

Yopa Property Limited

**Annual report and consolidated
financial statements**

Registered number 09120252

31 December 2020



Contents

Company information	2
Group Strategic Report	3
Group Directors' report	5
Statement of directors' responsibilities in respect of the Annual Report and the financial statements	6
Independent auditor's report to the members of Yopa Property Limited	7
Consolidated Profit and Loss Account and Other Comprehensive Income	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Cash Flow Statement	15
Notes	16

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

G Turner

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.

2020 Financial performance and position of the business

While 2020 was a challenging year due to Covid-19, the business saw considerable growth in revenues and key performance metrics. 2020 was a year of continued investment for the business in key areas of growth, while continuing to carry out strategic plans to ensure revenue growth and improve bottom-line performance.

The Company invested heavily in its field infrastructure and operations, and financial services proposition, Scout Financial Services, to improve its product offering for customers and drive ancillary revenues. The Company also introduced new products and revenue streams such as Auction and Removal referrals to ensure its product offering met customer needs throughout the year.

As a result of the above, the Company made a loss before tax of £5,775,585 (2019: £17,821,077) for the year ended 31 December 2020, with most of the loss being incurred in Q1 2020.

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, while Covid-19 provided further uncertainty in 2020 and thus a further decline in residential property listings. In 2021, there has been an increase in property listings versus 2020, however Covid-19 has contributed to lower listing volumes than in 2019 and prior years.

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 2021 driven by investment in central sales teams, the improvement of ancillary offerings, and the continued focus on marketing strategy and efficiencies. The continued growth in Scout Financial Services and other referral revenues has supported underlying revenue growth year to date. This has resulted in record sales performance and market share, with profit and cash flow exceeding expectations year to date. This gives further encouragement as to the resilience of the business model and future prospects of the business.

The business has not utilised the Government’s furlough scheme year to date.

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 negatively impacted market listings. The recent changes to SDLT however positively impacted housing market transactions in H1 2021. There remains sufficient opportunity 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.

Group Strategic Report (continued)

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 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. 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.

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 2020. However, the continued 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:

	2020	2019	Change %
Revenue	14,487,471	8,350,750	73%
Gross profit	7,303,971	3,596,351	103%
Overheads	(13,085,679)	(21,417,428)	-39%
Loss	(5,775,585)	(17,821,077)	-68%
Net Cash outflow	(4,388,346)	(243,934)	-1,699%

Revenue increased by 73% year on year due to a significant increase in instruction, referral and financial services revenues, as the Company improved its product offering and sales function, and launched its financial services proposition in late 2019.

Gross margins increased from 43% to 50% while gross profit increased by 103% as the Company improved commercial terms with third parties, introduced new revenue streams and sought efficiencies in its pricing.

Overheads decreased by 39% year on year due to reductions in inefficient spend, improvements in technology, and improved customer acquisition costs driven by marketing performance. There was £183,965 reduction in cost during the year due to utilisation of the Government furlough scheme.

By order of the board


Grenville Turner
Director

14 October 2021

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 (2019: £nil).

Political contributions

The Company made no political contributions during the year (2019: £nil).

Directors

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

A J Barclay

M L De Carvalho

G Turner

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.

Auditor

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

Company registered number: 09120252

Suite 4, Building 4, Hatters Lane
Watford

WD18 8YF

14 October 2021

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 2020 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 the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- 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 2020 and of the Group's loss for the year then ended;
- the Group and the parent Company financial statements 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
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities 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.

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.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships over account balances at year end.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that No Sale No Fee revenue is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

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

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

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

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.

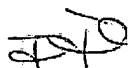
Auditor's responsibilities

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.



Jonathan Tricker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Date: 19th October 2021

Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2020

	<i>Note</i>	Year Ended 31 December 2020 £	Year Ended 31 December 2019 £
Turnover	3	14,487,471	8,350,750
Cost of sales		(7,183,500)	(4,754,399)
		<hr/>	<hr/>
Gross profit		7,303,971	3,596,351
Administrative expenses	4	(13,085,679)	(21,417,428)
		<hr/>	<hr/>
Group Operating loss		(5,781,708)	(17,821,077)
Interest receivable and similar income	7	6,123	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(5,775,585)	(17,821,077)
Tax on loss on ordinary activities	8	-	-
		<hr/>	<hr/>
Loss for the financial year		(5,775,585)	(17,821,077)
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive loss for the year		(5,775,585)	(17,821,077)
		<hr/>	<hr/>
Attributable to:			
Equity holders of the parent		(5,775,585)	(17,821,077)
		<hr/>	<hr/>

All amounts relate to continuing operations.

The notes on pages 16 to 33 form part of these financial statements.

Consolidated Balance Sheet
at 31 December 2020

	<i>Note</i>	2020		2019	
		£	£	£	£
Fixed assets					
Intangible assets	10		356,246		323,978
Tangible assets	9		198,478		578,946
Investments	13		<u>402</u>		<u>402</u>
			555,126		903,326
Current assets					
Debtors	11	857,780		1,429,755	
Cash at bank and in hand		<u>5,235,941</u>		<u>9,624,287</u>	
		6,093,721		11,054,042	
Creditors: amounts falling due within one year	12	(2,630,176)		(1,861,642)	
Net current assets			3,463,545		9,192,400
Total assets less current liabilities			<u>4,018,671</u>		<u>10,095,726</u>
Net assets			<u>4,018,671</u>		<u>10,095,726</u>
Capital and reserves					
Called up share capital	14		14,758,494		14,758,494
Share premium account			74,555,086		74,555,086
Profit and loss account			<u>(85,294,909)</u>		<u>(79,217,854)</u>
Shareholders' funds			<u>4,018,671</u>		<u>10,095,726</u>
Equity attributable to holders of the parent			<u>4,018,671</u>		<u>10,095,726</u>

The notes on pages 16 to 33 form part of these financial statements.

These financial statements were approved by the board of directors on 14 October 2021 and were signed on its behalf by:



G Turner
Director

Company registered number: 09120252

Company Balance Sheet
For the year ended 31 December 2020

	<i>Note</i>	2020		2019	
		£	£	£	£
Fixed assets					
Intangible assets	10		356,246		323,978
Tangible assets	9		163,853		573,865
Investments	13		404		404
			520,503		898,247
Current assets					
Debtors (including £541,937 (2019: £ nil) due after more than 1 year	11	1,366,779		1,643,479	
Cash at bank and in hand		5,125,851		9,438,593	
		6,492,630		11,082,072	
Creditors: amounts falling due within one year	12	(2,537,525)		(1,852,575)	
Net current assets			3,955,105		9,229,497
Total assets less current liabilities			4,475,608		10,127,744
Net assets			4,475,608		10,127,744
Capital and reserves					
Called up share capital	14		14,758,496		14,758,496
Share premium account			74,555,086		74,555,086
Profit and loss account			(84,837,974)		(79,185,838)
Shareholders' funds			4,475,608		10,127,744

The notes on pages 16 to 33 form part of these financial statements.

These financial statements were approved by the board of directors on 14 October 2021 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 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
	Called up Share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2020	14,758,494	74,555,086	(79,217,854)	10,095,726
Equity-settled share based payment transactions	-	-	(301,470)	(301,470)
Total comprehensive loss for the period				
Loss for the period	-	-	(5,775,585)	(5,775,585)
Balance at 31 December 2020	14,758,494	74,555,086	(85,294,909)	4,018,671

The notes on pages 16 to 33 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 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
	Called up Share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2020	14,758,496	74,555,086	(79,185,838)	10,127,744
Equity-settled share based payment transactions	-	-	(301,470)	(301,470)
Total comprehensive loss for the period				
Loss for the period	-	-	(5,350,666)	(5,350,666)
Balance at 31 December 2020	14,758,496	74,555,086	(84,837,974)	4,475,608

The notes on pages 16 to 33 form part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2020

	2020 £	2019 £
Cashflow from operating activities		
Loss for the year	(5,775,585)	(17,821,077)
Adjustments for:		
Equity settled share based payment expense	(301,470)	(129,497)
Loss on disposal of tangible fixed assets	85,268	247,526
Depreciation, amortisation and impairment	553,485	657,770
Decrease in trade and other debtors	571,975	1,263,808
Decrease in trade and other creditors	768,534	(180,283)
Net cash from operating activities	(4,097,793)	(15,961,753)
Cash flows from investing activities		
Acquisition of tangible fixed assets	(44,729)	(39,150)
Acquisition of other intangible asset	(245,824)	(243,031)
Interest received	-	-
Net cash from investing activities	(290,553)	(282,181)
Cashflow from financing activities		
Proceeds from the issue of share capital	-	16,000,000
Issue of Share Options	-	-
Net cash from financing activities	-	16,000,000
Net decrease in cash and cash equivalents	(4,388,346)	(243,934)
Cash and cash equivalents at 1 January 2020	9,624,287	9,868,221
Cash and cash equivalents at 31 December 2020	5,235,941	9,624,287

The notes on pages 16 to 33 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 2020. 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 £5,781,708 for the year to 31 December 2020 (2019: £17,821,077) and operating cash outflow of £4,097,793 (2019: £15,961,753), whilst net assets are reported as £4,018,671 (2019: £10,095,726). The Group remains in a growth phase and has improved its financial performance significantly over the past 12 months, with improved revenues and costs positively impacting cashflows. The Group has historically relied upon capital contributions provided by its shareholder 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 property listings, completions and associated revenues. The directors have also considered levels of fixed cost which could be reduced to mitigate any negative impact to revenues should the property market be impacted by external economic factors. If there was a sharp drop in the number of residential property transactions in the coming 12 months, 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.

In the next 12 months from the date of approval of the financial statements, the Group is forecasting a small cash shortfall in its base case. The base case forecast assumes overall market listings similar to 2021 to date levels, which have been lower than historical trends, along with no growth in Scout Financial Services mortgage referrals. This service line was launched in 2019 and since has seen significant revenue growth over the past 12 months.

Notes (continued)

1 Accounting policies (continued)

A cash shortfall is forecast by the directors in a severe but plausible downside scenario. The severe but plausible scenario assumes that market conditions do not improve for the coming 12 months with instruction volumes down versus prior years. Furthermore, this scenario assumes there is limited growth in the financial services division. Therefore the directors' forecasts indicate that the group will need to obtain additional funding from its shareholders. Although, there is a proven historical track record of shareholder financial support, as at the date of approval of these financial statements, this has not been agreed.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern and, therefore, that the group and company may be unable to realise their assets and discharge 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 2020. 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.

The costs 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 16.

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

	2020 £	2019 £
Instructions	12,553,563	7,616,407
Referrals	1,390,561	653,817
Brokerage fees	441,465	8,933
Other	101,882	71,593
Total turnover	<u>14,487,471</u>	<u>8,350,750</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:

	2020 £	2019 £
Depreciation of tangible fixed assets	339,929	430,620
Amortisation and loss on disposal of tangible fixed assets	<u>297,788</u>	<u>474,676</u>

Auditor's remuneration:

	2020 £	2019 £
Audit of these financial statements	70,720	60,800
Taxation compliance services	<u>3,750</u>	<u>12,300</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:

	2020	2019
Brokers	17	1
Head Office staff	47	60
Contact Centre staff	95	126
	<u>159</u>	<u>187</u>

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2020 £	2019 £
Wages and salaries	6,190,502	7,808,789
Social security costs	707,887	874,050
Contributions to defined contribution plans	100,839	124,093
Share based payments (See note 16)	11,767	12,354
	<u>7,010,995</u>	<u>8,819,286</u>

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

6 Directors' remuneration

	2020 £	2019 £
Directors' remuneration	<u>110,468</u>	<u>231,000</u>

The remuneration of the highest paid director was £110,468 (2019: £152,303). There was £0 (2019: £1,078) 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

	2020 £	2019 £
Bank interest	<u>6,123</u>	<u>-</u>
	<u>6,123</u>	<u>-</u>

8 Taxation

Total tax expense recognised in the profit and loss account

	2020 £	£	2019 £	£
<i>Current tax</i>				
Current tax on income for the period		-		-
UK corporation tax at 19.00%		-		-
		<u>-</u>		<u>-</u>
Total current tax		-		-
<i>Deferred tax</i>				
Origination and reversal of timing differences	-		-	
	<u>-</u>		<u>-</u>	
Total deferred tax	-	-	-	-
		<u>-</u>		<u>-</u>

Notes (continued)

8 Taxation (continued)

Deferred tax asset not recognised was £14,243,647 as at December 2020 and £13,237,645 as at December 2019.

Reconciliation of effective tax rate

	2020 £	2019 £
Loss for the year	(5,775,585)	(17,821,077)
Total tax expense	-	-
Profit excluding taxation	(5,775,585)	(17,962,928)
Tax on loss on ordinary activities at standard CT rate of 19.00% (2019: 19%)	(1,097,361)	(3,410,609)
Reduction in tax rate on deferred tax balances	-	-
Effects of:		
Fixed asset differences	54,751	101,322
Expenses not deductible for tax purposes	(55,220)	20,557
Adjustment to brought forward values	-	(4,743)
R&D expenditure credits	5,870	7,236
Deferred tax not recognised	1,091,960	2,961,038
Impact of tax rate changes	-	330,002
Total tax expense included in profit or loss	-	-

Factors that may affect future current and total tax charges

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the group's future tax charge.

Notes *(continued)*

9 Group tangible fixed assets

	Fixtures, fittings and equipment £	Leasehold Improve- ments £	Total £
Cost			
Balance at 1 January 2020	587,946	776,787	1,364,733
Additions	44,729	-	44,729
Disposals	(27,149)	(355,908)	(383,057)
Balance at 31 December 2020	605,526	420,879	1,026,405
Depreciation and impairment			
Balance at 1 January 2020	366,073	419,714	785,787
Depreciation charge for the year	134,496	205,433	339,929
Disposals	(23,916)	(273,873)	(297,789)
Balance at 31 December 2020	476,653	351,274	827,927
Net book value			
At 31 December 2020	128,873	69,605	198,478
At 31 December 2019	221,873	357,073	578,946
Company tangible assets			
Cost			
Balance at 1 January 2020	582,431	776,787	1,359,218
Additions	7,725	-	7,725
Disposals	(27,149)	(355,908)	(383,057)
Balance at 31 December 2020	563,007	420,879	983,886
Depreciation and impairment			
Balance at 1 January 2020	365,639	419,714	785,353
Depreciation charge for the year	127,036	205,433	332,469
Disposals	(23,916)	(273,873)	(297,789)
Balance at 31 December 2020	468,759	351,274	820,033
Net book value			
At 31 December 2020	94,248	69,605	163,853
At 31 December 2019	216,792	357,073	573,865

10 Group and company intangible fixed assets

	Website develop- ment costs £
Cost	
Balance at 1 January 2020	1,018,810
Additions	245,824
	<hr/>
Balance at 31 December 2020	1,264,634
	<hr/>
Amortisation	
Balance at 1 January 2020	694,832
Charge for the year	213,556
	<hr/>
Balance at 31 December 2020	908,388
	<hr/>
Net book value	
At 31 December 2020	356,246
	<hr/>
At 1 January 2020	323,978

Notes (continued)

11 Debtors

	Group 2020	Company 2020	Group 2019	Company 2019
	£	£	£	£
Trade debtors	172,577	172,577	134,488	134,488
Other debtors	255,191	255,194	692,986	910,464
Amounts owed by Group Undertakings	-	541,937	-	-
Prepayments and accrued income	430,012	397,071	602,281	598,527
	857,780	1,366,779	1,429,755	1,643,479

All debtors are due within one year except for the amounts owed by group undertakings.

Part of the consolidated and company other debtors balances is £139,966 (£537,500 in 2019) of the credit line with the related party DMGT.

12 Creditors: amounts falling due within one year

	Group 2020	Company 2020	Group 2019	Company 2019
	£	£	£	£
Trade creditors	638,029	585,784	863,764	857,204
Other creditors	402	404	402	404
Accruals and deferred income	678,572	675,572	802,546	802,546
Taxation and social security	1,313,173	1,275,765	194,930	192,421
	2,630,176	2,537,525	1,861,642	1,852,575

13 Fixed Asset Investments

	Shares in group undertakings £	Shares in company undertakings £
Movements in fixed asset investments		
Cost or valuation		
At 31 December 2019	402	404
Consolidated subsidiary	-	-
At 31 December 2020	402	404
Carrying amount	402	404
At 31 December 2019	402	404
At 31 December 2020	402	404

Notes (continued)

13 Fixed Asset Investments (continued)

In all the undertakings below 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 2020, 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 Companies Act 2006 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	9,431,876	5,326,619
On issue at 31 of December	9,431,876	5,326,619

Share capital

	2020 £	2019 £
Ordinary share capital Issued and fully paid		
0 Ordinary D* shares of £1 each	-	-
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	4,095,767
2,223,667 C-2* Preference Shares of £1 each	2,223,667	2,223,667
3,112,442 C-3* Preference Shares of £1 each	3,112,442	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	1,304,761
	14,758,494	14,758,494

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.

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.

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.

Notes (continued)

15 Analysis of Changes in Net Debt

	December 2019 £	Cash flows 2020 £	Non cash changes £	December 2020 £
Cash	9,624,287	(4,388,346)	-	5,235,941
Borrowings	-	-	-	-
<hr/>				
Total net debt	9,624,287	(4,388,346)	-	5,235,941

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 £ 301,470 (2019: £124,093).

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	2	8,017	Length of service	£ 1.00	31/05/2016	17/05/2026
11/05/2017	6	EMI	1	17,175	Length of service	£ 10.06	11/05/2017	11/05/2027
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
06/04/2018	11	EMI	7	5,775	Length of service	£ 15.33	06/04/2019	06/04/2028
27/04/2018	12	EMI	1	79,731	Length of service	£ 1.00	27/04/2018	27/04/2028
27/04/2018	13	EMI	1	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
29/01/2020	16	EMI	10	1,152,078	Length of service	£0.01	20/08/2019	20/08/2029
17/11/2020	17	EMI	9	255,469	Length of service	£0.01	01/09/2020	01/09/2030

Notes (continued)

16 Employee Benefits (continued)

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

	Weighted average exercise price 2020	Number of options 2020	Weighted average exercise price 2019	Number of options 2019
Outstanding at the beginning of the year	4.06	485,778	4.58	558,379
Granted during the year	0.01	1,554,206	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	1.17	(419,720)	8.01	(72,601)
Outstanding at the end of the year	0.92	1,620,264	4.06	485,778
Exercisable at the end of the year	3.09	424,435	3.98	433,568

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 2020 £	Equity-settled share based payment transactions recorded in equity 2019 £
Total equity brought forward at 1 January	1,219,378	1,348,875
Equity-settled share based payment transactions		
Share based payment expense	11,767	12,354
Forfeited share options	(313,237)	(141,851)
Total share based credit	(301,470)	(129,497)
Total equity carried forward at 31 December	917,908	1,219,378

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:

	2020 £	2019 £
Within one year	267,620	418,314
Between two and five years	1,663,356	867,537
	<hr/> 1,930,976	<hr/> 1,285,851

During the year £353,402 was recognised as an expense in respect of operating leases (2019: £421,992).

18 Related parties

Related party transactions

During the financial year ended 31 December 2020 the value of transactions recognised payable to Ritz Hotel (London) Limited, was £94,039 (2019: £180,958). As at 31 December 2020 included within the creditors total were amounts owed to Ritz Hotel (London) Limited of £nil (2019: £2,096), which was under the common ownership of a Company shareholder. Per our best knowledge the services provided were at an arm's length basis.

As at 31 December 2020 included within the creditors total were amounts owed to Property Pathways Limited £nil (2019: £8,202), which was under the common ownership of a Company shareholder. Total amount of transactions of £41,405 (2019: £94,300) 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 2020 included within the creditors total were amounts owed to Rent My Studio Limited (T/A Great Minds Design) of £nil; (2019: £2,880), which was under the common ownership of a Company shareholder. Consultancy service fees of £nil (2019: £81,400) were recognised during the year. Per our best knowledge the services provided were at an arm's length basis.

As at 31 December 2020 included within the debtors total were amounts owed by Embrace Financial Services £1,985 (2019: £1,984). Embrace Financial Services is part of the LSL Group, a Shareholder of the Company. Total amount of transactions of £nil (2019: £17,697) 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 £139,966 (2019: £573,500) included in Other Debtors in the Balance Sheet is to be used for services provided. Total number of transactions of £331,382 (2019: £696,730) were recognised during the year for marketing services. £293,221 worth of services were provided at a 50% discount to the usual arm's length rate.

During the financial year ended 31 December 2020 Landmark Information Group, part of Daily Mail and General Trust plc (DMGT), a shareholder of the Company, acquired the conveyancing panel management business of Aventura and renamed it Optimus. As at 31 December 2020 included within the debtors total were £nil (2019: £2,300). The total number of transactions of £1,190,072 (2019: £555,750) were recognised during the year. Per our best knowledge the services provided were at an arm's length basis.

As at 31 December 2020 included within the creditors total were amounts owed to Landmark Information Group and Metroprix, part of Daily Mail and General Trust plc (DMGT), a shareholder of the Company £1,350.48 (2019: £3,434). Total number of transactions of £77,090 (2019: £47,918) were recognised during the year. Per our best knowledge the services provided were at an arm's length basis.

18. Related parties (continued)

As at 31 December 2020 included within the debtors total were £nil (2019: £nil) owed by Primis/First complete which is owed by Yopa shareholder LSL. Per our best knowledge the services provided were at an arm's length basis. The total amount of transactions of £288,699 (2019: £nil) were recognised during the year.

19. Ultimate parent company and parent company of larger group

The Company is an associate undertaking of DMGV limited. There is no ultimate controlling party.