smoove

the way the world is moving

ANNUAL REPORT & ACCOUNTS 2022

A leading provider of technology solutions to the UK home moving market

Operational highlights

- Conveyancing instructions up 20% on FY21 to 66,394. Conveyancing completions up 11% on FY21 to 37,104
- More than 85% of eConveyancer transactional cases now enabled on DigitalMove, handling more than 88,000 instructions to date, a 72% increase on the previous year
- Growth of broker channel with 10% growth in the number of active users to 2,207 from 1,998 at the end of FY 2021
- More broker networks using the platform, with several significant contractual wins across B2B and B2C including Chase de Vere, Moneyfacts and Haysto
- Built on existing long-standing relationship with Lloyds Banking Group to add new service providing support for a fees assisted remortgage product line in England and Wales
- Launched pilot of Smoove Start, the estate agency service, which will be rolled out to the wider market in the coming months after positive feedback
- Continued investment in operating platform including user experience enhancements, data platform, and customer management tools

37,104

Conveyancing completions (continuing operations)

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

66,394

Conveyancing instructions (continuing operations)

A conveyancing instruction is the point where a customer chooses a conveyancer through the eConveyancer platform. This provides a strong indication of future revenues.

Financial highlights and KPIs

£19.2m +13%

2021: £16.9m

Revenue (continuing operations)

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

£(5.4)m

2021: £(2.4)m

(Loss) before Tax (continuing operations)

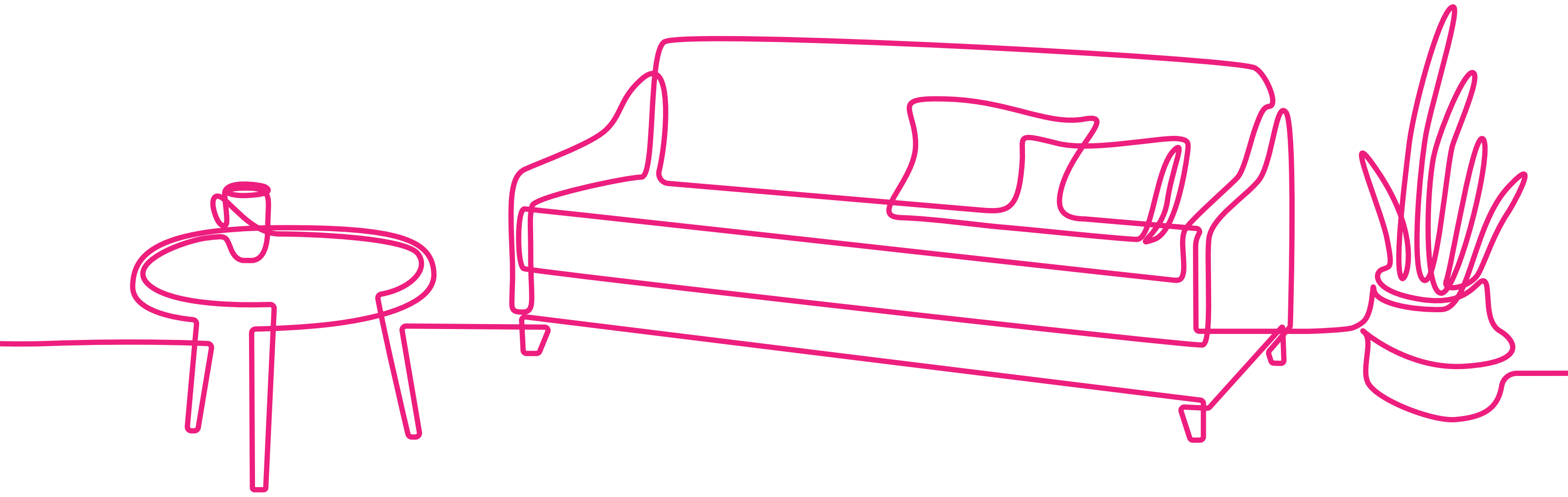
IFRS measure of profit which is after exceptional costs.

£(3.8)m

2021: £0.4m

Underlying EBITDA

Non-IFRS measure of profit which excludes depreciation, amortisation, finance charges, and non-recurring items unlikely to affect future cash flows. See page 19.



£20.0m

2021: £24.0m

Net cash

Cash balances at bank.

Must Reads

04 Investment case

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08 Our business model

To find out more visit **hellosmoove.com**

At a glance

Our vision

To simplify and revolutionise the home moving and ownership experience for everyone.

Our mission

To deliver products and services that remove the pain, frustration, uncertainty, friction, stress and snail-like pace moving home currently takes.

What we do

We provide digital platforms for everyone involved in the buying, selling and remortgaging of property in the UK.

Our distribution channels

We have a multi-channel route to market including white label services through introducers, the lender channel, direct solutions for business partners, as well as a growing footprint in estate agents.

Customer

We are a customer focused technology and service business aiming to revolutionise how home moving and ownership can be a better experience for everyone involved. We understand how the housing market works and the frustration felt by consumers at the painstaking time it takes to complete a transaction which is why we marry technology and human assistance to deliver the very best customer service.

Digital

Smoove is investing in new technology to help drive automation and build products and services for estate agents, conveyancers, mortgage brokers and lenders that ultimately benefit and improve the experience for consumers.

Experience

We have been delivering technology solutions for the property and legal industry since 2004 and have over 1 million transactions behind us. We continually strive to improve the home ownership experience while unlocking efficiencies and revenue earning opportunities.

Our strategy

We aim to continue to generate profitable growth using our three key strategic pillars:

#1.

Demand Generation

Forming deeper relationships, finding new customers and generating even greater demand

#2.

Digital Evolution

Accelerating investment in the delivery of new technology to provide a better, truly digital consumer experience

#3.

Optimised Cross-Selling

Provide consumers with great conveniently available deals on household finance and utility products at a time when they will be most in need of those products

Find out more on page 12

Our investment case

#1

Strong core and innovative product development

The Group is committed to developing innovative products to revolutionise the market, and has a strong track record of delivering this. eConveyancer is well established, and has integrated the DigitalMove proposition into its offering providing customers with a more enhanced and transparent service. We are excited about the rollout of Smoove Start for estate agents, which will contribute to growth in the coming year. We are in the early stages of piloting a platform for conveyancers that focuses on improved efficiencies and a better consumer experience.

#2

A robust balance sheet

The Group had a cash balance of £20 million at the end of the period and a strong core business. The combination of these enables us to invest in the development and rollout of the other products and services without having to raise funds to further progress our offering.

#3

Broad and growing distribution base

The Group has a wide distribution network through mortgage advisers, lenders, estate agents and direct to-consumer websites. Our decision making and distribution strategy are driven by data insights and customer feedback.

#4

Independent

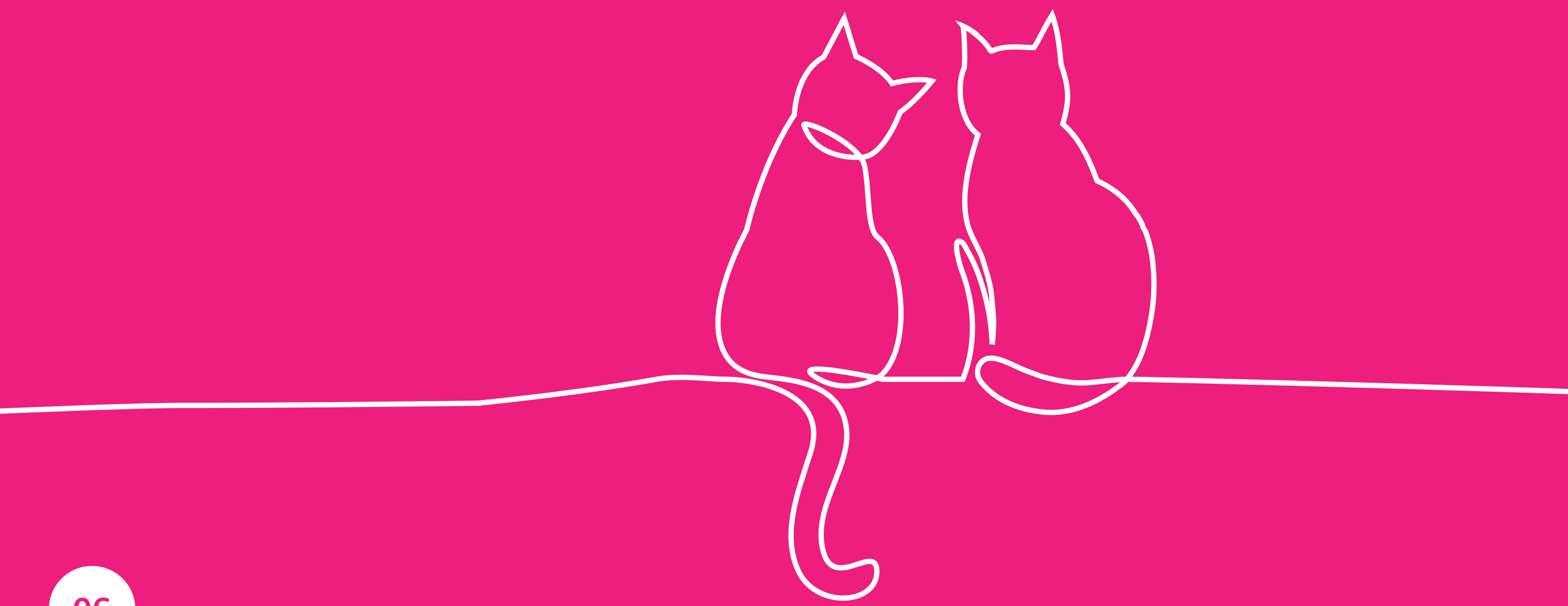
Unlike many other players in the market, the business is independent and not connected to any other parts of the market. As a result, consumers are provided with independent ratings, ensuring trustworthy and transparent platforms that offer impartial choice.

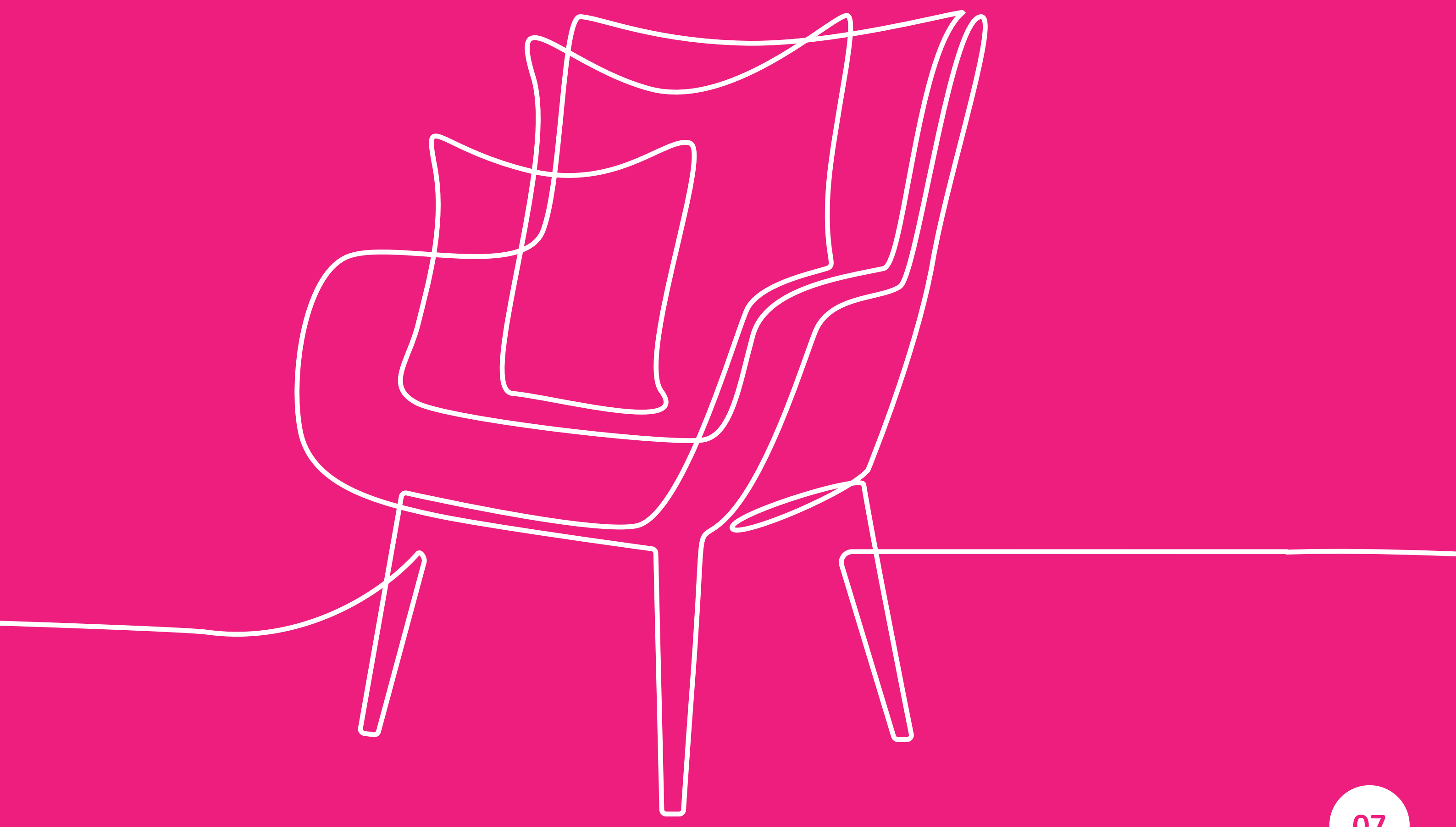
#5

Leadership Team

The Group has brought in key hires in the management team and in other specialist roles across the company. These hires bring new capabilities and help to build a high-performance culture.

Strategic Report

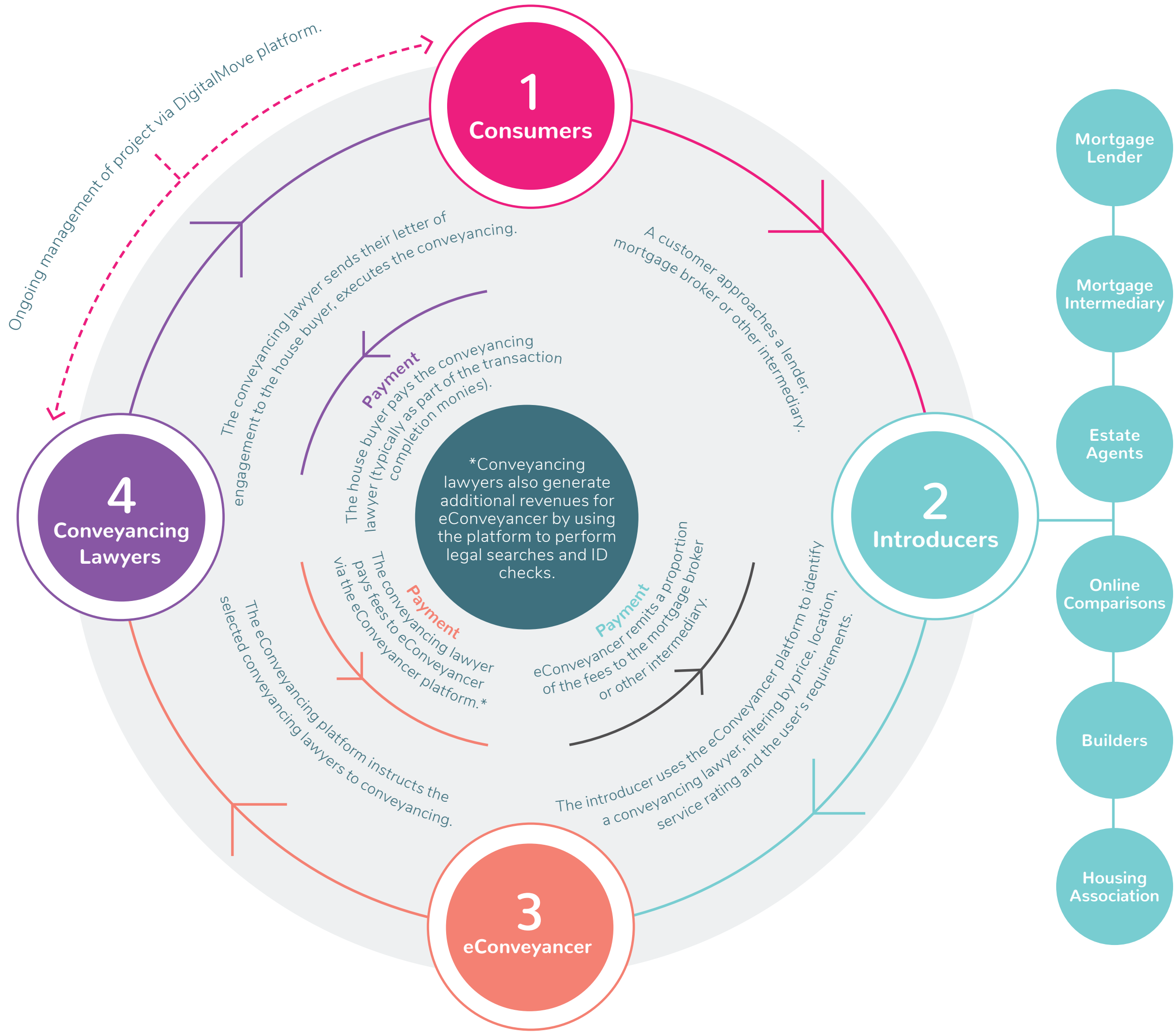




Business Model

We bring consumers and legal professionals together via our two-sided marketplace of comparison services.

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



How we create value for stakeholders

Smoove has created an ecosystem where there are benefits for all parties involved. This is why the system as a whole is sustainable, adaptable, expandable and successful.

Benefits for Consumers

Cost saving

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

Choice

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

Service

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

Benefits for Introducers

Scope

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

Reward

Smoove 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

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

Benefits for Conveyancers

Volume

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

Market reach

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

Our market

The UK housing market has had its share of challenges over the past year, including Covid-19 restrictions, soaring inflation, the rising cost of living and higher interest rates. Nevertheless, activity has remained strong over the period and the market has continued to perform well, even in the first time buyer segment. The year saw an upward trajectory in prices, higher rates of mortgage and remortgaging approvals, as well as an increase in new home registrations compared to the previous year.

While many were surprised by the continued rebound of the market, this has been mostly driven by the familiar structural supply-demand imbalance. The supply of housing stock remains persistently below the level of demand, which is providing an uplift to house prices over the long term as the UK is still not building enough homes each year to keep up with demand.

Despite this resilience in the market, we now face continued challenging macroeconomic conditions which have started to cause uncertainty in the market. In particular, the cost-of-living crisis is affecting affordability, and some individuals and cohorts, particularly first time buyers, are seeing their opportunities to get on the housing ladder under pressure. There has been support from the Bank of England to combat these pressures with the withdrawal of the mortgage affordability tests. However, with rising interest rates to combat inflation, this carries the corollary of higher mortgage repayments, which will also have an impact on affordability.

Given this backdrop, it is expected that housing market prices will drop, however with a continued lack of supply, it is speculated that there could just be a gradual normalising of prices after an exceptional two years.

What is clear, is that with these challenges there is even more focus on the structural problems within the housing market, including conveyancing. Recent research by Rightmove described a conveyancing log-jam as another issue constraining the housing market, with it currently taking 150 days to complete a purchase on average after agreeing a sale, 50 days longer than in 2019[1]. We have no doubt, this will come under even more scrutiny as financial pressures mount for the UK population.

At Smoove, we are well placed to provide solutions and create an improved home moving process for lenders, buyers, homeowners, conveyancers, or estate agents, regardless of the overall state of the market. We have strong relationships with both sides of our market, and our ability to be flexible with our products will position us well to serve all parts of the conveyancing process. Our strong balance sheet, combined with cost control, allowed us to adapt to the market uncertainty over the reporting period and positions us well to capture the long-term opportunities offered by the market.

At the end of our trading period

While the housing market remains strong, even now, it is clear that there is still a big inequality between those who can afford to enter the housing market, and those who are already homeowners.

Mortgage approvals for house purchases were at 70,700 in March 2022, down from 82,700 in March 2021. Remortgaging approvals rose to 48,800 in March 2022, up from 34,800 in March 2021. Net mortgage borrowing was £7.0 billion in March 2022, down from £11.8 billion in March 2021, but remains above the pre-pandemic average of £4.3 billion in the 12 months up to February 2020.

From a remortgaging perspective, as observed previously the interest rate increases we are seeing could put pressure on monthly repayments. First-time buyers are also likely to be limited in choice as properties become less affordable. However, on 7 March 2022, the Bank of England announced that it was considering removing affordability stress tests. The aim of this policy was to address affordability issues for first time buyers. This is likely to benefit our eConveyancer business which has a stronghold in the first-time buyer market.

The share of mortgages advanced in 2021 Q4 with loan to value (LTV) ratios exceeding 90% was 4.2%, 3.0pp higher than a year earlier. This reflects the market adapting to the higher prices of housing, providing buyers with the opportunity to borrow more.

The share of gross mortgage advances for buy-to-let purposes (covering house purchase, remortgage and further advance) was 11.8% in 2021 Q4, an increase of 0.6pp on the previous year. According to the FCA, the share of advances to owner occupiers was 88.2%, with the share for remortgages being 28.1% of that number, an increase of 9.7pp since 2020 Q4, and an increase on the previous quarter of 5.2pp. This was the highest share for remortgages since 2020 Q2, and showed a return towards the levels observed before the coronavirus pandemic[2].

The jobs market can also play a role in the housing market, with rising unemployment usually a sign that there will be a correction in house prices and demand. To that end, it is positive to see the labour market remaining strong, with the unemployment rate decreasing and standing at 4% at the end of 2021, with steady quarterly decreases since then, with unemployment now at 3.8% in July 2022[3].

It is too early to know if the interest rate rises have had any impact on the market, although this does put more pressure on buyers and remortgages to try and fix their rates before further expected increases happen.

The property market

The market was generally buoyant over the reporting period. This reflects the transition away from pandemic restrictions, but also factors in the government stimulus support for the housing market.

There were still the after effects of the Stamp Duty Holiday during the financial period, as it was extended to 30 June 2021 and therefore saw a rush of buyers taking advantage of the initiative. Looking at the property market now, with stamp duty thresholds back at their pre-pandemic levels, it is certainly tough for first-time buyers, who see this tax as another obstacle to buying a property. Counteracting this challenge, there has been an increase in support from families to help those wanting to purchase homes for the first time. In recent data from Saville's[4], in 2021 the percentage of first-time buyer home sales with family assistance rose to a seven-year high of 46% with an average of £56,150, up from 43% in 2020 and 39% in 2019.

There were 153,339 new home registrations in 2021, a 25% increase on 2020. However, home building is persistently below the level of demand, which provides a support to house prices over the long term, as the UK is still not building enough homes each year to keep up with demand.

Despite the macroeconomic headwinds, the market has continued to see an upward trajectory in prices. At the end of March 2022, average house prices in UK increased by 9.8% year on year, bringing the average UK house price to £278,000 in March, which was £24,000 higher than the same time the year before. Broken down by country, the UK saw average house price increases of 9.9% in England, 11.7% in Wales, 8.0% in Scotland, and 10.4% in Northern Ireland[5].

1 June 2022 – Rightmove Press Centre

2 Commentary on Mortgage lending statistics Q4 2021 | FCA

3 ONS data

4 Saville's data

5 ONS data

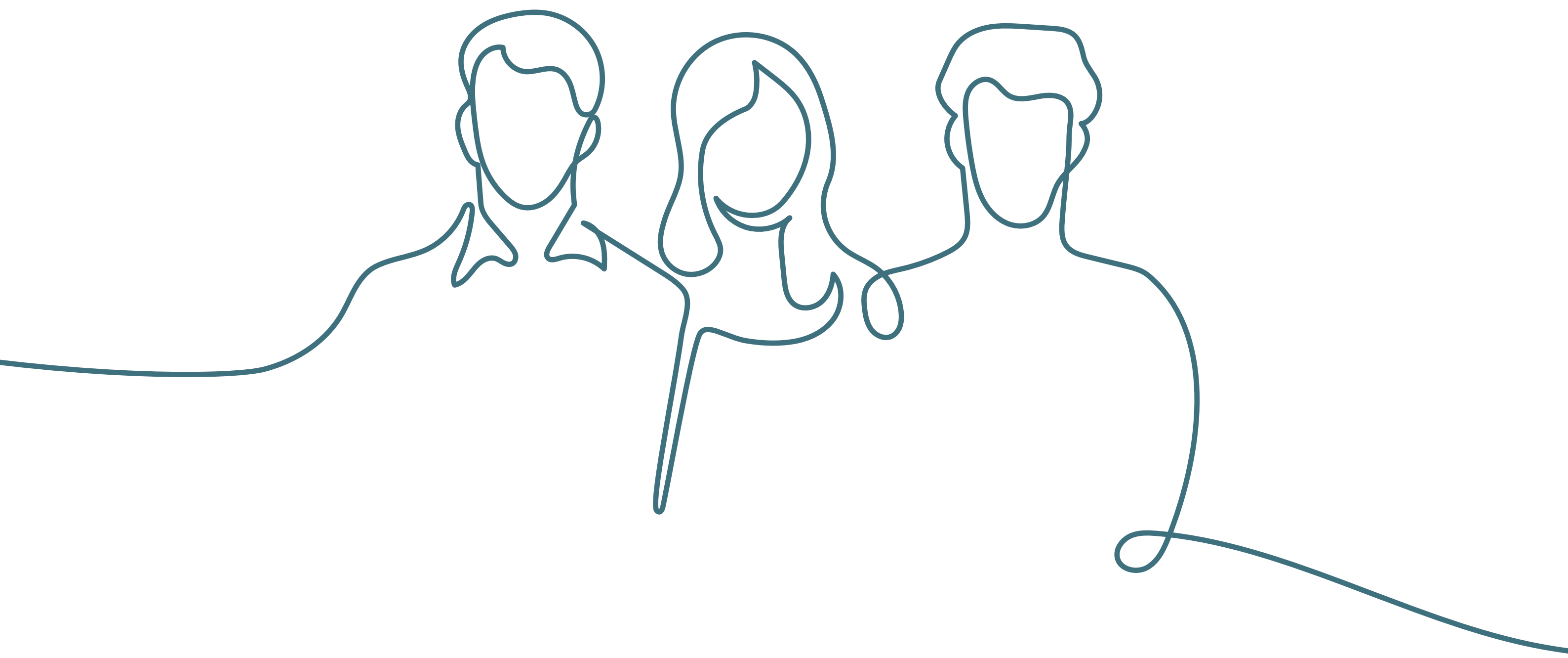
Our strategy

Our strategy is built on three specific key pillars.

Demand generation

Building a strong network and ecosystem

We have established a loyal and growing community of introducers that through our strong eConveyancer brand makes use of our market leading panel of conveyancers. Therefore, we are well placed to bring everyone together in this ecosystem. With this platform, we are able to use data and analytics to develop products and services that meet the demands of our customers which in turn leads to greater engagement and enhanced performance.



Digital evolution

New technology is key

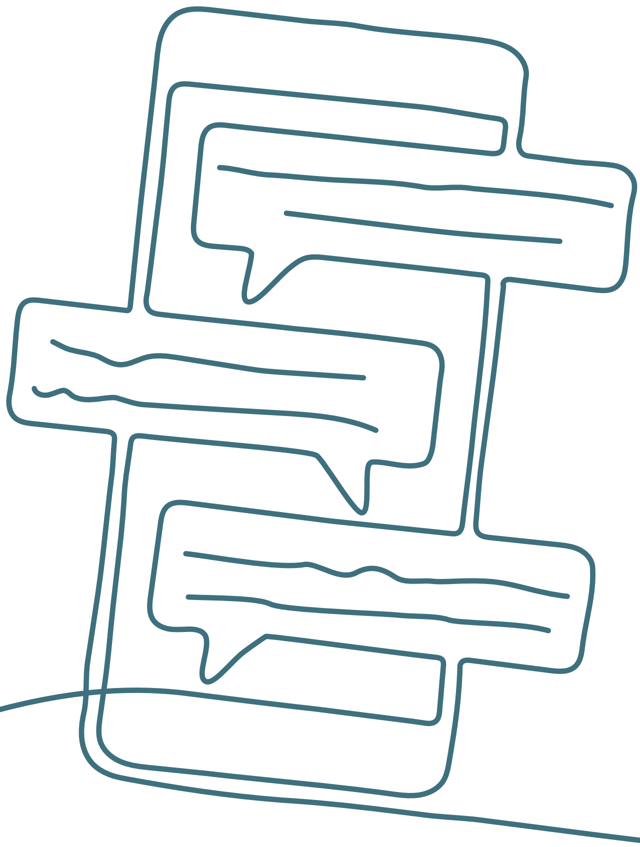
Our focus on accelerating investment into new technology is key to provide a better, truly digital customer experience. The outdated, analogue method of buying and selling property in the UK means that the process can take months. We are using technology to help innovate this sector, relieving it of some of the burden consumers feel by streamlining the processes and removing long burdensome administrative tasks. Our digital technology will benefit every stakeholder in the chain of events relating to home ownership.

Optimised cross-selling

Utilising data insights to increase revenue streams

Building on our customer-centric approach will also support our strategy to cross-sell services that are relevant at the point of home ownership. We ultimately want to be the convenient choice for all home owners and we believe we can generate value via cross-selling home services using our data insights to provide 'at the right time' personal and relevant comparison services for home set-up deals such as broadband, moving services, insurance, utilities and finance.

Our business model and strategy are perfectly placed to provide a digital solution to benefit the entire home moving process, from start to finish.



Chief Executive's statement

"Innovating in a traditional sector is not an easy task, but we are confident in our strategy, as we continue to grow, and more importantly maintaining and deepening our strong relationships."

Jesper With-Fogstrup

Chief Executive Officer

In my second final results statement to shareholders, I am delighted to deliver this strategic and financial performance review under our new name - Smoove plc. While we continued to work under the backdrop of a global pandemic and volatile markets, we remained focused on leveraging our strong eConveyancer business and delivering on our strategy to provide a more satisfying experience to homebuyers, sellers and industry stakeholders, while building long-term value to shareholders.

The consumer, a core part of our strategy, has never been more central to the home-moving process and we believe they deserve the best possible home moving and ownership experience. Not only are we increasingly providing the necessary digital products to manage this, but we are using our platforms to listen and engage with our customer base to ensure we adapt the business to align with their evolving needs through proven data and analytics. In order to achieve this, we are using our robust balance sheet to strategically invest in the business to develop our technology and services and build our business for sustainable growth.

Innovating in a traditional sector is not an easy task, but we are confident in our strategy, as we continue to grow, and importantly at the same time maintaining and deepening our strong relationships, with partners such as Lloyds Banking Group.

Underpinning our growth

Our focus on having tech enabled data insights provides a strong foundation for sustaining and growing our business.

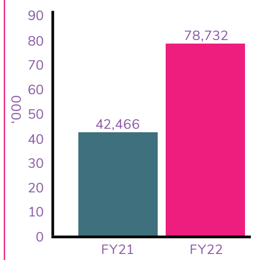
DigitalMove, now fully integrated into eConveyancer, has made the user experience even better, and we have received positive feedback from the market.

Significant take-up progress continues, with more than 85% of eConveyancer transactional cases now enabled on the platform, handling more than 88,000 instructions to date, compared with 51,000 in 2021.

We have built a better operating platform which is increasingly providing invaluable insights across all lines of the business allowing us to increase our distribution model and customer retention.

Highlights

Broker channel Active Users



DigitalMove Cases at Period End

These developments have included growth drivers such as user experience enhancements to remove conversion friction, integrating the Salesforce platform to improve customer interaction and management, pilot repeat purchase mechanics and reorganising our sales teams which has resulted in more efficient processes and improved sales results.

Our core brand

Our strong eConveyancer brand is performing well and continues to be one of the leading distribution channels for conveyancing in the UK, bringing consumers and legal professionals together via comparison services, which provide a straightforward, digitalised process for home movers and the remortgage market. We have made significant investment in this technology so that our customer-centric, data driven strategy sustains the value of this strong B2B brand.

We continue to grow our distribution network, identifying additional routes to market with both more broker networks using the platform, and also instructions from other parts of the market. We have had several significant contractual wins across a range of B2B and B2C channels, including Haysto, Moneyfacts and Chase De Vere. These new partners are pivotal to our future, as they provide increased flow of demand across our products and services. Smoove Start will provide access to the estate agent distribution channel for conveyancing instructions and increase the Group's exposure to property sellers, which will complement its traditional strength among first time buyers.

We have grown existing relationships, notably our long-standing relationship with Lloyds Banking Group adding a new service by providing support for a fees-assisted remortgage product line in England and Wales. This demonstrates the strength and growing importance of the broad range of solutions we are able to deliver while responding to market dynamics. This is a key part of our sustained growth, as we look to build on our existing relationships, tailoring products specifically for clients, as well as widening our offering to take advantage of growing areas of the market such as remortgages.

We are encouraged by the consistent performance of our core offering, and this has given us the ability to also expand our product range to support the broader home moving experience.

Notably, we launched Smoove Start, which enables estate agents to onboard their clients with digital ID verification, anti-money laundering checks and customer details. Smoove Start, critically, allows buyers to complete property information more quickly, preparing for the legal conveyancing process earlier and speeding up the transaction time when a sale is agreed. Smoove Start also allows the home mover to instruct a conveyancer from our broad panel of trusted service providers. We are now taking this product to market following a successful pilot that provided valuable and positive feedback.

We are also at the initial stages of testing a number of other strategic initiatives. This includes exploring a new business model to improve the conveyancing experience for both consumers and conveyancers with the ultimate aim of making the entire process more efficient for everyone, as well as providing home movers with a frictionless service for accessing utility and insurance products.

Overall, we are pleased with the progress of our growing portfolio of products and services and continue to see great potential to improve the frustrating home moving experience, helping movers have a better, less stressful home moving experience through our products and services.

Elevating our operations

Smoove's successful year has been made possible by our dedicated team of experts and the investments we are making into our resources and operations. We have made important hires across the management team and in specialist roles to bring in new capabilities, especially in our technology and data teams, which are key to delivering our strategy.

In January 2022, we announced that John Williams, the Chief Financial Officer stepped down from our board, and the new Chief Financial Officer, Michael Cress, commenced his role in May 2022, just after the financial year end. I would like to take this opportunity to welcome Michael, who will help drive the growth and development of our business, harnessing his in-depth commercial knowledge and sector expertise. We are grateful to John for his hard work and commitment to Smoove over more than ten years with the business.

Chief Executive's statement continued

Looking more closely at our colleagues, we are striving to develop a diverse environment that reflects our customer-base and its changing needs. Whilst technology is key for the innovation and efficiency of the business, we recognise the importance and value of human interaction with customers and specifically being able to understand their needs and concerns. Our workplace culture is also very important to us and as we emerge from the restrictions of the pandemic into a new working landscape, we have welcomed a return to the office, but have provided our colleagues with the flexibility for hybrid working so they can choose when they come in. We are very aware of keeping our workforce happy and engaged and so will monitor how our colleagues feel about this flexibility and whether we need to change it in any way in the future. You can read more about our initiatives in the CSR section of the annual report, see page 24.

We continue to invest heavily in our technology capabilities and are now a 100% Cloud business, having moved all our production hosting and services and workplace systems to the Cloud. We are also focused on consolidating onto highly scalable platform services (PaaS) to optimise our technology cost base to accommodate further growth.

Outlook

In the last year we have set out ambitious plans to make the home moving and ownership experience better for everyone. We have made significant progress in the key areas that will be the bedrock of our future success. We continue to invest in technology so that our consumer-centric, data driven strategy focuses on delivering value across all industry stakeholders.

The investment we have made in eConveyancer has allowed us to further grow routes to market and consolidated its position as one of the leading conveyancing platforms in the UK. The improvements we continue to make are likely to drive scale and generate increasing returns.

Our Smoove Start offering for estate agents will benefit from the Group's already strong credentials in the B2B market, and as we work with the industry, its development and roll out will be a core focus over the coming months. Smoove Start will benefit the eConveyancer business by broadening its distribution and diversifying the instruction mix away from the traditional focus on first time buyers.

Whilst some progress has been made on improving the way that the conveyancing industry works, there is still huge scope to make it more effective and efficient. The property conveyancing market remains fundamentally broken and is ripe for new ways of working that benefits all stakeholders. As well as utilising technology smartly to ensure a consistent and transparent process we are in an ideal position to collaborate and influence the sector to remove the complexity in the market.

There continue to be a number of challenges for the UK market, with inflation, cost of living, rising interest rates and a tight labour market being among the headwinds. The economic outlook is uncertain, particularly for first time buyers who will find it hard to buy when facing the combination of a cost-of-living crunch on real income and high house prices. That being said, we believe these conditions make our offering even more important, as consumers look for easier, more efficient processes for the home buying and moving process.

In building our diverse range of products, we believe we are well placed for economic uncertainty and the impact that will have on the property sector.

Next year will be another opportunity to grow, as we look to continue our journey of revolutionising the home ownership market while simplifying processes and reducing the stress and frustration for everyone involved.

Jesper With-Fogstrup
Chief Executive Officer
Smoove plc

Financial review

> An important milestone in the Group's development of new products is the release of Smoove Start, a product for estate agents, which recently concluded a successful pilot during which it received strong feedback."

Michael Cress

Chief Financial Officer

Summary

Results

Revenue from continuing operations increased by 13% during the year, which reflects the Group's progress in developing its core business as well as its exposure to a buoyant housing market. The strength of the market has been seen in both the home mover segment, which recovered strongly from the impact of COVID-19 as well as the remortgage segment, which has seen a surge of activity in response to increases in the Bank of England's base rate.

The underlying PBT loss has widened from £0.9 million to £4.9 million as a result of higher administrative expenses as the Group invests in both the core eConveyancer business and in new product areas to create a strong platform for future growth. Within the core business the investments have encompassed enhanced capabilities across marketing, data/analytics, and technology platforms with the aim of extracting more value from our existing relationships with introducers and conveyancers. We have already started seeing results from this, with the broadening of our relationship with Lloyds Banking Group, and a strong pipeline of new contracts. A milestone in the Group's development of new products is the release of Smoove Start, a product for estate agents, which after the period end concluded a successful pilot during which it received strong positive feedback. We continue to believe that these investments will generate enduring value for shareholders, but we keep the level of investment under constant to review to ensure that it is commensurate with scale of the opportunities and background market conditions.

The Group's capitalised web development expenditure was £316,000 during the period, a substantial decrease from the £831,000 reported in the prior period. The change arises primarily because development work on new product areas did not meet the criteria for capitalisation. Conversely, development expenditure not capitalised increased to £848,000 from £136,000 in the prior period.

Summary

Continuing operations

£19.2m
(2021: £16.9 million)
Revenue

£7.8m
(2021: £6.9 million)
Gross margin

£(3.8)m
(2021: £0.4 million)
Underlying EBITDA

£(4.9)m
(2021: £(0.9) million)
Underlying PBT

£(5.4)m
(2021: £(2.4) million)
Reported PBT

Financial review continued

On 8 October 2021, the Group acquired Amity Law Limited, a firm of conveyancers located in Bolton. The acquisition provides a platform for the pilot of the Group's new digital products and will accelerate its product development activities. Amity is also the foundation for Smoove Complete, the Group's pilot for a flexible environment for consultant conveyancing lawyers to operate within an optimised digital and legal environment. Consideration for the acquisition was £305,000, of which £100,000 is unconditional deferred consideration payable in October 2022. Detail on the acquisition is provided in note 12. During the year Amity contributed revenues of £0.2 million.

The results for the current period include an impairment of £503,000 to the carrying value of the Group's investment in Homeowners Alliance. In the consolidated accounts the investment is accounted for as an associate under the equity method of accounting. The impairment review is described in note 13.

The results for the prior period have been adjusted to exclude the contribution of Conveyancing Alliance Holdings Limited, the sale of which was completed on 27 November 2020. Consideration for the sale was £27.4 million before transaction costs. Consideration was upfront and in cash with no deferred element.

Key performance indicators

Our key performance indicators are set out on page 1, financial KPIs are discussed on page 17, and non-financials measures are shown below:

Continuing Operations	2022	2021
Instructions	**66,394**	55,120
Completions	**37,104**	33,543

The non-financial KPIs of instructions and completions closely mirror financial KPIs. During the year instructions increased 20% and completions 11%. The difference in growth rate between the two measures reflects both the time lag between instructions and completions and the distribution of instructions through the reporting periods.

Cash and debt

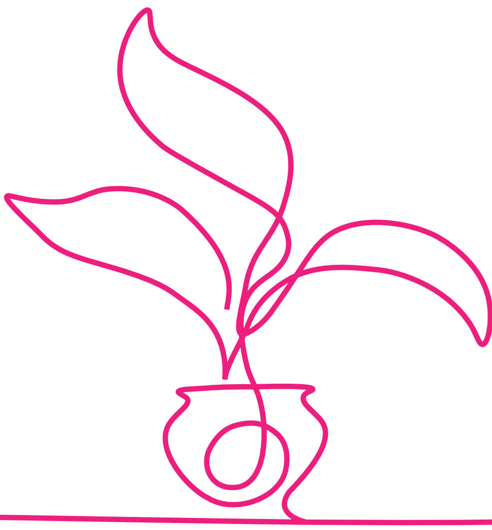
The Group continues to hold significant cash balances, which stood at £20.0 million at year end. Cash flow during the period was (£3,949,000), (2021: £21,636,000 because of subsidiary disposal) which closely tracks the underlying EBITDA reported above. As noted above, the year-on-year-reduction in cash mirrors the significant investment in eConveyancer and new product areas. Management believes that cash resources are sufficient to develop the products to completion and to transition back to profitability and cash generation.

Cash balances are allocated across three high street banks with £5.0 million allocated to a 'Green' notice account.

Shares and dividends

No dividend was paid in the year. As the Company is pursuing a growth strategy, the Board is not recommending a final dividend be paid.

No new shares were issued in the year.



Non-IFRS profit measures

Whilst we give due prominence to the IFRS measures of profit, we feel it is useful to show non-IFRS measures which the Board review on a regular basis in order to evaluate business performance. These additional measures have the advantage of excluding major non-cash recurring items such as impairment charges. In addition, the Board believe that EBITDA is a metric that is commonly used by the Group's investors. Therefore, we believe that highlighting these measures in addition to the IFRS measures gives a useful insight to the readers of the report. The table below lays out two key measures and shows how they are arrived at:

Calculation of Non-IFRS profit measures	2022 £000's	2021 £000's
(Loss) before taxation (PBT)	**(5,365)**	(2,389)
Write down of intangible asset	**–**	1,457
Impairment of investment	**503**	–
Underlying (Loss) before taxation (Underlying PBT)	**(4,862)**	(932)
Finance income	**(25)**	(16)
Finance costs	**102**	126
Amortisation	**683**	898
Depreciation	**329**	332
Underlying EBITDA	**(3,773)**	408

Michael Cress
Chief Financial Officer
19 August 2022

Risk management

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.

For more information read our Audit and Risk committee report on page 33

	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 20% of total gross margin of the continuing operations. 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 nearly 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	**Macroeconomic 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 significant cash resources so it can effectively react and cope with unexpected situations while still investing in future growth.
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 and Smoove Start 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.	End User Computing is protected by industry best practice measures, conforming to Cyber Essentials+ standards, including antivirus, software updates and user account hygiene. Business system servers, and servers providing client services, are hosted in Microsoft's Azure cloud environment, and replicated over two different UK locations enabling immediate failover in the event of a loss of service at one location. System backups are produced and maintained. Cloudfare provides security and network resilience services between clients and our hosting infrastructure. Group developed web applications are regularly penetration tested.
7	**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.

Stakeholder engagement and section 172 (1) statement

The Board take their responsibilities to stakeholders very seriously.

During 2021, the Board was fully focused on decisions relating to the long-term success of the Group through engagement with each of the Group's stakeholder groups and Subsidiary Companies to ensure that their views can be understood and considered in Board discussions and decision making.

In addition to having regard to the interests of the Group's stakeholders, the Board also consider the impact of the Group's activities in light of its broader social responsibility, the environment and the Group's reputation.

The Board seek to act in good faith in the way most likely to promote the success of the Group for the benefit of its shareholders and any stakeholders in the long term and also to act fairly between all of the Group's stakeholders (see Our Strategy on page 12).

Through the Board and its committees, directors have taken action to promote and support these objectives across the Group for the benefit of all stakeholders as set out in this Annual Report with regard to the following six factors:

Section 172 matters	
1) The likely consequences of any decision in the long term	During the period the Board decided to continue to invest in product development, including our investment in Smoove Start, to ensure that we have the right digital tools and services in place that support our long-term strategy. This level of investment results in reduced profitability over the near term but is supportive of the Group's long term returns. See our corporate governance report on pages 32 and 33. See our investment case on page 4. See our strategy on page 12.
2) The interest of the company's employees	Our colleagues are our most critical asset. It is their dedication and inspiration that helps us deliver great outcomes. The Board seeks to create an environment where employees feel valued and are able to perform at their best. During the period, we have transitioned from fully remote to a hybrid way of working where we empower our teams to decide on where they work. We have ensured that we provide the right support to ensure we find the balance between the needs of our Group and the flexibility for the colleague so that the work life balance is healthy. We strive to create a working environment that is supportive and open. All colleagues have access to an Employee Assistance Programme which gives access to a 24 hour confidential helpline to discuss any issue that may be affecting them. We compile Employee Surveys and have recently enhanced our colleague benefit package in response to those surveys results. We actively use the colleague response to surveys to continuously assess and improve the provision we can offer. The Company's purpose, values and behaviours see Governance Section 8 on page 31 and the section on Corporate Social Responsibility on pages 24 and 25 which goes into more detail about the initiatives we have put in place for colleagues this year.
3) The need to foster the company's business relationships with suppliers, customers and others	Our business model relies on us having a wide distribution network who recommend and refer others to our products. Where we make our services or service providers available to a customer we support and encourage those providers to provide excellent service to the customers who engage with those products or services and ensure enough capacity to meet demand. This support and encouragement is done through dedicated relationship managers across all our products. We listen to all the stakeholders that we engage with to inform our product development and keep our Group visible and accountable to a high standard with all our relationships. As we grow our multi-channel routes to market and develop deeper relationships with customers, the Board recognises that all customers at all points of our supply chain are central to our decision making. A description of key stakeholder groups and how the Group has engaged with stakeholders is fundamental to how we operate see Stakeholder Engagement table below and Our Business Model on page 8.

Stakeholder engagement and section 172 (1) statement continued

Section 172 matters	
4) The impact of the company's operations on the community and environment	**Local Community** Our head office is located in the market town of Thame and we are very aware of our presence and potential for good in our local community. We have a high proportion of local colleagues, and we offer work experience to local students. Where we can we offer laptops and equipment to local schools to support students' learning. **Environment** Part of our Vision is to make the home moving and ownership process more simple and efficient through the use of our digital tools and services. We are a predominantly technology focused business, we encourage the industry to be more digital, while at the same time supporting colleagues to have less of an environmental impact. We encourage home working in our hybrid model reducing carbon emission through commuting and reducing the energy required in our office environment. We monitor and record our energy and water usage and we have in place a number of policies which reinforce environmental awareness, for example, the safe disposal of electronic waste and other hazardous materials. The range of activities undertaken across the Group relating to corporate social responsibility see pages 24 and 25.
5) The desirability of the company maintaining a reputation for high standards of business conduct	Our business model is wholly dependent upon maintaining a reputation for high standards. See (3) above. Our systems and services are designed and controlled through policy and process built through consultation with our lender partners. We are subject to remote and onsite audits by multiple FCA regulated lender clients to ensure that our processes, technical architecture and security systems are built to and performing at a very high standard. Our technical security is accredited to Cyber Essentials Plus standard and additionally is subject to thorough remote and onsite audit by our lender clients. We are also subject to repeated due diligence assessments for new client's which keep our high standards visible and subject to constant scrutiny. Our high standards are reflected in all aspects of our business. The Board is no exception with our corporate governance standards being held to high standard. See page 32. The proactive and pragmatic approach of the Group toward risk see our statement on risk management on page 20.
6) The need to act fairly between members of the company	The Board is very aware that it has to balance the needs of different stakeholders. One of our Board members is Oliver Scott is a Partner at Kestrel Partners LLP, the Company's largest shareholder. The Board ensures its duty to act fairly across all shareholders is never compromised. The Board communicate regularly and widely with shareholders as outlined in the next table. The Corporate Governance statement appears at page 32.

Stakeholder engagement

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

Stakeholder	Description	Types of engagement
Shareholders	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 investors.
Colleagues	The Group has just over 130 colleagues employed by the Group.	The Board, particularly the Executive Directors are in daily contact with colleagues across the organisation and operate an open and informal culture. There are also formal communication through events including a regular 'town hall' meeting and employee surveys.
Conveyancers	The Group has a network of conveyancers regulated by either the CLC or the SRA who interact with us through: direct use of our products; sitting on our managed lender panels; or sitting in our eConveyancer panel.	The Group maintains a robust and wide reaching dialogue with conveyancers across multiple departments. We have a team whose day-to-day responsibility it is to liaise with the conveyancing firms on our panels and those interested in joining them but the interaction goes across the entirety of Group's departments. We also have direct and deep relationships with conveyancers through Legal Eye and now through Amity Law. The Group engages with conveyancers through annual conferences both under the eConveyancer brand and through Legal Eye. Both have proved successful in engaging with those stakeholders and eliciting feedback to new products and services we are innovating and improving.
Consumers	Our customers are throughout our supply chain. For the benefit of this context we use the term consumers to mean homeowners/movers seeking conveyancing services.	Within the Group's core eConveyancer service we use consumers to mean homeowners. Consumers are delivered to our platforms through our wide network of introducers. Some technological tools are accessed directly by consumers without third party introduction and it is anticipated that this direct access will grow as we develop the Smoove Start product. Consumers also interact with us on a more personal level through our customer service desk by email and telephone. Through Amity Law consumers are homemovers who Amity is providing the conveyancing service directly. This is a huge resource for the Group to learn what the opportunities are to improve the consumer journey in the conveyancing process. Through Legal Eye we use consumers to mean regulated legal and conveyancing firms who request Legal Eye services. Those consumers provide us with continual regulatory feedback for that element of our supply chain and provide deeper understanding of what the opportunities are to the Group to innovate within the industry.
Introducers	For the benefit of this context we use the term introducers to mean any individual or firm that brings a consumer into our systems. This can include: mortgage brokers; financial advisers; estate agents; conveyancers; B2C consumer platforms.	The Group has a wide range of introducers and has field and desk-based teams who are dedicated building relationships and deepening connections with those introducers using a wide variety of communication methods. Introducers continually provide feedback to us to assist us to further enhance products and services and to inform the Board as to their views within our stakeholder community.
Communities	This 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.	Colleagues within the Group are encouraged to take part in charitable activities often within their local community for causes which they have a personal connection to. See page 24 for further details. Additionally, we have close connections and often support activities with the Thame Community Centre and the local secondary school which are both close to our head office.

Corporate social responsibility

We are passionate as a business to play an active role in improving the society we live in. We do this through a number of initiatives to support the local community, our colleagues and the environment.

Environmental responsibility and sustainability

At Smoove, we are committed to providing strategies to reduce our environmental impacts. As a predominantly technology focused business, not only do we encourage the industry to be more digital, but we also encourage colleagues to work digitally to minimise the amount of paper and ink used in the reproduction of materials within the office buildings.

A big focus this year has been our environmental impact from greenhouse gas emissions. For colleagues, this has meant the introduction of an electric car leasing scheme to encourage a more environmentally friendly way of travelling. Our new way of working post the pandemic, has meant that in general there has been less travel into the office, thereby reducing environmental impact from commuting.

In the office, we monitor and record our energy and water usage, with a view to ensuring office space is functioning in an environmentally aware way which feeds into our hybrid working ethos.

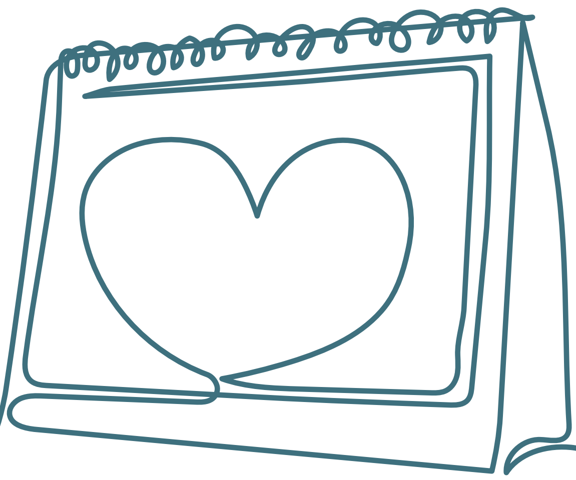
We also have a policy in place for the safe disposal of electronic-waste and other hazardous materials. This covers what has been purchased for colleagues working from home as well as our head office and we regularly monitor waste production.

Towards the end of the financial period we also launched an initiative looking at air quality in the head office. In March 2022 we have introduced more plants to purify the air as well as monitoring Indoor Air Quality to ensure a healthy and comfortable work space and avoid “Sick Building Syndrome”. The new system measures temperature, humidity and CO_2 levels. Any readings that are outside the Health Service Executive recommended levels will be investigated as they can cause irritating symptoms that can impact a colleagues well-being.

Overall we are pleased with our progress but acknowledge there is always room for improvement with our environmental footprint. We are dedicated to reviewing our initiatives and build upon them in the coming year.

Social and employee well-being

Our approach to this new landscape of work has been to allow our colleagues to make their own independent decision as to when they decide to work at home or in the office, ensuring we provide the right support virtually or in the office. We believe that by being flexible, we are supporting people's different needs as to how to manage their work life balance. While some prefer to be virtual, we still have our head office which is a great space to work, meet colleagues and collaborate. We also have pre-arranged social events to make sure we have fun, stay connected and to ensure it isn't all about work.



Charitable activities and local engagement

Our colleagues continue to take advantage of our paid Volunteering Day each year, where they are encouraged to support causes which are close to their heart or that play an important role in their communities. For any charitable activities that colleagues engage in, Smoove operates a contribution matching scheme, whereby we will donate the same amount to charity as has been raised by them. Several colleagues have set up internal fundraisers for Macmillian Cancer Support and the Royal Marsden. As a business, we also made donations to the Ukrainian appeal and each year we appoint a national charity based on colleague feedback. We continue to offer work experience placements to students from Lord Williams School, which is located near the Group's headquarters, so that they can experience different aspects of the business and can go some way to helping them make informed career decisions.

Mental health in the workplace

At Smoove, we take mental health very seriously, and know that by creating a workplace that is open to these types of conversations helps to break down any myths or barriers, helping to end the isolation, shame, and negative thoughts that too many of us with mental health issues sometimes feel. We create an environment of support and openness, always encourage and welcome our colleagues to reach out and to share their thoughts, no matter how big or small – together we can end mental health stigma. Through our well-being newsletter, we share experiences from across the business about individual experiences of dealing with mental health creating awareness and reducing the stigma especially for those more junior employees who are worried about the impact of sharing their own experiences.

Diversity

Diversity is one of our key priorities at Smoove, creating an environment that is inclusive for everyone. We have a dedicated team, The People Team, who are responsible for Diversity, Inclusion and Belonging (DIBS) within the business and have a calendar tracking certain events that allows us to set an annual DIBS agenda and make sure everyone feels included. We are in the process of setting up an internal DIBS forum so that everyone can get involved and all voices are heard. We value the breadth of individuality across our company and the culture of belonging that is fostered by working this way. We continue to review how we can improve our diverse offering as a business.

The strategic report was approved by the board on 19 August 2022, and signed by order of the board by

Michael Cress

Chief Financial Officer

Governance

Board of Directors

	Martin Rowland Chairman	Jesper With-Fogstrup Chief Executive 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. Martin is Chair of the Audit Committee.	Jesper joined the Company as CEO in January 2021.
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.	Before joining Smoove plc, Jesper served as Global Head of Digital as a Channel with HSBC Wealth and Personal Banking (WPB). Prior to HSBC, Jesper was Chief Operating Officer with ComparetheMarket.com responsible for scaling the business, product, commercial performance and strategic delivery. Jesper has also held several executive positions in the online travel industry. Jesper holds an Executive MBA from London Business School.

Committee Memberships

- Remuneration Committee
- Audit Committee
- Nominations Committee
- Chair

See our Directors' Report on page 36

Michael Cress

Chief Financial Officer

Michael joined the Company as CFO in May 2022.

Prior to joining the Company, Michael was the Finance Director of My 1st Years, an online retailer. He previously held senior and executive finance roles with Kelkoo, The Digital Property Group and AOL UK. Michael started his career with Schroder & Co after graduating from Harvard University with an Economics degree.

Elaine Bucknor

Independent Non-Executive Director

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

She previously served as Sky Plc's Group Chief Information Security Officer and a Group Director in its Technology Executive team. Elaine has over 20 years' experience 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.

Oliver Scott

Non-Executive Director

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 Remuneration Committee.

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

Smoove 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 has 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. For information, please see https://hellosmoove.com/investor-relations.

Martin Rowland
Chairman

	Governance principle	Compliant	Summary explanation	Further detail
1	**Establish a strategy and business model which promotes long-term value for shareholders**	✓	The Group strategy is to grow market share and value through focusing on continual improvement, innovation and quality. The Group's strategy is currently focused on building new lines of business including Smoove Start. This will reduce profitability in the short term but is expected to deliver returns over the longer term by broadening routes to market and developing new revenue streams.	See the Group's business model on page 08 and strategy on page 12.
2	**Seek to understand and meet shareholder needs and expectations**	✓	The Board is mindful that the largest shareholder has a 29.48% shareholding and a board seat. Officers of the board regularly solicit the views of other shareholders in order to ensure that the views of all shareholders are taken into account.	See our section 172 (1) statement on pages 21 and 22.
3	**Take into account wider stakeholder and social responsibilities and their implications for long-term success**	✓	The Group has a range of stakeholders. Making sure that all stakeholders benefit from our business model helps to ensure the long-term viability of the business.	See our section 172 (1) statement on pages 21 and 22.
4	**Embed effective risk management, considering both opportunities and threats, throughout the organisation**	✓	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 page 20.
5	**Maintain the Board as a well functioning, balanced team led by the Chair**	✓	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 32 and 33.
6	**Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**	✓	The Board considers that all of the Board Directors are of sufficient competence and calibre and, together, have the range of skills necessary to run and monitor the Group successfully.	See the Board of Directors' biographies on pages 28 and 29 and our corporate governance report on pages 32 and 33.
7	**Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**	✓	The Board internally reviews its performance and is continually looking at ways to improve.	See our corporate governance report on pages 32 and 33.

	Governance principle	Compliant	Summary explanation	Further detail
8	**Promote a corporate culture that is based on ethical values and behaviours**	✓	The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are enshrined in the written policies and working practices adopted by all employees in the Group. The Board understands that their decisions regarding strategy and risk will impact the corporate culture of the Group and that this in turn will impact the performance of the Group. The Board is aware that the control environment set will greatly impact all aspects of the Company and the way that employees behave and perform. The Board believes that sound ethical values and behaviours set out in the Company 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. The Board also conducts an annual anonymised employee survey to independently identify thoughts and concerns and also to track progress and trends by comparing to prior year responses.	See our corporate social responsibility report on pages 24 and 25.
9	**Maintain governance structures and processes that are fit for purpose and support good decision making by the Board**	✓	The Board has overall responsibility for promoting the success of the Group. The Executive Directors have day-to-day responsibility for the operational management of the Group's activities. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions.	See our corporate governance report on pages 32 and 33.
10	**Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**	✓	How the Group and the Board communicates with its shareholders and other stakeholders is outlined above, in particular, under principles 2 and 3. The Annual Report, notice of AGMs and results of previous AGMs can be found on the Group's website.	See our section 172 (1) statement on pages 21 and 22.

Corporate governance statement

Smoove 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 two 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, and Martin Rowland, Chairman, to be independent. The Board does not consider Oliver Scott as technically independent but he does 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. 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. Neither Elaine nor Oliver participate in any share incentive plan or bonus scheme. Martin does not participate in any bonus scheme, but did receive a discretionary bonus during the prior period as part of the sale of CAL. Martin was also granted 750,000 options during the prior period. The board has concluded that Martin should be regarded as independent as his share and option holding are not sufficient to impede his independence and he is not part of any ongoing bonus scheme or subject to any future share option awards. However, the Board acknowledge that this is a marginal decision.

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.

Board meeting attendance

Martin Rowland	10/10
Oliver Scott	10/10
Elaine Bucknor	10/10
Jesper With-Fogstrup	10/10
John Williams	10/10
Andrew Weston[1]	2/2

1 Andrew Weston resigned as a Director on 11 May 2021.

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. The directors are able to seek independent training and development to support their roles.

Elaine Bucknor has been on the Board for four 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 cogniscent 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 Remuneration Committee.

Martin re-joined the Board in November 2018 as Non-Executive Director and became Chairman in February 2020. As well as being a qualified accountant Martin has extensive M&A experience and has held a number of Executive and Non-Executive positions. Martin is Chair of the Audit Committee.

Board structure

The Board

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

The Board has established Audit, Remuneration and Nominations Committees.

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.

In the previous reporting year, the Committee was active in appointing Jesper With-Fogstrup as CEO. An extensive search was undertaken and the Committee was delighted to attract someone of Jesper's experience and vision. In the current year, the Committee oversaw the appointment of Michael Cress as CFO.

The Committee considers that Elaine and Martin can be fully regarded as independent. Martin has been considered independent since March 2021 when he reduced his time commitment from two days per week to two days per month. The board's composition will be kept under review but the Committee considers that there is sufficient experience, diversity and independence on the Board.

Audit Committee Report

The Audit Committee is chaired by Martin Rowland and includes Oliver Scott 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 previous year Martin replaced Oliver 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 39.

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 below and on the following page. The Executive Directors are primarily rewarded through basic salary, annual bonuses and share options. The bonuses will be paid against a mixture of Group and personal targets.

These targets 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 is of the opinion that by using this combination of incentives the Executives are fully aligned with the interests of the shareholders.

Pay reviews for the Executives are conducted annually and the committee uses external benchmarking reports as an aid.

During the prior year, in response to the initial COVID-19 situation, the Chairman and the Executive Directors along with some other senior staff took a 20% salary deferral for three months along with some other senior management which has since been repaid. The other Non-Executive Directors waived their fees entirely for three months.

Directors' remuneration

The following table sets out an analysis of the pre-tax remuneration for the year ended 31 March 2022 for the individual Directors who held office in the Company during the year:

	2022							
	Salary/fees £	Bonuses £	Pension £	Benefits in kind £	Sub Total £	Share-based payment £	Total £	2021 Total £
Andrew Weston[1]	90,341	25,000	4,969	635	120,945	(46,616)	74,329	163,306
John Williams[2]	164,710	16,000	9,537	1,239	191,486	14,539	206,025	230,787
Steve Goodall[3]	–	–	–	–	–	–	–	167,367
Elaine Bucknor	35,000	–	1,925	–	36,925	–	36,925	27,432
Martin Rowland	60,000	–	3,300	–	63,300	31,568	94,868	228,340
Oliver Scott[4]	35,000	–	–	–	35,000	–	35,000	26,250
Jesper With-Fogstrup	300,000	37,500	15,000	921	353,421	67,051	420,472	75,475
	685,051	78,500	34,731	2,795	801,077	66,542	867,619	918,957

1 Andrew Weston resigned as a Director on 11 May 2021. The share-based payment charge is negative due to the write back of previous charges on options which lapsed prior to vesting when he left the business.

2 John Williams resigned as a Director after the reporting period on 3 May 2022.

3 Steve Goodall resigned as Director during the previous reporting period on 25 September 2020.

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

The Group operates a salary sacrifice scheme for pension contributions and the amount sacrificed is included in salary and fees.

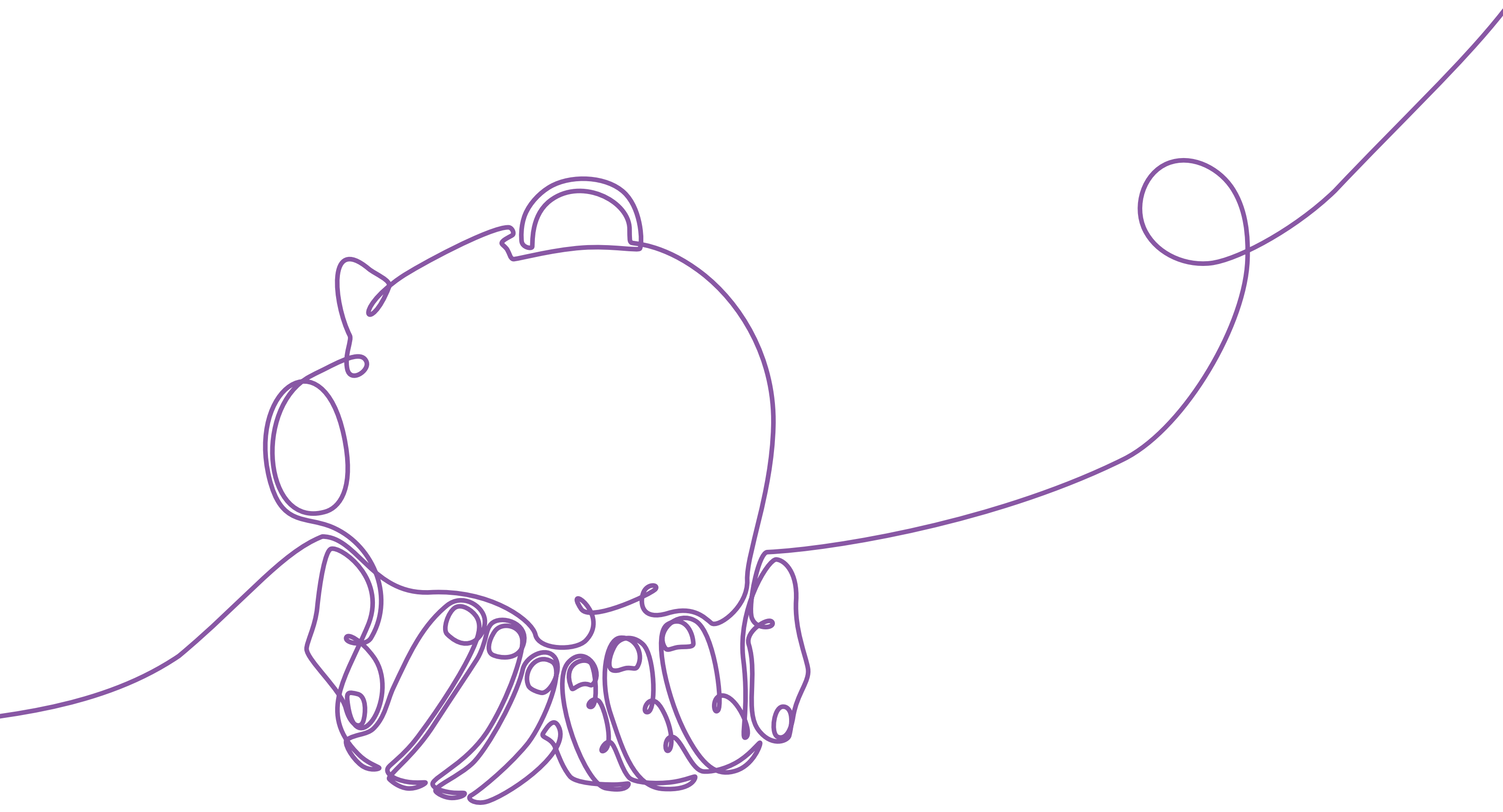
Michael Cress was appointed as a Director on 3 May 2022.

Share options

The share-based payment of £66,542 (2021: £(28,975)) to Directors represents the share-based expense relating to share options issued in prior and current years. The following share options table comprises share options held by Directors who held office during the year ended 31 March 2022:

	Options held at 31 March 2021	Options granted in period	Options exercised in period	Options lapsed in period	Options held at 31 March 2022	Exercise price (p)	Exercisable from	Exercisable to
John Williams	172,607	–	**(172,607)**	–	–	**40.00**	**18/08/17**	**17/08/24**
John Williams	226,898	–	**(185,196)**	–	**41,702**	**76.75**	**21/12/19**	**20/12/26**
John Williams	300,000	–	–	–	**300,000**	**53.90**	**14/07/23**	**13/07/30**
Andrew Weston	226,898	–	–	**(226,898)**	–	**76.75**	**21/12/19**	**20/12/26**
Andrew Weston	200,000	–	–	**(200,000)**	–	**53.90**	**14/07/23**	**13/07/30**
Martin Rowland	750,000	–	–	–	**750,000**	**53.90**	**14/07/23**	**13/07/30**
Jesper With-Fogstrup	675,000	–	–	–	**675,000**	**86.00**	**18/02/24**	**17/02/31**

Share options issued to the Executive Directors since 14 July 2020 have performance conditions attached to them. All other options have no conditions bar standard employment status and passage of time.



Directors' report

The Directors present their report and the financial statements of Smoove plc for the year ended 31 March 2022.

On 7 April 2022 the parent company changed its name from ULS Technology plc to Smoove plc as part of a larger rebranding exercise intended to amplify the Group's strategy to simplify and revolutionise the home moving experience.

Principal activity

The Company acts as a holding company for its 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.

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.

Amity Law Limited provides conveyancing legal services.

Review of business and future developments

The review of the business and future developments is outlined in the Chief Executive's statement on pages 14 to 16.

Dividends

The Directors have decided not to propose a final dividend. There is no current expectation to pay a dividend while the Group is investing heavily in the development of its future proposition but the Board will keep this policy under review.

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 2022 are set out below:

	Ordinary shares		Share options	
	2022	2021	**2022**	2021
Andrew Weston	**1,134,725**	1,276,625	**–**	426,898
John Williams	**48,291**	48,291	**341,702**	699,505
Jesper With-Fogstrup	**25,000**	25,000	**675,000**	675,000
Martin Rowland	**60,000**	60,000	**750,000**	750,000
	1,268,016	1,409,916	**1,766,702**	2,551,403

In addition to the above table, Oliver Scott holds a beneficial interest in the holding disclosed for Kestrel Partners LLP below.

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. The Group also operates a tax efficient Share Incentive Plan which all staff are able to participate in.

Substantial shareholders

The Company has been notified of the following interests of 3% or more in its issued share capital as at 31 March 2022.

Shareholder	No. of shares	%
Kestrel Partners LLP	**19,122,140**	**29.48**
Schroder Investment Management Limited	**6,835,816**	**10.54**
Herald Investment Management Limited	**4,400,000**	**6.78**
Harwood Capital LLP	**4,272,438**	**6.59**
Unicorn Asset Management Limited	**3,750,000**	**5.78**
J O Hambro Capital Management Limited	**3,450,000**	**5.32**
River and Mercantile Asset Management LLP	**2,688,040**	**4.14**

Research and development

The Group develops software products in-house. These are capitalised in line with the accounting policies shown on page 53.

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 Smoove and these risks are contained in pages 73 to 75 of the financial statements.

Share dealing code

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

Website publication

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

Disclosure of information to auditors

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

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

Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as adopted in the UK (IFRSs) in conformity with the requirements of the Companies Act 2006. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market (AIM).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- state whether the Parent company accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practices; 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

BDO LLP are the appointed auditor of Smoove 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:

Jesper With-Fogstrup
Chief Executive Officer
Smoove plc

Michael Cress
Chief Financial Officer
Smoove plc
19 August 2022

Company number: 07466574

Independent auditor's report to the members of Smoove plc

Opinion on the financial statements

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 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- 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.

We have audited the financial statements of Smoove Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows, Parent Company balance sheet, Parent Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. 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 Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

We obtained an understanding of the business model, objectives, strategies and related business risk. We also assessed the Group and Parent Company's financial performance and forecasting and budgeting processes.

We obtained the Director's assessment of the ability of the Group and Parent Company to continue as a going concern for at least 12 months from the date of the annual report and:

- challenged the Directors' methodology, including the relevance and reliability of underlying data, used to make the assessment (being at least 12 months cash flow forecast data from the date the annual report and accounts are approved).
- assessed the reasonableness of the assumptions applied and downside stress case sensitivities using our knowledge of the business.
- reviewed the underlying forecast model and assessed the Directors' historical forecast accuracy, including comparing the post balance sheet period actuals against forecast.
- evaluated the Directors' plans for future actions in relation to the going concern assessment including whether such plans are feasible in the circumstances and approved by the board.
- we considered the adequacy and appropriateness of the going concern disclosures in the financial statements against the information obtained throughout the audit.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Overview

		2022	2021
Coverage	99% (2021: 94%) of Group loss before tax 99% (2021: 100%) of Group revenue 100% (2021:100%) of Group total assets		
Key audit matters	Revenue recognition	✓	✓
	Carrying value of goodwill	✓	✓
	Accounting for the disposal of Conveyancing Alliance (Holdings) Limited ("CAL") and related disclosures		✓
	Accounting for the disposal of CAL is no longer considered to be a key audit matter as the component was disposed of in the comparative period.		
Materiality	**Group financial statements as a whole** £190,000 (2021: £169,000) based on 1% of revenue (2021: revenue from continuing operations)		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The group operates through a number of legal entities, which form reporting components all of which are incorporated in the UK. United Legal Services Limited is the only entity that was considered to be significant. The significant component was subject to a full scope audit which was completed by the Group audit team. Non-significant components were subject to either specified procedures or desktop review procedures. All audit work was carried out by the Group audit team.

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, including those which 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.

Independent auditor's report to the members of Smoove plc continued

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue Recognition The accounting policy for revenue is disclosed in the notes to the consolidated financial statements. The segmental information relating to Group revenue is disclosed in note 1 to the consolidated financial statements.	There is a degree of management judgement involved in relation to the timing and recognition of revenue. Revenue may not be recognised in the correct period as a result of incorrect or inappropriate case completion date, or consultancy revenue being inappropriately deferred. This risk of inappropriate deferral arises from the potential that management either do not correctly identify or calculate the revenue related to future services and therefore do not accurately defer the related revenue. We therefore identified revenue recognition and the related disclosures as a significant risk and a key audit matter.	Our audit procedures included: Identifying the Group's revenue streams and determining whether the related revenue recognition policy was in accordance with IFRS 15. We reviewed management's assessment of IFRS 15 and considered managements application within our revenue sample testing. Identifying the key controls within both the accounting system and CRM ("customer relationship management") systems, and testing their operating effectiveness. Reconciling the Group's CRM systems to the accounting system and investigating any reconciling items arising to provide evidence of the completeness and existence of revenue transactions recorded in the accounting system. Selecting a sample of revenue transactions from the accounting system and agreeing through to the CRM system, completion date, invoice, and bank payments, to test that revenue was accurately recorded within the accounting system in the correct accounting period based on case completion date. Selecting a sample of sales recognised pre and post year end and agreeing case completion dates to those agreed by customers to determine whether the sale had been recognised in the correct period. We selected samples from both the invoice listing and deferred revenue listing, recalculated and obtained supporting documentation for the revenue deferred based on the case completion date. Reviewing the disclosures relating to revenue to ensure they were complete, accurate and in accordance with the requirements of the applicable accounting standards. **Key observations:** We considered the recognition of revenue and deferred revenue and the related financial statement disclosures to be appropriate.
Carrying value of goodwill The accounting policy for goodwill is disclosed in the notes to the consolidated financial statements. Goodwill is disclosed in note 11 to the consolidated financial statements.	Under IAS 36 management are required to perform an impairment review on goodwill on an individual Cash Generating Unit ("CGU") basis. Significant judgement and estimation is required in management's impairment reviews, including in respect of the discount rate, terminal and growth rate, and in determining forecast cash flows relating to CGUs. We therefore identified the carrying value of goodwill and the related disclosures as a significant risk and area of audit focus.	Our audit procedures included: Agreeing revenue and margin in the impairment models to forecasts approved by the board. Checking that the forecasts used in the impairment review were consistent with those used for the going concern assessment. Reviewing management's sensitivity analysis of the key assumptions to determine if there is adequate headroom. We critically assessed management's ability to forecast accurately through review of prior budget to actual outturns and considered the appropriateness of the assumptions considered in the forecast in line with our knowledge and expectations of the group and corroborated explanations. With the assistance of our internal valuations specialists, reviewing the mechanics of the impairment model calculations and the reasonableness of the discount rates applied in line with comparable companies and entity specific factors. Considering the appropriateness of disclosures within the consolidated financial statements in accordance with the requirements of the applicable accounting standards. **Key observations:** We considered the judgements and estimates applied by management in their impairment review to be appropriate and support the carrying value of goodwill.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statement	
	2022	**2021**	**2022**	**2021**
Materiality	£190,000	£169,000	£180,000	£90,000
Basis for determining materiality	1% of revenue	1% of revenue from continuing operations	0.6% of total assets	0.3% of total assets
Rationale for the benchmark applied	Revenue is a key performance indicator for the users of the financial statements we considered that revenue provided the most appropriate measure on which to base materiality		Total assets were considered the most appropriate benchmark as the parent company does not trade.	
Performance materiality	£143,000	£114,000	£136,000	£60,750
Basis for determining performance materiality	75% of materiality	67.5% of materiality	75% of materiality	67.5% of materiality
	In setting the level of performance materiality, we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments. The change in the current year performance materiality reflects our increased knowledge and understanding of the Group and Parent Company and the environment in which it operates.			

Component materiality

We set materiality for the significant component of the Group based on a percentage of 95% (2021: between 53% and 96%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality is set at £184,000 (2021: £90,000 to £162,000). In the audit of each component, we further applied performance materiality levels of 75% (2021: 67.5%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £9,000 (2021: £5,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report & Accounts 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Smoove plc continued

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and 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. In the light of the knowledge and understanding of the Group and 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

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

In preparing the financial statements, the Directors are responsible for assessing the 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Group and industry in which it operates, through discussion with management and our knowledge of the industry. The significant laws and regulation we considered in this context included the UK Companies Act, the applicable accounting framework, and relevant tax legislation; and

- enquiring of management and the audit committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
  - identifying, evaluation and complying with laws and regulations and whether they are aware of instances of non-compliance.
  - detecting and responding to the risk of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- considering our knowledge of the nature of the industry, control environment and business performance including the design of the Group remuneration policies, key drivers for Directors' remuneration and performance targets; and
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in revenue recognition, specifically in relation to revenue existence, as well as the potential for management override of controls.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- performing a detailed review of the Group's year-end adjusting entries, assessing whether the judgements made in making accounting estimates are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- reading minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk for fraud in revenue recognition, testing the appropriateness of the revenue recognition policies and the application of these policies and performing specific procedures over the existence and cut-off of revenue (further details of our approach to revenue recognition are available within the key audit matters section of our audit report).

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Pooles

(Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor

Reading, United Kingdom

19 August 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements

Consolidated income statement

for the year ended 31 March 2022

	Notes	2022 £000's	2021 £000's
Continuing operations			
Revenue	1	**19,168**	16,926
Cost of sales		**(11,407)**	(10,013)
Gross profit		**7,761**	6,913
Exceptional administrative expenses	3	**–**	(1,457)
Other administrative expenses		**(12,577)**	(7,829)
Administrative expenses		**(12,577)**	(9,286)
Operating loss before exceptional expenses		**(4,816)**	(916)
Exceptional admin expenses	3	**–**	(1,457)
Operating loss	2	**(4,816)**	(2,373)
Finance income	5	**25**	16
Finance costs	6	**(102)**	(126)
Share of results of associate	13	**31**	94
Impairment of associate	13	**(503)**	–
Loss before tax		**(5,365)**	(2,389)
Tax credit	7	**248**	562
Loss for the financial year from continuing operations		**(5,117)**	(1,827)
Discontinued operations	8		
Profit for the year from discontinued operations		**–**	1,060
Gain on disposal	26	**–**	18,145
Total profit for the year from discontinued operations		**–**	19,205
(Loss) / profit for the financial year attributable to the Group's equity shareholders		**(5,117)**	17,378
Loss per share from continuing operations			
Basic loss per share (£)	9	**(0.0789)**	(0.0282)
Diluted loss per share (£)	9	**(0.0789)**	(0.0282)
(Loss) / earnings per share from continuing and discontinued operations			
Basic (loss) / earnings per share (£)	9	**(0.0789)**	0.2679
Diluted (loss) / earnings per share (£)	9	**(0.0789)**	0.2536

The notes to these financial statements on pages 50 to 78 form an integral part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2022

	2022 £000's	2021 £000's
(Loss) / profit for the financial year	**(5,117)**	17,378
Total comprehensive (loss) / profit for the financial year attributable to the owners of the parent	**(5,117)**	17,378

The notes to these financial statements on pages 50 to 78 form an integral part of these financial statements.

Consolidated balance sheet

as at 31 March 2022

	Notes	2022 £000's	2021 £000's
Assets			
Non-current assets			
Intangible assets	14	**1,432**	1,799
Goodwill	11	**4,745**	4,524
Investment in associates	13	**155**	627
Property, plant and equipment	15	**1,572**	1,830
Long-term receivables	16	**100**	200
Prepayments	16	**94**	111
		8,098	9,091
Current assets			
Trade and other receivables	16	**1,545**	1,452
Current tax receivable		**291**	249
Cash and cash equivalents	17	**20,027**	23,976
		21,863	25,677
Total assets		**29,961**	34,768
Equity and liabilities			
Capital and reserves attributable to the Group's equity shareholders			
Share capital	18	**259**	259
EBT reserve		**(298)**	(397)
Share premium		**4,609**	4,609
Capital redemption reserve		**113**	113
Share based payment reserve		**474**	418
Retained earnings		**19,645**	24,913
Total equity		**24,802**	29,915
Non-current liabilities			
Lease liabilities	25	**1,012**	1,162
Deferred taxation	7	**79**	280
		1,091	1,442
Current liabilities			
Trade and other payables	20	**3,918**	3,249
Lease liabilities	25	**150**	162
		4,068	3,411
Total liabilities		**5,159**	4,853
Total equity and liabilities		**29,961**	34,768

The notes to these financial statements on pages 50 to 78 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 19 August 2022 and were signed on its behalf by:

Jesper With-Fogstrup
Chief Executive Officer
Smoove plc
(formerly ULS Technology plc)

Michael Cress
Chief Financial Officer
Smoove plc
(formerly ULS Technology plc)

Company number: 07466574

Consolidated statement of changes in equity

for the year ended 31 March 2022

	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 2020	259	(453)	4,609	113	427	7,624	12,579
Profit for the year	–	–	–	–	–	17,378	17,378
Total comprehensive income	–	–	–	–	–	17,378	17,378
Purchase of shares by EBT	–	(91)	–	–	–	–	(91)
Exercise of options	–	147	–	–	(10)	(89)	48
Share-based payments	–	–	–	–	1	–	1
Total transactions with owners	–	56	–	–	(9)	(89)	(42)
Balance at 31 March 2021	259	(397)	4,609	113	418	24,913	29,915
Balance at 1 April 2021	**259**	**(397)**	**4,609**	**113**	**418**	**24,913**	**29,915**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(5,117)**	**(5,117)**
Total comprehensive loss	**–**	**–**	**–**	**–**	**–**	**(5,117)**	**(5,117)**
Purchase of shares by EBT	**–**	**(345)**	**–**	**–**	**–**	**–**	**(345)**
Exercise of options	**–**	**444**	**–**	**–**	**(52)**	**(151)**	**241**
Share-based payments	**–**	**–**	**–**	**–**	**108**	**–**	**108**
Total transactions with owners	**–**	**99**	**–**	**–**	**56**	**(151)**	**4**
Balance at 31 March 2022	**259**	**(298)**	**4,609**	**113**	**474**	**19,645**	**24,802**

The notes to these financial statements on pages 50 to 78 form an integral part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2022

	Notes	2022 £000's	2021 £000's
Cash flow from operating activities			
Loss before tax from continuing operations		**(5,365)**	(2,389)
Profit before tax from discontinued operations	8	**–**	19,039
Group (loss) / profit before tax for the financial year		**(5,365)**	16,650
Finance income	5	**(25)**	(16)
Finance costs	6	**102**	126
Loss on disposal of plant and equipment		**63**	1,457
Share of profit from associate	13	**(31)**	(94)
Impairment of investment in associate		**503**	–
Amortisation	14	**683**	1,158
Depreciation	15	**329**	345
Share-based payments	19	**108**	1
Tax paid		**(23)**	(319)
Gain on disposal of discontinued operations excl. costs	26	**–**	(18,027)
		(3,656)	1,281
Changes in working capital			
Decrease / (increase) in trade and other receivables		**14**	(120)
Increase in trade and other payables		**413**	931
Cash (used in) / from operating activities		**(3,229)**	2,092
Cash flow from investing activities			
Purchase of intangible software assets	14	**(316)**	(831)
Purchase of property, plant and equipment	15	**(97)**	(64)
Disposal of subsidiary	26	**–**	26,426
Acquisition of subsidiary (net of cash acquired)	12	**(135)**	–
Interest received	5	**25**	17
Net cash (used in) / from investing activities		**(523)**	25,548
Cash flow from financing activities			
Interest paid	6	**–**	(91)
Lease payments	25	**(192)**	(170)
Repayment of loan to associate		**100**	50
Movement on RCF	21	**–**	(4,000)
Repayment of loans	21	**–**	(1,750)
Shares traded by EBT		**(105)**	(43)
Net cash used in financing activities		**(197)**	(6,004)
Net (decrease) / increase in cash and cash equivalents		**(3,949)**	21,636
Cash and cash equivalents at beginning of financial year		**23,976**	2,340
Cash and cash equivalents at end of financial year		**20,027**	23,976

The notes to these financial statements on pages 50 to 78 form an integral part of these financial statements.

Notes to the consolidated financial statements

Principal accounting policies

Basis of preparation

The Consolidated Financial Statements of Smoove plc and its subsidiaries (together, 'the Group') have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the UK, 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 ongoing process of review and endorsement by the United Kingdom Endorsement Board. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 March 2022.

The financial statements have been prepared under the historical cost convention except for the revaluation of certain assets to fair value as explained in the accounting policies below. The principal accounting policies set out below have been consistently applied to all periods presented.

Going Concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group and Parent Company can continue in operational existence for the foreseeable future. Management have prepared and the Board of Directors have approved cash flow forecasts for the Group for a period including 12 months from the date of signing of these financial statements. In doing so the Directors have considered existing commitments together with the financial resources available to the Group.

The housing market has remained buoyant as the UK emerged from the coronavirus pandemic. Transaction volumes have varied during the period as a result of the expiry of the various stamp duty holidays. The broad trend in the market has been favourable throughout.

The sale of CAL in November 2020 transformed the liquidity of the Group with the Group having £20 million net cash at the end of the period with no borrowings and VAT payments up-to-date. This enables the Group to continue with its plans to accelerate its investments from current cash reserves.

The Board looks at the sensitivity of changes in various profit and cash drivers in its business plan to determine the robustness of its cash adequacy. Reductions in margin and/or transaction volumes are tested and the Directors are confident that the Group retains sufficient cash to cope with a prolonged period of reduced revenues.

The cash flow forecasts prepared show that the Group and Parent Company can continue to operate without borrowings and maintaining substantial cash reserves through the period including 12 months from the date of signing of these financial statements.

As a result of the above, the Directors concluded that there are no material uncertainties that lead to significant doubt upon the Parent Company's and Group's ability to continue as a going concern and therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

Basis of consolidation

The Consolidated Financial Statements incorporate the results of Smoove 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 Consolidated Financial Statements consolidate those of the Parent Company and all of its subsidiaries as of 31 March 2022. 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 except in relation to leases, where the lease liability is initially measured at the present value of future lease payments using the Group's incremental borrowing rate, and the right of use asset measured at the same value with adjustment for favourable or unfavourable lease terms.

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.

When an operation is disposed of, it is classified as a discontinued operation if it represents a separate major line of business. In this case the results of the discontinued operation and the profit or loss on disposal are aggregated in a single line item in the income statement and the prior period is restated for comparability.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations; or
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

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.

Notes to the consolidated financial statements continued

Principal accounting policies continued

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 conveyancer or by the conveyancer (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 or of a size sufficient to merit separate disclosure. 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.

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 years

Brand names and customer and introducer relationships

Brand names and customer and introducer relationships 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 remaining 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.

Notes to the consolidated financial statements continued

Principal accounting policies continued

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. For further details of the impairment reviews conducted see note 11.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of approximately 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.

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.

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.

Notes to the consolidated financial statements continued

Principal accounting policies continued

Financial instruments continued

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 22 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

The Group considers whether any new contract involving use of an asset 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; and
- the Group has the right to direct the use of the identified asset throughout the period of use.

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 lessee'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 are separately shown on the face of the balance sheet.

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 and cancelled share capital.
- 'Share-based payment reserve' represents the accumulated value of share-based payments expensed in the profit and loss less charge in relation to exercised options.
- 'Retained earnings' represents the accumulated profits and losses attributable to equity shareholders.

Notes to the consolidated financial statements continued

Principal accounting policies continued

Share-based employee remuneration

The Group operates share option based remuneration plan for its employees. None of the Group's plans is 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 share-based payment reserve. 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. Alternatively share options may be exercised via shares held by the EBT.

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

There were no new standards, amendments to standards or interpretations which were effective for the first time this year and applicable to the Group.

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:	UK adopted	Impact on Group
IAS 1	Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2023	No	Immaterial
IAS 1	Amendments to IAS 1 Disclosure of Accounting Policies	1 January 2023	No	Immaterial
IFRS 3	Amendment to IFRS 3 Business Combinations	1 January 2022	Yes	Immaterial
IAS 16	Amendments to IAS 16 Property, Plant and Equipment	1 January 2022	Yes	Immaterial
IAS 37	Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022	Yes	Immaterial

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:

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. Further detail is provided in note 14.

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. Depreciation rates are shown in the accounting policy for property, plant and equipment.

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

An impairment charge of £503,000 related to the Group's investment in Homeowners Alliance was recognised during the year. The impairment judgement relies on an estimation of future cash flows of the investment discounted to its present value using a discount rate of 12.6%. The judgement also applies a minority discount of 40% reflecting the Group's lack of majority control of the investment. Further detail is provided in note 13.

Intangible assets arising from business combination

Judgement has been applied concerning the identification of intangible assets arising from the acquisition of Amity. The value of consideration paid on the acquisition, in excess of the net assets acquired, has been allocated entirely to goodwill. Furthermore, goodwill arising from the acquisition of Amity has been included within the Core CGU and therefore assessed within the impairment review of the Core CGU. This is because the value that Amity adds to the Group's product development capabilities cannot be segregated.

Notes to the consolidated financial statements continued

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:

	2022 £000's	2021 £000's
Customer 1	**4,079**	6,288
Customer 2	**2,030**	1,781

The discontinued operation that was disposed of during the prior year was not identified as a separate segment.

2. Operating (loss)

Operating (loss) is stated after charging:	2022 £000's	2021 £000's
Fees payable to the Group's auditors for the audit of the annual financial statements	**60**	56
Fees payable to the Group's auditors and its associates for other services to the Group:		
– Audit of the accounts of subsidiaries	**65**	34
– Non-audit services	**10**	16
Amortisation	**683**	1,158
Depreciation	**329**	345
Share-based payments expense	**108**	1
Exceptional administrative expenses	**–**	1,457
Development expenditure not capitalised	**848**	136

3. Exceptional administrative expenses

	2022 £000's	2021 £000's
Write-off of capitalised development costs	**–**	1,457
	–	1,457

The write-off of the intangible asset during the prior period relates to the decision to move DigitalMove on to a low code/no code environment. While the learnings from the original version of DigitalMove will be re-used it was not possible to separate the value of that from the actual code. For that reason, it was deemed that the amount capitalised so far and previously included within the capitalised development expenditure category of intangible fixed assets would need to be written-off and the loss on derecognition of the asset has been classified as exceptional due to both the size and the uncommon nature of the event.

4. Directors and employees

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

	2022 £000's	2021 £000's
Staff costs		
Wages and salaries	**6,538**	4,975
Social security costs	**655**	545
Pension costs	**578**	424
	7,771	5,944

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

	2022 Number	2021 Number
By activity:		
Production	**60**	34
Distribution	**34**	30
Administrative	**30**	27
Management	**10**	9
	134	100

	2022 £000's	2021 £000's
Remuneration of Directors		
Emoluments for qualifying services	**833**	801
Payments for loss of office	**–**	90
Pension contributions	**35**	28
Social security costs	**84**	106
	952	1,025

The emoluments above (and in the following table for Remuneration of key management) include amounts for share-based payments charges but not for the actual gain on exercise. During the period share options were exercised giving rise to a gain of £86,000 (2021: £35,000). This amount applies to the table below also.

A breakdown of the emoluments for Directors can be found in the Directors' Remuneration Report on page 34 where the Highest paid Director can also be identified.

Key management personnel are identified as the Executive Directors.

	2022 £000's	2021 £000's
Remuneration of key management		
Emoluments for qualifying services	**671**	524
Payments for loss of office	**–**	90
Pension contributions	**30**	23
Social security costs	**74**	79
	775	716

Payments of pensions contributions have been made on behalf of Directors (see page 34).

Notes to the consolidated financial statements continued

5. Finance income

	2022 £000's	2021 £000's
Bank interest	**25**	16

6. Finance costs

	2022 £000's	2021 £000's
Interest on borrowings	**–**	91
Lease interest	**31**	35
Other interest and finance costs	**71**	–
	102	126

7. Taxation

Analysis of credit in year	2022 £000's	2021 £000's
Current tax		
United Kingdom		
UK corporation tax on (losses) / profits for the year	**(41)**	24
Deferred tax		
United Kingdom		
Origination and reversal of temporary differences	**(207)**	(752)
Corporation tax credit	**(248)**	(728)
Continuing and discontinued operations		
Continuing operations	**(248)**	(562)
Discontinued operations	**–**	259
Tax relating to disposal	**–**	(425)
Corporation tax credit	**(248)**	(728)

The differences are explained as follows:

	2022 £000's	2021 £000's
(Loss) / profit before tax	**(5,365)**	16,650
UK corporation tax rate	**19%**	19%
Expected tax (credit) / expense	**(1,019)**	3,164
Adjustments relating to prior year	**(41)**	30
Adjustment for additional R&D tax relief	**–**	(229)
Non-taxable gain on sale of Group company	**–**	(3,900)
Unused tax losses	**617**	208
Adjustment for non-deductible expenses		
– Expenses not deductible for tax purposes	**143**	42
– Other permanent differences	**52**	(42)
Income tax credit	**(248)**	(728)

Deferred tax

	2022 £000's	2021 £000's
Deferred tax liabilities at applicable rate for the period of 19%:		
Opening balance at 1 April	**280**	1,045
– Property, plant and equipment and capitalised development spend temporary differences	**(21)**	(217)
– Deferred tax recognised on acquisitions of Legal Eye and Conveyancing Alliance	**(26)**	(65)
– Deferred tax released on sale of Conveyancing Alliance	**–**	(425)
– Deferred tax on share options	**32**	(58)
– Acquisition of subsidiary	**6**	–
– Utilisation of tax losses	**(192)**	–
Deferred tax liabilities – closing balance at 31 March	**79**	280

	2022 £000's	2021 £000's
Deferred tax liabilities at period end:		
Property, plant and equipment and capitalised development spend temporary differences	**218**	233
Deferred tax recognised on acquisitions of Legal Eye and Conveyancing Alliance	**79**	105
Deferred tax on share options	**(26)**	(58)
Tax losses	**(192)**	–
Deferred tax liabilities – closing balance at 31 March	**79**	280

A potential deferred tax asset of £916,000 (2021: £208,000) in respect of tax losses carried forward has not been recognised due to uncertainty over the availability of taxable profits in future chargeable accounting periods. The unrecognised deferred tax asset in respect of tax losses as at 31 March 2022 has been measured at 25%.

The future tax rate has not been applied to the deferred tax liabilities shown above on the basis that the effect of applying the future tax rate is not material.

Notes to the consolidated financial statements
continued

8. Discontinued operations

On 27 November 2020 the Group disposed of Conveyancing Alliance (Holdings) Limited and its subsidiary Conveyancing Alliance Limited, which carried out operations similar to the rest of the Group. The disposal was effected as it was felt that the disposed of companies were not core to the ambition to disrupt and transform the home moving and home owning experience for consumers. Therefore, the proceeds from the sale could be better used to help fulfil this ambition.

Details of the assets and liabilities disposed of, and the calculation of the profit on disposal, are included in note 26.

The results of the discontinued operation, which have been included in the profit for 2021, are as follows:

	2022 £000's	2021 £000's
Revenue	–	4,545
Expenses	–	(3,226)
Profit before tax of discontinued operations	–	1,319
Profit on disposal of discontinued operations	–	17,720
Total profit before tax on discontinued operations	–	19,039
Tax on discontinued operations	–	(259)
Tax credit on disposal of discontinued operations	–	425
Net profit on discontinued operations attributable to owners of the Company	–	19,205

	2022 £000's	2021 £000's
Profit after tax of discontinued operations	–	1,060
Profit after tax on disposal of discontinued operations	–	18,145
Net profit on discontinued operations attributable to owners of the Company	–	19,205

Results above for 2021 cover the seven months to the date of disposal.

During 2021, Conveyancing Alliance Limited contributed £1,435,000 to the group's net operating cash flows and paid £31,000 in respect of investing activities and £2,008,000 in respect of financing activities.

During 2021, a profit after tax of £18,145,000 arose on disposal of Conveyancing Alliance Holdings Limited, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and attributable goodwill.

9. (Loss) / earnings per share

Basic (loss) / earnings per share is calculated by dividing the (loss) / profit attributable to Ordinary Shareholders by the weighted average number of ordinary shares outstanding during the year.

From continuing and discontinued operations:

Basic (loss) / earnings per share	2022 £	2021 £
Total basic (loss) / earnings per share	**(0.0789)**	0.2679
Total diluted (loss) / earnings per share	**(0.0789)**	0.2536

The (loss) / profit used in the calculation of basic (loss) / earnings per share were as follows:

	2022 £000's	2021 £000's
(Loss) / profit used in the calculation of total basic and diluted (loss) / earnings per share	**(5,117)**	17,378

From continuing operations:

Basic loss per share	2022 £	2021 £
Total basic loss per share	**(0.0789)**	(0.0282)
Total diluted loss per share	**(0.0789)**	(0.0282)

The loss used in the calculation of basic loss per share from continuing operations were as follows:

	2022 £000's	2021 £000's
Loss used in the calculation of total basic and diluted loss per share	**(5,117)**	(1,827)

From discontinued operations:

Basic earnings per share	2022 £	2021 £
Total basic earnings per share	**–**	0.2960
Total diluted earnings per share	**–**	0.2803

The profit used in the calculation of basic earnings per share from discontinued operations were as follows:

	2022 £000's	2021 £000's
Profit used in the calculation of total basic and diluted earnings per share	**–**	19,205

The weighted average number of ordinary shares used in all of the calculations of basic (loss) / earnings per share were as follows:

Number of shares	2022 Number	2021 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	**64,871,276**	64,871,276

Taking the Group's share options 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	2022 Number	2021 Number
Dilutive (potential dilutive) effect of share options	**4,149,182**	3,642,014
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**69,020,458**	68,513,290

As the Group reported a loss (2021: loss on continuing operations), outstanding share options do not further dilute the loss per share in the current period so the diluted loss per share is the same as the loss per share (2021: loss per share for continuing operations).

Notes to the consolidated financial statements continued

10. 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 2022	2021
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%
Amity Law Limited	Solicitors	Ordinary	England & Wales	100%	–
Hello Smoove Limited	Dormant	Ordinary	England & Wales	100%	–

During the year the Group acquired a 100% interest in Amity Law Limited. Detail on the acquisition is provided in note 12. Hello Smoove Limited was incorporated on 28 February 2022 with share capital of £1.

The Group disposed of its previous 100% interests in Conveyancing Alliance (Holdings) Limited and Conveyancing Alliance Limited during the 2021 financial year. The gain on disposal is shown in note 8 and included within results from discontinued operations.

The registered office of each of the subsidiaries (except for Amity Law Limited) is the same as the registered office of the parent company: The Old Grammar School, Church Road, Thame, Oxfordshire, OX9 3AJ. The registered office of Amity Law Limited is 17-19 Lee Lane, Horwich, Bolton, Lancashire, United Kingdom, BL6 7BP.

11. Goodwill

	2022 £000's	2021 £000's
Opening value at 1 April	**4,524**	11,008
Sale of CAL	**–**	(6,484)
Purchase of Amity	**221**	–
Closing value at 31 March	**4,745**	4,524

Goodwill split by CGU is as follows:

	2022 £000's	2021 £000's
Core	**3,518**	3,297
Legal-Eye	**1,227**	1,227
	4,745	4,524

The key assumptions in the performance of impairment reviews related to the projection period, the growth rate applied subsequent to this period, and the discount rate applied to projected cash flows to determine a value in use.

For Core, the recoverable amounts of intangible assets and goodwill was determined using value-in-use calculations, based on cash flow projections from a three-year forecast which has been extrapolated into perpetuity. A three-year period has been used to properly reflect a planned investment period followed by profitable growth. Goodwill arising from the acquisition of Amity has been included within the Core CGU and therefore assessed within the impairment review of the Core CGU. This is because the value that Amity adds to the Group's product development capabilities cannot be separately segregated.

For the Core GGU goodwill, the recoverable amount exceeds its holding value by £6.2 million. No reasonably plausible increase in discount rate or reduction in growth rate would give rise to an impairment of goodwill.

For Legal-Eye, the recoverable amounts of intangible assets and goodwill was determined using value-in-use calculations, based on cash flow projections from a three-year forecast which has been extrapolated into perpetuity. Its recoverable amount exceeds its holding value by £1.0 million. No reasonably plausible increase in discount rate or reduction in growth rate would give rise to an impairment of goodwill.

For both CGUs a growth rate of 2% has been applied to extrapolate the cash flows beyond the forecast periods by reference to the long-term growth rate of the UK economy.

The base post-tax discount rate for each CGU was 12.60% which reflect current market assessments of the time value of money and specific risks using external sources of data. A higher discount rate was used for new revenue streams reflecting their higher risk.

12. Business combinations

On 8 October 2021 the Group acquired 100% of the share capital of Amity Law Limited, a company whose principal activity is conveyancing legal services. The principal reason for the acquisition was to provide a platform for the pilot of the Group's new digital products and to accelerate the product development process by providing faster insights into the needs of the various stakeholders in the home moving journey.

Details of the fair value of identifiable assets and liabilities acquired are shown below.

	£000's
Property, plant, and equipment	**37**
Trade and other receivables	**92**
Cash and equivalents	**70**
Provision for legal claims	**(5)**
Deferred taxation	**(6)**
Trade and other payables	**(81)**
Current tax payable	**(23)**
Total Net Assets	**84**

Fair value of consideration paid

	£000's
Cash	**205**
Deferred consideration	**100**
Total consideration	**305**
Goodwill (note 11)	**221**

The deferred consideration is not contingent and is payable in October 2022.

Acquisition costs of £44k arose as a result of the transaction and are included in administrative expenses.

The main factor leading to the recognition of goodwill is the value that Amity adds to the Group's product development activities, which does not qualify for separate recognition. The goodwill recognised will not be deductible for tax purposes.

Since the acquisition date Amity has contributed to £205,000 to Group revenues and £87,000 to Group losses. If the acquisition had occurred on 1 April 2021, revenue from the Group would have been £19,494,000 and loss before tax for the group would have been (£5,376,000).

Notes to the consolidated financial statements continued

13. Investment in associates

	2022 £000's	2021 £000's
Opening value at 1 April	**627**	533
Share of profit for the year	**31**	94
Impairment of associate	**(503)**	–
Closing value at 31 March	**155**	627

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 and its registered address is Pound House, 62a Highgate High St, London N6 5HX.

An impairment review of the investment in Homeowners Alliance has given rise to an impairment of £503,000. The review assumed a post-tax discount rate of 12.60%, long term growth rate of 2%, and a discount associated with lack of control of 40%. The impairment reflects the year-on-year decline in profits of the associate.

14. 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 2020	5,791	1,117	3,619	568	11,095
Additions	831	–	–	–	831
Subsidiary Sale	(307)	(1,117)	(2,549)	(342)	(4,315)
Disposals	(1,688)	–	–	–	(1,688)
At 31 March 2021	4,627	–	1,070	226	5,923
Additions	316	–	–	–	316
At 31 March 2022	**4,943**	**–**	**1,070**	**226**	**6,239**
Accumulated amortisation					
At 1 April 2020	3,024	408	1,283	229	4,944
Charge	800	73	243	40	1,156
Subsidiary Sale	(241)	(481)	(892)	(132)	(1,746)
Disposals	(230)	–	–	–	(230)
At 31 March 2021	3,353	–	634	137	4,124
Charge	551	–	109	23	683
At 31 March 2022	**3,904**	**–**	**743**	**160**	**4,807**
Net book value					
At 1 April 2020	2,767	709	2,336	339	6,151
At 31 March 2021	1,274	–	436	89	1,799
At 31 March 2022	**1,039**	**–**	**327**	**66**	**1,432**

Amortisation is included within administrative expenses. Capitalised development expenditure has a remaining amortisation period of up to 4 years. Consumer and introducer relationships and brands have a remaining amortisation period of 3 years.

The loss on the derecognition of capitalised costs relating to DigitalMove in the prior year is included in exceptional items and further details are given in note 3.

During the year ended 31 March 2021, the Group disposed of Conveyancing Alliance (Holdings) Limited and its subsidiary Conveyancing Alliance Limited. This meant that intangible assets originally recognised on acquisition of those companies are no longer recognised in the consolidated balance sheet and neither are the software assets those companies had developed. See note 8 for further details.

15. 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 2020	815	1,623	1,071	128	3,637
Additions	–	–	58	7	65
Subsidiary Sale	–	(34)	(68)	(6)	(108)
Disposals	–	–	(23)	–	(23)
At 31 March 2021	815	1,589	1,038	129	3,571
Additions	4	–	93	–	97
Subsidiary Acquisition	5	–	31	–	36
Disposals	–	–	(730)	–	(730)
At 31 March 2022	**824**	**1,589**	**432**	**129**	**2,974**
Accumulated depreciation					
At 1 April 2020	579	121	714	83	1,497
Charge	24	167	143	11	345
Subsidiary Sale	–	(25)	(52)	(2)	(79)
Disposals	–	–	(23)	–	(23)
At 31 March 2021	604	263	781	92	1,740
Charge	27	157	135	10	329
Disposals	–	–	(667)	–	(667)
At 31 March 2022	**631**	**420**	**249**	**102**	**1,402**
Net book value					
At 1 April 2020	236	1,502	357	45	2,140
At 31 March 2021	212	1,326	256	37	1,830
At 31 March 2022	**193**	**1169**	**183**	**27**	**1,572**

Depreciation is recognised within administrative expenses.

During the year ended 31 March 2021, the Group disposed of Conveyancing Alliance (Holdings) Limited and its subsidiary Conveyancing Alliance Limited. This meant that property, plant and equipment held by those companies are no longer included in the consolidated balance sheet. See note 8 for further details.

Notes to the consolidated financial statements
continued

16. Trade and other receivables

	2022 £000's	2021 £000's
Current assets		
Trade receivables	**977**	857
Other receivables	**87**	52
Prepayments	**481**	543
	1,545	1,452
Non-current assets		
Prepayments	**94**	111
Long-term receivables (loans to associate)	**100**	200
	194	311

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 22.

17. Cash and cash equivalents

	2022 £000's	2021 £000's
Cash at bank (GBP)	**20,027**	23,976

At March 2022 and 2021 all significant cash and cash equivalents, which include deposits with maturities up to approximately three months, were deposited with major clearing banks in the UK with at least an 'A' rating.

18. 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.

	2022		2021	
	No	£000's	No	£000's
Ordinary shares of £0.004 each	**64,871,276**	**259**	64,871,276	259
	64,871,276	**259**	64,871,276	259

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

	2022 Number	2021 Number
Shares issued and fully paid		
Beginning of the year	**64,871,276**	64,871,276
New shares issue	**–**	–
Shares issued and fully paid	**64,871,276**	64,871,276

During the year the Company issued no new ordinary shares (2021: nil).

19. 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 or in one tranche three 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 using the following assumptions:

	2022	2021
Share price at date of grant	**£0.785**	Range of £0.539 to £0.860
Contractual life	**10 years**	10 years
Expected volatility	**55.517%**	52.045% to 55.788%
Expected dividend rate	**0%**	0% to 4.64%
Risk free rate	**0.2825%**	-0.057% to 0.2825%

The expected volatility was calculated as a two-year volatility of the Company's share price.

Certain share options include performance conditions relating to share price and gross margin. These are classified as market conditions and did not have a material effect on the fair value of options at the date of grant.

The following table shows options issued which were outstanding as at 31 March 2022:

Date of grant	Exercise price (£)	Share price at date of grant (£)	Options in issue as 31 March 2022
18 August 2014	0.4000	0.4800	85,468
21 August 2015	0.5350	0.5350	34,520
7 November 2016	0.7025	0.7025	440,133
21 December 2016	0.7675	0.7675	151,839
28 June 2018	1.3425	1.3425	200,000
9 August 2018	1.3325	1.3325	320,000
14 July 2020	0.5390	0.5390	1,050,000
14 January 2021	0.8000	0.8000	200,000
19 February 2021	0.8600	0.8600	675,000
20 July 2021	0.7850	0.8030	500,000

The Group recognised total expenses of £108,000 (2021: £1,000) related to share options accounted for as equity-settled share-based payment transactions during the year.

The weighted average fair value of options granted in the year was £0.29 per share (2021: £0.64).

Notes to the consolidated financial statements continued

19. Share-based payments continued

A reconciliation of option movements over the year to 31 March 2022 is shown below:

	As at 31 March 2022		As at 31 March 2021	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 April	**4,200,360**	**0.78**	3,131,007	0.94
Granted	**500,000**	**0.79**	2,625,000	0.64
Forfeited prior to vesting	**(622,343)**	**0.86**	(1,437,768)	0.90
Exercised	**(421,057)**	**0.57**	(117,879)	0.40
Outstanding at 31 March	**3,656,960**	**0.79**	4,200,360	0.78

Of the share options outstanding at the year end, 883,560 were exercisable at the year end (2021: 1,029,541).

The weighted average remaining contractual life of the outstanding options was 7.5 years (2021: 7.7 years).

The weighted average share price at the date of exercise of those options exercised in the year was £0.82 per share (2021: £0.80).

20. Trade and other payables

	2022 £000's	2021 £000's
Trade payables	**2,120**	2,110
PAYE and social security	**316**	140
VAT	**296**	292
Other creditors	**11**	292
Accruals and deferred income	**1,075**	414
Deferred consideration	**100**	–
	3,918	3,249

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

21. Borrowings

Reconciliation of liabilities arising from financing activities

	2022			2021		
	Bank loans £000's	Leases £000's	Total debt £000's	Bank loans £000's	Leases £000's	Total debt £000's
Balance at 1 April	**–**	**1,324**	**1,324**	5,750	1,467	7,217
Loan or lease repayments	**–**	**(192)**	**(192)**	(1,750)	(170)	(1,920)
Finance charges	**–**	**30**	**30**	–	35	35
Disposal of subsidiary	**–**	**–**	**–**	–	(8)	(8)
Movement in revolving cash flow facility	**–**	**–**	**–**	(4,000)	–	(4,000)
Balance at 31 March	**–**	**1,162**	**1,162**	–	1,324	1,324

Summary of borrowing arrangements:

- In December 2016, the Group took out a five-year term loan for £5 million and had a £4 million revolving cash flow facility. Both the remaining balance on the loan and the revolving cash flow facility were repaid in full during 2021 and the facilities cancelled.
- Loans were secured by way of fixed and floating charges over all assets of the Group which have now been released.
- Amounts shown represent the loan principals; accrued interest is recognised within accruals. Any amounts due at the reporting date were paid within a few days.
- During 2021 a six month repayment holiday was agreed on the term loan and a £1m overdraft agreed. However, the loan was repaid in full and the overdraft cancelled.

22. 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 amortised cost	
	2022 £000's	2021 £000's
Trade receivables net of provision for credit losses (note 16)	**977**	857
Loans and other receivables (note 16)	**187**	252
Cash and cash equivalents (note 17)	**20,027**	23,976
	21,191	25,085

All of the above financial assets carrying values are approximate to their fair values, as at 31 March 2022 and 2021.

Financial liabilities

	Measured at amortised cost	
	2022 £000's	2021 £000's
Financial liabilities measured at amortised cost (note 20)	**3,206**	2,816
Borrowings (note 21)	**–**	–
Lease liability (note 21)	**1,162**	1,324
Deferred consideration (note 20)	**100**	–
	4,468	4,140

Notes to the consolidated financial statements continued

22. Financial instruments continued

Financial liabilities 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.

No financial liabilities are carried at fair value.

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 16, 17, 20, and 21.

Liquidity risk

Liquidity risk is dealt with in note 23 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.

	2022 £000's	2021 £000's
Impairment provision	**75**	40

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

	2022 £000's	2021 £000's
Not more than 3 months	**35**	65
More than 3 months but not more than 6 months	**25**	22
More than 6 months but not more than 1 year	**–**	4
More than 1 year	**–**	–
Total	**60**	91

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.

Interest rate risk

In previous periods, the Group had secured debt as disclosed in note 21. The interest on this debt was linked to LIBOR and therefore there was an interest rate risk. In the current reporting period the Group had no outstanding borrowings thus reducing interest rate exposure to the interest received on the cash held on deposit, which is immaterial.

23. 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 as part of its regular reviews of financial performance. The table below shows the undiscounted cash flows on the Group's financial liabilities as at 31 March 2022 and 2021, on the basis of their earliest possible contractual maturity. The Board has concluded that the Group does have sufficient cash to meet liabilities as they fall due.

	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 2022						
Trade payables	**2,120**	**2,120**	**–**	**–**	**–**	**–**
Other payables	**11**	**11**	**–**	**–**	**–**	**–**
Accruals	**1,075**	**1,075**	**–**	**–**	**–**	**–**
Lease liabilities	**1,273**	**–**	**89**	**89**	**177**	**918**
Deferred consideration	**100**	**–**	**–**	**100**	**–**	**–**
	4,579	**3,206**	**89**	**189**	**177**	**918**

	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 2021						
Trade payables	2,110	2,110	–	–	–	–
Other payables	292	292	–	–	–	–
Accruals	414	414	–	–	–	–
Lease liabilities	1,466	16	89	89	177	1,095
	4,282	2,832	89	89	177	1,095

24. 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.

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

24. Capital management continued

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

	2022 £000's	2021 £000's
Total Equity	**24,802**	29,915
Cash and cash equivalents	**20,027**	23,976
Capital	**44,829**	53,891
Total Equity	**24,802**	29,915
Financing	**24,802**	29,915
Capital-to-overall financing ratio	**1.81**	1.80

25. 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 two main properties, with remaining lease terms ranging from seven to nine years although there are break clauses in both leases. A further lease associated with the acquisition of Amity does not give rise to a right of use asset because management expect the lease's break clause will be exercised within one year.

Lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 March 2022 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 2022					
Gross liability	**177**	**177**	**532**	**386**	**1,272**
Finance charges	**(27)**	**(24)**	**(47)**	**(12)**	**(110)**
	150	**153**	**485**	**374**	**1,162**

	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 2021					
Gross liability	193	178	532	563	1,466
Finance charges	(31)	(28)	(59)	(24)	(142)
	162	150	473	539	1,324

The total cash outflow in respect of leases during the year was £192,000.

The interest expense in the year relating to lease liabilities was £31,000.

For details of right of use assets see note 15.

26. Disposal of subsidiaries

As referred to in note 8, on 27 November 2020 the Group disposed of its interest in Conveyancing Alliance Holdings Limited and Conveyancing Alliance Limited.

The net assets of the two subsidiaries at the date of disposal were as follows:

	2021 £000's
Cash consideration received	27,355
Total consideration received	27,355
Cash disposed of	(929)
Net cash inflow on disposal of discontinued operation	26,426
Net assets disposed of (other than cash):	
Property, plant and equipment	95
Receivables	349
Prepayments	205
Trade and other payables	(54)
Accruals	(254)
Tax liabilities including VAT	(928)
Attributable goodwill	6,484
Other intangibles arising on consolidation	2,503
Net assets disposed of	8,400
Costs of disposal	306
Pre-tax gain on disposal of discontinued operation	17,720
Related tax credit	425
Gain on disposal of discontinued operation	18,145

The impact of the discontinued operation on the Group's activities is disclosed in note 8.

27. Financial commitments

There are no other financial commitments.

28. 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 £578,000 (2021: £424,000).

Notes to the consolidated financial statements continued

29. Related party transactions

Directors:

M Rowland
O Scott
E Bucknor
M Cress (appointed 3 May 2022)
A Weston (resigned 11 May 2021)
J Williams (resigned 3 May 2022)

For remuneration of Directors please see note 4 and the more detailed disclosures in the Directors' report on page 34.

Legal-Eye Ltd uses a training platform provided by DeepHarbour Ltd, a company of which Martin Rowland and his wife are the Directors and in which they own more than more than 50% of the share capital. During the year, the Group were invoiced £15,000 (2021: £13,000) by DeepHarbour Ltd for the provision of its training platform. The 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.

30. Contingent liabilities

The Directors are not aware of any contingent liabilities within the Group or the Company at 31 March 2022 and 2021.

31. Ultimate controlling party

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

32. Events after the Balance Sheet date

There have been no reportable subsequent events between 31 March 2022 and the date of signing this report.

33. Dividends paid

The Directors have recommended that no final dividend be payable in respect of the year ended 31 March 2022.

At the period end, the Company's Employee benefit Trust held 357,804 (2021: 357,804) shares in the Company. It waives any dividend that may be due on that holding.

Parent Company balance sheet

as at 31 March 2022

	Notes	2022 £000's	2021 £000's
Assets			
Non-current assets			
Investments	2	**6,569**	6,818
Deferred Tax Asset		**20**	37
Amounts owed by subsidiary undertakings		**3,529**	–
		10,118	6,855
Current assets			
Trade and other receivables	3	**310**	650
Cash and cash equivalents		**18,537**	23,141
		18,847	23,791
Total assets		**28,965**	30,646
Equity and liabilities			
Capital and reserves attributable to the Group's equity shareholders			
Share capital	5	**259**	259
Share premium		**4,609**	4,609
Capital redemption reserve		**113**	113
Share-based payment reserve		**474**	394
Retained earnings		**23,139**	24,440
Total equity		**28,594**	29,815
Current liabilities			
Trade and other payables	4	**271**	831
Deferred consideration		**100**	–
		371	831
Total liabilities		**371**	831
Total equity and liabilities		**28,965**	30,646

The Company has taken the exemption under section 408 of the Companies Act 2006 from presenting its own income statement. The Parent Company made a loss of £1,353,000 (2021 profit: £17,716,000) for the year.

The financial statements were approved by the Board of Directors on 19 August 2022 and were signed on its behalf by:

Jesper With-Fogstrup
Chief Executive Officer
Smoove plc

Company number: 07466574

Parent Company statement of changes in equity

for the years ended 31 March 2022

	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 2020	259	4,609	113	427	6,714	12,122
Profit for the year	–	–	–	–	17,716	17,716
Total comprehensive income	–	–	–	–	17,716	17,716
Share-based payments	–	–	–	(23)	–	(23)
Exercise of options	–	–	–	(10)	10	–
Total transactions with owners	–	–	–	(33)	10	(23)
Balance at 31 March 2021	259	4,609	113	394	24,440	29,815
Balance at 1 April 2021	**259**	**4,609**	**113**	**394**	**24,440**	**29,815**
Loss for the year	**–**	**–**	**–**	**–**	**(1,353)**	**(1,353)**
Total comprehensive loss	**–**	**–**	**–**	**–**	**(1,353)**	**(1,353)**
Share-based payments	**–**	**–**	**–**	**132**	**–**	**132**
Exercise of options	**–**	**–**	**–**	**(52)**	**52**	**–**
Total transactions with owners	**–**	**–**	**–**	**80**	**52**	**132**
Balance at 31 March 2022	**259**	**4,609**	**113**	**474**	**23,139**	**28,594**

Notes to the Parent Company financial statements

1. Parent Company accounting policies

Basis of Preparation

The annual financial statements of Smoove plc (the Parent Company financial statements) have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 Group 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.

Notes to the Parent Company financial statements continued

1. Parent Company accounting policies continued

Financial instruments continued

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 of the Group Financial Statements or 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.

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.

Notes to the Parent Company financial statements continued

1. Parent Company accounting policies continued

Equity and reserves

Equity and reserves comprise 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 and cancelled share capital.
- 'Share-based payment reserve' represents the accumulated value of share-based payments expensed in the profit and loss less charge in relation to exercised options.
- '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 is 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. Where employees of the Company's subsidiaries are granted options over the Company's shares the share based payment expenses is recognised as an increase in the carrying amount of the investment in the relevant subsidiary.

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.

Employee benefit trust

The Company has made loans to the Employee Benefit Trust used to facilitate its share-based payment schemes. The loans are included within other receivables and an impairment charge is recognised if the market value of the underlying shares falls below the carrying amount of the debtor.

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. Please also refer the Group's principal accounting policies note looking at judgements and CGUs and for discount rates used.

The holding value of the company's investment in Homeowners Alliance was impaired during the period. Please also refer the Group's principal accounting policies note for a description of the judgements associated with this impairment.

2. Investments

The Company directly 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 2022	% ownership held by the Company 2021
United Legal Services Limited	Development and hosting of internet based software applications for legal services businesses	Ordinary	UK	100	100
United Home 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
Homeowners Alliance Limited	Operation of website for homeowners and prospective home owners	Ordinary	UK	35	35
Financial Eye Limited	Financial compliance consultancy services for solicitors	Ordinary	UK	15	15
Amity Law Limited	Solicitors	Ordinary	UK	100	–
Hello Smoove Limited	Dormant	Ordinary	UK	100	–

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

The registered offices of the subsidiaries and associate are disclosed in notes 10 and 13 to the Group Financial Statements.

	Investments in Group undertakings £000's	Investments in associates £000's	Loans to associates £000's	Total £000's
Cost				
As at 1 April 2020	16,779	575	250	17,604
Loan movement	–	–	(50)	(50)
Share-based payment reserve	23	–	–	23
Impairment	(206)	–	–	(206)
Sale of subsidiary	(10,553)	–	–	(10,553)
As at 31 March 2021	6,043	575	200	6,818
Loan movement	–	–	(100)	(100)
Share-based payment reserve	66	–	–	66
Impairment	(100)	(420)	–	(520)
Acquisition of subsidiary	305	–	–	305
As at 31 March 2022	**6,314**	**155**	**100**	**6,569**

Notes to the Parent Company financial statements continued

2. Investments continued

The Company acquired 100% of the share capital of Amity Law Limited on 8 October 2021. Details of the acquisition are provided in note 12 of the Group Financial Statements.

An impairment review of the investment in Homeowners Alliance has given rise to an impairment of £420,000 within the Smoove plc Company Financial Statements. The review assumed a post-tax discount rate of 12.60%, long term growth rate of 2%, and a discount associated with lack of control of 40%. The impairment reflects the year-on-year decline in profits of the associate.

3. Receivables

Current receivables:	2022 £000's	2021 £000's
Amounts owed by subsidiary undertakings	–	278
Other receivables	**254**	297
Prepayments	**56**	75
	310	650

During the year, other receivables relating to a loan to the EBT were impaired by £147,000. (2021: £123,000 impairment reversal).

4. Trade and other payables

	2022 £000's	2021 £000's
Trade payables	**54**	25
Amounts owed to subsidiary undertakings	**20**	711
Social security and other taxes	**6**	16
Accruals	**191**	79
	271	831

5. 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.

	2022		2021	
	No	£000's	No	£000's
Ordinary shares of £0.004 each	**64,871,276**	**259**	64,871,276	259
	64,871,276	**259**	64,871,276	259

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

	2022 Number	2021 Number
Shares issued and fully paid		
Beginning of the year	**64,871,276**	64,871,276
Shares issued and fully paid	**64,871,276**	64,871,276

No new shares were issued during the year (2021: no new shares issued).

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 19 to the Group Financial Statements, there being no difference between the Company and Group disclosures.

6. Related party transactions

Related party transactions with third parties other than the Company's subsidiaries are disclosed in note 29 to the Group Financial Statements.

7. Post Balance Sheet events

There have been no reportable subsequent events between 31 March 2022 and the date of signing this report.

Company Information

Directors

Martin Rowland – Non-Executive Chairman

Jesper With-Fogstrup – Chief Executive Officer

Michael Cress – Chief Financial Officer

Elaine Bucknor – Independent Non-Executive Director

Oliver Scott – Non-Executive Director

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