committee are of the opinion that by using this combination of incentives the Executives are fully aligned with the interests of the shareholders.

Although the Group performed well during the year broadly maintaining profits in a difficult market, this meant that there were no bonuses payable to the Executives for the year. The bonus policy of paying bonuses from profit growth will continue for the year ending March 2020.

Steve Goodall was awarded additional share options as outlined on page 33 in recognition of him becoming CEO.

Pay reviews for the Executive are conducted annually and the committee uses external benchmarking reports as an aid. During the reporting year, the committee revised the package for Steve Goodall in recognition of his change of role. Additionally there was an above inflation rise for John Williams as a result of the benchmarking exercise.

## Nominations Committee Report

The Nominations Committee is chaired by Elaine Bucknor and includes Martin Rowland and Geoff Wicks. It meets at least twice a year and is responsible for reviewing the size, structure and composition of the Board, succession planning, the appointment and/or replacement of additional Directors and for making appropriate recommendations to the Board.

During the reporting year, the committee was very active appointing Steve Goodall, Elaine Bucknor and Martin Rowland. Additionally, Elaine became chair of the committee taking over from Geoff Wicks. While this represented quite a lot of change in terms of Board members, the succession planning that had previously been put in place enabled Steve to step up from his role as MD to CEO and allowed for a relatively seamless transition.

## Share dealing code

The Group has adopted a share dealing code for Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM rules relating to dealings in the Group's securities (including, in particular, Rule 21 of the AIM rules). The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM. The Group takes proper steps to ensure compliance by the Directors and applicable employees with the terms of the share dealing code and the relevant provisions of the AIM rules (including Rule 21).

## Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Disclosure of information to auditors

The Directors confirm that, in so far as each Director is aware:

- there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

## Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, 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 to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable laws). 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 and profit and loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions, and disclose with reasonable accuracy at any time the financial position of the Group, 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors

Grant Thornton UK LLP are the appointed auditor of ULS Technology plc. A resolution to reappoint them as auditors and to authorise the Directors to agree their remuneration will be placed before the forthcoming Annual General Meeting of the Company.

Approved by the Board of Directors and signed on its behalf:

**Steve Goodall**  
**CEO**  
ULS Technology plc

**John Williams**  
**Finance Director**  
ULS Technology plc

18 June 2019

Company number: 07466574

# Independent auditor's report

to the members of ULS Technology plc

## Opinion

### Our opinion on the financial statements is unmodified

We have audited the financial statements of ULS Technology plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, notes to the consolidated financial statements, including a summary of significant accounting policies, the parent company balance sheet, the parent company statement of changes in equity, and notes to the parent company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosures Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company 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 group and the parent 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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



**Grant Thornton**

### Overview of our audit approach

- Overall materiality: £205,500, which represents 5% of the group's profit before taxation;
- Key audit matters were identified as revenue recognition and impairment of goodwill and other intangible assets; and
- We performed full scope audit procedures on the financial statements of ULS Technology plc, the parent company, and on the financial information of its five wholly owned subsidiaries; and targeted procedures on ULS Technology plc Employee Benefit Trust.

# Independent auditor's report

to the members of ULS Technology plc continued

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
<p><b>Revenue recognition</b></p> <p>Revenues of £29,963,000 have been recognised in the year ended 31 March 2019.</p> <p>The group adopted IFRS 15 'Revenue from Contracts with Customers' for the year ended 31 March 2019.</p> <p>In addition, revenue is one of the most significant item in the Consolidated statement of comprehensive income and impacts a number of key performance indicators, and key strategic indicators set out in the Strategic Report.</p> <p>We therefore identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>Assessing the group's revenue recognition accounting policies for compliance with the financial reporting framework, including IFRS 15 and whether management has accounted for revenue in accordance with those policies;</li> <li>Selecting a sample of revenue transactions across the trading entities from the revenue listings and agreeing to third party contract and remittance advice.</li> <li>Utilising our IT specialist to compare the transactions recorded in the sales system to those in the finance system and investigating and corroborating any exceptions; and</li> <li>Tracing a sample of year end debtors to contract and cash receipts post year end;</li> </ul> <p>The group's accounting policy on revenue recognition is shown in the principal accounting policies under the sub-heading 'Revenue recognition' and related disclosures are included in note 1 to the financial statements.</p> <p><b>Key observations</b></p> <p>Overall, based on our audit work, our assessment is that revenue has been recognised in accordance with the financial reporting framework, including IFRS 15, and no material misstatements were identified.</p>
<p><b>Impairment of goodwill and other intangible assets</b></p> <p>Management are required to make an annual assessment to determine whether the Group's goodwill and other intangible assets are impaired. The goodwill balance for the group is £11,008,000 and the other intangibles balance is £6,442,000.</p> <p>The process for assessing whether assets are impaired under International Accounting Standard (IAS) 36 Impairments of Assets is complex. It involves determining the value in use through forecasting cash flows related to cash generating units (CGUs) and the determination of the appropriate discount rate and other assumptions to be applied which are highly judgemental and can significantly impact the results of the impairment review.</p> <p>We therefore identified the impairment of goodwill and other intangible assets as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>Assessing the group's accounting policy for goodwill and other intangibles for compliance with the financial reporting framework and whether management has accounted for impairment of goodwill and other intangibles in accordance with that policy.</li> <li>Obtaining management's assessment of the relevant CGUs used in the impairment calculation and comparing this information to our understanding of the business units and operating structure of the Group.</li> <li>Recalculating the impairment review and comparing the results to the net asset position of the companies in question to determine whether there is impairment</li> <li>Testing the assumptions utilised in the impairment models by calculation of our own estimates of growth rates and discount rates to evaluate management's point estimate;</li> <li>Challenging management's assessment of impairment indicators relating to intangible assets by inputting less favourable assumptions into a sensitivity analysis of key factors, such as revenue and cost growth; and</li> <li>Testing the accuracy of management's forecasting through a comparison of budget to actual data and historical variance trends and checking the cash flows for exceptional or unusual items or assumptions to consider whether management has a robust process for assessing impairment.</li> </ul> <p>The group's accounting policy on impairment of non-current assets is shown in the principal accounting policies under the sub-heading 'Impairment of non-current assets including goodwill' and related disclosures are included in notes 10 and 13 to the financial statements.</p> <p><b>Key observations</b></p> <p>Based on our audit work, we considered the calculations and forecasts used by management in the impairment calculations for goodwill and other intangible assets to be reasonable. We did not identify any material misstatements within either the goodwill or other intangible assets balances within the consolidated balance sheet.</p>

We did not identify any key audit matters relating to the audit of the financial statements of the parent company.

## Our application of materiality

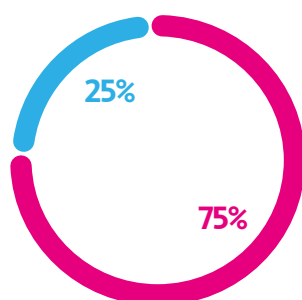
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

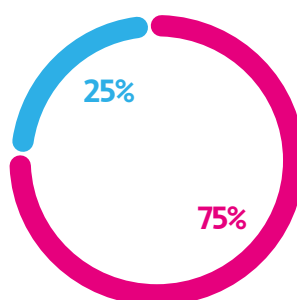
Materiality measure	Group	Parent company
Financial statements as a whole	<p>£205,500 which is 5% of profit before tax. This benchmark is considered the most appropriate because it is a key performance indicator for both management and users of the financial statements.</p> <p>Materiality for the current year is lower than the level that we determined for the year ended 31 March 2018 to reflect the decrease in exceptional costs that were added back in the materiality calculation in the prior year.</p>	<p>£90,660 which is 5% of the parent company's profit before tax. This benchmark is considered the most appropriate because it is a key performance indicator for both management and users of the financial statements.</p> <p>Materiality for the current year is lower than the level that we determined for the year ended 31 March 2018 to reflect the change in benchmark from net assets to profit before tax. We changed the benchmark this year as profit before tax is a key performance indicator for management and users of the financial statements.</p>
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality for certain areas such as related party transactions and Directors' remuneration	We determined a lower level of specific materiality for certain areas such as Related party transactions and Directors' remuneration.
Communication of misstatements to the audit committee	£10,275 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£4,500 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

### Overall materiality – Group



### Overall materiality – Parent



Tolerance for potential uncorrected misstatements  
Performance materiality

# Independent auditor's report

to the members of ULS Technology plc continued

## An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality. For example, significance as a percentage of the group's total assets, revenues and profit before taxation or significance based on qualitative factors, such as specific use is or concerns over specific components;
- understanding the group's internal control environment by performing process walkthroughs and documenting the controls covering the Key Audit Matters and payables;
- performing full scope audit of the financial statements of the parent company, ULS Technology plc, which includes 100% of the Group's investments;
- performing a full scope audit of the financial statements of United Legal Services Limited, United Homes Services Limited, Legal-Eye Limited and Conveyancing Alliance Limited, the trading entities within the group, and Conveyancing Alliance (Holdings) Limited, an intermediate holding company; and
- performing targeted procedures on ULS Technology Employee Benefit Trust, primarily in respect of the shares held in the parent company at the balance sheet date and share movements during the year.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

## Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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.

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

In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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.

## Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 34, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

## Mark Bishop FCA

### Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Oxford

18 June 2019

## Consolidated Income Statement

for the year ended 31 March 2019

	Notes	2019 £000's	2018 £000's
<b>Revenue</b>	1	29,963	30,672
Cost of sales		(17,450)	(18,192)
<b>Gross profit</b>		12,513	12,480
Administrative expenses		(7,531)	(7,378)
<b>Operating profit before exceptional expenses</b>		4,982	5,102
Exceptional admin expenses	3	(752)	(2,147)
<b>Operating profit</b>	2	4,230	2,955
Finance income	5	12	6
Finance costs	6	(132)	(135)
Exceptional finance costs	6	–	(91)
<b>Profit before tax</b>		4,110	2,735
Tax expense	7	(827)	(769)
<b>Profit for the financial year attributable to the Group's equity shareholders</b>		3,283	1,966
<b>Earnings per share from operations</b>			
Basic earnings per share (£)	8	0.0509	0.0305
Diluted earnings per share (£)	8	0.0483	0.0284

## Consolidated statement of comprehensive income

for the year ended 31 March 2019

	2019 £000's	2018 £000's
Profit for the financial year	3,283	1,966
<b>Total comprehensive income for the financial year attributable to the owners of the parent</b>	<b>3,283</b>	<b>1,966</b>

# Consolidated Balance Sheet

as at 31 March 2019

	Notes	2019 £000's	2018 £000's
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	13	6,442	6,720
Goodwill	10	11,008	11,008
Financial assets at FVOCI	11	100	100
Investment in associates	12	551	547
Property, plant and equipment	14	437	272
Long-term receivables	16	200	200
Prepayments	16	151	153
		18,889	19,000
<b>Current assets</b>			
Inventory	15	48	55
Trade and other receivables	16	1,874	1,511
Cash and cash equivalents	17	1,852	2,889
		3,774	4,455
<b>Total assets</b>		22,663	23,455
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to the Group's equity shareholders</b>			
Share capital	18	259	259
EBT reserve		(484)	(527)
Share premium		4,585	4,585
Capital redemption reserve		113	113
Share based payment reserve		293	267
Retained earnings		5,973	4,643
<b>Total equity</b>		10,739	9,340
<b>Non-current liabilities</b>			
Borrowings	20	1,750	2,750
Contingent consideration	28	–	2,100
Deferred taxation	7	1,031	747
		2,781	5,597
<b>Current liabilities</b>			
Trade and other payables	19	5,813	6,184
Borrowings	20	3,000	2,000
Current tax payable		330	334
		9,143	8,518
<b>Total liabilities</b>		11,924	14,115
<b>Total equity and liabilities</b>		22,663	23,455

The financial statements were approved by the Board of Directors on 18 June 2019 and were signed on its behalf by:

**Steve Goodall**  
**Chief Executive Officer**  
 ULS Technology plc

**John Williams**  
**Finance Director**  
 ULS Technology plc

Company number: 07466574

# Consolidated statement of changes in equity

for the year ended 31 March 2019

	Share capital £000's	EBT reserve £000's	Share premium £000's	Capital redemption reserve £000's	Share- based payments reserve £000's	Retained earnings £000's	Total Equity £000's
<b>Balance at 1 April 2017</b>	259	–	4,585	113	151	4,145	9,253
Profit for the year	–	–	–	–	–	1,966	1,966
<b>Total comprehensive income</b>	–	–	–	–	–	1,966	1,966
Purchase of shares by EBT	–	(1,050)	–	–	–	–	(1,050)
Exercise of options	–	523	–	–	(25)	(293)	205
Share-based payments	–	–	–	–	141	–	141
Deferred taxation share options	–	–	–	–	–	277	277
Payment of dividends	–	–	–	–	–	(1,452)	(1,452)
<b>Total transactions with owners</b>	–	(527)	–	–	116	(1,468)	(1,879)
<b>Balance at 31 March 2018</b>	259	(527)	4,585	113	267	4,643	9,340
<b>Balance at 1 April 2018</b>	259	(527)	4,585	113	267	4,643	9,340
Profit for the year	–	–	–	–	–	3,283	3,283
<b>Total comprehensive income</b>	–	–	–	–	–	3,283	3,283
Purchase of shares by EBT	–	(207)	–	–	–	–	(207)
Exercise of options	–	250	–	–	(16)	(161)	73
Share-based payments	–	–	–	–	42	–	42
Deferred taxation share options	–	–	–	–	–	(277)	(277)
Payment of dividends	–	–	–	–	–	(1,515)	(1,515)
<b>Total transactions with owners</b>	–	43	–	–	26	(1,953)	(1,884)
<b>Balance at 31 March 2019</b>	259	(484)	4,585	113	293	5,973	10,739

# Consolidated statement of cash flows

for the year ended 31 March 2019

	Notes	2019 £000's	2018 £000's
<b>Cash flow from operating activities</b>			
Profit for the financial year before tax		4,110	2,735
Finance income	5	(12)	(6)
Finance costs	6	132	226
Loss on disposal of plant and equipment		1	–
Share of loss from associate	12	(4)	2
Amortisation	13	1,076	1,014
Depreciation	14	204	274
Share-based payments		42	141
Tax paid		(824)	(1,134)
		4,725	3,252
<b>Changes in working capital</b>			
Decrease/(Increase) in inventories		7	(15)
(Increase)/decrease in trade and other receivables		(361)	185
Increase in trade and other payables		463	2,431
<b>Cash inflow from operating activities</b>		4,834	5,853
<b>Cash flow from investing activities</b>			
Purchase of intangible software assets	13	(798)	(670)
Purchase of property, plant and equipment	14	(371)	(30)
Disposal of property, plant and equipment		1	–
Payment of deferred consideration		(2,934)	(1,080)
Interest received	5	12	6
<b>Net cash used in investing activities</b>		(4,090)	(1,774)
<b>Cash flow from financing activities</b>			
Dividends paid	32	(1,515)	(1,452)
Interest paid	6	(132)	(135)
Movement on RCF	20	1,000	–
Repayment of loans	20	(1,000)	(1,000)
Shares Traded by EBT		(134)	(845)
<b>Net cash used in financing activities</b>		(1,781)	(3,432)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(1,037)	647
Cash and cash equivalents at beginning of financial year		2,889	2,242
<b>Cash and cash equivalents at end of financial year</b>		1,852	2,889

# Notes to the consolidated financial statements

## Principal accounting policies

### Basis of preparation

The Consolidated Financial Statements of ULS Technology plc and its subsidiaries (together, 'the Group') have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the EU, IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee, and there is an on-going process of review and endorsement by the European Commission. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 March 2019.

The financial statements have been prepared under the historical cost convention. The principal accounting policies set out below have been consistently applied to all periods presented.

### Going Concern

The Board and Key Management routinely plan future activities including forecasting future cash flows. They have reviewed their plans and formed a judgement that the Group has adequate resources to continue as a going concern for at least 12 months from the date of signing of the financial statements. In arriving at this judgement, the Directors have reviewed the cash flow projections of the Group for the foreseeable future and have considered existing commitments together with financial resources available to the Group.

### Basis of consolidation

The Consolidated Financial Statements incorporate the results of ULS Technology plc ('the Company') and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities and the ability to use its power over the investee to affect the returns from the investee.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

### Business combinations

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 March 2019. All subsidiaries have a reporting date of 31 March.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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.

Acquisition-related costs are expensed as incurred.

### Interest in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The post-tax results of associates are incorporated in the Group's results using the equity method of accounting. Under the equity method, investments in associates are carried in the Consolidated Balance Sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of investment. Losses of associates in excess of the Group's interest in that associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

## Employee benefit trust

The Directors consider that the Employee Benefit Trust (EBT) is under the de facto control of the Company as the trustees look to the Directors to determine how to dispense the assets. Therefore the assets and liabilities of the EBT have been consolidated into the Group accounts. The EBT's investment in the Company's shares is eliminated on consolidation and shown as a deduction against equity. Any assets in the EBT will cease to be recognised in the Consolidated Balance Sheet when those assets vest unconditionally in identified beneficiaries.

## Revenue recognition

Revenue comprises revenue recognised in respect of services, supplied during the period and is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, based on when performance obligations have been satisfied.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from a contract to provide services which are completed at an identifiable point in time is recognised when the performance obligation is met, and when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue is recognised on completion of the legal services. For a conveyancing transaction, this will be on completion of the property transaction and if the transaction falls through prior to completion no fees will be payable by the consumer to the solicitor or by the solicitor (customer) to the Company or by the Company to the introducer (supplier).

The proportion of the fee that the Company receives on completion of a conveyancing transaction that is remitted to a third party (introducer), such as a mortgage broker or intermediary, is recognised as a cost of sale. This is because the Group bears most of the credit risk, delivers the service and sets the pricing.

## Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Chief Operating Decision Maker has been identified as the Board of Executive Directors, at which level strategic decisions are made.

Details of the Group's reporting segments are provided in note 1.

## Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

Exceptional operating expenses are non-recurring in nature and of a material size. Items are classified as exceptional to aid the understanding of the underlying performance of the business.

## Finance income and costs

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

# Notes to the consolidated financial statements

## Principal accounting policies continued

### Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

### Other intangible assets

#### Capitalised development expenditure

An internally-generated intangible asset arising from development expenditure is recognised if, and only if, all of the following criteria have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
  - The intention to complete the intangible asset and use or sell it;
  - The ability to use or sell the intangible asset;
  - How the intangible asset will generate probable future economic benefits;
  - The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
  - The ability to measure reliably the expenditure attributable to the intangible asset during its development.
- The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is expensed in the period in which it is incurred.

Amortisation is calculated so as to write off the cost of an asset, net of any residual value, over the estimated useful life of that asset as follows:

Capital development expenditure – Straight line over 4 to 7 years

Development expenditure not meeting the criteria to be capitalised totalled £nil (2017: £28,000).

### Brand names and customers lists

Brand names and customer lists acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values.

Amortisation is calculated so as to write off the cost of an asset on a straight line basis, net of any residual value, over the estimated useful life of that asset as follows:

Customer and introducer relationships – 10 to 12 years

Brand names – 10 years

Acquired technology platform – 9 years

### Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the Consolidated Income Statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment and is calculated on a straight-line basis as follows:

Leasehold improvements – Over the life of the lease

Computer equipment – 25% on cost

Fixtures and fittings – 25% on cost

Depreciation is provided on cost less residual value over the asset's useful life. The residual value, depreciation methods and useful lives are annually reassessed.

Each asset's estimated useful life has been assessed with regard to its own physical life limitations and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

### **Impairment of non-current assets including goodwill**

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Each unit to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

At each Balance Sheet reporting date the Directors review the carrying amounts of the Group's tangible and intangible assets, other than goodwill, to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

An impairment loss is recognised as an expense immediately.

An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in the Consolidated Income Statement immediately.

### **Inventories**

Work in progress is valued on the basis of direct costs attributable to jobs under completion at the reporting date.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

# Notes to the consolidated financial statements

## Principal accounting policies continued

### Financial instruments

#### Recognition and derecognition

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 substantially all the risks and rewards are transferred.

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

#### Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost; or
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVTPL.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

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

#### Subsequent measurement of financial assets

##### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

##### Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is 'hold to collect' the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's 15% share in Financial Eye Limited are classified as financial assets at FVOCI.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

### Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of these requirements included loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'), and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

### Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 21 for further details.

### Classification and measurement of financial liabilities

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

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. Contingent consideration is measured at FVTPL.

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.

### Current taxation

Current taxation for each taxable entity in the Group is based on the taxable income at the UK statutory tax rate enacted or substantively enacted at the Balance Sheet reporting date and includes adjustments to tax payable or recoverable in respect of previous periods.

### Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

# Notes to the consolidated financial statements

## Principal accounting policies continued

### Deferred tax liabilities are provided in full

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Consolidated Income Statement, except where they relate to items that are charged or credited directly to equity or other comprehensive income in which case the related deferred tax is also charged or credited directly to equity or other comprehensive income.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### Employment benefits

Provision is made in the financial information for all employee benefits. Liabilities for wages and salaries, including non-monetary benefit and annual leave obliged to be settled within 12 months of the Balance Sheet reporting date, are recognised in accruals.

The Group's contributions to defined contribution pension plans are charged to the Consolidated Income Statement in the period to which the contributions relate.

### Leasing

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

### Equity and reserves

Equity and reserves comprise the following:

- 'Share capital' represents amounts subscribed for shares at nominal value.
- 'EBT reserve' represents cost of shares bought and sold through the Employee Benefit Trust.
- 'Share premium' represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.
- 'Capital redemption reserve' represents the nominal value of re-purchased share capital.
- 'Share-based payment reserve' represents the accumulated value of share-based payments expensed in the profit and loss.
- 'Retained earnings' represents the accumulated profits and losses attributable to equity shareholders.

### Share-based employee remuneration

The Group operates a share option based remuneration plan for its employees. None of the Group's plans are cash settled.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date using the Black-Scholes model.

All share-based remuneration is ultimately recognised as an expense in profit and loss with a corresponding credit to retained earnings. The expense is allocated over the vesting period. Other than the requirement to be an employee at the point of exercise there are no other vesting requirements and all share options are expected to become exercisable. Subsequent revisions to this give rise to an adjustment to cumulative share-based compensation which is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs, are allocated to share capital up to the nominal (par) value of the shares issued with any excess being recorded as share premium.

### Contingent liabilities

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

## New and amended International Financial Reporting Standards adopted by the Group

The following new standards, amendments to standards or interpretations are effective for the first time this year applicable to the Group.

New/Revised International Financial Reporting Standards		Effective date: annual periods beginning on or after:	EU adopted	Impact on Group
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018	Yes	Disclosure changes and immaterial impact on recognition and measurement
IFRS 15	Revenue from Contracts with Customers	1 January 2018	Yes	No material impact on recognition or measurement, disclosure changes only

IFRS 9 'Financial Instruments' has superseded IAS 39 'Financial Instruments: Recognition and Measurement' and is effective for annual periods beginning on or after 1 January 2018. IFRS 9 covers classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. All of the Company's financial assets and financial liabilities continue to be held at amortised cost, with the exception of its equity investments. The Company has elected to classify these as held at fair value through other comprehensive income ('FVOCI') under IFRS 9 – they were previously measured at cost in the Balance Sheet. This means that any changes in the fair value of such assets up to the point of disposal will be recorded in other comprehensive income. Therefore, in contrast to the previous accounting treatment, significant or prolonged declines in value below cost will not be recognised in the Income Statement, and the Income Statement will not reflect gains or losses on disposal because gains and losses recognised in other comprehensive income will not be recycled to profit or loss on any such disposal. There were no material changes in fair value of the Company's equity investments and therefore the values are unchanged.

Under IFRS 9 the equity investment is held at fair value, however, there is no material change to the cost model. The only other impact of IFRS 9 has been a review of expected credit losses on receivables, which is also not material.

IFRS 15 'Revenue from Contracts with Customers' has superseded IAS 18 'Revenue', and is effective for annual periods beginning on or after 1 January 2018. IFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations. The implementation of IFRS 15 has no effect on the financial statements as all revenue is recognised at completion of a sale, at which point all services have been provided.

## International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of these Consolidated Financial Statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Group.

Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, these Consolidated Financial Statements, the following may have an impact going forward:

New/Revised International Financial Reporting Standards		Effective date: annual periods beginning on or after:	EU adopted	Impact on Group
IFRS 16	Leases	1 January 2019	Yes	Most operating leases will be capitalised on the Balance Sheet

IFRS 16 'Leases' provides a new model for lessee accounting in which all leases, other than short-term and small-ticket-item leases, will be accounted for by the recognition on the Balance Sheet of a right-to-use asset and a lease liability, and the subsequent amortisation of the right-to-use asset over the lease term. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019. The Group expects to adopt IFRS 16 on 1 April 2019. The requirements of IFRS 16 will extend to the Group's operating leases for land & buildings (note 24) and as such the Group expects a material impact with these leases being recognised on the Consolidated Balance Sheet.

There are no other standards and interpretations in issue but not yet adopted that the Directors anticipate will have a material effect on the reported income or net assets of the Group.

# Notes to the consolidated financial statements

## Principal accounting policies continued

### Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Balance Sheet reporting date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Estimates

The following are the significant estimates used in applying the accounting policies of the Group that have the most significant effect on the financial statements:

#### Fair value of intangible assets acquired in business combinations

In determining the fair value of intangible assets acquired in business combinations, estimates have been used by a specialist valuation company on behalf of management, using information supplied by management, in order to determine the fair values using appropriate modelling techniques.

#### Impairment review

The Group assesses the useful life of intangible assets to determine if there is a definite or indefinite period of useful economic life; this requires the exercise of judgement and directly affects the amortisation charge on the asset. The Group tests whether there are any indicators of impairment at each reporting date. Discounted cash flows are used to assess the recoverable amount of each cash generating unit, and this requires estimates to be made. If there is no appropriate method of valuation of an intangible asset, or no clear market value, management will use valuation techniques to determine the value. This will require assumptions and estimates to be made.

#### Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

#### Contingent consideration arising on business combinations

Contingent consideration is payable based on the future performance of an acquisition to the former shareholders. The likelihood of payment and ultimate value payable are a matter of judgement.

Contingent Consideration occurs in the circumstances where an element of the consideration for an acquired business is determined based upon one or more criteria that are achievable in future periods. The most commonly applied is the achievement of forecast profitability. A defined value of consideration will be payable based on such achievement, and any underperformance against those targets will be credited back to the Consolidated Income Statement.

### Judgements

The following are the significant judgements used in applying the accounting policies of the Group that have the most significant effect on the financial information:

#### Capitalisation of development expenditure

The Group applies judgement in determining whether internal research and development projects meet the qualifying criteria set out in IAS 38 for the capitalisation of development expenditure as internally generated intangible assets. The particular uncertainty and judgement centres around whether a project will be commercially successful, particularly in the pre-revenue phase.

### CGUs

As outlined in last year's Annual Report, the Legal Eye CGU has increasingly become indistinct from the Core CGU with resource being shared. Legal Eye staff are now integral to United Legal Services' lender services team and they are responsible for preparing tenders, helping to design products and attending pitches. The Directors have judged that it is no longer possible to view Legal Eye distinctly and have transferred the associated goodwill into the Core CGU.

#### Investment in Associates

While the current profitability of HomeOwners Alliance is limited, it is the judgement of the Board that the contribution overall to the Group in terms of conveyancing business introduced in addition to the longer-term prospects of the company mean that there is no impairment to the carrying value of the associate.

## 1. Segmental reporting

### Operating segments

Management identifies its operating segments based on the Group's service lines, which represent the main product and services provided by the Group. The Group of similar services which makes up the Group's Comparison Services segment represents more than 95% of the total business. Additionally, the Board reviews Group consolidated numbers when making strategic decisions and, as such, the Group considers that it has one reportable operating segment. All sales are made in the UK.

Revenues from customers who contributed more than 10% of revenues were as follows:

	2019 £000's	2018 £000's
Customer 1	6,125	5,854
Customer 2	3,682	4,255

## 2. Operating profit

Operating profit is stated after charging:	2019 £000's	2018 £000's
Fees payable to the Group's auditors for the audit of the annual financial statements	30	27
Fees payable to the Group's auditors and its associates for other services to the Group:		
– Audit of the accounts of subsidiaries	21	21
– Tax compliance services	–	–
– Tax advisory services	–	3
– Audit-related assurance services	–	15
Amortisation	1,076	1,014
Depreciation	204	274
Operating lease rentals payable:		
– Office and equipment	82	68

## 3. Exceptional administrative expenses

	2019 £000's	2018 £000's
Acquisition expenses (including abortive costs)	269	85
Adjustment to expected contingent consideration	483	2,062
	752	2,147

Acquisition expenses in 2019 relates to abortive costs only.

Part of the consideration for CAL is contingent on their performance in the period between acquisition and 31 March 2019. The Board periodically reviews CAL's performance and updates its estimate of the final consideration payable. The adjustment to the expected deferred consideration in the table above reflects the fact that CAL have performed above initial expectations and the Board have therefore increased its estimate of the final consideration payable. The estimate is now at the maximum payable and therefore there should be no further increases.

## 4. Directors and employees

The aggregate payroll costs of the employees, including both management and Executive Directors, were as follows:

	2019 £000's	2018 £000's
<b>Staff costs</b>		
Wages and salaries	4,242	4,225
Social security costs	523	573
Pension costs	352	223
	5,117	5,021

# Notes to the consolidated financial statements continued

## 4. Directors and employees continued

Average monthly number of persons employed by the Group during the year was as follows:

	2019 Number	2018 Number
<b>By activity:</b>		
Production	30	25
Distribution	35	31
Administrative	20	19
Management	12	12
	97	87

	2019 £000's	2018 £000's
<b>Remuneration of Directors</b>		
Emoluments for qualifying services	524	621
Pension contributions	36	21
Social security costs	90	74
	650	716

	2019 £000's	2018 £000's
<b>Highest paid Director</b>		
Remuneration	229	224

The highest paid Director received share options as shown in the Directors' report on page 33.

A breakdown of the emoluments for Directors can be found in the Directors' report on page 32.

Key management personnel are identified as the Executive Directors (and Steve Goodall in the prior year).

	2019 £000's	2018 £000's
<b>Remuneration of key management</b>		
Emoluments for qualifying services	433	887
Pension contributions	35	22
Social security costs	81	90
	549	999

327,500 share options have been issued to Steve Goodall during the 2019 financial year (2018:322,500); see page 33.

No share options have been exercised during the year by Ben Thompson, (2018: 323,639).

Payments of pensions contributions have been made on behalf of Directors (see page 32).

Share option expense relating to key management other than Directors included in the above table was £nil (2018: £21,000)

## 5. Finance income

	2019 £000's	2018 £000's
Bank interest	12	6

## 6. Finance costs

	2019 £000's	2018 £000's
Interest on borrowings	(132)	(135)
<b>Exceptional Finance costs</b>		
NPV adjustment of deferred consideration	–	(91)
	–	(91)

## 7. Taxation

Analysis of credit in year	2019 £000's	2018 £000's
<b>Current tax</b>		
United Kingdom		
UK corporation tax on profits for the year	820	850
<b>Deferred tax</b>		
United Kingdom		
Origination and reversal of temporary differences	7	(81)
<b>Corporation tax charge</b>	827	769

The differences are explained as follows:

	2019 £000's	2018 £000's
<b>Profit before tax</b>	4,110	2,735
<b>UK corporation tax rate</b>	19%	19%
Expected tax expense	781	520
Adjustments relating to prior year	(4)	(56)
Adjustment for additional R&D tax relief	(158)	(140)
Deferred tax not recognised	54	–
Adjustment for non-deductible expenses		
– Expenses not deductible for tax purposes	173	461
– Other permanent differences	(19)	(16)
<b>Income tax charge</b>	827	769

### Deferred tax

	2019 £000's	2018 £000's
Deferred tax liabilities at applicable rate for the period of 19%:		
Opening balance at 1 April	747	1,092
– Property, plant and equipment and capitalised development spend temporary differences	49	119
– Deferred tax recognised on acquisitions of Legal Eye and Conveyancing Alliance (note 28)	(96)	(96)
– Deferred tax on share options	331	(368)
Deferred tax liabilities – closing balance at 31 March	1,031	747

# Notes to the consolidated financial statements continued

## 8. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the year.

### Basic earnings per share

	2019 £	2018 £
Total basic earnings per share	0.0509	0.0305
Total diluted earnings per share	0.0483	0.0284

The earnings and weighted average number of Ordinary Shares used in the calculation of basic earnings per share were as follows:

	2019 £000's	2018 £000's
Earnings used in the calculation of total basic and diluted earnings per share	3,283	1,966

Number of shares	2019 Number	2018 Number
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	64,462,605	64,549,992

Taking the Group's share options and warrants into consideration in respect of the Group's weighted average number of ordinary shares for the purposes of diluted earnings per share, is as follows:

Number of shares	2019 Number	2018 Number
Dilutive (potential dilutive) effect of share options, conversion shares and warrants	3,475,267	4,589,034
Weighted average number of ordinary shares for the purposes of diluted earnings per share	67,937,872	69,139,026

## 9. Subsidiaries

Details of the Group's subsidiaries are as follows:

Name of subsidiary	Principal activity	Class of shares	Place of incorporation and operation	% ownership held by the Group	
				2019	2018
United Legal Services Limited	Development and hosting of internet based software applications for legal services businesses	Ordinary	England & Wales	100%	100%
United Home Services Limited	Development and hosting of internet based software applications for property services businesses	Ordinary	England & Wales	100%	100%
Legal-Eye Limited	Compliance consultancy services for solicitors	Ordinary	England & Wales	100%	100%
Conveyancing Alliance (Holdings) Limited	Intermediary non-trading holding company	Ordinary	England & Wales	100%	100%
Conveyancing Alliance Limited	Development and hosting of internet based software applications for legal services businesses	Ordinary	England & Wales	100%	100%

## 10. Goodwill

	2019 £000's	2018 £000's
Opening value at 1 April and closing value at 31 March	11,008	11,008

### Goodwill split by CGU is as follows:

	2019 £000's	2018 £000's
Core	4,524	4,524
CAL	6,484	6,484
	11,008	11,008

The recoverable amounts of intangible assets and goodwill was determined using value-in-use calculations, based on cash flow projections from a formally approved 12 month forecast which has been extrapolated into perpetuity. A growth rate of 2% has been applied to extrapolate the cash flows by reference to the long-term growth rate of the UK economy. The pre-tax discount rate for each CGU was 13.5% for Core and 15.6% for CAL which reflect current market assessments of the time value of money and specific risks.

The analysis performed calculates that the recoverable amount of each CGU's assets exceeds their carrying value, as such no impairment was identified. As outlined in last year's Annual Report, the Legal Eye CGU has increasingly becoming indistinct from the Core CGU with resource being shared and a joint product offering. The Directors have judged that Legal Eye no longer remains a distinct CGU and have transferred the associated goodwill into the Core CGU.

## 11. Financial assets at FVOCI

	2019 £000's	2018 £000's
Opening value at 1 April	100	100
Changes in fair value of investments	–	–
Closing value at 31 March	100	100

The Group acquired 15% of Financial Eye on 27 February 2015 as a separately identifiable part of the transaction in which Legal Eye was acquired.

## 12. Investment in associates

	2019 £000's	2018 £000's
Opening value at 1 April	547	549
Share of profit/(losses) for the year	4	(2)
Closing value at 31 March	551	547

The Group acquired 35% of Homeowners Alliance Ltd on 29 February 2016. Homeowners Alliance Ltd's place of incorporation and operation is in the UK.

The associate is not material to the Group's results.

## Notes to the consolidated financial statements continued

### 13. Intangible assets

	Capitalised development expenditure £000's	Acquired technology platform £000's	Customer and Introducer relationships £000's	Brands £000's	Total £000's
<b>Cost</b>					
At 1 April 2017	3,418	1,117	3,619	568	8,722
Additions	670	–	–	–	670
Disposals	–	–	–	–	–
At 31 March 2018	4,088	1,117	3,619	568	9,392
Additions	798	–	–	–	798
Disposals	–	–	–	–	–
At 31 March 2019	4,886	1,117	3,619	568	10,190
<b>Accumulated amortisation</b>					
At 1 April 2017	1,356	36	208	58	1,658
Charge	474	124	359	57	1,014
Disposals	–	–	–	–	–
At 31 March 2018	1,830	160	567	115	2,672
Charge	536	124	359	57	1,076
Disposals	–	–	–	–	–
At 31 March 2019	2,366	284	926	172	3,748
<b>Net book value</b>					
At 1 April 2017	2,062	1,081	3,411	510	7,064
At 31 March 2018	2,258	957	3,052	453	6,720
At 31 March 2019	2,520	833	2,693	396	6,442

Amortisation is included within administrative expenses.

## 14. Property, plant and equipment

	Leasehold improvements £000's	Computer equipment £000's	Fixtures and fittings £000's	Total £000's
<b>Cost</b>				
At 1 April 2017	569	619	84	1,272
Additions	–	30	–	30
Disposals	–	(48)	–	(48)
At 31 March 2018	569	601	84	1,254
Additions	–	364	7	371
Disposals	–	(13)	–	(13)
At 31 March 2019	569	952	91	1,612
<b>Accumulated depreciation</b>				
At 1 April 2017	411	293	52	756
Charge	119	139	16	274
Disposals	–	(48)	–	(48)
At 31 March 2018	530	384	68	982
Charge	39	155	10	204
Disposals	–	(11)	–	(11)
At 31 March 2019	569	528	78	1,175
<b>Net book value</b>				
At 1 April 2017	158	326	32	516
At 31 March 2018	39	217	16	272
At 31 March 2019	–	424	13	437

## 15. Inventories

	2019 £000's	2018 £000's
Work in progress	48	55

## Notes to the consolidated financial statements continued

### 16. Trade and other receivables

	2019 £000's	2018 £000's
<b>Current assets</b>		
Trade receivables	1,307	1,017
Other receivables	335	307
Pre-payments	232	187
	1,874	1,511
<b>Non-current assets</b>		
Pre-payments	151	153
Long-term receivables (loans to associate)	200	200
	351	353

The Directors consider the carrying value of trade and other receivables is approximate to its fair value.

Details of the Group's exposure to credit risk is given in Note 21.

### 17. Cash and cash equivalents

	2019 £000's	2018 £000's
Cash at bank (GBP)	1,852	2,889

At March 2019 and 2018 all significant cash and cash equivalents were deposited with major clearing banks in the UK with at least an 'A' rating.

### 18. A) Share capital

#### Allotted, issued and fully paid

The Company has one class of Ordinary share which carries no right to fixed income nor has any preferences or restrictions attached.

	2019		2018	
	No	£000's	No	£000's
Ordinary shares of £0.004 each	64,828,057	259	64,828,057	259
	64,828,057	259	64,828,057	259

As regards income and capital distributions, all categories of shares rank pari passu as if the same constituted one class of share.

	2019 Number	2018 Number
<b>Shares issued and fully paid</b>		
Beginning of the year	64,828,057	64,828,057
New shared issue	—	—
<b>Shares issued and fully paid</b>	64,828,057	64,828,057

During the year the Company has not issued any new ordinary shares (2018: no shares issued).

## 18. B) Share-based payments

### Ordinary share options:

The Group operates an EMI share option scheme to which the Executive Directors and employees of the Group may be invited to participate by the remuneration committee. Options are exercisable at a price equal to the closing price of the Company's share on the day prior to the date of grant. The options vest in three equal tranches, three, four and five years after date of grant. The options are settled in equity once exercised. Where the individual limits for an EMI scheme the options will be treated as unapproved but within the same scheme rules.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Options were valued using the Black-Scholes option-pricing model. The following table shows options issued which were outstanding as at 31 March 2019:

Date of grant	Exercise price (£)	Share price at date of grant (£)	Options in issue as 31 March 2019
18 August 2014	0.4000	0.4800	491,093
21 August 2015	0.5350	0.5350	47,465
4 March 2016	0.5600	0.5600	43,219
7 November 2016	0.7025	0.7025	491,913
21 December 2016	0.7675	0.7675	777,865
2 May 2017	1.0600	1.0600	322,500
28 June 2018	1.3425	1.3425	527,500
9 August 2018	1.3325	1.3325	627,500

The Group recognised total expenses of £42,000 (2018: £141,000) related to share options accounted for as equity-settled share-based payment transactions during the year.

A reconciliation of option movements over the year to 31 March 2019 is shown below:

	As at 31 March 2019		As at 31 March 2018	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 April	4,309,785	0.62	4,552,364	0.56
Granted	1,165,000	1.34	322,500	1.06
Forfeited prior to vesting	(1,969,928)	0.53	(47,465)	0.60
Exercised	(175,802)	0.41	(517,614)	0.40
Outstanding at 31 March	3,329,055	0.93	4,309,785	0.62

## Notes to the consolidated financial statements continued

### 19. Trade and other payables

	2019 £000's	2018 £000's
Trade payables	2,313	1,942
PAYE and social security	139	126
VAT	693	725
Other creditors	25	27
Accruals and deferred income	419	789
Contingent consideration	2,224	2,575
	5,813	6,184

### 20. Borrowings

	2019 £000's	2018 £000's
<b>Secured – at amortised cost</b>		
Bank loan	2,750	3,750
Revolving cash flow facility	2,000	1,000
	4,750	4,750
<b>Current</b>	3,000	2,000
<b>Non-current</b>	1,750	2,750
	4,750	4,750

### Reconciliation of liabilities arising from financing activities

	Bank loans £000's	Total debt £000's
Balance at 1 April 2018	4,750	4,750
Loan repayments	(1,000)	(1,000)
Movement in revolving cash flow facility	1,000	1,000
<b>Subtotal</b>		
Balance at 31 March 2019	4,750	4,750

### Summary of borrowing arrangements:

- In December 2016, it took out a five year term loan for £5 million and a £2 million revolving cash flow facility. Both have a current interest rate of 1.70% above LIBOR. The term loan is subject to repayments of £250,000 plus accrued interest quarterly. At the end of the financial period £2 million was drawn down on the revolving cash flow facility.
- Loans are secured by way of fixed and floating charges over all assets of the Group.
- Amounts shown represent the loan principals; accrued interest is recognised within accruals – any amounts due at the reporting date are paid within a few days.
- Post year-end the revolving cash flow facility was increased to £4 million.

## 21. Financial instruments

### Classification of financial instruments

The fair value hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The Group holds investments at fair value through other comprehensive income. Investments in unlisted shares are a level 3 valuation as the quoted price is not available.

The tables below set out the Group's accounting classification of each class of its financial assets and liabilities.

### Financial assets

	Measured at fair value		Measured at amortised cost	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's
Loans and receivables (note 16)	–	–	1,842	1,524
Financial assets at FVOCI (note 11)	100	100	–	–
Cash and cash equivalents (note 17)	–	–	1,852	2,889
	100	100	3,694	4,413

The investment in Financial Eye Limited represents a 15% equity interest in an unlisted company acquired in 2015. All of the above financial assets carrying values are approximate to their fair values, as at 31 March 2019 and 2018.

### Financial liabilities

	Measured at fair value		Measured at amortised cost	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's
Financial liabilities measured at amortised cost (note 22)	–	–	2,758	2,757
Borrowings (note 20)	–	–	4,750	4,750
Contingent consideration	2,224	4,674	–	–
	2,224	4,674	7,508	7,507

Current loan instruments are linked to LIBOR with a margin of 1.70% per annum, which is a fairly standard market rate.

# Notes to the consolidated financial statements continued

## 21. Financial instruments continued

Financial assets and financial liabilities measured at fair value in the Consolidated Balance Sheet are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group carries none of its assets at fair value. The only financial liability carried at fair value is the contingent consideration (carried at fair value through profit or loss).

The fair value of contingent consideration related to the acquisition of Conveyancing Alliance Holdings Limited is estimated using a present value technique.

For Conveyancing Alliance Holdings Limited, the £2,224,000 fair value is using as estimated amount of consideration due adjusting for risk and discounting at 16.2%. The estimated consideration before discounting is £2,337,000. The discount rate used is 16.2%, based on the Group's estimated weighted average cost of capital at the reporting date, and therefore reflects the Group's credit position. Sensitivity analysis using a +/- 1% change in the discount rate gives a fair value range of £2,230,000 to £2,217,000.

### Level 3 fair value measurements

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	Contingent consideration	
	2019 £000's	2018 £000's
Balance at 1 April 2018	4,674	3,602
Acquired through business combination	–	–
Payments made	(2,934)	(1,080)
Movement in consideration	–	1,404
Movement in NPV	484	748
Balance at 31 March 2019	2,224	4,674

### Financial instrument risk exposure and management

The Group's operations expose it to degrees of financial risk that include liquidity risk, credit risk and interest rate risk.

This note describes the Group's objectives, policies and process for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented in notes 15, 16, 17, 19, and 20.

#### Liquidity risk

Liquidity risk is dealt with in note 22 of this financial information.

#### Credit risk

The Group's credit risk is primarily attributable to its cash balances and trade receivables. The Group does not have a significant concentration of risk, with exposure spread over a number of third parties.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. The Group suffers a very small incidence of credit losses. However, where management views that there is a significant risk of non-payment, a specific provision for impairment is made and recognised as a deduction from trade receivables.

	2019 £000's	2018 £000's
Impairment provision	133	126

The amount of trade receivables past due but not considered to be impaired at 31 March is as follows:

	2019 £000's	2018 £000's
Not more than 3 months	545	74
More than 3 months but not more than 6 months	12	4
More than 6 months but not more than 1 year	14	39
More than one year	58	12
Total	629	129

The credit risk on liquid funds is limited because the third parties are large international banks with a credit rating of at least A.

The Group's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents, as described in note 17.

### Interest rate risk

The Group has secured debt as disclosed in note 20. The interest on this debt is linked to LIBOR and therefore there is an interest rate risk. However, the relative amount of debt outstanding is low which limits the risk.

The balances disclosed above represent the principal debt. Interest is paid quarterly, and all interest due has either been paid at each reporting date, or is paid within a few days of that date – in the latter case, interest accrued is included within accruals.

The Group's only other exposure to interest rate risk is the interest received on the cash held on deposit, which is immaterial.

## 22. Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the Group can meet liabilities as they fall due.

In managing liquidity risk, the main objective of the Group is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due. The table below shows the undiscounted cash flows on the Group's financial liabilities as at 31 March 2019 and 2018, on the basis of their earliest possible contractual maturity.

	Total £000's	Within 2 months £000's	Within 2–6 months £000's	6–12 months £000's	1–2 years £000's	Greater than 2 years £000's
<b>At 31 March 2019</b>						
Trade payables	2,313	2,313	–	–	–	–
Other payables	25	25	–	–	–	–
Accruals	419	419	–	–	–	–
Contingent consideration	2,337	–	–	2,337	–	–
Loans	4,868	–	2,546	527	1,035	760
	9,962	2,757	2,546	2,864	1,035	760

	Total £000's	Within 2 months £000's	Within 2–6 months £000's	6–12 months £000's	1–2 years £000's	Greater than 2 years £000's
<b>At 31 March 2018</b>						
Trade payables	1,942	1,942	–	–	–	–
Other payables	27	27	–	–	–	–
Accruals	789	789	–	–	–	–
Contingent consideration	5,272	–	–	2,707	2,565	–
Loans	4,917	–	1,544	534	1,051	1,788
	12,947	2,758	1,544	3,241	3,616	1,788

The amounts payable for loans, as presented above, include the quarterly interest payments due in accordance with the terms described in note 20 in addition to the repayment of principal at maturity.

# Notes to the consolidated financial statements continued

## 23. Capital management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide long-term returns to shareholders.

The Group defines and monitors capital on the basis of the carrying amount of equity plus its outstanding loan notes, less cash and cash equivalents as presented on the face of the Consolidated Balance Sheet and further disclosed in notes 17 and 20.

The Board of Directors monitors the level of capital as compared to the Group's commitments and adjusts the level of capital as is determined to be necessary by issuing new shares. The Group is not subject to any externally imposed capital requirements.

These policies have not changed in the year. The Directors believe that they have been able to meet their objectives in managing the capital of the Group.

The amounts managed as capital by the Group for the reporting period under review are summarised as follows:

	2019 £000's	2018 £000's
Total Equity	11,026	9,340
Cash and cash equivalents	1,852	2,889
Capital	12,878	12,229
Total Equity	11,026	9,340
Borrowings	4,750	4,750
Financing	15,776	14,090
Capital-to-overall financing ratio	0.82	0.87

## 24. Operating lease arrangements

The Group does not have an option to purchase any of the operating leased assets at the expiry of the lease periods.

Payments recognised as an expense	2019 £000's	2018 £000's
Minimum lease payments	75	68
Non-cancellable operating lease commitments		
Not later than 1 year	1	42
Later than 1 year and not later than 5 years	311	35
	312	77

## 25. Financial commitments

There are no other financial commitments.

## 26. Retirement benefit plans

The Group operates a defined contribution pension scheme for its employees. The pension cost charge represents contributions payable by the Group and amounted to £352,000 (2018: £223,000).

## 27. Related party transactions

### Directors:

P Opperman (resigned 25 July 2018)  
 G Wicks  
 B Thompson (resigned 4 April 2018)  
 A Weston  
 J Williams

For remuneration of Directors please see note 4 and the more detailed disclosures in the Directors' Report on page 32.

Dividends paid to Directors are as follows:

	2019 £000's	2018 £000's
Peter Opperman	–	58
Geoff Wicks	1	1
Ben Thompson	–	1
Andrew Weston	30	27
John Williams	1	1

## 28. Contingent liabilities

The Directors are not aware of any contingent liabilities within the Group or the Company at 31 March 2019 and 2018.

## 29. Ultimate controlling party

The Directors do not consider there to be an ultimate controlling party.

## 30. Events after the Balance Sheet date

There have been no reportable subsequent events between 31 March 2019 and the date of signing this report.

## 31. Dividends paid

	2019 £000's	2018 £000's
Final dividend for the year ended 31 March 2018 of 1.15p (2017: 1.10p) per share	741	711
1st Interim dividend 1.20p (2017: 1.15p) per share	774	741
Total dividends paid	1,515	1,452

As well as the dividends paid as shown in the table above, the Board proposes a final dividend of £774,000 (1.20 pence per share) in respect of the year ended 31 March 2019 and subject to approval at the Annual General Meeting. As the final dividend is declared after the Balance Sheet date it is not recognised as a liability in these financial statements.

# Parent Company Balance Sheet

as at 31 March 2019

	Notes	2019 £000's	2018 £000's
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	2	17,476	17,414
Non-current receivables	3	39	62
Deferred tax asset		14	172
		17,529	17,648
<b>Current assets</b>			
Trade and other receivables	3	367	673
Cash and cash equivalents		45	43
		412	716
<b>Total assets</b>		17,941	18,364
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to the Group's equity shareholders</b>			
Share capital	7	259	259
Share premium		4,585	4,585
Capital redemption reserve		113	113
Share-based payment reserve		293	293
Opening retained earnings		2,671	3,621
Profit for the year		3,435	377
Exercise of options		42	–
Deferred tax on share options		(125)	125
Payment of dividends		(1,515)	(1,452)
Total retained earnings		4,508	2,671
<b>Total equity</b>		9,758	7,921
<b>Non-current liabilities</b>			
Borrowings	5	1,750	2,750
Provisions	6	–	2,100
		1,750	4,850
<b>Current liabilities</b>			
Trade and other payables	4	3,433	3,593
Borrowings	5	3,000	2,000
		6,433	5,593
<b>Total liabilities</b>		8,183	10,443
<b>Total equity and liabilities</b>		17,941	18,364

The financial statements were approved by the Board of Directors on 18 June and were signed on its behalf by:

**Steve Goodall**

**Chief Executive Officer**

ULS Technology plc

Company number: 07466574

# Parent Company statement of changes in equity

for the years ended 31 March 2019

	Share capital £000's	Share premium £000's	Capital redemption reserve £000's	Capital contribution reserve £000's	Share-based payments reserve £000's	Retained earnings £000's	Total Equity £000's
<b>Balance at 1 April 2017</b>	259	4,585	113	77	152	3,621	8,807
Profit for the year	–	–	–	–	–	377	377
<b>Total comprehensive income</b>	–	–	–	–	–	377	377
Transfer to share-based payment reserve	–	–	–	(77)	77	–	–
Share-based payments	–	–	–	–	64	–	64
Deferred tax on share options	–	–	–	–	–	125	125
Payment of dividends	–	–	–	–	–	(1,452)	(1,452)
<b>Total transactions with owners</b>	–	–	–	(77)	141	(1,327)	(1,263)
<b>Balance at 31 March 2018</b>	259	4,585	113	–	152	3,621	8,807
<b>Balance at 1 April 2018</b>	259	4,585	113	–	293	2,671	7,921
Profit for the year	–	–	–	–	–	3,435	3,435
<b>Total comprehensive income</b>	–	–	–	–	–	3,435	3,435
Share-based payments	–	–	–	–	42	–	42
Exercise of options	–	–	–	–	(42)	42	–
Deferred tax on share options	–	–	–	–	–	(125)	(15)
Payment of dividends	–	–	–	–	–	(1,515)	(1,515)
<b>Total transactions with owners</b>	–	–	–	–	–	1,995	1,995
<b>Balance at 31 March 2019</b>	259	4,585	113	–	293	4,666	9,916

# Notes to the Parent Company financial statements

## 1. Parent Company accounting policies

### Basis of Preparation

The annual financial statements of ULS Technology plc (the Parent Company financial statements) have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ('FRS 100') and Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

### Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with the Company's wholly owned subsidiaries.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's Consolidated Financial Statements. These financial statements do not include certain disclosures in respect of:

- share-based payments;
- revenue from contracts with customers;
- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value); and
- fair value measurement other than certain disclosures required as a result of recording financial instruments at fair value).

As permitted by section 408 of Companies Act 2006, a separate Income Statement for the Company has not been included in these financial statements.

The principal accounting policies adopted in the preparation of the financial statements as set out below have been consistently applied to all periods presented.

### Financial instruments

#### Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company 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 substantially all the risks and rewards are transferred.

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

#### Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVTPL or FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

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

### Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

### Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of these requirements included loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

### Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 21 for further details.

### Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and contingent consideration.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. Contingent consideration is measured at FVTPL.

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.

### Investments

Investments in subsidiaries are shown within the parent undertaking's financial statements at cost, less any provision for impairment in value. Investments in associates are accounted for at cost less impairment in the individual financial statements.

# Notes to the Parent Company financial statements continued

## 1. Parent Company accounting policies continued

### Current taxation

Current taxation for each taxable entity in the Company is based on the taxable income at the UK statutory tax rate enacted or substantively enacted at the Balance Sheet reporting date and includes adjustments to tax payable or recoverable in respect of previous periods.

### Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Income Statement, except where they relate to items that are charged or credited directly to equity or other comprehensive income in which case the related deferred tax is also charged or credited directly to equity or other comprehensive income.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### Employment benefits

Provision is made in the financial information for all employee benefits. Liabilities for wages and salaries, including non-monetary benefit and annual leave obliged to be settled within 12 months of the Balance Sheet reporting date, are recognised in accruals.

The Company's contributions to defined contribution pension plans are charged to the Income Statement in the period to which the contributions relate.

### Leasing

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

### Equity and reserves

Equity and reserves comprises the following:

'Share capital' represents amounts subscribed for shares at nominal value.

'Share premium' represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.

'Capital redemption reserve' represents the nominal value of re-purchased share capital.

'Share based payment reserve' represents the accumulated value of share-based payments expensed in the profit and loss.

'Retained earnings' represents the accumulated profits and losses attributable to equity shareholders.

### Share-based employee remuneration

The Company operates share option-based remuneration plan for its employees. None of the Company's plans are cash settled.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date using the Black-Scholes model.

All share-based remuneration is ultimately recognised as an expense in profit and loss with a corresponding credit to retained earnings. The expense is allocated over the vesting period. Other than the requirement to be an employee at the point of exercise there are no other vesting requirements and all share options are expected to become exercisable. Subsequent revisions to this give rise to an adjustment to cumulative share-based compensation which is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs, are allocated to share capital up to the nominal (par) value of the shares issued with any excess being recorded as share premium.

## Contingent liabilities

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

## Judgements

### Investment in Group Undertakings

The holding value of Legal-Eye Limited has been previously impaired. It is the judgement of the Board that no further impairment is required in the current reporting period. Please also refer the Group's principal accounting policies note looking at judgements and CGUs which highlights that it is no longer possible to look at the investment in Legal-Eye Limited distinctly.

## 2. Investments

The Company holds the issued share capital of the following companies:

Company name	Principal activity	Class of shares	Place of incorporation and operation	% ownership held by the Company	
				2019	2018
United Legal Services Limited	Development and hosting of internet based software applications for legal services businesses	Ordinary	UK	100	100
United Homes Services Limited	Development and hosting of internet based software applications for property services businesses	Ordinary	UK	100	100
Legal-Eye Limited	Compliance consultancy services for solicitors	Ordinary	UK	100	100
Conveyancing Alliance (Holdings) Limited	Intermediary non-trading holding company	Ordinary	UK	100	100
Conveyancing Alliance Limited	Development and hosting of internet based software applications for legal services businesses	Ordinary	UK	100	100
Home Owners Alliance Limited	Operation of website for home owners and prospective home owners	Ordinary	UK	35	35
Financial Eye Limited	Financial compliance consultancy services for solicitors	Ordinary	UK	15	15

Home Owners Alliance Limited is considered to be an associate company and is accounted for accordingly.

	Investments in Group undertakings £000's	Investments in associates £000's	Loans to associates £000's	Total £000's
<b>Cost</b>				
As at 1 April 2017	16,836	575	100	17,511
Loan movement	–	–	100	100
Impairment in value of Legal Eye	(200)	–	–	(200)
Share-based payment reserve	3	–	–	3
As at 31 March 2018	16,639	575	200	17,414
Loan movement	–	–	–	–
Impairment in value of Legal Eye	–	–	–	–
Share-based payment reserve	62	–	–	62
As at 31 March 2019	16,701	575	200	17,476

The holding value of the investment in Legal-Eye Limited has been reduced after an annual impairment review. For details of the review please see note 10 in the consolidated accounts.

## Notes to the Parent Company financial statements<sup>continued</sup>

### 3. Receivables

	2019 £000's	2018 £000's
<b>Current receivables:</b>		
Amounts owed by Group undertakings	19	12
Other debtors	264	595
Prepayments	84	66
	367	673

During the year, other debtors relating to a loan to the EBT were impaired by £465,000.

	2019 £000's	2019 £000's
<b>Non-current receivables:</b>		
Prepayments	39	62

### 4. Trade and other payables

	2019 £000's	2018 £000's
Trade payables	65	31
Amounts owed to Group undertakings	1,063	654
Social security and other taxes	37	29
Accruals	44	305
Contingent consideration	2,224	2,574
	3,433	3,593

### 5. Borrowings

	2019 £000's	2018 £000's
<b>Current liabilities:</b>		
Bank loans	3,000	2,000

	2019 £000's	2018 £000's
<b>Non-current liabilities:</b>		
Bank loans	1,750	2,750

### 6. Provisions

	2019 £000's	2018 £000's
<b>Non-current liabilities:</b>		
Contingent consideration	–	2,100

### 7. Share capital

#### Allotted, issued and fully paid

The Company has one class of Ordinary share which carries no right to fixed income nor has any preferences or restrictions attached.

	2019		2018	
	No	£000's	No	£000's
Ordinary shares of £0.004 each	64,828,057	259	64,828,057	259
	64,828,057	259	64,828,057	259

As regards income and capital distributions, all categories of shares rank pari passu as if the same constituted one class of share.

	2019 Number	2018 Number
<b>Shares issued and fully paid</b>		
Beginning of the year	64,828,057	64,828,057
New shares issue	–	–
<b>Shares issued and fully paid</b>	<b>64,828,057</b>	<b>64,828,057</b>

No new shares were issued during the year.

#### Allotments during the year

Year ended March 2019	Number	Par value £000's
Share issue	–	–

Year ended March 2018	Number	Par value £000's
Share issue	–	–

#### Ordinary share options:

The Company operates a share option scheme to which the Executive Directors and employees of the Group may be invited to participate by the remuneration committee. Disclosures relating to the Company's share options are detailed in note 18B to the Group financial statements, there being no difference between the Company and Group disclosures.

### 8. Related party transactions

Related party transactions with third parties other than the Company's subsidiaries are disclosed in note 27 to the Consolidated Financial Statements.

### 9. Post Balance Sheet events

There have been no reportable subsequent events between 31 March 2019 and the date of signing this report.

### 10. Dividends paid

	2019 £000's	2018 £000's
Final dividend for the year ended 31 March 2018 of 1.15p (2017: 1.10p) per share	741	711
1st Interim dividend 1.20p (2017: 1.15p) per share	774	741
<b>Total dividends paid</b>	<b>1,515</b>	<b>1,452</b>

As well as the dividends paid as shown in the table above, the Board proposes a final dividend of £774,000 (1.20 pence per share) in respect of the year ended 31 March 2019 and subject to approval at the Annual General Meeting. As the final dividend is declared after the Balance Sheet date it is not recognised as a liability in these financial statements.

## Company information

### Directors

Geoff Wicks – Non-Executive Chairman  
Steve Goodall – Chief Executive Officer  
John Williams – Finance Director  
Andrew Weston – Co-founder and IT Director  
Elaine Bucknor – Independent Non-Executive Director  
Martin Rowland – Independent Non-Executive Director

### Nominated adviser & broker

Numis Securities Limited  
The London Stock Exchange  
Building  
10 Paternoster Square  
London  
EC4M 7LT

### Registered address

The Old Grammar School  
Church Road  
Thame  
Oxfordshire  
OX9 3AJ

### Independent auditor

Grant Thornton UK LLP  
3140 Rowan Place  
John Smith Drive  
Oxford Business Park South  
Oxford  
OX4 2WB

### Company registration number

07466574

### Solicitors

Dentons UKMEA LLP  
One Fleet Place  
London  
EC4M 7WS

### Financial public relations

Walbrook PR Limited  
4 Lombard Street  
London  
EC3V 9HD

### Registrar

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