



Annual Report &
Accounts 2020

Innovate Collaborate Succeed





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Must reads



Investment case
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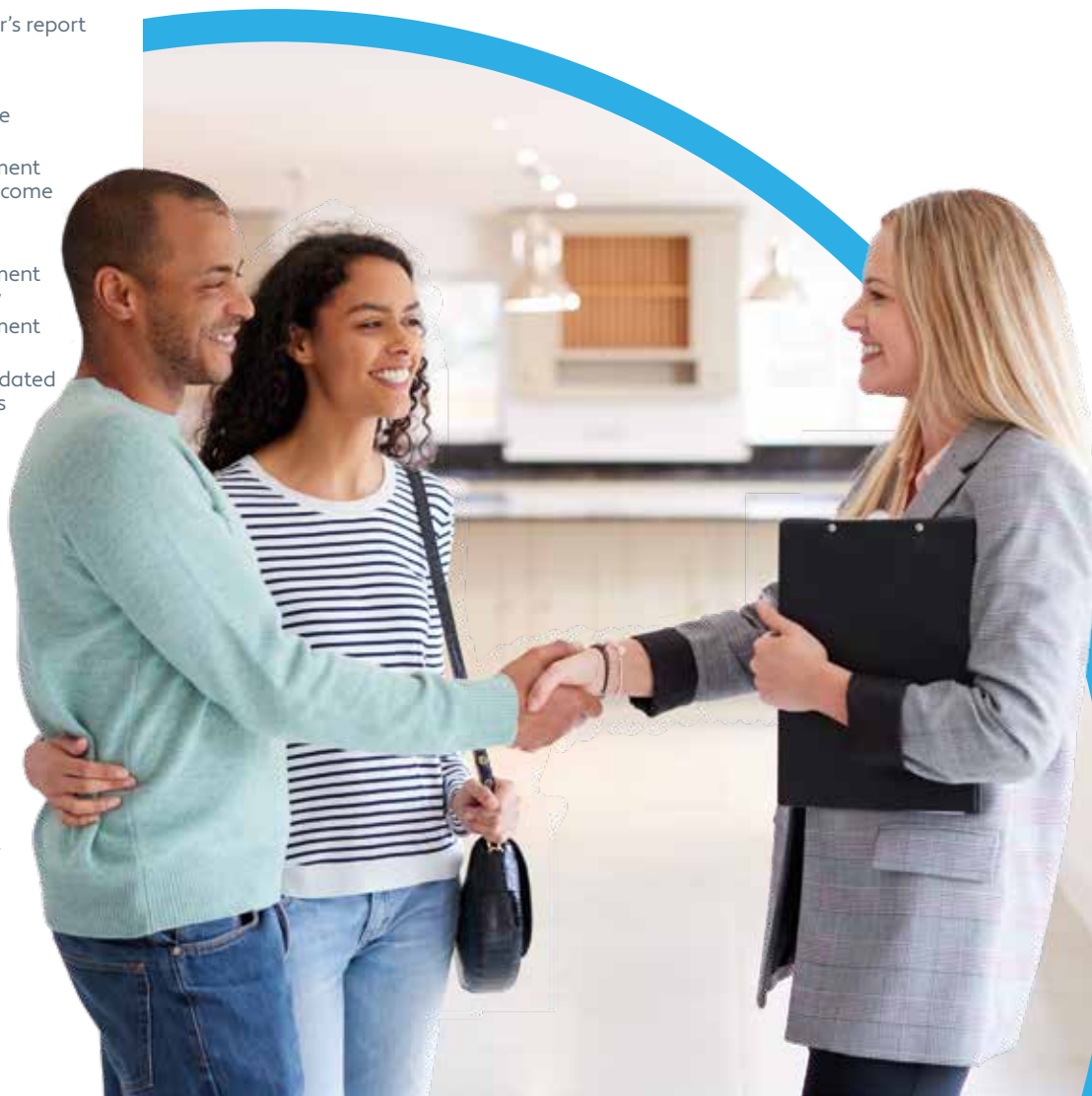
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Operational highlights

Innovate

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 and conveyancer to interact with each other in an efficient and paperless environment transforming the speed and the way conveyancing is done. While launched and already giving customers and solicitors a better experience than they previously had it is still early in the development life cycle of the product and the Group continues to invest and make improvements.

D find out more on pages 16 and 17

Rapid Remortgage

Utilising the functionality of DigitalMove in conjunction with its core conveyancing platform, the Group has been developing a product which enables a remortgage case to be legally ready by the end of the working day following receipt of the starter pack from the customer. This product has been launched in early FY21.

Collaborate

Team Approach

The Group has around 100 employees and there has always been a culture of collaboration. This year the Group has created a number of cross-functional teams to help ensure we are getting as many points of view into each stage within each channel. Within each channel the Group has four teams called Vision, Create, Share & Support.

Solicitor Conference

The Group is very proud of the wide panel of high-quality solicitors it has on its panel and a close working relationship is key to the success of the Group. For the first time, we decided to bring together as many of these solicitors in one place in the Oxfordshire countryside. The Group put together a great line-up of speakers, the event was over-subscribed and was a great success.

Succeed

Over 10,000 cases have gone through DigitalMove

Although only launched around a year ago over 10,000 instructions have already gone into DigitalMove. Furthermore there have been great time savings for those customers using it.

Over 3,500 intermediary advisers using our platforms

Currently nearly all the Group's revenue is generated from its conveyancing comparison platforms. Clearly this remains a key area of focus and the Group is delighted that the number of intermediary advisers using the platform grew by 18% over the period.



Financial Highlights

£28.3m -6%

Revenue

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

2020	£28.3m
2019	£30.0m
2018	£30.7m

£4.0m -2%

Profit before Tax

IFRS measure of profit which is after exceptional costs.

2020	£4.0m
2019	£4.1m
2018	£2.7m

£4.8m -11%

Profit before Tax (underlying)

Non-IFRS measure of profit which excludes items not likely to impact future cash flows (see page 21).

2020	£4.8m
2019	£5.4m
2018	£5.5m

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.

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.



£6.0m

EBITDA (underlying)

EBITDA (underlying) excludes exceptional items

[find out more on page 21](#)

72,445

Conveyancing completions

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

106,051

Conveyancing instructions

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.

Our investment case

1 Cash Generative

In a normal economic environment the Group is highly cash generative, turning a high percentage of profit in to cash. This allows it to invest in future growth, product development and acquisitions.

[find out more on page 49](#)

2 Innovative product development

The Group has a long track record of developing innovative products. This started with eConveyancer which was the first product of its kind and currently it is illustrated by DigitalMove and Rapid Remo.

[find out more on page 16](#)

3 Proprietary IT

Innovative products such as eConveyancer through to DigitalMove have all been built in-house with the Group owning the IP.

4 Growing distribution base

The Group has a wide distribution network through mortgage advisers, lenders, estate agents and direct-to-consumer websites.

[find out more on page 44](#)

5 Independent

Unlike many of the other players in the market, the business is not connected to other parts of the market, in particular it does not own a conveyancer. 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 on its panel.

[find out more on page 04](#)





A better home moving experience for Solicitors

Our work with solicitors and licensed conveyancers remains at the heart of what we do and this year we have steadily migrated our panels onto the DigitalMove platform.

Conveyancers continue to compete on service, location and price, with the benefits of an improved customer experience and increases in efficiency, security and communication that DigitalMove brings.

These benefits are multiplied for conveyancers who are integrating with our systems and deeper integration is a key objective for the year ahead, allowing conveyancers access to new technology-driven products, such as Rapid Remortgage.

We hosted the first annual ULS Conveyancer Conference in May 2019. This was extremely successful and has provided a springboard to progressively more constructive relationships with conveyancing firms. We hold regular virtual round table meetings for conveyancers to discuss market developments, share best practice and prepare for increasing digitalisation and automation in the housing market.

These discussions have fuelled initiatives to provide searches and other products for non-introduced cases, develop new conveyancing products, guide DigitalMove development and offer applications, such as electronic ID, to a community that is increasingly turning to remote and electronic solutions.

92%

Average Quality Rating

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 2020.

“

DigitalMove allows us to communicate in a safe environment with customers, brokers and lenders and for us this has seen a reduction in time spent on the overall conveyancing process. It is testament to the hard work of the team that they have managed to deliver such a concept.”

Fiaz Khalid -LPL



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Chairman's statement



Martin Rowland
Chairman



It has been a turbulent year with Brexit dominating for large parts of the year, a change in Prime Minister, a general election and finishing with the start of a pandemic."

Martin Rowland

We are delighted with the progress of DigitalMove with over 10,000 instructions having now gone into it.

Highlights

£6.0m

EBITDA (underlying)

EBITDA (underlying) excludes exceptional items.

£4.0m

Profit before tax

IFRS measure of profit which is after exceptional costs.

£28.3m

Revenue

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

It has been a turbulent year with Brexit dominating for large parts of the year, a change in Prime Minister, a general election and finishing with the start of a pandemic. Much of this has created uncertainty in the housing market but we have continued to generate cash, grow the number of advisers using our platforms and develop innovative products such as DigitalMove.

Review of the year

Gross margin was broadly in line with the prior year as was reported profit before tax. We have continued to invest in the development of the business and this meant an increase in overheads but this was offset by lower exceptional costs resulting in operating profit that was broadly in line with the previous year.

We entered the year having lost a two high volume but low margin pieces of work and this has been offset by a wider range of lower volume work with better quality of earnings. This meant that although revenue fell the gross margin percentage increased largely offsetting each other.

During the year, we announced that we had not retained a significant contract with a direct to consumer introducer. While we were disappointed to lose this contract where we believed that we were providing an excellent proposition we have noticed an increase in instructions coming through other direct to consumer introducers that we work with since the loss of that contract. It also means that outside of Lloyds Banking group, we have a balanced portfolio of introducers, and do not have concentration concerns.

As we started the year we had recently launched the pilot of DigitalMove. Since then we have added many new features, had over 10,000 instructions started to be processed through it for a mixture of sale, purchase and remortgage work and had extensive positive feedback. DigitalMove transforms the way that the consumer interacts with the solicitor by providing an easy to use digital, secure portal, allowing all forms and communication to be processed digitally. So far it has only been available for customers choosing their solicitor through eConveyancer. However, we are shortly due to launch our Solicitor Portal which will allow solicitors to use DigitalMove wherever the work originates.

DigitalMove has been designed to transform the home moving and remortgage process, particularly relevant at a time when more people want to work and interact remotely.

We also continued to develop our lender proposition during the year and have continued to attract new introducers. Most notable was Principality Building Society who initially went live with our Fees Assist offering and are due to go live with our panel management offering shortly. At the year-end we were also in the process of onboarding two more lenders.

In December, we announced that we planned to increase spend to accelerate the development and roll-out of DigitalMove while ensuring we remained fully resourced to grow and develop our core conveyancing comparison proposition. We have commenced with this planned spend increase recruiting a number of additional staff members including building the sales team for DigitalMove who are already growing the sales pipeline. However, we have paused further headcount increases until the economic outlook is more certain.

Final dividend

Due to the current COVID-19 situation, the Board has decided not to propose a final dividend. This is in order to preserve cash in order to give the Group as much room to manoeuvre as possible in uncertain circumstances.

Board changes

Geoff Wicks stepped down as Chairman in February this year when I became Chairman. Geoff joined the Board as Non-Executive Director when the Group floated in 2014 before becoming Chairman in 2017. I would like to thank Geoff for the support and guidance he has given to the Group. His extensive knowledge and experience was highly valued by the Board.

Oliver Scott joined the Board in January this year as Non-Executive Director. As a partner at our largest shareholder Kestrel Partners, Oliver brings a new perspective to the Board as well as a wealth of experience. I believe that this diversity of view is important and Oliver is a valuable addition.

Outlook

It is difficult to talk about the outlook for the business without obviously mentioning COVID-19. As we went into lockdown there was around a 90% fall in transactional conveyancing instructions although remortgage instructions held up a lot better. Meanwhile completions fell to a lesser extent as a surprising number of people who had already reached the instruction point found ways to still complete their house sale or purchase. The housing market has been one of the first to come out of lockdown and instructions and volumes are already starting to recover towards pre-lockdown levels. It will remain an uncertain market for many months to come and it will take some time for volumes to sustainably return to pre-COVID levels but the recovery in volumes post the easing of the lockdown for the housing market has been better than anticipated.

We are delighted with the progress of DigitalMove with over 10,000 instructions having gone into the platform. Our Solicitor Portal will launch this year and will enable solicitors beyond those on our comparison platforms to use DigitalMove, giving the Group access to a substantial new source of conveyancing transactions and creating, what we expect to be, a significant new revenue stream.

We have also worked hard to develop and grow our sales teams and continually improve the products they have to sell; this has generated material growth in the number of advisers using our platforms to provide conveyancing choice to their customers. We have continued to keep the sales teams working during the lockdown to provide a full business as usual service so that we come through this period as a stronger business.

Martin Rowland Chairman

ULS Technology plc

23 June 2020

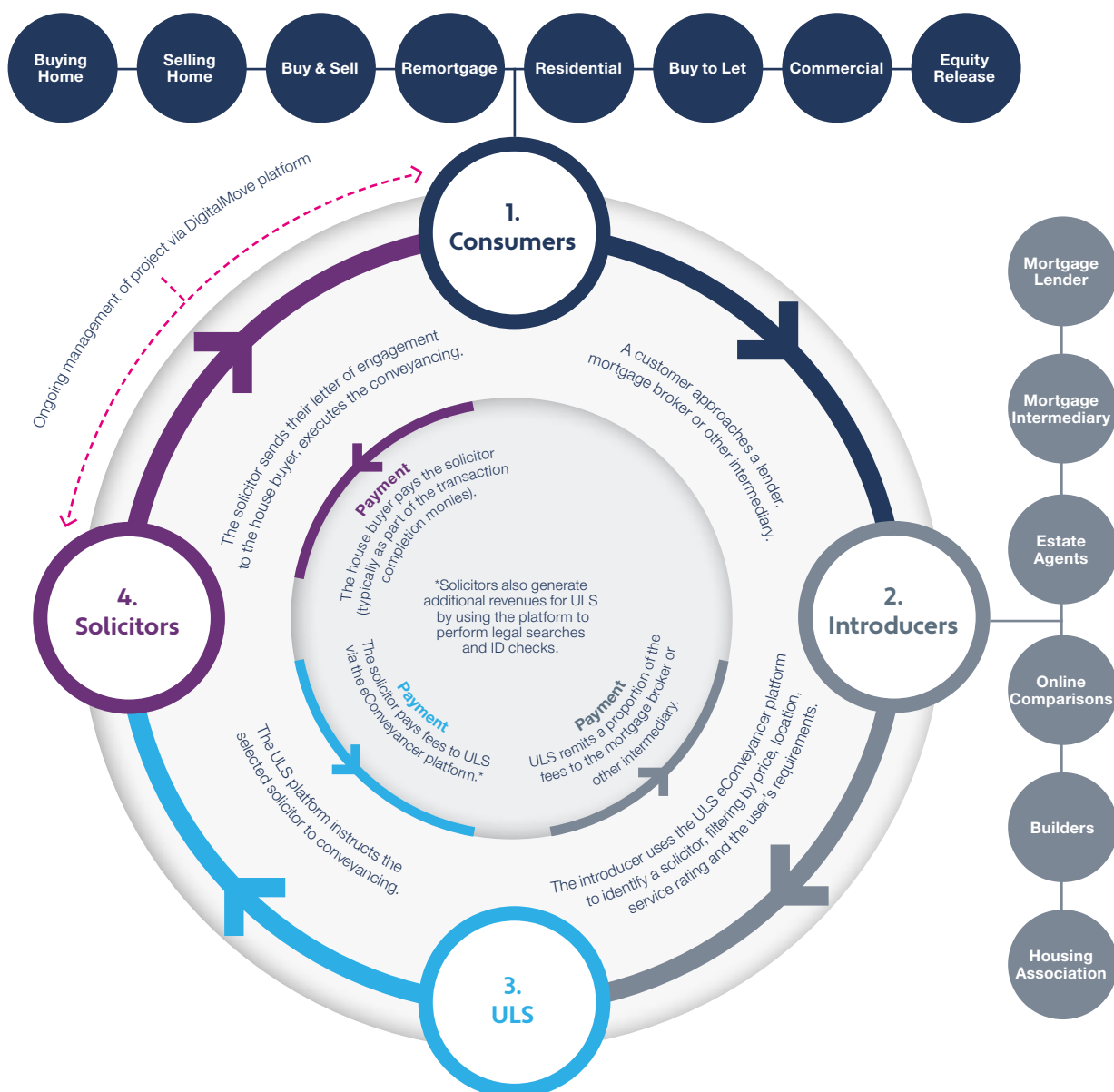
Find out more about a financial performance in the Financial Review on pages 20 and 21



Our business model

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.



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.

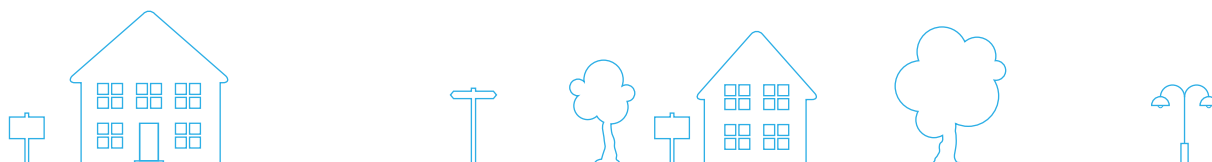
Benefits for Solicitors

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

We are focussing on using technology to deliver a better mortgage experience for buyers and sellers.

There are many changes going on in the housing market and the wider economy which we discuss below. We believe that by focussing on delivering solutions that work for consumers, solicitors and introducers the business will be well-positioned to succeed whatever the market backdrop.

Over our reporting period it has been an interesting year politically with Brexit to the forefront which triggered a Conservative leadership contest followed by a General Election which in turn triggered a Labour leadership election. While all these things influenced housing market sentiment and confidence it would turn out to be nothing compared to the global pandemic that hit us at the start of 2020 and continues to have a profound influence. So far the UK housing market is bouncing back amazingly well but it remains early days.

Looking at a wider timespan, the UK is in the midst of a long-run, structural change in the liquidity of housing. The roots of this change are founded in a mix of economics, demographics and policy changes. Most important is the shift to a low rate of inflation which means households cannot rely on inflation to reduce the value of their debt in real terms and quickly build equity. But equally challenging is an aging population, lender regulatory affordability tests and a new build housing programme that is still well short of the government target of 300,000 per year. Housing transactions were therefore under pressure again and held-up remarkably well considering the uncertainty.

At the end of our trading period;

- The outstanding value of all residential mortgages loans was £1,509bn at the 3.9% higher than a year earlier. *Bank of England/FCA*
- The value of gross mortgage advances was £65.8bn, 3.8% higher than in 2019 Q1. *Bank of England/FCA*
- The value of new mortgage commitments (lending agreed to be advanced in the coming months) was 6.1% higher than a year earlier, at £67.6bn. *Bank of England/FCA*
- The collective value of homes in Great Britain increased by £124 billion pushing total housing wealth up to £7.8 trillion by the end of 2019. *Zoopla*
- Employment levels continued at their record highs until March 2020. About 856,500 people signed up for universal credit and jobseeker's allowance benefits in April, driving up the overall UK claimant count by 69% in a single month. *Office for National Statistics*

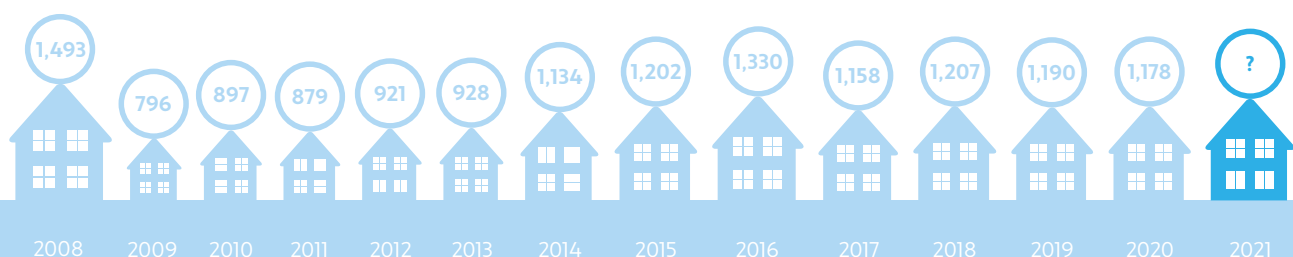
- Mortgage finance saw many borrowers moving to longer-term fixed rate loans. For the trading period an average of 92% of loans were fixed rate products. *Bank of England/FCA*
- The share of gross mortgage lending for buy-to-let purposes (covering house purchase, remortgage and further advance) at the end of Q1 2020 was 14.0%, unchanged from 2019 Q1. *Bank of England/FCA*

The property market

Who moves, when and how are all evolving as average tenures continue to lengthen owing to an ageing population, lack of stock and issues of affordability for younger buyers who are dependent on support from the government or the Bank of Mum and Dad.

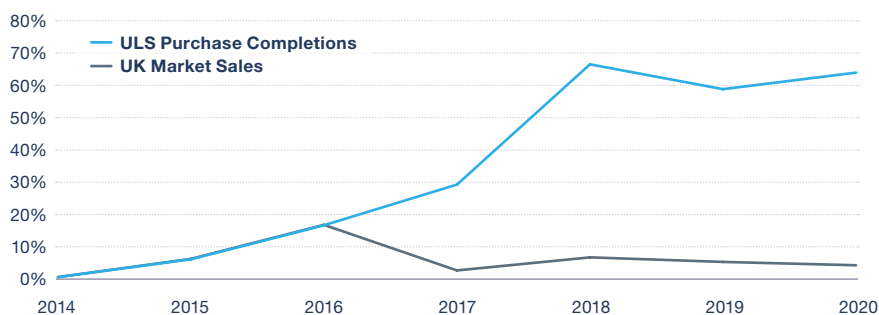
- UK average house prices increased by 2.1% over the year to March 2020, up from 2.0% in February 2020. *Land Registry*
- Average house prices increased over the year in England to £248,000 (2.2%), Wales to £162,000 (1.1%), Scotland to £152,000 (1.5%) and Northern Ireland to £141,000 (3.8%). *Land Registry*

Property transactions and forecasts (thousands)



Total ULS completions v Total UK market

Cumulative % change from FY14



- London's average house prices increased by 4.7% over the year to March 2020; this is the largest 12-month growth London has seen since December 2016. *Land Registry*
- 61% of gross advances at the end of Q1 2020 were for house purchase and 20% of that number were for first-time buyers. *Bank of England/FCA*
- Cash buyers account for 29 per cent of sales in Great Britain according to the ONS – the proportion of cash sales has held relatively steady for the last five years. This group is a mix of cash investors and homeowners who have no mortgage. *UK Finance*
- Existing homeowners are at their lowest share of housing moves for a decade. This group tends to under occupy homes which limits the drive to trade up. This group has taken advantage of lower mortgage rates, through product transfers or remortgaging. *UK Finance*

Despite year-on-year increases in the number of dwellings in the UK, the number of housing transactions haven't grown at the same pace, meaning that people are moving less often. It is our belief that it is the cost of moving, particularly stamp duty that is causing. However, numbers of first time buyers remain buoyant helping to maintain housing transaction numbers.



Our market continued

Mortgage finance

- Mortgage lending supports over 70 per cent of housing transactions. Gross mortgage lending has doubled to £268 billion over the last decade, supported by rising sales and house price growth. The expansion in gross lending has been achieved with limited mortgage product innovation. *UK Finance*
- Net lending, after repayments, has recovered strongly from post-global financial crisis lows of less than £10 billion per annum, but recent levels of £40–50 billion remain less than half pre-crisis levels. *UK Finance*
- As we expected the slew of remortgage deals sought by home-owners in 2016 did support a first quarter uplift for the remortgage market as many borrowers looked to avert a return to Standard Variable Rates from their two-year fixed rate period. *UK Finance*
- The majority of new lending is currently based on five-year fixed mortgages. *UK Finance*
- Product transfers, where a lender refinances a borrower after the initial rate have continued to grow. 1.2 million homeowners switched mortgage product with their existing provider during 2019 (1.4 per cent more than in 2018). By value, Q4 2019 product transfers represented £44.3 billion of mortgage borrowing. Of these, £25.2 billion was advised and £19.2 billion was execution-only. *UK Finance*
- At the end of Q1 2020 remortgages accounted for 32% of UK lending. *Bank of England/FCA*
- The share of advances to owner occupiers was 86.0%. *Bank of England/FCA*
- The share of mortgages advanced in 2020 Q1 with loan to value (LTV) ratios exceeding 90% was 5.2%, 0.7pp higher than a year earlier. *Bank of England/FCA*

The home-owning value chain

The home-moving value chain has been adopting technology into its businesses for some time. But the fragmented nature of the house-purchase and selling market means that there is no one solution that has emerged for all the participants in the value chain.

It is our belief that one reason for this is that arguably the hardest piece of the puzzle to solve is the legal piece. It is our USP that this is our core market as a technology firm. Conveyancing is the piece that consumers must undertake and with which other parties must interact. While property law may not be reformed for the digital age, we can and have rewired the process to make sure it is more efficient for all concerned.

We are focussing on using technology to deliver a better mortgage experience for buyers and sellers but that experience is also better for all the other parties in the value chain because as we make it more efficient we deliver an explicit time saving that means cash-driven businesses get paid quicker.

Our aims

ULS Technology's principal aim remains to design and deliver technology into the conveyancing sector that can support and directly benefit the entire home-moving value chain. The financial cash-flow benefits of our market places and services such as eConveyancer, CAL and DigitalMove to all the transaction driven businesses in the property sector, allow us a platform to provide further products and services to all who use it whether they be from home-movers, re-mortgagors, estate agents, mortgage brokers, valuers, conveyancers or lenders.



The initial recovery from the lockdown has demonstrated the resilience of the UK housing market and the ongoing desire for people to buy or move home."



“

People are consuming digital solutions in all parts of their life and they expect to be able to do so when buying or selling a house. DigitalMove meets and exceeds these expectations.”

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Our strategy

ULS has a unique advantage in its combination of significant market share and proven track record of delivering innovative technology in the field.

Our experience in the residential property and home-moving industries means we can leverage our position in the conveyancing market to the benefit of the entire value chain. We have consistently designed, built and acquired technology solutions that simultaneously deliver innovation while assiduously continuing to improve our existing portfolio of platform services.

Bringing new opportunities to everyone

At the time of writing, the UK housing economy remains significantly impacted by the Coronavirus pandemic albeit on an upward trajectory. We believe that among the many consequences of this event will be an acceleration of the uptake of digital services.

Our collective behaviour and willingness to meet, interact and purchase face-to-face will evolve both through the increasing availability of digital solutions and through enforced behaviour. Technology and public health risk are driving the way we all live and work and will exacerbate our take-up of digital services and experiences.

DigitalMove
cases

10,000+

Growth in
advisers using
platform

18%

Purchase
transactions
market share

3%



DigitalMove gives the opportunity for growth beyond our current core offerings.”



This trend was already underway owing in part to the natural evolution, growth and availability of digital services but also because of other pressures to change behaviour. Climate Change prompted the Prudential Regulatory Authority in 2017 to ask all financial institutions how they were intending to respond to the risks and challenges it brings and what impacts and actions they are planning to undertake to mitigate these. Firms across the value chain have been quick to understand that technology plays a huge role in reducing the UK's collective carbon footprint – something the government has explicitly stated must be neutral by 2030. In housing, we believe policy makers will want developers to look again at carbon neutral housing and estate agents are looking to recalibrate their high-street models. Mortgage brokers are already moving increasingly on-line and will need to do so more quickly in future and lenders will know they need to minimise not only their carbon footprint but also that of suppliers.

However, supply side pressures to change in themselves are not enough to encourage market adoption of our solutions. Our solutions must address other very demand led issues. We have done this, for example, by delivering improved cash-flow and improved security to those using our DigitalMove platform. Since the launch of DigitalMove last year we have conducted over 10,000 cases on the platform shaving as much as 20% off the time it takes to complete a purchase and sale. This has very tangible effects clearly on the cash-flows in the house-buying value chain. This demand-side benefit is now a central selling point of our platform and, in cash-stricken times, this resonates with estate agents, brokers, valuers and conveyancers alike. But doing things more quickly cannot compromise quality or security. We know conveyancing firms are concerned about fraud not least because so much of their business is conducted by email. DigitalMove addresses not only the 'digital' high-tech low touch approach now in demand from consumers and policy makers but it addresses these security concerns through features such as its industry leading electronic ID system.

Our solutions are built to address all the touch-points in the value chain and address both demand and supply-side pressures and use our current distribution through CAL and eConveyancer and additional reach through DigitalMove to support our own evolution in this space.

Bringing new opportunities to more conveyancing firms

Our long-standing contractual relationships with solicitors on our established conveyancing comparison platforms means firms are already able to provide quotes, be instructed, process and be monitored for their work. This happens at a fixed and known cost that enables them to plan and scale their operations. But our recent innovations through DigitalMove will provide quicker transactions, more security and more efficient workflow to a growing number of firms not on our current platforms. This means incremental growth for our business outside of our current core offerings.

Bringing new opportunities to the value chain

ULS acquires conveyancing from mortgage intermediaries, mortgage lenders, estate agents, and directly via consumer online portals. All of these businesses, with perhaps the exception of mortgage lenders are very cash driven. Transactions are frequently one-off. The current temporary market abeyance means firms' minds will be very focussed on which technology delivers quick financial benefit, is proven, easy to embed into their business and offers a better experience for their consumers. We are acutely aware that our business has to deliver benefits to businesses and to consumers and we will continue to design and deliver solutions to that standard. DigitalMove promises to deliver efficiencies to solicitors while increasing customer satisfaction.

From design to delivery- DigitalMove

DigitalMove launched in January 2019 and has already exceeded 10,000 cases. Funded from cash-flow, our innovative platform securely improves communication and crucially the speed of transactions, eliminating along the way bad cost by reducing cancellations and aborted cases and rekeying.

Most gratifying is the increased speed of completion. A possible 20% saving from instruction to completion means that not only is DigitalMove delivering on its promise to consumers to make the home-moving experience better but it is also bringing faster transactions that have a real cash-flow benefit for businesses. There are reported benefits around the edges too with many firms telling us that they are benefitting from reduced 'chase' calls.

We know property fraud is an issue in the conveyancing process but our platform has proven exceptionally robust to date and our lenders, panel managers, conveyancers, intermediaries, valuers and estate agents have secure access to the same correct, accurate information concurrently.

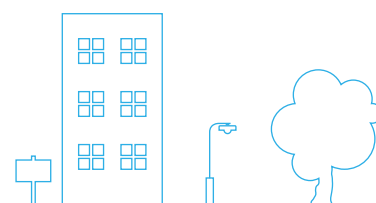
Consistent reporting, improved data analysis, as well as accurate monitoring of trends and performance mean we have delivered to market a platform from which to springboard other products and services to the value chain.

Crucially however, DigitalMove is not just a platform for our panel of current conveyancing firms. We are currently engaging with conveyancing firms that operate outside our current conveyancing platforms – delivering benefits to an even bigger market and increasing our potential revenues from their activity.

Our experience with DigitalMove over the last year has shown that estate agents and mortgage intermediaries can engage more quickly with buyers and sellers. Instructions and initial reports are now delivered in minutes not days and its case tracking / sales progression features are giving consumers comfort earlier that things are happening and businesses certainty that transactions are moving. Together with our existing conveyancing comparison platforms, it gives us a compelling proposition for the coming years as the market and value chain as a whole increasingly embraces digitalisation.

Acquiring the right businesses at the right time

Currently ULS is focussed on growing its distribution in its core conveyancing comparison market developing new products such as Rapid Remo and the continued development and distribution of DigitalMove. However, the Group will continue to look to make complementary acquisitions of businesses in sectors that we understand and that complement what we offer should opportunities arise. Our acquisition strategy is about buying the right business at the right time for the right reason.



What is DigitalMove?

DigitalMove is our innovative new digital conveyancing platform, which enables all stakeholders in the homemoving or refinancing journeys to communicate and collaborate more effectively.

At the beginning of the DigitalMove project, we set out five core aims, which are:

- To provide an exceptional customer experience
- To minimise fraud
- To reduce mistakes
- To improve communication
- To reduce the time it takes to move house/remortgage

DigitalMove launched as a pilot in January 2019 and has since managed more than 10,000 Sale, Purchase and Remortgage cases, with work being distributed to more than 60 of the UK's leading conveyancing firms.

Since pilot, DigitalMove has received regular updates to improve the experience for consumers and solicitors. As a result of our agile development approach, DigitalMove has been able to improve and adapt to new requirements, enabling us to deliver increasingly impressive results when compared against equivalent non-digital cases.

Benefitting Consumers

Homemovers and refinancers using DigitalMove have access to a library of pre-built forms and tasks which they can quickly and easily progress through on their smartphone, tablet and desktop devices. DigitalMove also provides a secure, direct communication channel with the solicitor, removing the need for vulnerable email communications and minimising fraud.

With the system available 24 hours a day, 7 days a week, DigitalMove is also offering greater flexibility than traditional conveyancing, with consumers able to view and work on their case from the comfort of their own home, at their own convenience.

Consumers have shared with us some overwhelmingly positive feedback over the last 12 months and we are delighted with the impact that the product is having on home movers across the country.

Benefitting Solicitors

As a provider of successful conveyancing comparison solutions, we have an extremely strong understanding of what conveyancers need. In building DigitalMove, we have used this understanding to design a process which delivers information from the consumer to the

solicitor which is accurate, complete and provided quickly. This is reducing the amount of work the solicitor is having to do chasing information and checking that everything is complete. It is also reducing queries from the customer. This all adds up to a more efficient process for the solicitor.

Benefitting Brokers

DigitalMove was made available for all brokers using eConveyancer, either directly or via one of our Introducers, at the end of 2019. In the intervening period we have achieved substantial time savings, with the average transaction completing up to 20% more quickly when DigitalMove is utilised. Quicker transactions that means that, for mortgage brokers, they are getting mortgage procurement fees more quickly. Quicker transactions also opens up the possibility of higher rates of completion which means not just introducers receiving their fees more quickly but receiving more in total.

We now find that DigitalMove cases account for more than 50% of all cases through eConveyancer, an incredible rate of penetration for an entirely new platform and a demonstration of the value brokers see in the offering.

What next?

Having put over 10,000 eConveyancer instructions through DigitalMove the next step is to enable solicitors to put all their instructions through DigitalMove, not just the ones that come through eConveyancer. We also want all solicitors who do conveyancing to use DigitalMove not just those on the eConveyancer panel. This opens up a whole new revenue stream for the Group.

So the next steps are:

Launch solicitor portal in first half of the year

- This will allow any solicitor to use

Integrate digital ID

- Providing a secure proof of ID suitable for a digital environment

Integrate ordering of search packs in to DigitalMove

- This will allow the consumer to self-serve rather than waiting for the solicitor to order increasing efficiency and, crucially, providing the key revenue stream for DigitalMove



DigitalMove

Key achievements in the year

2.5
days

The average time savings on
Client Care Packs being sent

13
days

The average time savings on
Client Care Packs being returned

21
minutes

Our record time for a Client
Care Pack turnaround

1-2
weeks

The average time saving on
Purchases cases to Exchange

8
days

The average time saving on
a Remortgage Completion



Chief Executive's statement



Steve Goodall
Chief Executive
Officer



Our technology is aligned with society's demand for greener remote digital solutions and the results of the roll out to date of DigitalMove have been impressive."

The 18% growth in the number of mortgage advisers using our conveyancing comparison platforms has been particularly pleasing.

Conveyancing Completions

2020	72,445
2019	83,364
2018	83,756
2017	56,789
2016	53,830

Conveyancing Instructions

2020	106,051
2019	117,731
2018	123,847
2017	89,208
2016	74,657

72,445 (2020)

Conveyancing completions

106,051 (2020)

Conveyancing instructions

With Brexit, a Conservative leadership contest, a second General Election in two years, a Labour leadership battle and the start of a pandemic it was a busy year with plenty going on politically to sway house market sentiment and confidence.

Evolving political, economic, social and technology trends continue to support and challenge our business in equal measure. An ageing population and too little housing stock affect the liquidity in the housing market but support house prices. Historic low interest rates, questions of affordability, and government support for sectors such as New Build and First-time buyers all contribute to shape the market within which we operate. But our technology is aligned with society's demand for greener remote digital solutions and the results of the roll out to date of DigitalMove have been impressive.

ULS has performed well in this context and I am pleased to say has the right portfolio of offerings to make the most of our market leading share of the conveyancing comparison market. We will continue to look to invest and grow in our core market while using this to springboard our Digital services and other products into other parts of the value chain.

A business in transition

Last year we launched DigitalMove into the market. Funded entirely from existing cash flows, DigitalMove has already delivered over 10,000 cases shaving as much as 20% off the time it takes to complete a purchase and sale. The ramifications of this for the entire industry are profound. Quicker transactions mean quicker payments and happier home-movers. The lack of uncertainty about the progress of transactions in addition to the security of the platform means everyone can know when a task or activity has been completed.

Our intention is to roll-out the delivery across the value chain and into additional conveyancing firms that are not currently part of our platforms thereby securing additional transactions for the Group. We had always believed DigitalMove offered a digital conveyancing solution that is unrivalled in the market and the evidence to date has shown that this is exactly the case.

While DigitalMove presents a proposition for the entire value chain, our conveyancing comparison platforms provide complementary propositions for the conveyancing market that are a crucial part of the current support for our developing business. We recognise this and part of managing this transition is that the right people have to be in the right positions. We appointed a new Head of Sales for DigitalMove and I am delighted to say Mark Snape, Managing Director of our subsidiary CAL, has also taken on the role of Group Conveyancing Director. This new structure means that our push of products and services to the many sectors in which we operate is controlled and technology resources effectively deployed to support the right development for the business.

Going forward

The political certainty provided by last December's general election boosted housing market confidence during January and February. A sharp uptick in sales was seen across the UK, with even the prime central London market seeing prices climb for the first time in five years. These positive trends were expected to have continued through 2020. The arrival of COVID-19 put this recovery on hold although we are already seeing a quick recovery.

Our view at the beginning of 2020 was that the volume of UK residential transactions for 2020-21 would be around 5% higher than the five-year average - around 1.26 million compared with the 1.18 million seen in 2019-20 but the lockdown will obviously have a dramatic impact. Sales will continue to recover in the second half of the year and I believe will total around 735,000 for the full year, around a 38% decline from the level seen in 2019-20. We do expect the revival in activity to continue, with volumes in the following year expected to be above the level seen in 2020-21 but this expansion may not fully offset the drop in 2020-21 as the economy and the housing market takes a while to recover from the shock of the pandemic. The pandemic has accelerated a push to digital solutions that has substantiated our view that to outperform our competitors we cannot rely on the market alone to deliver the business, we need to shape it ourselves.

The pandemic has shown the wisdom of building remote digital solutions for conveyancing and house-buying in general. We are building a business that uses its technology expertise to support and unite an entire value chain that in turn helps consumers. We cannot be ambivalent to the market dynamics in which we operate but we can forge our own destiny within it. We grow through innovation and leveraging our market share to deliver technology, products and services that offer more value to the entire home-moving value chain and more income to ULS.

Steve Goodall

Chief Executive Officer

ULS Technology plc

23 June 2020



Financial review



John Williams
Chief Financial
Officer



The Group has continued to invest in business and product development despite the drop in volumes since the lockdown.”

The Group improved its gross margin % through an improved mix of work.

Summary

- Revenue £28.3 million (2019: £30.0 million).
- Gross margin £12.4 million (2019: £12.5 million).
- Underlying PBT £4.8 million (2019: £5.4 million).
- Reported PBT £4.0 million (2019: £4.1 million).
- Net debt £3.4 million (2019: £3.0 million).
- Final payment of deferred consideration made during the year.

Results

Profit before tax for the year was broadly in line with that of the prior year. There was a reduction in exceptional costs for the year but this was offset by a slight drop in gross margin and an increase in overheads. The increase in overheads was expected as the Board decided to accelerate the investment in the business particularly DigitalMove. While revenue fell there was an improvement in the gross margin % which largely offset the fall. 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 and this fell a little for the reasons mentioned. The housing market was largely challenging during the period and that obviously remains the case currently.

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.

	2020 £000's	2019 £000's
Underlying PBT	4,805	5,402
Capitalised development resource	(905)	(798)
Amortisation of capitalised development resource	658	536
Adjusted underlying PBT	4,558	5,140

We increased the spend on development resource that we capitalised during the year. While this spend is on a number of different projects, the reason for the increase in this spend was due to DigitalMove as we looked to accelerate the development of this major product. We expect this figure to continue to grow in the coming year.

Key performance indicators

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

Shares and dividends

In January 2020, the Group paid an interim dividend of 1.25 pence per share. We do not intend to pay a final dividend due to impact of COVID-19 on the Group's profit and the need to preserve cash until the housing market fully recovers.

43,219 new shares were 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 of £2,337,000 was paid in July 2019. 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 which has now fully unwound.

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 £2 million;
- dividends paid of £1.6 million;
- leverage rose from 0.46 to 0.57 as at 31 March 2020; and
- 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 normally allows for the payment of a progressive dividend, while still investing in the growth of the business. The business has taken on debt facilities to fund acquisitions and we aim to limit leverage to one times EBITDA which we are currently well below. However, the COVID-19 scenario means that there is the possibility of exceeding that self-imposed target temporarily. While the housing market has started to recover more quickly than initially expected there will still be a substantial impact on our cashflow over the coming period. Therefore we have suspended the dividend for the time being and leverage will rise in the short term.

During the year the Group agreed a £2 million and drew down an 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. Since the year-end, the Group agreed to a 6 month holiday on repayments on its term loan facility increasing the term by 6 months to June 2022. It has also agreed since the year end a £1 million overdraft in addition to its existing facilities and temporary changes to its banking covenants.

The Group has continued to invest in business and product development despite the drop in volumes since the lockdown. This approach combined with measures to manage cash outlined above along with other cash preservation actions give us the confidence that the Group will emerge from this situation in a strong position.

Taking in to account some of the items mentioned above, we undertook a number of forecasts looking at various possible impacts on the housing market as a result of COVID-19. We then further stress tested these to look at what it would take to run out of cash and when bank covenants would be breached. We negotiated extra facilities and temporary adjustments to the bank covenants based on this work. Since undertaking this work the housing market and our pipeline of work has recovered much more quickly than any of our scenarios predicted leaving us with significant cash headroom.

	2020 £000's	2020 £000's	2019 £000's	2019 £000's
Underlying PBT				
Profit before taxation (PBT)		4,024		4,110
Amortisation of intangible assets arising on acquisition		538		540
Exceptional operating costs				
Acquisition activity costs	30		268	
Adjustment to expected contingent consideration	113		484	
Impairment of investment	100		–	
Exceptional operating costs		243		752
Underlying PBT		4,805		5,402

	2020 £000's	2019 £000's
Underlying EBITDA		
Underlying PBT	4,805	5,402
Finance income	(14)	(12)
Finance costs	195	132
Amortisation (excluding arising on acquisition)	658	536
Depreciation	324	204
Underlying EBITDA	5,968	6,262

Impact of IFRS 16

At the start of the year we implemented IFRS16. The Group held two property leases at the start of the year and acquired another property lease during the year. It does not hold any other leases. No adjustment was made to prior year figures.

The impact on profit before tax in year in adopting IFRS16 was minimal while it increased EBITDA by £123,000. As at the 31 March 2020 there were assets on the balance sheet capitalised under the standard of £1,501,000 and liabilities of £1,467,000.

John Williams
Chief Financial Officer

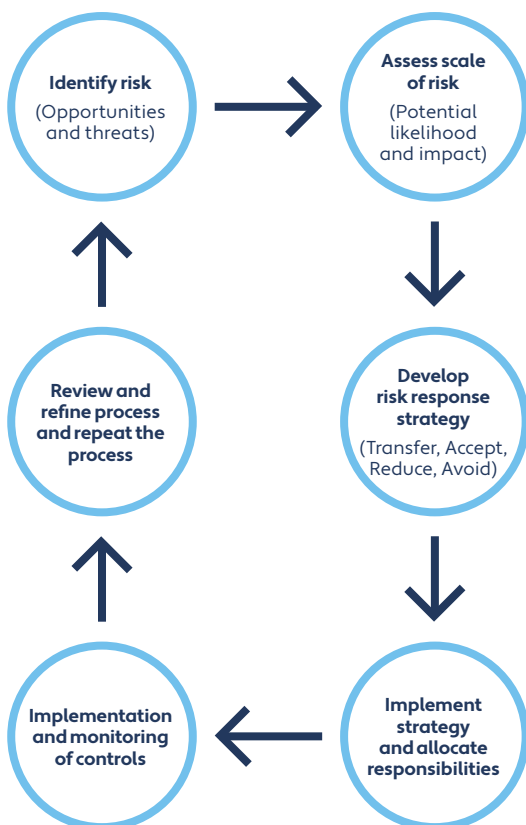
23 June 2020

Risk management

The Group has put in place a risk management committee which meets monthly to identify, assess and manage the risks faced by the Group and report back to the Board.

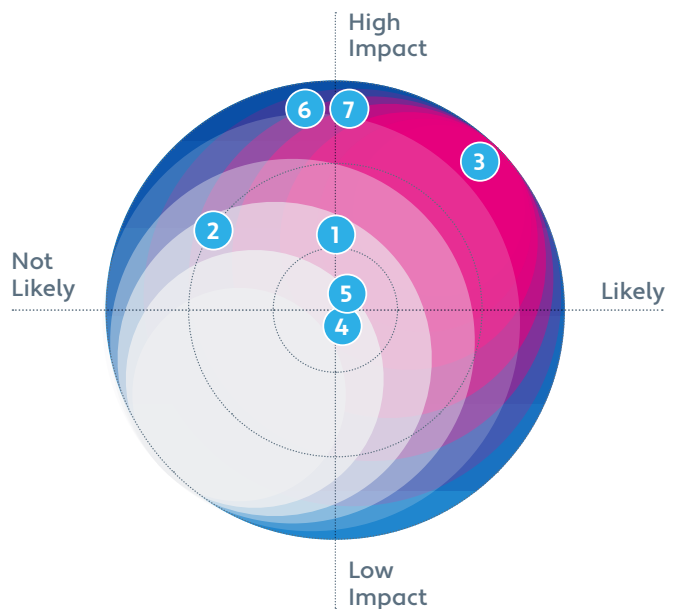
The risk management committee owns and manages all risk registers for the Group and reports back to the Board their findings and the Board will assess to ensure the control systems in place are effective.

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



Risk heat map

The risk management committee have evaluated the principal risks and uncertainties as follows:



Risk Areas	Potential Impact	Mitigation
1 Loss of key introducer 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 is now less than 30% of total gross margin. 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.
2 Loss of key panel firms 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.
3 Macro-economic conditions 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 such as Brexit and pandemics 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. It also aims to maintain cash resources so it can effectively react and cope with unexpected situations such as the recent pandemic.
4 New products 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.
5 Competition 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 one of the largest in the market it still holds a relatively small percentage market share and there is plenty of scope for growth. The introduction of DigitalMove also widens the Group's offering and takes it in to new markets.
6 IT systems 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.
7 Acquisitions 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.
8 Regulatory Changes The Group makes nearly all its margin from what some may call referral fees and search fees.	If either of these were prohibited the Group would need to look to reconfigure its revenue model towards licence fees or another model.	While, in the past, referral fees in the conveyancing market have been looked at by government they have stepped back from taking action as they have done in the personal accident claims arena. This may be because they can see that comparison platforms such as ours actually drive down prices.

Section 172 (1) statement and stakeholder engagement

Section 172 (1) statement





The Board is fully focussed on the long-term success of the business in a way that benefits all stakeholders. For a business to be able to build and grow a sustainable business it is vital that all stakeholders are considered. Reputation is hard won and easily lost. All businesses will face some bumps in the road along their journey. If you treat your stakeholders with integrity then they will stay with you through those bumps. This has been particularly true during the current COVID-19 situation and by keeping to this philosophy the Group aims to come out of this as a stronger business.

Section 172 matters

a) The likely consequences of any decision in the long term	<p>As mentioned above, the Board is fully focused on the long-term success of the business and, as such, views all decisions it makes through that prism. In December the Group announced that it planned to increase its investment in product development impacting short-term profitability.</p> <p>Additionally, during the current COVID-19 situation the group has continued to invest strongly in both its product development strategy as well as business development focussing on the long-term benefits this will bring.</p>
b) The interest of the company's employees	<p>Our employees are our most important asset and it is their dedication and inspiration that makes us what we are. The Board seeks to create an environment where employees feel valued and are able to perform to their best.</p> <p>During the period, the Group invested in new premises to enhance the working environment, to cater for the increase in employee numbers and for future growth.</p> <p>During the current COVID-19 situation, while we have been able to transition easily to home-working it has still been a difficult and stressful period for many. The Board have tried to support employees with clear and considered decision making and communication taking in to account individual needs. All employees have access to the Employee Assistance Programme which gives access to a 24 hour confidential helpline which has been particularly useful in the current environment.</p>
c) The need to foster the company's business relationships with suppliers, customers and others	<p>The business model described on pages 8 and 9 relies on building a base of introducers who want to use our products and are happy to continue to recommend them to their customers. In addition we are reliant on our panel of solicitors continuing to provide an excellent service at competitive prices and with enough capacity to meet demand. With the advent of DigitalMove we now also want solicitors to choose to use DigitalMove to interact with the customers. Therefore these relationships are key and the Board recognise them as such and they are central to all decision making.</p>
d) The impact of the company's operations on the community and environment	<p>The basic premise of the business model is to make the conveyancing process more efficient and the vast majority of transactions that take place through our systems are done remotely between the solicitor and the consumer eliminating the need to travel. DigitalMove is taking this a step further.</p>
e) The desirability of the company maintaining a reputation for high standards of business conduct	<p>Our business model is wholly dependent upon maintaining a reputation for high standards. See c) above.</p>
f) The need to act fairly between members of the company	<p>The Board is always aware that it has to balance the various needs of different stakeholders. In the main the business model means that actions and activities that the group takes are mutually beneficial.</p> <p>Recently Oliver Scott who is a Partner at Kestrel, the company's largest shareholder, was appointed to the Board. It remains prominent in the thoughts of the Board to act fairly between shareholder and the Board will continue to communicate widely with shareholders as outlined in the next table.</p>

Stakeholder Engagement

Further to the section 172 (1) statement, the table below looks at how the Group engages with its key stakeholders.

Stakeholder	Description	Types of engagement
Shareholder 	The Company has a range of shareholders from large institutions through to private individuals who may be described as retail investors.	The Board seeks to engage with shareholders in a number of ways. This includes but is not limited to regulatory announcements, the Annual Report, our website and presentations. The Board also engages with investor publications to enhance its ability to communicate with retail investors as well as institutional ones.
Employees 	The Group has just over 100 employees located in Thame and Woking with, additionally, some home-based employees.	The Board, particularly the Executive Directors are in daily contact with employees across the organisation and operate an open and informal culture. In addition there are more formal communication procedures such as twice yearly 'town hall' meetings and the employee survey.
Solicitors 	See pages 4 and 5.	<p>The Group maintains a wide dialogue with solicitors across the organisation. In particular we have a team whose day to day responsibility it is to liaise with the solicitor firms but the interaction goes across the business.</p> <p>During the financial reporting period we held our first conference for the solicitors on our panel. This was a great success and one which we plan to repeat.</p>
Consumers 	See pages 28 and 29.	<p>In general consumers are delivered to the platforms through the group's wide network of introducers. However the consumers engage directly with the platforms and have access to the 7 day a week UK based helpdesk.</p> <p>With DigitalMove, the engagement with consumers is further enhanced as they are engaged with the software throughout the conveyancing journey with access to the helpdesk via a variety of engagement tools throughout.</p>
Introducers 	See pages 45 and 45.	The Group has a wide range of introducers and has field and office based teams fully focussed on communicating with them. The Group uses a wide variety of communication methods and is continually looking for feedback in order to further enhance its products and services.
Communities 	This grouping encompasses a number of different elements including the communities in which our offices are based as well as the environment which has more global impact.	Employees are encouraged to take part in charitable activities often within their local communities and for causes with which they have a personal connection. See pages 26 and 27 for further details. Additionally the business has a close connection with the Thame Community Centre and often supports its activities.

Corporate social responsibility

ULS Technology is committed to supporting the local economy, environment and wider community of the workforce. Over the last 12 months, the company has led a series of initiatives and delivered engagement activities as part of this commitment.



Charitable Activities

All our employees are entitled to a paid Volunteering Day each year, where staff are encouraged to support causes which are close to their hearts or that play an important role in their communities. This year, ULS Technology staff have used this opportunity to support causes including The Christie Charity, The Penny Appeal and The Chilterns MS Centre.

For any charitable activities that staff undertake, the company also operates a contribution matching scheme, whereby ULS Technology will donate the same amount to charity as has been raised by the employee.



Educational Institute Engagement

A large proportion of our workforce live locally and have links with education institutes in the area, with many employees attending local schools prior to joining ULS Technology.

In 2019, a team from across the company attended the Lord Williams School careers day to give insights to students seeking careers advice and the company had scheduled work placements for students before the COVID-19 pandemic hit.

Shortly before the end of the Financial Year, ULS Technology also agreed to sponsor a sports kit for Lord Williams school, generating revenue to support student activities.



Environmental Activities

ULS Technology encourages all staff to work digitally and minimise the amount of paper and ink used in reproduction materials within the office buildings.

Our DigitalMove product is also helping reduce the amount of paperwork being utilised by Solicitors and Homemovers, as well as reducing the need for Homemovers to travel to Solicitor offices for meetings, which reduces vehicle emissions.



My wife Faye is completing 9 events in honour of her mum who we lost in January this year following her 9 year cancer battle - I'll be joining her on some of the events to help build awareness and raise more money for The Christie Charity."

Matt Brown
National Account Manager (Sales)



I am raising money for the Chilterns MS Centre. I visit the centre weekly to have oxygen therapy which enables me to live life with MS. I want to be able to raise as much money as I can as a thank you for all their hard work and continued support."

Jane Matthews
Finance Manager (Accounts)



Our mission is to make home moving and financing as smooth and safe as possible for consumers and, this year, we have taken a big step in that direction by rolling out DigitalMove across our platforms and services.

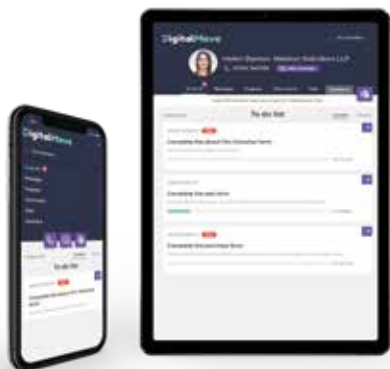


Consumers

Through DigitalMove, you can view and progress your conveyancing journey wherever you are and whenever you want to: right there in the palm of your hand! DigitalMove guides you through every step of the way and the steady release of new features, such as our treatment of Fixtures and Fittings and Source of Funds, is progressively making the process easier and more transparent.

The immediate evidence of the impact of DigitalMove for consumers is that transactions are faster than equivalent non-DigitalMove cases, from the time it takes to complete the initial forms all the way through to completion. In addition, consumers value how DigitalMove allows them to get to a position of certainty weeks faster than they would do otherwise. Knowing that the legal side of your house move or remortgage is in place and that you can concentrate on the plethora of other things to do is enormously powerful and we have focussed on this aspect with the rapid remortgage product. This is the first of our customer-driven 'plus' products and services, which will showcase just what DigitalMove can achieve when integrated with cutting edge introducers or service providers.

We, of course, continue to offer consumers the widest choice of high-quality solicitors and licensed conveyancers in the country at a competitive price and with a no completion, no fee guarantee. All panel firms are regulated by either the Solicitors Regulation Authority or the Council for Licensed Conveyancers and are continuously monitored by our solicitor liaison team, supported by proprietary automated processes.



14%
reduction in time
to exchange for those
using DigitalMove



**Great platform.
Very efficient.”**
Amardeep



**As a tool DigitalMove
is excellent and I
would recommend it.”**
Louise





A better home moving experience for Consumers

Our mission is to make home moving and financing as smooth and safe as possible for consumers and, this year, we have taken a big step in that direction by rolling out DigitalMove across our platforms and services.

Through DigitalMove, you can view and progress your conveyancing journey wherever you are and whenever you want to: right there in the palm of your hand! DigitalMove guides you through every step of the way and the steady release of new features, such as our treatment of Fixtures and Fittings and Source of Funds, is progressively making the process easier and more transparent.

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14%

Reduction in time

to exchange for those using DigitalMove

“

Excellent website to check what stage the conveyancing was up to. Would definitely recommend in the future.”

Adam





“

This was my first experience of using eConveyancer and it was a good one. Very efficient and they were extremely helpful too.”

Paul

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Governance

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Board of Directors



Martin Rowland
Chairman



Steve Goodall
Chief Executive Officer



John Williams
Chief Financial Officer

Appointed

Martin joined as Non-Executive Director in November 2018 before becoming Chairman in February 2020. He was previously a Non-Executive Director of the Group between 2011 and 2014.

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

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.

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 ● Chair





Andrew Weston
Co-founder and IT Director



Elaine Bucknor
Independent Non-Executive
Director



Oliver Scott
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.

Oliver joined as Non-Executive Director in January 2020. He is a partner of Kestrel Partners LLP, the Company's largest shareholder, a business he co-founded in 2009 and which specialises in investing in smaller quoted technology companies. Oliver is Chair of the Audit and Remuneration Committees.

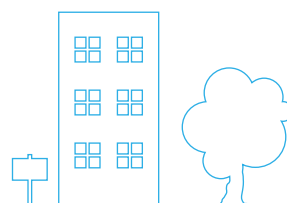
He started his career developing and implementing software solutions at PE International plc and Vintner Computer Systems. He founded his own businesses: Weston Computing, in 1995; and Weston Technology in 2000.

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.

Prior to Kestrel, Oliver spent over 15 years advising smaller quoted and unquoted companies, latterly as a director of KBC Peel Hunt Corporate Finance. Oliver has acted as Kestrel's representative on various of its public and private investee companies and was previously a non-executive director of Idox plc, IQGeo Group plc and KBC Advanced Technologies plc, prior to its takeover by Yokogawa. Oliver is currently a non-executive director of K3 Business Technology plc.



Chairman's introduction to 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.

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.

Martin Rowland
Chairman

Governance principle	Compliant
① Establish a strategy and business model which promotes long-term value for shareholders	✓
② Seek to understand and meet shareholder needs and expectations	✓
③ Take into account wider stakeholder and social responsibilities and their implications for long term success	✓
④ Embed effective risk management, considering both opportunities and threats, throughout the organisation	✓
⑤ Maintain the Board as a wellfunctioning, balanced team led by the Chair	✓
⑥ Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	✓
⑦ Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	✓
⑧ Promote a corporate culture that is based on ethical values and behaviours	✓
⑨ Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	✓
⑩ Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	✓

Summary explanation	Further Detail
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.	See the Group's business model on pages 08 & 09 and strategy on pages 14 & 15
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.	See our section 172 statement on pages 24 and 25
The Group has a range of stakeholders. Making sure that all stakeholders benefit from our business model helps ensure the long-term viability of the business.	See our section 172 statement on pages 24 and 25
The Group has an effective risk evaluation and management structure in place.	Risk management and the principal risks and uncertainties affecting the Group are set out on pages 22 and 23
The Board maintains an effective mix between Executive and Non-Executive Directors and a range of experience and expertise to function effectively.	See our corporate governance report on pages 34 and 35
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.	See the Board of Directors' biographies on pages 30 to 31, and our corporate governance report on pages 34 and 35
The Board internally reviews its performance and is continually looking at ways to improve.	See our corporate governance report on pages 34 and 35
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	See our corporate social responsibility report on pages 26 and 27
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 judgment to Board decisions.	See our corporate governance report on pages 34 and 35
<p>How the Group and the Board communicates with its shareholders and other stakeholders is outlined above, in particular, under principles 2 and 3.</p> <p>The Annual Report, notice of AGMs and results of previous AGMs can be found on the Group's web-site.</p>	See our section 172 statement on pages 24 and 25

Corporate governance statement

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.

Board

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 Elaine Bucknor, Non-Executive Director, to be independent. The Board does not consider Martin Rowland and Oliver Scott as technically independent but that they do provide a different perspective to the Executive Directors and therefore there are sufficient checks and balances within the Board for the size and complexity of the Group.

Elaine Bucknor and Martin Rowland receive their fees through payroll and are not part of any share incentive plan or bonus scheme. Martin is eligible to be included in any future share incentive plan and for this reason we do not regard him as independent. Martin has purchased shares since the period end and these are disclosed in the Annual Report on page 36. The Board does not regard this holding as material. The fee for Oliver Scott is invoiced by Kestrel Partners LLP and not paid to Oliver directly. Oliver is a partner of Kestrel Partners LLP who are the Company's largest shareholder.

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 at least monthly. The Non-Executive Directors time commitment to the Group is at least two days per month while the Chairman's time commitment is at least two days per week.

Skills and experience

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.

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. During the year Geoff Wicks stepped down as Chairman and we were pleased that Martin

Rowland was able to step in to the role. As well as being a qualified accountant Martin has extensive M&A experience and has held a number of Executive and Non-Executive positions.

Elaine Bucknor has been on the Board for two years. 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. Elaine chairs the Nominations Committee.

Oliver joined the Board in January 2020. He is a partner of Kestrel Partners LLP, the Company's largest shareholder. Oliver has sat on a number of Boards as a Non-Executive Director and brings the perspective of a significant shareholder to the Board table. However, the Board is cognisant of the fact shareholders have a range of views and keep this fact to the forefront of their decision making process. Oliver is Chair of the Audit and Remuneration Committees.

Board evaluation

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. Should the size of the Group increase, the Board will consider whether it is appropriate to put in place a more prescribed evaluation process. Additionally, third party Board Evaluation Software to enable the evaluation of the Board as a whole has been implemented.

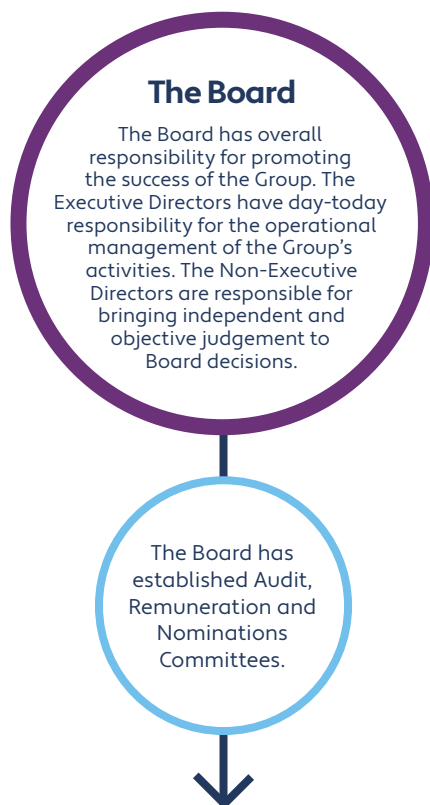
Nominations Committee Report

The Nominations Committee is chaired by Elaine Bucknor and includes Martin Rowland and Oliver Scott. 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 active appointing Martin Rowland as Chairman and Oliver Scott as Non-Executive Director. We were once again pleased that succession planning has allowed relatively seamless changes to the Board. In this case it has meant Martin stepping into the role of Chairman when Geoff Wicks stepped down.



Board structures



The Committee is aware that only Elaine is fully regarded as independent. As mentioned on the previous page it is considered that there is sufficient diversity at present but the Committee are keeping this under constant review and will move to appoint a further independent Director if they deem it to be necessary.

Audit Committee Report

The Audit Committee is chaired by Oliver Scott and includes Martin Rowland 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 Oliver replaced Martin Rowland 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 40.

Remuneration Committee Report

The Remuneration Committee is chaired by Oliver Scott 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 their 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.

The remuneration of Directors and the share options they hold can be seen on page 37. The Executive Directors are primarily rewarded through basic salary, annual bonuses and share options. The bonuses are primarily based on hitting profit targets. These target are set at the start of the year and measured after the year is complete and accounts agreed. 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.

During the year while there was growth in a number of areas that was set against a few larger introducers being lost. This with the backdrop of a difficult market meant that there were no bonuses payable to the Executives for the year. Due to the COVID-19 scenario, the current expectation is that there will be no bonuses payable for the year ending 31 March 2021.

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 and John Williams broadly in line with inflation. Additionally there was an above inflation rise for Andrew Weston as a result of the benchmarking exercise which is expected to be a two-stage increase.

An increased fee was agreed for Martin Rowland when he was appointed Chairman. This was at a higher Fee than for the previous Chairman in recognition of Martin agreeing to commit a greatly increased amount of time. Martin will also be eligible for share options when further options are issued.

Pay reviews due in July 2020 have been suspended for the time being. In addition The Chairman and the Executive Directors along with some other senior staff have taken a 20% salary deferral for at least three months along with some other senior management. The Non-Executive Directors have waived their fees entirely for three months.



Directors' report

The Directors present their report and the financial statements of ULS for the year ended 31 March 2020.

Principal activity

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

The largest 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 6 and 7 and the Chief Executive's Statement on pages 18 and 19.

Dividends

A final dividend in respect of the year ended 31 March 2019 of 1.20 pence per share was paid on 2 August 2019. An interim dividend of 1.25 pence per share was paid on 3 January 2020. The Directors have decided not to propose a final dividend.

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 2020 are set out below:

	Ordinary shares		Share options	
	2020	2019	2020	2019
Andrew Weston	1,276,625	1,276,625	226,898	226,898
John Williams	48,291	48,291	485,809	485,809
Geoffrey Wicks	52,000	52,000	–	–
Steve Goodall	–	–	650,000	650,000
	1,376,916	1,376,916	1,362,707	1,362,707

In addition to the above table, Oliver Scott was appointed to the board on 7 January 2020 and holds a beneficial interest in the holding disclosed for Kestrel Partner below.

Martin Rowland purchased 60,000 Ordinary shares in May 2020.

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 2020.

Shareholder	No. of shares	%
Kestrel Partners	16,582,266	25.56
Schroder Investment Management	6,860,816	10.58
River and Mercantile Asset Management	5,675,860	8.75
Unicorn Asset Management	5,150,200	7.94
Lombard Odier Investment Managers	4,658,454	7.18
Herald Investment Management	4,400,000	6.78
Gresham House Strategic	4,252,438	6.56

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 52.

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 22 and 23 of the financial statements.

Directors' remuneration

The following table sets out an analysis of the pre-tax remuneration for the year ended 31 March 2020 for the individual Directors who held office in the Company during the year:

	2020 Salary/fees £	2020 Bonuses £	2020 Benefits in kind £	2020 Sub Total £	2020 Share-based payment £	2020 Total £	2019 Total £
Andrew Weston	123,769	–	12,284	136,053	8,806	144,859	129,611
John Williams	132,457	–	21,859	154,316	9,412	163,728	162,368
Geoffrey Wicks	41,167	–	–	41,167	–	41,167	38,913
Steve Goodall	178,640	–	14,992	193,632	46,584	240,216	229,300
Elaine Bucknor	33,250	–	2,975	36,225	–	36,225	29,626
Martin Rowland	38,079	–	3,407	41,486	–	41,486	11,734
Oliver Scott ¹	8,280	–	–	–	–	8,280	–
Peter Opperman	–	–	–	–	–	–	11,340
Ben Thompson	–	–	–	–	–	–	(53,009)
	555,642	–	55,518	602,880	64,802	675,961	559,893

¹ The fee for the services of Oliver Scott is paid to Kestrel and not to Oliver directly.

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

Geoff Wicks resigned as a Director on 14 February 2020. Oliver Scott was appointed as a Director on 7 January 2020.

Share options and warrants

The share-based payment of £64,802 (2019: £(20,451)) 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 2020:

	Options held at 31 March 2019	Options granted in period	Options exercised in period	Options lapsed in period	Options held at 31 March 2020	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
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

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).

Directors' report continued

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 judgments 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
Chief Executive Officer
 ULS Technology plc

23 June 2020

Company number: 07466574

John Williams
Chief Financial Officer
 ULS Technology plc



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 2020, 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 2020 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as COVID-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group associated with these particular events.

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the group's business model, including effects arising from macro-economic uncertainties such as COVID-19 and Brexit, and analysed how those risks might affect the group's resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.



Independent auditor’s report continued

to the members of ULS Technology plc

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor’s report is not a guarantee that the group will continue in operation.



Grant Thornton

Overview of our audit approach

- Overall materiality: £214,000, which represents 5% of the group’s profit before tax;
- Key audit matters were identified as going concern, revenue recognition and impairment of goodwill and other intangible assets;
- We performed full scope audit procedures on the financial statements of ULS Technology plc, the parent company, and on the financial information of its four wholly owned trading subsidiaries; as well as specified procedures on ULS Technology plc Employee Benefit Trust.

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>Going concern</p> <p>As stated in “the impact of macro-economic uncertainties on our audit” section of our report, Covid-19 is one of the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty. This event could adversely impact the future trading performance of the company, as there may be a significant impact on the business due to the adverse impact on the housing market, and as such increases the extent of judgement and estimation uncertainty associated with management’s decision to adopt the going concern basis of accounting in the preparation of the financial statements.</p> <p>As such we identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We undertook procedures to evaluate management’s assessment of the impact of Covid-19 on the company’s forecasted results and cash position. Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none">• obtaining management’s original forecasts covering the period to March 2022. We assessed how these forecasts were compiled, including assessing their accuracy by validating the reasonableness of underlying assumptions;• obtaining management’s revised forecasts prepared to assess the potential impact of Covid-19. We evaluated the assumptions applied, including the reduction in revenue and the resulting effect on the forecasted results and cash position during the estimated period of Covid-19, for reasonableness and determined whether they had been applied accurately. We also considered whether the assumptions are consistent with our understanding of the business;• challenging management’s assumptions used in the forecast models by performing sensitivity analysis on management’s revised forecasts to determine the reduction in profit T and cash position that would lead to elimination of the headroom in their original cash flow forecasts;• testing the accuracy of management’s forecasting through 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 going concern; and• assessing the adequacy of the going concern disclosures included within the financial statements. <p>The group’s accounting policy on going concern is shown in the principal accounting policies under the sub-heading ‘Going Concern’ and related disclosures are included in the Chairman’s statement and the Directors’ report on page 06 and 36 of the financial statements.</p> <p>Key observations</p> <p>Based on the procedures performed, we have identified no issues regarding management’s assessment of the impact of Covid-19 on the company’s forecasted profits and cash position. We have nothing to report in addition to that stated in the ‘Conclusions relating to going concern’ section of our report.</p>

Key Audit Matter – Group

How the matter was addressed in the audit – Group

Impairment of goodwill and other intangible assets

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 £6,151,000 at the year end.

The process for assessing whether assets are impaired under International Accounting Standard (IAS) 36 'Impairments of Assets' is complex. It involves management determining the recoverable amount of cash generating units (CGUs), which is the higher of value in use and fair value less costs of disposal. The determination of forecasted cash flows related to cash generating units (CGUs) and the appropriate discount rate and other assumptions to be applied, are highly judgemental and can significantly impact the results of the impairment review.

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.

Our audit work included, but was not restricted to:

- 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;
- 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.
- comparing the results of management's impairment review for each CGU against the carrying value of the associated goodwill and intangible assets to determine whether there is impairment
- testing the assumptions utilised in the impairment models by calculation of our own estimates of growth rates and discount rate to evaluate management's point estimate;
- challenging management's assumptions used in the impairment review relating to intangible assets by inputting less favourable assumptions into a sensitivity analysis of key factors, such as revenue and cost growth; and
- testing the accuracy of management's forecasting through 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.

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.

Key observations

Based on our audit work, we considered the calculations and forecasts used by management in the impairment calculations for goodwill and other intangible assets and the conclusions reached to be reasonable and supportable. We did not identify any material misstatements within the investment in subsidiaries within the consolidated balance sheet.

Revenue Recognition

Revenues of £28,272,000 have been recognised in the year ended 31 March 2020. This is a material number within the financial statements.

Revenue impacts a number of key performance indicators and key strategic indicators set out in the strategic report. There is a degree of management judgement involved in relation to the timing and recognition of revenues.

The risk in this area was considered to have one main element: revenue items remaining unpaid at year end may have been incorrectly recognised.

We therefore identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.

Our audit work included, but was not restricted to:

- assessing the appropriateness, consistency and application of the group's accounting policy against the requirements of IFRS 15 Revenue from Contracts with Customers for all revenue streams;
- selecting a sample of revenue transactions across the trading entities that remained unpaid at the balance sheet date and agreeing to remittance advice and cash received in the bank statement. For certain revenue streams the underlying contract or customer acceptance forms were inspected.

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.

Key observations

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.

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



Independent auditor's report continued

to the members of ULS Technology plc

Our application of materiality

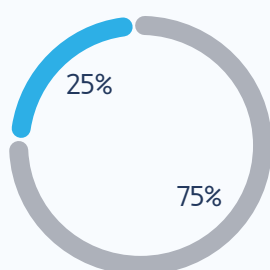
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating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

Materiality was determined as follows:

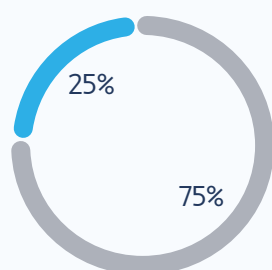
Materiality measure	Group	Parent company
Financial statements as a whole	<p>£214,000 which is 5% of the group's profit before tax. This benchmark is considered the most appropriate because this is a key performance indicator for management and users of the financial statements.</p> <p>Materiality for the current year is higher than the level that we determined for the year ended 31 March 2019 to reflect the increase in total profit before tax in the group.</p>	<p>£51,000 which was calculated based upon the net assets of this company but capped to reflect the relevant significance of this company on the group's results. 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 2019 to better reflect the significance of the company on the group's results.</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, including directors' remuneration.	We determined a lower level of specific materiality for certain areas such as related party transactions, including directors' remuneration.
Communication of misstatements to the audit committee	£10,700 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£8,100 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

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. We considered material components using group materiality and our scope included the following:

- 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.
- Obtaining an understanding of the group's internal control environment by performing process walkthroughs and documenting the controls covering all of the key audit matters.
- Performing a 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 information of United Legal Services Limited, United Homes Services Limited, Legal-Eye Limited and Conveyancing Alliance Limited, the trading entities within the group.
- Performing specified procedures on the financial information of 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.



- Our full scope and specified audit procedures covered 100% of the revenue recognised, 100% of the profit recognised and 100% of the assets held.

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 38, 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. 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

23 June 2020



A better home moving experience for

Introducers

Introducers, such as lenders, mortgage brokers and estate agents have always found our platforms useful to find the right conveyancer for their client at the right price, backed up by our no completion no fee promise and market-leading service proposition.

The systems are easy to use and give our partners confidence that the quality and breadth of solicitors to choose from will make the property transaction and mortgage application process faster and smoother.

As well as enabling the instructing of a solicitor, our platforms provide ongoing updates as a case progresses giving the broker visibility, supported by a seven day a week service desk so that the broker always knows that help is at hand if needed.

We work closely with introducers to build conveyancing panels and products to suit their mix of business types, business volumes

and customer base. Our platforms are designed to support related services to make introducers more able to help their clients in more ways. These can be provided by ULS, the introducer themselves or third parties and now include a concierge service (Just Move In) and several survey propositions.

Our platforms can be customised if that suits an introducer's business model and we provide fully white-labelled propositions for a range of lenders and larger mortgage clubs and networks. We also encourage and support partners to gain maximum benefit from our systems and expertise by integrating with our API.

DigitalMove has become a significant differentiator for introducers, giving their customers the chance to get started instantly and enjoy the benefits of the intuitive DigitalMove digital application. No more waiting weeks for paperwork to arrive, as everything is there for them the second they press the 'instruct' button. Introducers love the way this instantly engages the customer with the process and the fact that house purchase using DigitalMove are on average measurably quicker than non-DigitalMove equivalents. A clear & transparent journey, happy and empowered customers and a faster and reliable home move or refinancing ticks significant boxes for our introducer partners.

3,500+

Mortgage brokers actively using our systems

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 three months.

“

I have used ULS technology for some years now. This is because the service is efficient, simple to use and Josh, my account manager, is always very supportive whenever I need him for anything. I recommend this service as part of my mortgage service, as I can control the great service the client gets as the solicitors used on their panels are very pro-active and Josh is always on hand to sort any issues to manage the expectations of clients and ensure it's as smooth as possible.”

Richard Willan





Financial statements

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“

We've been working with ULS for several months now as part of our Transformation Journey. From day 1 ULS have demonstrated a real desire to integrate with us and they have consistently provided ideas and support. We feel that we are well on the way to developing a partnership with ULS rather than your standard 'supplier relationship'”

Principality Building Society

Consolidated Income Statement

for the year ended 31 March 2020

	Notes	2020 £000's	2019 £000's
Revenue	1	28,272	29,963
Cost of sales		(15,849)	(17,450)
Gross profit		12,423	12,513
Administrative expenses		(7,975)	(7,531)
Operating profit before exceptional expenses		4,448	4,982
Exceptional admin expenses	3	(243)	(752)
Operating profit	2	4,205	4,230
Finance income	5	14	12
Finance costs	6	(195)	(132)
Profit before tax		4,024	4,110
Tax expense	7	(759)	(827)
Profit for the financial year attributable to the Group's equity shareholders		3,265	3,283
Earnings per share from operations			
Basic earnings per share (£)	8	0.0506	0.0509
Diluted earnings per share (£)	8	0.0482	0.0483

Consolidated statement of comprehensive income

for the year ended 31 March 2020

	2020 £000's	2019 £000's
Profit for the financial year	3,265	3,283
Total comprehensive income for the financial year attributable to the owners of the parent	3,265	3,283

Consolidated Balance Sheet

as at 31 March 2020

	Notes	2020 £000's	2019 £000's
Assets			
Non-current assets			
Intangible assets	13	6,151	6,442
Goodwill	10	11,008	11,008
Financial assets at FVOCI	11	–	100
Investment in associates	12	533	551
Property, plant and equipment	14	2,140	437
Long-term receivables	16	250	200
Prepayments	16	123	151
		20,205	18,889
Current assets			
Inventory	15	–	48
Trade and other receivables	16	1,874	1,874
Cash and cash equivalents	17	2,340	1,852
		4,214	3,774
Total assets		24,419	22,663
Equity and liabilities			
Capital and reserves attributable to the Group's equity shareholders			
Share capital	18	259	259
EBT reserve		(453)	(484)
Share premium		4,609	4,585
Capital redemption reserve		113	113
Share based payment reserve		427	293
Retained earnings		7,624	5,973
Total equity		12,579	10,739
Non-current liabilities			
Borrowings	20	750	1,750
Lease liabilities	24	1,309	–
Deferred taxation	7	1,045	1,031
		3,104	2,781
Current liabilities			
Trade and other payables	19	3,296	5,813
Borrowings	20	5,000	3,000
Lease liabilities	24	158	–
Current tax payable		282	330
		8,736	9,143
Total liabilities		11,840	11,924
Total equity and liabilities		24,419	22,663

The financial statements were approved by the Board of Directors on 23 June 2020 and were signed on its behalf by:

Steve Goodall
Chief Executive Officer

ULS Technology plc

Company number: 07466574

John Williams
Finance Director

ULS Technology plc

Consolidated statement of changes in equity

for the year ended 31 March 2020

	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
Balance at 1 April 2018	259	(527)	4,585	113	267	4,643	9,340
Profit for the year	–	–	–	–	–	3,283	3,283
Total comprehensive income	–	–	–	–	–	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)
Total transactions with owners	–	43	–	–	26	(1,953)	(1,884)
Balance at 31 March 2018	259	(484)	4,585	113	293	5,973	10,739
Balance at 1 April 2019	259	(484)	4,585	113	293	5,973	10,739
Profit for the year	–	–	–	–	–	3,265	3,265
Total comprehensive income	–	–	–	–	–	3,265	3,265
Issue of shares	–	–	24	–	–	–	24
Purchase of shares by EBT	–	(29)	–	–	–	–	(29)
Exercise of options	–	60	–	–	(9)	(33)	18
Share-based payments	–	–	–	–	143	–	143
Payment of dividends	–	–	–	–	–	(1,581)	(1,581)
Total transactions with owners	–	31	24	–	134	(1,614)	(1,425)
Balance at 31 March 2020	259	(453)	4,609	113	427	7,624	12,579

Consolidated statement of cash flows

for the year ended 31 March 2020

	Notes	2020 £000's	2019 £000's
Cash flow from operating activities			
Profit for the financial year before tax		4,024	4,110
Finance income	5	(14)	(12)
Finance costs	6	195	132
Loss on disposal of plant and equipment		–	1
Share of loss/(profit) from associate	12	18	(4)
Amortisation	13	1,196	1,076
Depreciation	14	324	204
Impairment of financial assets at FVOCI		100	–
Share-based payments		143	42
Tax paid		(793)	(824)
		5,193	4,725
Changes in working capital			
Decrease in inventories		48	7
(Increase) in trade and other receivables		(22)	(361)
(Decrease)/increase in trade and other payables		(180)	463
		5,039	4,834
Cash flow from investing activities			
Purchase of intangible software assets	13	(905)	(798)
Purchase of property, plant and equipment	14	(405)	(371)
Disposal of property, plant and equipment		–	1
Payment of deferred consideration		(2,337)	(2,934)
Interest received	5	14	12
		(3,633)	(4,090)
Cash flow from financing activities			
Share issue proceeds		24	–
Dividends paid	32	(1,581)	(1,515)
Interest paid	6	(195)	(132)
Lease payments		(155)	–
Movement on RCF	20	2,000	1,000
Repayment of loans	20	(1,000)	(1,000)
Shares Traded by EBT		(11)	(134)
		(918)	(1,781)
Net increase/(decrease) in cash and cash equivalents		488	(1,037)
Cash and cash equivalents at beginning of financial year		1,852	2,889
Cash and cash equivalents at end of financial year		2,340	1,852

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 2020.

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.

Particular consideration has been given to COVID-19 and its impact on the housing market. More detail on this work is given in the Financial Review on page 21.

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 2020. 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.

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.

Notes to the consolidated financial statements

Principal accounting policies continued

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;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development; and
- 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 4–7 years.
- Development expenditure not meeting the criteria to be capitalised totalled £nil (2019: £nil).

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.

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.

Notes to the consolidated financial statements

Principal accounting policies continued

Financial instruments continued

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.

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

For reporting in the comparative period, where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease were charged to the income statement on a straight-line basis over the lease term. The aggregate benefit of lease incentives was recognised as a reduction of the rental expense over the lease term on a straight-line basis. Lease incentives were capitalised and spread over the period of the lease term.

From 1 April 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Group has the right to direct the use of the identified asset throughout the period of use.

Notes to the consolidated financial statements

Principal accounting policies continued

Leasing continued

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

On the balance sheet, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

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 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 16	Leases	1 January 2019	Yes	Most operating leases will be capitalised on the Balance Sheet

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases.

The new Standard has been applied using the modified retrospective approach, with right of use assets and corresponding liabilities recognised as an adjustment in the current period. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Prior periods have not been restated.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 April 2019.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 2.5%.

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at 1 April 2019:

	Carrying amount at 31 March 2019 £	Remeasurements £	IFRS 16 carrying amount at 1 April 2019 £
Property, plant and equipment	437	565	1,002
Lease liabilities	–	(565)	(565)
Prepayments	383	(20)	363

The following is a reconciliation of total operating lease commitments at 31 March 2019 (as disclosed in the financial statements to 31 March 2019) to the lease liabilities recognised at 1 April 2019:

	£
Operating lease commitments recognised at 31 March 2019	312
Post break clause adjustment	312
Effects of discounting	(79)
Lease liabilities recognised under IFRS 16 at 1 April 2019	545

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
IAS 1 Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020	Yes	Immaterial
IAS 1 Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2022	No	Immaterial
IFRS 3 Amendment to IFRS 3 Business Combinations	1 January 2020	Yes	Immaterial
IFRS 3 Amendment to IFRS 3 Business Combinations	1 January 2022	No	Immaterial
IAS 16 Amendments to IAS 16 Property, Plant and Equipment	1 January 2022	No	Immaterial
IAS 37 Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022	No	Immaterial

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. The Group has taken a prudent view on the possible impact of COVID-19 and the lockdown on discounted cashflows particularly over the coming year.

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.

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:

	2020 £000's	2019 £000's
Customer 1	6,071	6,125
Customer 2	3,322	3,682

2. Operating profit

Operating profit is stated after charging:	2020 £000's	2019 £000's
Fees payable to the Group's auditors for the audit of the annual financial statements	32	30
Fees payable to the Group's auditors and its associates for other services to the Group:		
– Audit of the accounts of subsidiaries	22	21
Amortisation	1,196	1,076
Depreciation	324	204
Operating lease rentals payable:		
– Office and equipment	–	82

3. Exceptional administrative expenses

	2020 £000's	2019 £000's
M&A expenses (including abortive costs)	30	269
Adjustment to expected deferred/contingent consideration	113	483
Impairment of financial assets at FVOCI	100	–
	243	752

M&A expenses in both years relates to abortive costs only.

4. Directors and employees

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

	2020 £000's	2019 £000's
Staff costs		
Wages and salaries	4,524	4,242
Social security costs	492	523
Pension costs	340	352
	5,356	5,117

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:

	2020 Number	2019 Number
By activity:		
Production	33	30
Distribution	35	35
Administrative	23	20
Management	11	12
	102	97

	2020 £000's	2019 £000's
Remuneration of Directors		
Emoluments for qualifying services	616	524
Pension contributions	52	36
Social security costs	68	90
	736	650

	2020 £000's	2019 £000's
Highest paid Director		
Remuneration	240	229

The highest paid Director received share options as shown in the Directors' report on page 37.

A breakdown of the emoluments for Directors can be found in the Directors' report on page 36.

Key management personnel are identified as the Executive Directors.

	2020 £000's	2019 £000's
Remuneration of key management		
Emoluments for qualifying services	503	433
Pension contributions	45	35
Social security costs	56	81
	604	549

Payments of pensions contributions have been made on behalf of Directors (see page 37).

5. Finance income

	2020 £000's	2019 £000's
Bank interest	14	12

6. Finance costs

	2020 £000's	2019 £000's
Interest on borrowings	(169)	(132)
Lease interest	(26)	–

7. Taxation

Analysis of credit in year	2020 £000's	2019 £000's
Current tax		
United Kingdom		
UK corporation tax on profits for the year	745	820
Deferred tax		
United Kingdom		
Origination and reversal of temporary differences	14	7
Corporation tax charge	759	827

The differences are explained as follows:

	2020 £000's	2019 £000's
Profit before tax	4,024	4,110
UK corporation tax rate	19%	19%
Expected tax expense	765	781
Adjustments relating to prior year	(2)	(4)
Adjustment for additional R&D tax relief	(197)	(158)
Adjust opening deferred tax rate to 19%	33	–
Deferred tax not recognised	1	54
Adjustment for non-deductible expenses		
– Expenses not deductible for tax purposes	133	173
– Other permanent differences	26	(19)
Income tax charge	759	827

Deferred tax

	2020 £000's	2019 £000's
Deferred tax liabilities at applicable rate for the period of 19%:		
Opening balance at 1 April	1,031	747
– Property, plant and equipment and capitalised development spend temporary differences	79	49
– Deferred tax recognised on acquisitions of Legal Eye and Conveyancing Alliance	(96)	(96)
– Deferred tax on share options	31	331
Deferred tax liabilities – closing balance at 31 March	1,045	1,031

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

	2020 £	2019 £
Total basic earnings per share	0.0506	0.0509
Total diluted earnings per share	0.0482	0.0483

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

	2020 £000's	2019 £000's
Earnings used in the calculation of total basic and diluted earnings per share	3,265	3,283

Number of shares	2020 Number	2019 Number
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	64,499,023	64,462,605

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	2020 Number	2019 Number
Dilutive (potential dilutive) effect of share options, conversion shares and warrants	3,224,904	3,475,267
Weighted average number of ordinary shares for the purposes of diluted earnings per share	67,723,927	67,937,872

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	
				2020	2019
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

	2020 £000's	2019 £000's
Opening value at 1 April and closing value at 31 March	11,008	11,008

Goodwill split by CGU is as follows:

	2020 £000's	2019 £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 24 month forecast which has been extrapolated into perpetuity. Account has been taken in the first 12 months in particular of the forecast of the impact of COVID-19 which are expected to significantly diminish positive cash flows. 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.

11. Financial assets at FVOCI

	2020 £000's	2019 £000's
Opening value at 1 April	100	100
Changes in fair value of investments	(100)	–
Closing value at 31 March	–	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

	2020 £000's	2019 £000's
Opening value at 1 April	551	547
Share of profit/(losses) for the year	(18)	4
Closing value at 31 March	533	551

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
Cost					
At 1 April 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
Additions	905	–	–	–	905
Disposals	–	–	–	–	–
At 31 March 2020	5,791	1,117	3,619	568	11,095
Accumulated amortisation					
At 1 April 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
Charge	658	124	357	57	1,196
Disposals	–	–	–	–	–
At 31 March 2020	3,024	408	1,283	229	4,944
Net book value					
At 1 April 2018	2,258	957	3,052	453	6,720
At 31 March 2019	2,520	833	2,693	396	6,442
At 31 March 2020	2,767	709	2,336	339	6,151

Amortisation is included within administrative expenses.

14. Property, plant and equipment

	Leasehold improvements £000's	Right of use assets £000's	Computer equipment £000's	Fixtures and fittings £000's	Total £000's
Cost					
At 1 April 2018	569	–	601	84	1,254
Additions	–	–	364	7	371
Disposals	–	–	(13)	–	(13)
At 31 March 2019	569	–	952	91	1,612
Transition to IFRS 16	–	565	–	–	565
Additions	246	1,058	119	40	1,463
Disposals	–	–	–	(3)	(3)
At 31 March 2020	815	1,623	1,071	128	3,637
Accumulated depreciation					
At 1 April 2018	530	–	384	68	982
Charge	39	–	155	10	204
Disposals	–	–	(11)	–	(11)
At 31 March 2019	569	–	528	78	1,175
Charge	10	121	186	7	324
Disposals	–	–	–	(2)	(2)
At 31 March 2020	579	121	714	83	1,497
Net book value					
At 1 April 2018	39	–	217	16	272
At 31 March 2019	–	–	424	13	437
At 31 March 2020	236	1,502	357	45	2,140

Depreciation is recognised within administrative expenses.

15. Inventories

	2020 £'000	2019 £'000
Work in progress	–	48

Notes to the consolidated financial statements continued

16. Trade and other receivables

	2020 £000's	2019 £000's
Current assets		
Trade receivables	1,302	1,307
Other receivables	286	335
Pre-payments	286	232
	1,874	1,874
Non-current assets		
Pre-payments	123	151
Long-term receivables (loans to associate)	250	200
	373	351

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

	2020 £000's	2019 £000's
Cash at bank (GBP)	2,340	1,852

At March 2020 and 2019 materially 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.

	2020		2019	
	No	£000's	No	£000's
Ordinary shares of £0.004 each	64,871,276	259	64,828,057	259
	64,871,276	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.

	2020 Number	2019 Number
Shares issued and fully paid		
Beginning of the year	64,828,057	64,828,057
New shares issue	43,219	–
As at end of the year	64,871,276	64,828,057

During the year the Company issued 43,219 new ordinary shares (2019: 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 2020:

Date of grant	Exercise price (£)	Share price at date of grant (£)	Options in issue as 31 March 2020
18 August 2014	0.4000	0.4800	445,784
21 August 2015	0.5350	0.5350	38,835
7 November 2016	0.7025	0.7025	466,023
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	552,500

The Group recognised total expenses of £143,000 (2019: £42,000) 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 2020 is shown below:

	As at 31 March 2020		As at 31 March 2019	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 April	3,329,055	0.93	4,309,785	0.62
Granted	–	–	1,165,000	1.34
Forfeited prior to vesting	(109,520)	1.12	(1,969,928)	0.53
Exercised	(88,528)	0.48	(175,802)	0.41
Outstanding at 31 March	3,131,007	0.94	3,329,055	0.93

Notes to the consolidated financial statements continued

19. Trade and other payables

	2020 £000's	2019 £000's
Trade payables	1,707	2,313
PAYE and social security	149	139
VAT	680	693
Other creditors	294	25
Accruals and deferred income	466	419
Deferred/contingent consideration	–	2,224
	3,296	5,813

20. Borrowings

	2020 £000's	2019 £000's
Secured – at amortised cost		
Bank loan	1,750	2,750
Revolving cash flow facility	4,000	2,000
	5,750	4,750
Current	5,000	3,000
Non-current	750	1,750
	5,750	4,750

Reconciliation of liabilities arising from financing activities

	Bank loans £000's	Total debt £000's
Balance at 1 April 2019	4,750	4,750
Loan repayments	(1,000)	(1,000)
Movement in revolving cash flow facility	2,000	1,000
Balance at 31 March 2020	5,750	4,750

Summary of borrowing arrangements:

- In December 2016, it took out a five year term loan for £5 million and now has a £4 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 £4 million was drawn down on the revolving cash flow facility and the balance on the term loan stood at £1.75m.
- 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 a 6 month repayment holiday was agreed on the term loan, extending the period of the loan by 6 months. Also a £1m overdraft had been agreed.

21. Financial instruments

Classification of financial instruments

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 120 days from the invoice date and failure to engage with the Group on alternative payment arrangements, amongst others, are considered indicators of no reasonable expectation of recovery. The Group generally has a low incidence of unpaid receivables.

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	
	2020 £000's	2019 £000's	2020 £000's	2019 £000's
Trade receivables net of provision for credit losses (note 16)	–	–	1,302	1,307
Loans and other receivables (note 16)	–	–	536	535
Financial assets at FVOCI (note 11)	–	100	–	–
Cash and cash equivalents (note 17)	–	–	2,340	1,852
	–	100	4,178	3,694

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 2020 and 2019.

Financial liabilities

	Measured at fair value		Measured at amortised cost	
	2020 £000's	2019 £000's	2020 £000's	2019 £000's
Financial liabilities measured at amortised cost (note 19)	–	–	2,467	2,758
Borrowings (note 20)	–	–	5,750	4,750
Lease liability	–	–	1,467	–
Deferred/contingent consideration	–	2,224	–	–
	–	2,224	9,684	7,508

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 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.

Level 3 fair value measurements

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

	Contingent consideration	
	2020 £000's	2019 £000's
Balance at 1 April 2019	2,224	4,674
Payments made	(2,337)	(2,934)
Movement in NPV	113	484
Balance at 31 March 2020	–	2,224

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.

	2020 £000's	2019 £000's
Impairment provision	57	133

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

	2020 £000's	2019 £000's
Not more than 3 months	222	545
More than 3 months but not more than 6 months	6	12
More than 6 months but not more than 1 year	7	14
More than one year	6	58
Total	241	629

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 2020 and 2019, 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
At 31 March 2020						
Trade payables	1,707	1,707	–	–	–	–
Other payables	294	294	–	–	–	–
Accruals	466	466	–	–	–	–
Lease liabilities	1,643	–	96	96	178	1,273
Loans	5,790	–	4,519	513	758	–
	9,900	2,467	4,615	609	936	1,273
	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
At 31 March 2019						
Trade payables	2,313	2,313	–	–	–	–
Other payables	25	25	–	–	–	–
Accruals	419	419	–	–	–	–
Deferred and 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

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.

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.

Notes to the consolidated financial statements continued

23. Capital management continued

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

	2020 £000's	2019 £000's
Total Equity	12,654	10,729
Cash and cash equivalents	2,340	1,852
Capital	14,994	12,581
Total Equity	12,654	10,729
Borrowings	5,750	4,750
Financing	18,404	15,479
Capital-to-overall financing ratio	0.81	0.81

24. Lease arrangements

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

The Group has leases over 3 properties, with remaining lease terms ranging from 1 to 10 years although there are break clauses in the longer leases.

Lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 March 2020 is as follows:

	Within one year £000's	1–2 years £000's	2–5 years £000's	6–10 years £000's	Total £000's
31 March 2020					
Gross liability	192	178	532	740	1,643
Finance charges	(35)	(31)	(70)	(40)	(176)
	157	147	462	700	1,467

The total cash outflow in respect of leases during the year was £181,000.

The interest expense in the year relating to lease liabilities was £26,000.

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 £340,000 (2019: £352,000).

27. Related party transactions

Directors:

G Wicks
A Weston
J Williams
M Rowland
O Scott

For remuneration of Directors please see note 4 and the more detailed disclosures in the Directors' Report on page 37.

Dividends paid to Directors are as follows:

	2020 £000's	2019 £000's
Geoff Wicks	1	1
Ben Thompson	–	–
Andrew Weston	31	30
John Williams	1	1

Oliver Scott has a beneficial interest in Kestrel who have a shareholding and would have received dividends in the period.

Legal-Eye Ltd uses a training platform provided by DeepHarbour Ltd, a company which Martin Rowland and his wife are the Directors and which they own more than 25% but less than 50%. During the year, the Group were invoiced £12,000 by DeepHarbour Ltd for the provision of its training platform. There was no balance outstanding at the period end. The terms of the provision of the training platform were in place prior to the appointment of Martin as a Director of the Group and are considered to be at arms-length.

28. Contingent liabilities

The Directors are not aware of any contingent liabilities within the Group or the Company at 31 March 2020 and 2019.

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 2020 and the date of signing this report.

31. Dividends paid

	2020 £000's	2019 £000's
Final dividend for the year ended 31 March 2019 of 1.20p (2018: 1.15p) per share	774	741
1st Interim dividend 1.25p (2019: 1.20p) per share	807	774
Total dividends paid	1,581	1,515

The Directors have recommended that no final dividend be payable in respect of the year ended 31 March 2020.

Parent Company Balance Sheet

as at 31 March 2020

	Notes	2020 £000's	2019 £000's
Assets			
Non-current assets			
Investments	2	17,604	17,476
Non-current receivables	3	30	39
Deferred tax asset		–	14
		17,634	17,529
Current assets			
Trade and other receivables	3	514	367
Cash and cash equivalents		50	45
		564	412
Total assets		18,198	17,941
Equity and liabilities			
Capital and reserves attributable to the Group's equity shareholders			
Share capital	6	259	259
Share premium		4,609	4,585
Capital redemption reserve		113	113
Share-based payment reserve		427	293
Opening retained earnings		4,508	2,671
Profit for the year		3,778	3,435
Exercise of options		9	42
Deferred tax on share options		–	(125)
Payment of dividends		(1,581)	(1,515)
Total retained earnings		6,714	4,508
Total equity		12,122	9,758
Non-current liabilities			
Borrowings	5	750	1,750
		750	1,750
Current liabilities			
Trade and other payables	4	326	3,433
Borrowings	5	5,000	3,000
		5,326	6,433
Total liabilities		6,076	8,183
Total equity and liabilities		18,198	17,941

The financial statements were approved by the Board of Directors on 23 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 2020

	Share capital £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
Balance at 1 April 2018	259	4,585	113	293	2,671	7,921
Profit for the year	–	–	–	–	3,435	3,435
Total comprehensive income	–	–	–	–	3,435	3,435
Share-based payments	–	–	–	42	–	42
Exercise of options	–	–	–	(42)	42	–
Deferred tax on share options	–	–	–	–	(125)	(125)
Payment of dividends	–	–	–	–	(1,515)	(1,515)
Total transactions with owners	–	–	–	–	(1,598)	(1,598)
Balance at 31 March 2019	259	4,585	113	293	4,508	9,758
Balance at 1 April 2019	259	4,585	113	293	4,508	9,758
Profit for the year	–	–	–	–	3,778	3,778
Total comprehensive income	–	–	–	–	3,778	3,778
Share issue	–	24	–	–	–	24
Share-based payments	–	–	–	143	–	143
Exercise of options	–	–	–	(9)	9	–
Payment of dividends	–	–	–	–	(1,581)	(1,581)
Total transactions with owners	–	24	–	134	(1,572)	(1,414)
Balance at 31 March 2020	259	4,609	113	427	6,714	12,122

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.

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	
				2020	2019
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
Cost				
As at 1 April 2018	16,639	575	200	17,414
Loan movement	–	–	–	–
Share-based payment reserve	62	–	–	62
As at 31 March 2019	16,701	575	200	17,476
Loan movement	–	–	50	50
Share-based payment reserve	78	–	–	78
As at 31 March 2020	16,779	575	250	17,604

Notes to the Parent Company financial statements continued

3. Receivables

	2020 £000's	2019 £000's
Current receivables:		
Amounts owed by Group undertakings	267	19
Other debtors	130	264
Prepayments	117	84
	514	367

During the year, other debtors relating to a loan to the EBT were impaired by £145,000.

	2020 £000's	2019 £000's
Non-current receivables:		
Prepayments	30	39

4. Trade and other payables

	2020 £000's	2019 £000's
Trade payables	33	65
Amounts owed to Group undertakings	219	1,063
Social security and other taxes	35	37
Accruals	39	44
Deferred/contingent consideration	–	2,224
	326	3,433

5. Borrowings

	2020 £000's	2019 £000's
Current liabilities:		
Bank loans	5,000	3,000
Non-current liabilities:		
Bank loans	750	1,750

6. 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.

	2020		2019	
	No	£000's	No	£000's
Ordinary shares of £0.004 each	64,871,276	259	64,828,057	259
	64,871,276	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.

	2020 Number	2019 Number
Shares issued and fully paid		
Beginning of the year	64,828,057	64,828,057
New shares issue	43,219	–
Shares issued and fully paid	64,871,276	64,828,057

No new shares were issued during the year.

Allotments during the year

Year ended March 2020	Number	Par value £000's
Share issue	43,219	–

Year ended March 2019	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.

7. 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.

8. Post Balance Sheet events

There have been no reportable subsequent events between 31 March 2020 and the date of signing this report.

9. Dividends paid

	2020 £000's	2019 £000's
Final dividend for the year ended 31 March 2019 of 1.20p (2018: 1.15p) per share	774	741
1st Interim dividend 1.25p (2019: 1.20p) per share	807	774
Total dividends paid	1,581	1,515

The Directors have recommended that no final dividend be payable in respect of the year ended 31 March 2020.



Company information

Directors

Martin Rowland – Chairman
Steve Goodall – Chief Executive Officer
John Williams – Chief Financial Officer
Andrew Weston – Co-founder and IT Director
Elaine Bucknor – Independent Non-Executive Director
Oliver Scott – 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

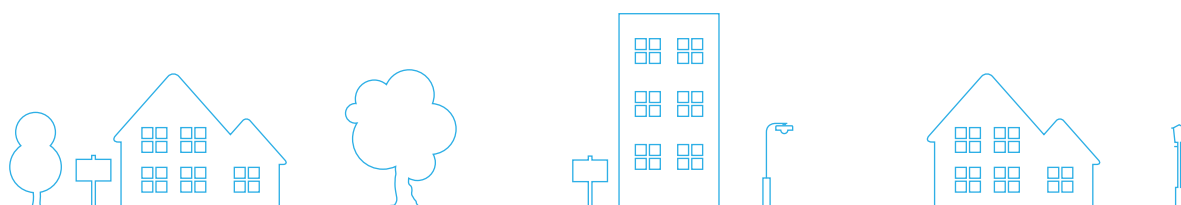
Eversheds Sutherland
One Wood Street
London
EC2V 7WS

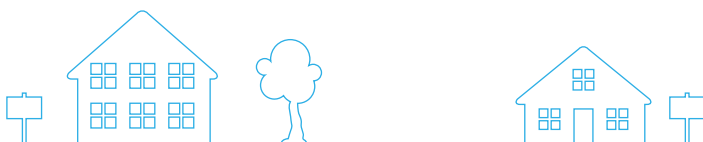
Financial public relations

Wallbrook PR Limited
4 Lombard Street
London
EC3V 9H

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
BN99 6DA







The Old Grammar School
Church Road, Thame, OX9 3AJ

01844 262392

enquiries@ulstechnology.com
www.ulstechnology.com

