

Yopa Property Limited

**Annual report and consolidated
financial statements**

Registered number 09120252

31 December 2019

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Company Information

Directors

The directors who held office during the year and up to the date of this report were as follows:

A J Barclay

A D Barclay (Resigned 16th May 2019)

B J A Poynter (Resigned 31st October 2019)

D Attia (Resigned 19th August 2019)

G Turner (Appointed 24th June 2019)

I D Crabb (Resigned 20th August 2019)

M L De Carvalho

Registered Office

Suite 4, Building 4, Hatters Lane

Watford

WD18 8YF

Independent Auditor

KPMG LLP

15 Canada Square,

London,

E14 5GL

Registered Number

09120252

Group Strategic Report

The principal activity of Yopa Property Limited (the “Company”) is estate agency services. The company’s objective is to grow the number of UK properties marketed and sold on behalf of customers while maintaining a lean and efficient operating model as the business scales. The strategy to achieve this is to deliver high quality estate agency services at fair fixed fees by combining the expertise of local estate agents, with centralised support staff and utilising market leading technology to provide customer transparency, support and economies of scale. The company will grow its business through a combination of marketing led customer acquisition and through referrals and recommendations from past customers, driven by high service levels and customer satisfaction.

2019 Financial performance and position of the business

2019 was a year of strategic change and continued investment for the business, with a key focus on improving operational efficiencies. The company solidified its product offerings with new pricing bundles and the re-introduction of a deferred payment product “Pay Later” in the year. The company also launched a new financial services proposition in the year, Scout Financial Services, to improve its product offering for customers and drive ancillary revenues. In addition, the company invested in expanding areas of its contact centre operations and thus reducing outsourced services. This included investing in technology to improve efficiency of the contact centre, enabling staff to service more customers. There was also investment behind the refresh of the Yopa brand in early 2019, including updated marketing assets which were trialled in selected regions.

As a result of the above, the company made a loss before tax of £17,821,077 (2018: £30,365,369) for the year ended 31 December 2019.

Future Developments

The political and economic uncertainty around Brexit led to a year on year decline in housing market transactions and residential property listings in 2019, and Covid-19 has provided further uncertainty in 2020. The scale of the decline in the housing market has not materially impacted the growth of the Company however. Management have seen further improvements in 2020 driven by the introduction of product and pricing changes, and the adjustment of the cost base in 2019 and early 2020. This has resulted in improved sales performance and market share, with profit and cash flow exceeding expectations since the return of the sector from lockdown in mid-May 2020.

During the national lockdown period, revenues were down circa 50% on normal run rates, however cost saving initiatives were implemented to ensure cash outlay was in line with budgets. The Government’s furlough scheme was utilised in those months to protect the employment of many of our staff.

Since the return of the sector from lockdown in mid-May 2020, the residential property market has been in a strong position, driven by pent-up demand and aided by the Government’s change in Stamp Duty Land Tax rates.

The company has seen record revenues, market share and KPI results which give further encouragement as to the resilience of the business model and the future prospects of the business. The Company has started to generate cash since lockdown restrictions were relaxed in May and trading performance has beaten expectations. The business continues to control costs tightly to manage any fluctuations in month on month revenue performance.

Principal risks and uncertainties

As with most estate agents in the UK, the level of residential housing market transactions and the ability to capture a greater share of those transactions are key areas of uncertainty for the business going forward. The level of residential housing market transactions is affected by many factors including the UK’s economic outlook, consumer sentiment, interest rates, mortgage lending appetite from financial institutions and government policies on taxation among many other factors. Given the political and economic uncertainty around Covid-19 and Brexit, there is a significant level of uncertainty in the market which has seen a year on year decline in housing market transactions. There remains sufficient opportunity however, for the business to grow and capture market share given its value proposition relative to many high street estate agents, therefore the growth of the business will only be partly subdued by these external economic factors.

Financial risk management

The company has exposure to financial risk by way of customer credit exposure and liquidity risk.

Credit risk

Trade debtors are managed in respect of credit and cash flow risk by daily monitoring of inflows with finance providers, and dedicated management of longer-term debts via an established collections process.

Liquidity risk

Liquidity is managed through forecasting of future cash flow requirements for the business and maintaining sufficient cash balances to support the operation. The company has sufficient capital to cover its financial needs for the next 12 months taking a prudent approach to its forecasts given market uncertainties. The company has a mix of fixed and variable costs which it can adjust to ensure it retains sufficient cash resources for its needs over that period should there be a deterioration in trading.

Covid 19

The Covid-19 pandemic led to the government advising the closure of the residential property market during March, April and May 2020. The company tightly managed costs throughout this period, including utilising the Government's furlough scheme, to ensure no detriment to bottom line profitability and have seen much improved results since the industry returned to business in May. However, the uncertainty arising as a result of the Covid-19 outbreak and there being no contractual guarantee of future funding from shareholders represent a material uncertainty around future cashflows.

Other risks to the business include the ability to recruit, train and retain staff and local agent licensees as well as the continued operation of its technology platform, YopaHub. The company continues to invest in both these areas of the business to mitigate the associated risks.

KPIs

The Directors meet monthly to discuss and monitor the following business KPIs:


	2019	2018	Change %
Revenue	8,350,750	6,857,065	22%
Gross profit	3,596,351	2,684,809	34%
Overheads	(21,417,428)	(33,050,375)	-35%
Profit / (Loss)	(17,821,077)	(30,365,369)	-41%
Net Cash inflow / (outflow)	(243,934)	(9,964,655)	-98%

Revenue increased by 22% year on year due to an increase in instruction and referral revenues, as the company improved its product offering and sales function.

Gross profit increased by 34% as the company improved commercial terms with third parties and sought efficiencies in its operating model.

Overheads decreased by 35% year on year due to reductions in inefficient spend, improvements in technology, and improved customer acquisition costs driven by marketing performance.

By order of the board


Grenville Turner
Director

10 December 2020

Group Directors' report

Principal activity

The principal activity of the company is estate agency services.

Business review

The business continued to grow and expand its market share while continuing to improve upon the services provided.

Proposed dividend

The directors do not recommend the payment of a dividend (2018: £nil).

Political contributions

The Company made no political contributions during the year (2018: £nil).

Directors

The directors who held office during the year and up to the date of this report were as follows:

D Attia (Resigned 19th August 2019)

A J Barclay

A D Barclay (Resigned 16th May 2019)

I D Crabb (Resigned 20th August 2019)

M L De Carvalho

B J A Poynter (Resigned 31st October 2019)

G Turner (Appointed 24th June 2019)

Matters covered in the Group Strategic Report

A review of the business risks and principal risks are not included in the Group Directors' report as this information is included within the Group Strategic Report under s414C(11) of the Companies Act 2006.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

The Covid-19 pandemic led to the government advising the closure of the residential property market during March, April and May 2020. The company tightly managed costs throughout this period to ensure no detriment to bottom line profitability and have seen much improved results since the industry returned to business in May.

Auditor

KPMG LLP were appointed as auditors of the company during the year. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



G Turner

Director

Suite 4, Building 4, Hatters Lane
Watford

Company registered number: 09120252

WD18 8YF

10 December 2020

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Yopa Property Limited

Opinion

We have audited the financial statements of Yopa Property Limited ("the company") for the year ended 31 December 2019 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and related notes, including the accounting policies in note 1.

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 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 to the financial statements which indicates that the ability of the Group and Company to continue as a going concern is dependent on continued financial support from its shareholders. These events and conditions, along with the other matters explained in note 1.2, constitute a material uncertainty that may cast significant doubt on the Group's and parent company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

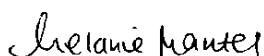
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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



Melanie Mantel (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

10 December 2020

Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2019

	<i>Note</i>	Year Ended 31 December 2019 £	Year Ended 31 December 2018 £
Turnover	3	8,350,750	6,857,065
Cost of sales		(4,754,399)	(4,172,256)
Gross profit		3,596,351	2,684,809
Administrative expenses	4	(21,417,428)	(33,050,375)
Group Operating loss		(17,821,077)	(30,365,566)
Interest receivable and similar income	7	-	197
Loss on ordinary activities before taxation		(17,821,077)	(30,365,369)
Tax on loss on ordinary activities	8	-	-
Loss for the financial year		(17,821,077)	(30,365,369)
Other comprehensive income		-	-
Total comprehensive loss for the year		(17,821,077)	(30,365,369)
Attributable to:			
Equity holders of the parent		(17,821,077)	(30,365,369)

All amounts relate to continuing operations.

The notes on pages 15 to 31 form part of these financial statements.

Consolidated Balance Sheet
at 31 December 2019

	<i>Note</i>	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	10		323,978		308,096
Tangible assets	9		578,946		1,217,943
Investments	13		402		402
			903,326		1,526,441
Current assets					
Debtors	11	1,429,755		2,693,563	
Cash at bank and in hand		9,624,287		9,868,221	
		11,054,042		12,561,784	
Creditors: amounts falling due within one year	12	(1,861,642)		(2,041,925)	
Net current assets			9,192,400		10,519,859
Total assets less current liabilities			10,095,726		12,046,300
Net assets			10,095,726		12,046,300
Capital and reserves					
Called up share capital	14		14,758,494		8,857,721
Share premium account	14		74,555,086		64,455,859
Profit and loss account	14		(79,217,854)		(61,267,280)
Shareholders' funds			10,095,726		12,046,300
Equity attributable to holders of the parent			10,095,726		12,046,300

The notes on pages 15 to 31 form part of these financial statements.

These financial statements were approved by the board of directors on 10 of December 2020 and were signed on its behalf by:



G Turner
Director

Company registered number: 09120252

Company Balance Sheet
For the year ended 31 December 2019

	<i>Note</i>	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	10		323,978		308,096
Tangible assets	9		573,865		1,217,943
Investments	13		<u>404</u>		<u>404</u>
			898,247		1,526,443
Current assets					
Debtors	11	1,643,479		2,693,563	
Cash at bank and in hand		9,438,593		9,868,221	
		<u>11,082,072</u>		<u>12,561,784</u>	
Creditors: amounts falling due within one year	12	(1,852,575)		(2,041,925)	
				<u></u>	
Net current assets			9,229,497		10,519,859
			<u></u>		<u></u>
Total assets less current liabilities			10,127,744		12,046,302
			<u></u>		<u></u>
Net assets			10,127,744		12,046,302
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	14		14,758,496		8,857,723
Share premium account	14		74,555,086		64,455,859
Profit and loss account	14		(79,185,838)		(61,267,280)
			<u></u>		<u></u>
Shareholders' funds			10,127,744		12,046,302
			<u></u>		<u></u>

The notes on pages 15 to 31 form part of these financial statements.

These financial statements were approved by the board of directors on 10 December 2020 and were signed on its behalf by:



G Turner
Director

Company registered number: 09120252

Consolidated Statement of Changes in Equity

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2018	7,541,520	45,686,006	(31,854,458)	21,373,068
Shares issued	1,316,201	18,769,853		20,086,054
Equity-settled share based payment transactions	-	-	952,547	952,547
Total comprehensive loss for the period				
Loss for the period	-	-	(30,365,369)	(30,365,369)
Balance at 31 December 2018	8,857,721	64,455,859	(61,267,280)	12,046,300

	Called up Share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2019	8,857,721	64,455,859	(61,267,280)	12,046,300
Bonus share	2,700,787	(2,700,787)	-	0
Shares issued	3,199,986	12,800,014	-	16,000,000
Equity-settled share based payment transactions	-	-	(129,497)	(129,497)
Total comprehensive loss for the period				
Loss for the period	-	-	(17,821,077)	(17,821,077)
Balance at 31 December 2019	14,758,494	74,555,086	(79,217,854)	10,095,726

The notes on pages 15 to 31 form part of these financial statements.

Company Statement of Changes in Equity

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2018	7,541,522	45,686,006	(31,854,458)	21,373,070
Shares issued	1,316,201	18,769,853		20,086,054
Equity-settled share based payment transactions	-	-	952,547	952,547
Total comprehensive loss for the period				
Loss for the period	-	-	(30,365,369)	(30,365,369)
Balance at 31 December 2018	8,857,723	64,455,859	(61,267,280)	12,046,302
	Called up Share capital £	Share premium account £	Profit and loss account £	Total equity £
Balance at 1 January 2019	8,857,723	64,455,859	(61,267,280)	12,046,302
Bonus share	2,700,787	(2,700,787)	-	0
Shares issued	3,199,986	12,800,014	-	16,000,000
Equity-settled share based payment transactions	-	-	(129,497)	(129,497)
Total comprehensive loss for the period				
Loss for the period	-	-	(17,789,061)	(17,789,061)
Balance at 31 December 2019	14,758,496	74,555,086	(79,185,838)	10,127,744

The notes on pages 15 to 31 form part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2019

	2019 £	2018 £
Cashflow from operating activities		
Loss for the year	(17,821,077)	(30,365,569)
Adjustments for:		
Equity settled share based payment expense	(129,497)	944,998
Loss on disposal of tangible fixed assets	247,526	0
Depreciation, amortisation and impairment	657,770	549,283
Decrease in trade and other debtors	1,263,808	(951,377)
Decrease in trade and other creditors	(180,283)	965,994
Net cash from operating activities	(15,961,753)	(28,856,671)
Cash flows from investing activities		
Acquisition of tangible fixed assets	(39,150)	(1,201,786)
Acquisition of other intangible asset	(243,031)	0
Interest received	0	197
Net cash from investing activities	(282,181)	(1,201,589)
Cashflow from financing activities		
Proceeds from the issue of share capital	16,000,000	20,086,056
Issue of Share Options	0	7,549
Net cash from financing activities	16,000,000	20,093,605
Net (decrease) / increase in cash and cash equivalents	(243,934)	(9,964,655)
Cash and cash equivalents at 1 January 2019	9,868,221	19,832,875
Cash and cash equivalents at 31 December 2019	9,624,287	9,868,221

The notes on pages 15 to 31 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Yopa Property Limited (the “Company”) is a private company limited by shares and incorporated, domiciled and registered in England in the United Kingdom. The registered number is 09120252 and the registered address is Suite 4, Building 4, Hatters Lane, Watford, WD18 8YF. The principal activity of Yopa Property Limited (the “Company”) is estate agency services.

These Financial Statements are the Consolidated financial statements of Yopa Property Limited (The Company) and its subsidiary Scout Financial Services (collectively known as The Group) for the year to 31 December 2019. The financial statements were prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling.

The parent company is included in the consolidated financial statements and meets the definition of a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included;
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.
- Certain disclosures required by FRS 102.26 Share Based Payments.
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements are prepared on a going concern basis notwithstanding that the group has reported an operating loss of £17,821,077 for the year to 31 December 2019 (2018: £30,365,566) and operating cash outflow of £15,961,753 (2018: £28,856,671), whilst net assets are reported as £10,095,726 (2018: £12,046,302). Further, the directors consider that the current pandemic and resulting economic outlook presents challenges for the business in terms of growth of sales volumes. Whilst the directors have instituted measures to preserve cash and secure additional finance, there is uncertainty over future trading results and cash flows.

The Group remains in a growth phase and was loss making in 2019. Losses reduced in the year given the much-improved revenues and operational efficiencies realised. The Group has historically relied upon capital contributions provided by its shareholders to maintain an adequate level of cash and received an additional cash injection of £16million in August 2019.

When forecasting future cashflows, the directors have considered external economic factors and the resulting sensitivity analysis on instructions, listings and completions. The directors have also considered levels of fixed costs which could be reduced to mitigate any negative impact to revenues. If there was a sharp drop in the number of residential property transactions, this could negatively impact the group's ability to generate the revenue growth forecasted, however the directors remain confident that the Group would be able to adjust the cost base accordingly to address the given environment. These mitigation options would include a reduction in marketing and staffing expenditure. In the next 12 months from the date of approval of the financial statements, the Group is forecasting no cash shortfall in its base case. However a cash shortfall is forecast by the directors in a severe but plausible downside scenario. The base case forecast assumes no closure of the housing market in 2021, with trading activity remaining consistent with levels seen since the return of the sector from lockdown in mid-May 2020 along with growth in Scout Financial Services mortgage referrals. This service line was launched in late 2019 and thus does not have a proven track record of achieving forecast growth levels.

Notes (continued)

1 Accounting policies (continued)

Under the base case scenario, the Group would have the ability to remain trading for a period of at least 12 months from the date of signing of these financial statements.

The severe but plausible scenario assumes listings are at c.65% of budgeted listing volumes in 2020, and c.75% of budgeted listing volumes in 2021. In this event, the business would need to cover any shortfalls in liquidity via further savings in expenditure, as per the cost initiatives during Covid-19 lockdown in 2020. Under this scenario, the group would need to obtain additional funding from its shareholders, which as at the date of approval of these financial statements, has not been agreed, but for which there is a proven historical track record of success.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern, and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31st of December 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. In the parent financial statements investment in subsidiaries is carried at cost less impairment.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Classification of financial instruments issued by the Group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond

Notes (continued)

1 Accounting policies (continued)

normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries

Investment in subsidiaries is included in the current financial statement at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Intangible fixed assets other than goodwill

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

1.7 Intangible fixed assets other than goodwill

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Website development costs 3 years

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Leasehold improvements Straight line over live of the life of the lease
- Fixtures, fittings and equipment Straight line over live of the life of the lease

Leases are 3 - 5 years.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.9 Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding

Notes (continued)

1 Accounting policies (continued)

of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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 the purpose of the impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

Where the Company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis of such allocation is disclosed in note 14.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

1.11 Turnover

Turnover is recognised at the fair value of the consideration received or receivable in respect of services provided relating to the sale of property, net of any trade or settlement discounts, volume rebates and any sales taxes.

The company's material revenues come via instructions and referrals.

Instruction revenue

The majority of instruction revenue is generated from Pay Now, Pay Later and No Sale No Fee products.

For Pay Now and Pay Later instructions, the service provides listing of the property on the Company's website. Revenue is recognised at the point instruction is given for Pay Now instructions, as this approximates the timing at which the

Notes (continued)

1 Accounting policies (continued)

listing is created and there is no further involvement required from the Company. Revenue is recognised at the point of listing for Pay Later instructions. The future economic benefits related to Pay Later instructions are received at the point the service is provided, as the credit terms are provided by a third party.

1.11 Turnover

No Sale No Fee transactions are recognised upon legal completion of the property sale as this is the point at which the customer is contractually bound to settle the fees, and the outcome of the transaction cannot be estimated reliably until this event.

There are several additional services provided over time and which can be purchased by customers who list their properties for sale. These services include premium portal listings and viewing packages, which are priced differently and can be purchased separately. Premium portal listings are recognised at the point instruction as this approximates the timing at which the listing is created and there is no further involvement required from the Company. Viewing packages are recognised over the historic average period from initial instruction to a sales transaction as this is the period over which the service is provided.

Referral revenue

Where the company introduces sellers and buyers of properties to one of the company's third-party partners for referral services, the company earns commission for these referrals, which is due at completion of the property transaction.

Referral revenue is recognised at the point of completion which is the point when control of the services provided passes to the customer and economic benefits flow to the entity.

Brokerage revenue

Brokerage revenue is recognised at the point of referral.

Other revenue

Other revenue consists of the proceeds from the Research and Development tax credit received.

1.12 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable in profit or loss using the effective interest method. Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent

Notes (continued)

1 Accounting policies (continued)

differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

1.14 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

2 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised in the period in which the estimate is revised. Information about significant areas of estimation and judgements that have the most significant impact on the financial statements are described in the following notes:

Estimates

2.1 Share based payments

The fair value of services received in return for share options granted are measured by reference to the fair value of goods or services received or reference to the fair value of share options granted. The estimate of fair value is measured using the Black-Scholes model.

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

Judgements

2.2 Capitalisation of intangible assets

The company recognises an intangible asset in respect of software development which forms an essential part of company's product that brings economic benefits to the entity. Management estimate the amount of time spent by development engineers in developing intangible assets and capitalise a proportion of their time accordingly. The cost can be measured reliably and is identified via payroll and invoices. After capitalisation, management monitor whether the recognition requirements continue to be met and whether there are any signs the asset may be impaired.

2.3 Revenue recognition

The company recognises revenue for the services provided for Pay Now and Pay Later products upon instruction and listing of the property respectively. The company has taken a judgment that the point instruction is given approximates with the timing at which the listing is created.

Notes (continued)

3 Turnover

	2019 £	2018 £
Instructions	7,616,407	6,402,419
Referrals	653,817	454,646
Brokerage fees	8,933	-
Other	71,593	-
Total turnover	<u>8,350,750</u>	<u>6,857,065</u>

All revenue relates to mortgage brokering and property agency services rendered in the United Kingdom.

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2019 £	2018 £
Depreciation of tangible fixed assets	430,620	364,635
Amortisation and loss on disposal of tangible fixed assets	<u>474,676</u>	<u>184,648</u>

Auditor's remuneration:

	2019 £	2018 £
Audit of these financial statements	60,800	45,000
Taxation compliance services	<u>12,300</u>	<u>8,500</u>

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2019	2018
Brokers	1	-
Head Office staff	60	64
Contact Centre staff	126	136
	<u>187</u>	<u>200</u>

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2019 £	2018 £
Wages and salaries	7,808,789	7,975,990
Social security costs	874,050	863,686
Contributions to defined contribution plans	124,093	80,098
Share based payments (See note 14)	12,354	952,547
	<hr/> 8,819,286	<hr/> 9,872,321

There was no outstanding balances of the contributions to defined contribution plan at the end of the year.

6 Directors' remuneration

	2019 £	2018 £
Directors' remuneration	231,000	121,841

The remuneration of the highest paid director was £152,303 (2018: £63,508). There was £1,078 (2018: £702) payments made to a pension scheme on behalf of the directors. Key management personal are considered to be the same as directors.

7 Other interest receivable and similar income

	2019 £	2018 £
Bank interest	-	197
	<hr/> -	<hr/> 197

8 Taxation

Total tax expense recognised in the profit and loss account

	2019 £	2018 £
<i>Current tax</i>		
Current tax on income for the period	-	-
UK corporation tax at 19.00%	-	-
	<hr/> -	<hr/> -
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
	<hr/> -	<hr/> -
Total deferred tax	-	-

Notes (continued)

8 Taxation (continued)

Deferred tax (asset)/liability not recognised was £13,237,645 as at December 2019 and £10,269,058 as at December 2018.

Reconciliation of effective tax rate

	2019 £	2018 £
Loss for the year	(17,821,077)	(30,365,566)
Total tax expense	-	-
Profit excluding taxation	(17,962,928)	(30,365,566)
Tax on loss on ordinary activities at standard CT rate of 19.00% (2018: 19.25%)	(3,410,609)	(5,769,458)
Reduction in tax rate on deferred tax balances	-	-
Effects of:		
Fixed asset differences	101,322	60,866
Expenses not deductible for tax purposes	20,557	224,933
Adjustment to brought forward values	(4,743)	(5,476)
R&D expenditure credits	7,236	7,834
Deferred tax not recognised	2,961,038	4,895,782
Impact of tax rate changes	330,002	601,187
Total tax expense included in profit or loss	-	-

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and any UK deferred tax as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020 and this change was substantively enacted on 17 March 2020.

Notes *(continued)*

9 Group and company tangible fixed assets

	Fixtures, fittings and equipment £	Leasehold Improve- ments £	Total £
Cost			
Balance at 1 January 2019	584,595	1,151,359	1,735,954
Additions	13,796	25,354	39,150
Disposals	(10,445)	(399,926)	(410,371)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	587,946	776,787	1,364,733
	<hr/>	<hr/>	<hr/>
Depreciation and impairment			
Balance at 1 January 2019	216,721	301,290	518,011
Depreciation charge for the year	152,533	278,087	430,620
Disposals	(3,181)	(159,663)	(162,844)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	366,073	419,714	785,787
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2019	221,873	357,073	578,946
	<hr/>	<hr/>	<hr/>
At 31 December 2018	367,874	850,069	1,217,943
	<hr/>	<hr/>	<hr/>

10 Group and company intangible fixed assets

	Website develop- ment costs £
Cost	
Balance at 1 January 2019	775,778
Additions	243,032
	<hr/>
Balance at 31 December 2019	1,018,810
	<hr/>
Amortisation	
Balance at 1 January 2019	467,682
Charge for the year	227,150
	<hr/>
Balance at 31 December 2019	694,832
	<hr/>
Net book value	
At 31 December 2019	323,978
	<hr/>
At 1 January 2019	308,096

Notes (continued)

11 Debtors

	Group 2019	Company 2019	Group 2018	Company 2018
	£	£	£	£
Trade debtors	134,488	134,488	141,246	141,246
Other debtors	692,986	910,464	1,121,655	1,121,655
Taxation and social security	-	-	40,214	40,214
Prepayments and accrued income	602,281	598,527	1,390,448	1,390,448
	<u>1,429,755</u>	<u>1,643,479</u>	<u>2,693,563</u>	<u>2,693,563</u>

All debtors are due within one year.

Part of the consolidated and company other debtors balances is £537,500 (£1,000,000 in 2018) of the credit line with the related party DMGT.

12 Creditors: amounts falling due within one year

	Group 2019	Company 2019	Group 2018	Company 2018
	£	£	£	£
Trade creditors	863,764	857,204	788,681	788,681
Other creditors	402	404	36,180	36,180
Accruals and deferred income	802,546	802,546	1,217,064	1,217,064
Taxation and social security	194,930	192,421	-	-
	<u>1,861,642</u>	<u>1,852,575</u>	<u>2,041,925</u>	<u>2,041,925</u>

13 Fixed Asset Investments

	Shares in group undertakings £	Shares in company undertakings £
Movements in fixed asset investments		
Cost or valuation		
At 31 December 2018	402	404
Consolidated subsidiary	-	-
At 31 December 2019	402	404
Carrying amount	402	404
At 31 December 2018	402	404
At 31 December 2019	<u>402</u>	<u>404</u>

Notes (continued)

13 Fixed Asset Investments (continued)

In all the undertakings below in, the Group's and Company's interest at the year-end is 100%.

All undertakings are registered under Suite 4, Building 4, Hatters Lane, Watford, WD18 8YF.

In the year ending 31 December 2019, Scout Financial Services Limited was exempt from audit of its individual financial statements under section 479a of the Companies Act 2006.

Subsidiary Undertakings	Country of Incorporation	Principal Activity	Registered number	Total shares
Hillgate Financial Services Limited	United Kingdom	Dormant	09907935	2
Scout Financial Services Limited	United Kingdom	Operating/Consolidated	09906155	2
Yopa Property Sales Limited	United Kingdom	Dormant	10054986	100
Yopa Estate Agents Limited	United Kingdom	Dormant	10055050	100
Yopa Investments Limited	United Kingdom	Dormant	10068340	100
Yopa Lettings Limited	United Kingdom	Dormant	10054884	100

Per section 405 of the CA06 Yopa Property Limited has taken the exemption to not include the dormant entities in the consolidation on a basis that the inclusion is not material for the purpose of giving a true and fair view if taken together.

14 Capital and reserves

	Preference shares of £1 each	Ordinary shares
In thousands of shares		
On issue at 1 of January	3,457,850	5,399,873
Issued for cash	3,200,000	-
Converted from ordinary to preference	73,254	(73,254)
Bonus issue	2,700,772	-
On issue at 31 of December	9,431,876	5,326,619

Share capital

	2019 £	2018 £
Ordinary share capital Issued and fully paid		
0 Ordinary D* shares of £1 each	-	73,254
2,311,315 Ordinary F shares of £1 each	2,311,315	2,311,315
230,734 Ordinary I shares of £1 each	230,734	230,734
1,470,840 Ordinary S shares of £1 each	1,470,840	1,470,840
4,095,767 C-1* Preference Shares of £1 each	4,095,767	1,307,437
2,223,667 C-2* Preference Shares of £1 each	2,223,667	2,150,413
3,112,442 C-3* Preference Shares of £1 each	3,112,442	-
8,968 Ordinary E shares of £1 each	8,968	8,968
1,304,762 Ordinary L shares of £1 each	1,304,761	1,304,762
	14,758,494	8,857,723

*In the August 2019 funding round 73,254 ordinary D shares were converted into C-2 preference shares and 87,558 C-2 preference shares were converted in to C-1 preference shares. There was also a bonus issue of 2,700,772 C-1 preference shares and a new funding of 3,112,442 C-3 preference shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time. Ordinary D, F, S and L shares are entitled to one vote per share at meetings of the Company.

Notes (continued)

14 Capital and reserves (continued)

D Shares

The 0 ordinary shares of £1 each have full voting, dividend and capital distribution (including on winding up) rights; pre-exemption rights on allotment and on transfer of shares, directors may decline transfers, they do not confer any rights of redemption.

E Shares

The 8,968 ordinary shares of £1 each shall not be entitled to any voting rights (except at class meeting where a variation class rights is proposed), they are entitled to receive dividends and capital distribution (including on winding up) rights in proportion to their holding; pre-emption rights on allotment and on transfer of shares, directors may decline transfers, they do not confer any rights of redemption.

F Shares

The 2,311,315 ordinary shares of £1 each have full voting, dividend and capital distribution (including on winding up) rights; pre-emption rights on allotment and on transfer of shares, directors may decline transfers, they do not confer any rights of redemption.

I Shares

The 230,734 ordinary shares of £1 each shall not be entitled to any voting rights (except at class meeting where a variation of class rights is proposed), they are entitled to receive dividends and capital distribution (including on winding up) rights in proportion to their holding; pre-emption rights on allotment and on transfer of shares, directors may decline transfers, they do not confer any rights of redemption.

L Shares

The 1,304,762 ordinary shares of £1 each have full voting, dividend and capital distribution (including on winding up) rights, pari passu with other holders of ordinary shares; pre-emption rights apply on transfer of shares' they do not confer any rights of redemption.

S Shares

The 1,470,840 ordinary shares of £1 each have attached to them full voting, dividend and capital distribution (including on winding up) rights, transfer notice and pre-emption rights on transfer of shares; they do not confer any rights of redemption.

C1 Preference Shares

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; rights entitling the holder to payment of the amount equal to the subscription price paid for the C-1 preference share on a return of capital in preference to receipt of any proceeds by the ordinary shareholders transfer notice and pre-emption rights on transfer of shares. This type of share was issued in 2019.

C2 Preference Shares

The shares have full voting, dividend and capital distribution (including on winding up) rights; rights entitling the holder to payment of the amount equal to the subscription price paid for the C-2 preference share on a return of capital in preference to receipt of any proceeds by the ordinary shareholders; transfer notice and pre-emption rights on transfer of shares. This type of share was issued in 2019.

C3 Preference Shares

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; rights entitling the holder to payment of the amount equal to the subscription price paid for the C-3 preference share on a return of capital in preference to receipt of any proceeds by the ordinary shareholders, the C-1 Preference shareholders and the C-2 preference shareholders; transfer notice and pre-emption rights on transfer of shares. This type of share was issued in 2019.

Notes (continued)

15 Analysis of Changes in Net Debt

	December 2018 £	Cash flows 2019 £	Non cash changes £	December 2019 £
Cash	9,868,221	(243,934)	-	9,624,287
Borrowings	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total net debt	9,868,221	(243,934)	-	9,624,287
	<hr/>	<hr/>	<hr/>	<hr/>

16 Employee Benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £124,093 (2018: £80,098).

Share Based Payments

The terms and conditions of the grants are as follows:

Grant date	Scheme No	Type of scheme	Employees entitled	Number of options outstanding	Performance conditions	Exercise Price	Earliest exercise date	Expiry date
17/05/2016	1	EMI	1	25,249	Length of service	£ 1.00	31/05/2016	17/05/2026
18/05/2016	2	EMI	1	72,520	Length of service	£ 1.00	31/05/2016	18/05/2026
09/08/2016	3	EMI	1	342	Length of service	£ 5.98	30/06/2017	09/08/2026
14/09/2016	4	EMI	1	240	Length of service	£ 5.98	30/06/2017	14/09/2026
10/05/2017	5	EMI	1	1,000	Length of service	£ 10.06	10/05/2017	10/05/2027
11/05/2017	6	EMI	1	17,175	Length of service	£ 10.06	11/05/2017	11/05/2027
22/05/2017	7	EMI	1	2,000	Length of service	£ 10.06	22/05/2017	22/05/2027
23/05/2017	8	EMI	1	1,000	Length of service	£ 10.06	23/05/2017	23/05/2027
13/06/2017	9	EMI	1	600	Length of service	£ 10.06	13/06/2017	13/06/2027
07/08/2017	10	EMI	1	22,365	Length of service	£ 10.06	23/05/2017	07/08/2027
06/04/2018	11	EMI	13	14,800	Length of service	£ 15.33	06/04/2019	06/04/2028
27/04/2018	12	EMI	1	228,068	Length of service	£ 1.00	27/04/2018	27/04/2028
27/04/2018	13	EMI	2	79,731	Length of service	£ 10.06	27/04/2018	27/04/2028
03/05/2018	14	EMI	1	16,500	Length of service	£ 10.06	31/12/2018	03/05/2028
18/06/2018	15	EMI	1	4,188	Length of service	£ 1.00	18/06/2018	18/06/2028

Notes (continued)

16 Employee Benefits (continued)

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2019	Number of options 2019	Weighted average exercise price 2018	Number of options 2018
Outstanding at the beginning of the year	4.58	558,379	4.72	210,407
Granted during the year	-	-	4.57	356,407
Exercised during the year	-	-	-	-
Forfeited during the year	8.01	(72,601)	7.95	(8,435)
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at the end of the year	4.06	485,778	4.58	558,379
	<hr/>	<hr/>	<hr/>	<hr/>
Exercisable at the end of the year	3.98	433,568	4.37	228,823
	<hr/>	<hr/>	<hr/>	<hr/>

The fair value of services received in return for share options granted are measured by reference to the fair value of goods or services received or reference to the fair value of share options granted. The estimate of fair value is measured using the Black-Scholes model.

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

The total expenses recognised for the year and the total equity recognised at the end of the year arising from share-based payments are as follows:

	Equity-settled share based payment transactions recorded in equity £
Total equity brought forward at 1 January 2019	1,348,875
Equity-settled share based payment transactions	
Share based payment expense	12,354
Forfeited share options	(141,851)
	<hr/>
Total share based payment expense / (credit)	(129,497)
	<hr/>
Total equity carried forward at 31 December 2019	1,219,378
	<hr/>

The equity-settled share based payment transactions are recorded within the profit and loss account component of equity. A separate share options reserve is not presented in the financial statements.

Notes (continued)

17 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	418,314	508,603
Between two and five years	867,537	1,256,864
	<u>1,285,851</u>	<u>1,765,467</u>

During the year £421,992 was recognised as an expense in respect of operating leases (2018: £448,855).

18 Related parties

Related party transactions

During the financial year ended 31 December 2019 the value of lease transactions recognised payable to Ritz Hotel (London) Limited, was £180,958 (2018: £271,628). As at 31 December 2019 included within the creditors total were amounts owed to Ritz Hotel (London) Limited of £2,096.10 (2018: £nil), which was under the common control of a Company shareholder. Per our best knowledge the services provided were at an arm's length basis.

As at 31 December 2019 included within the creditors total were amounts owed to Property Pathways Limited £8,202 (2018: £5,328), which was under the common control of a Company shareholder. Total number of transactions of £94,300 (2018: £112,734) were recognised during the year for valuation lead generation. Per our best knowledge the services provided were at an arm's length basis.

As at 31 December 2019 included within the creditors total were amounts owed to Rent My Studio Limited (T/A Great Minds Design) of £2,880 (2018: £nil), which was under the common control of a Company shareholder. Consultancy service fees of £81,400 (2018: £126,063) were recognised during the year. Per our best knowledge the services provided were at an arm's length basis.

As at 31 December 2019 included within the debtors total were amounts owed by Embrace Financial Services £1,984 (2018: £6,622). Embrace Financial Services is part of the LSL Group, a Shareholder of the Company. Total number of transactions of £17,697 (2018: £46,418) were recognised during the year for mortgage lead referrals. Per our best knowledge the services provided were at an arm's length basis.

The Company has a media credit line from Daily Mail Group (DMGT), a Shareholder of the Company. The total balance of £573,500 (2018: £1,000,000) included in Other Debtors in the Balance Sheet is to be used for services provided. Total number of transactions of £696,730 (2018: £295,969) were recognised during the year for marketing services. £616,730 worth of services were provided at a 50% discount to the usual arm's length rate. As at 31 December 2019 included within the creditors total were amounts due to be offset against the Credit line balance in amount of £126,433 (2018: £12,000).

During the financial year ended 31 December 2019 Landmark Information Group, part of Daily Mail and General Trust plc (DMGT), a shareholder of the Company, acquired the conveyancing panel management business of Aventria and renamed it Optimus. As at 31 December 2019 included within the debtors total were £2,300 (2018: £74,521). The total number of transactions of £555,750 (2018: £197,490) were recognised during the year. Per our best knowledge the services provided were at an arm's length basis.

As at 31 December 2019 included within the creditors total were amounts owed to Landmark Information Group, part of Daily Mail and General Trust plc (DMGT), a shareholder of the Company £3,434 (2018: £1,462). Total number of transactions of £47,918 (2018: £12,084) were recognised during the year. Per our best knowledge the services provided were at an arm's length basis.

Notes *(continued)*

19 Subsequent events

The Covid-19 pandemic led to the government advising the closure of the residential property market during March, April and May 2020. The business saw its share of the market listings increase during this period however absolute listings were down significantly year on year and versus budget. The company tightly managed costs throughout this period to ensure no detriment to bottom line profitability and have seen much improved results since the industry returned to business in May.