23 June 2015

ULS Technology plc
(The "Group")

Preliminary Results for the Year Ended 31 March 2015

ULS Technology plc (AIM:ULS), the provider of online B2B platforms for the UK conveyancing and financial intermediary markets, announces its Preliminary Results for year ended 31 March 2015.

Financial Highlights

- Revenue £16.1 million (2014: £16.3 million)
- Gross profit up 15% to £6.0 million (2014: £5.3 million)
- Underlying EBITDA* up 25% to £3.4 million (2014: £2.7 million)
- Underlying Profit Before Tax* £2.9 million (2014: £2.3 million)
- Net cash £1.2 million (2014: £0.1 million)
- Proposed final dividend of 1.0p, taking total dividend for the year post-listing to 1.34p

** Before Exceptional Costs relating to AIM listing and purchase of Legal Eye*

Operating Highlights

- Successful AIM listing in July 2014, including Institutional Placing of £12.1 million, providing a strong platform for profitable growth
- Renewal of Lloyds Banking Group contract
- Acquisition of Legal Eye in February 2015

Nigel Hoath, Chief Executive of ULS Technology plc, commented:

"Despite a difficult housing market over the last 6 months or so, I am delighted that we have achieved good growth in profits. Whilst the lack of supply in the housing market means that conditions remain difficult, we are seeing signs that our focus on attracting new customers, combined with the acquisition of Legal Eye, will deliver profitable revenue growth over the coming year. We have just successfully launched our estate agency comparator product estateagency4me.co.uk and look forward to developing this product over the coming months."

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Chairman's report

Review of the year

This has been a significant year in the development of the Group, which successfully listed on AIM, completed the acquisition of Legal Eye and secured a new long-term contract with Lloyds Banking Group.

The market place has been slightly down over the year, which has been reflected in revenues. In the first part of 2014 mortgage volumes rose and the market looked promising. However, the Mortgage Market Review (MMR) was implemented in April 2014 and by the autumn the market had slowed with many commentators pointing to MMR as a cause although, as always, there were other macro-economic factors present.

H1 results were positive with above market growth achieved. However, prior to announcing these strong interim results, the Group communicated that the market as a whole was slowing and that this would impact H2. Revenues for the year fell by 1% and were £16.1 million (2014: £16.3 million). Despite slowing growth, the business has been able to improve margins while maintaining a compelling proposition for the end customer. As a result, underlying EBITDA increased by 25% to £3.4 million (2014: £2.7 million), despite flat revenues and the increased costs of being a listed business.

Final dividend

The board proposes, subject to confirmation by shareholders at the Annual General Meeting to be held on 23 July 2015, a final dividend of 1.0p per share payable on 27 July 2015 to those shareholders on the register at the close of business on 3 July 2015. This, together with the interim dividend of 0.34p per share already paid, takes total proposed distributions to 1.34p per share since the listing on AIM.

Acquisition of Legal-Eye Limited

The Group was delighted to announce the acquisition of the high-growth, profitable company Legal Eye at the end of February 2015. This was funded from cash reserves plus a two-year earn-out. The core of the business is providing risk management and compliance services to solicitors and licenced conveyancers. At acquisition it had annual contracts with 130 clients, and ULS plans to grow this number aggressively.

The founder and Managing Director of Legal Eye, Jaunita Gobby, is focussed on developing the business and driving it forward. While the acquisition is relatively recent, Legal Eye has already fitted in well within ULS and the outlook is positive.

The acquisition is important strategically as it enhances the offering to prospective and existing customers. In ULS' opinion, the control of risk and compliance is one of the principal determinants when choosing a conveyancing partner.

Board changes

The board is delighted that Ben Thompson joined the Group as Managing Director in November 2014, with Nigel Hoath stepping up to Chief Executive. Ben came from Legal & General where he had a track record of delivering growth. He has already made a big impact, helping to develop the strategy and grow the sales pipeline.

Geoff Wicks joined the board in July 2014 as Non-Executive Director; he brings experience of running a listed business and strengthens the corporate governance of the Board. Geoff was previously CEO of Group NBT plc.

Judith Dickinson stepped down as a director of the Company in July 2014, but remains Operations Director of the main subsidiary, United Legal Services Limited.

Martin Rowland represented Lloyds Development Capital on the board until July 2014, when he stood down on the Company's admission to AIM.

Outlook

The Group anticipates that the general housing market will remain flat, but expects to increase market share through new contract wins in its core conveyancing product.

The legal services market is ripe for disruption and ULS is beginning to play a significant role in this market change. The strategy is to grow market share in conveyancing through organic growth and small acquisitions. The Group generates strong cash flow, even with its progressive dividend policy, and it will use this to develop new offerings such as the estate agency comparison product. This product soft launched in June 2015.

The business has grown profits despite adverse market conditions and reacted positively to being a listed company. As Chairman, I appreciate the hard work of our employees and many stakeholders in a challenging year, and would like to thank and congratulate them for this.

The team at ULS looks forward to the coming year.

Peter Opperman
Chairman
ULS Technology plc
22nd June 2015

Strategic report

The Directors present their strategic report for ULS Technology plc for the year ended 31 March 2015.

Operational review

UK housing and mortgage markets

The first part of 2014 started with some very encouraging activity. However, there was a marked slowdown in activity levels in the second half of the year, and this slowdown continued through to Christmas and the start of 2015. There were many factors combining to influence this slowdown, most notably the implementation of the FCA's Mortgage Market Review (MMR), the ever increasing cost of buying a home, and an affordability squeeze on UK households. According to figures from the British Banking Association, new mortgage approvals in the first calendar quarter of 2015 had slowed by almost 20% compared with the same period in 2014.

Experts predict a healthy housing market this year, with a mostly gentle increase in house prices. However, overall transaction levels are likely to remain muted for a while. The medium to longer term outlook is more positive. There appears to be some consensus amongst market commentators that the market is pausing for breath and that improving affordability, continued low mortgage rates, low inflation, reduced stamp duty levels and the launch of further measures to stimulate house buying will combine to bring about all-round market improvement and, most importantly, an increase in overall transactions.

Margin improvement

The market slowdown was the catalyst for ULS to review its business model and associated financials in some depth. As a result of acting sufficiently early, the Group was able to ensure that the reduction in volumes and associated revenue was compensated by a further improved margin.

Investment in sales

Despite the market slowdown ULS has decided to invest in sales, to ensure that market share continues to grow, along with the associated revenue, and also to ensure a greater spread of business relationships and revenue lines into the Group.

The results of this investment are starting to be seen, with a strong new business pipeline building, and some important new relationships agreed. There is further capacity for continued growth in new business from increased sales investment.

Strategy

ULS has a clear and defined strategy for growth. Although the business will broaden its horizons and products beyond what it offers today, the current focus is on delivering increased conveyancing business, either directly or indirectly. The conveyancing market remains highly fragmented, which presents opportunities for ULS to grow its market share beyond its current level of 5%.

One of the reasons for listing on AIM was to enable the business to make strategic acquisitions where relevant and sensible to do so. The first acquisition was of Legal Eye. Their service strengthens governance and oversight of solicitor compliance, filling a vital gap in ULS' conveyancing proposition to lenders, and further contracts are expected to be secured as a result. The acquisition is expected to be earnings enhancing and we are pleased with both the integration exercise and the performance of the business.

A fragmented market presents further potential for growth, and ULS will explore additional opportunities to acquire other businesses as and when appropriate and sensible to do so.

The coming year sees the launch of ULS' new estate agency comparison service. This new product enables consumers to view estate agents nationally and locally, and compare their performance across a range of new measures. The directors believe that existing homeowners will find this useful when looking to sell their homes, whist recognising that most consumers will ultimately still want to deal with a local, traditional estate agent. This new service also covers online estate agents. The product takes a collaborative approach that gives consumers new information, which they can use to decide how they wish to sell their home.

Although there will be opportunities to generate new income from this service in the future, the directors are conscious that this is an entirely new venture and there may be pitfalls to overcome along the way. The principal reason for launching this comparison service is to drive a greater volume of conveyancing instructions into the business, reflecting and delivering ULS’ main strategic priority.

Outlook and future developments

The medium to long term outlook for the UK housing and mortgage markets is strong. Overall housing transactions are below the long term average, and have been for the best part of a decade. This means that there is pent up demand that will be released as consumer confidence, affordability and mortgage availability all improve.

Remortgaging levels are very low compared with recent historical levels, largely because Bank Base Rate (BBR) and resulting mortgage rates remain at record lows. As BBR starts to increase, we expect to see heightened levels of activity, further boosting new conveyancing instructions. We do not expect remortgaging to increase to levels seen in the run up to the credit crunch in 2007/8, but volumes are expected to eventually pick up from current lows.

ULS has a very strong distribution base. The business will continue its sales focus and servicing existing relationships, as well as recruiting new ones. It will target new conveyancing opportunities with lenders, having strengthened its proposition through the acquisition of Legal Eye. New growth potential also exists through acquisitions, which could deliver positive step changes to conveyancing volumes and associated revenue.

Financial review

Summary

- Revenue £16.1 million (2014: £16.3 million)
- Gross margin £6.0 million (2014: £5.3 million)
- Underlying PBT £2.9 million (2014: £2.3 million)
- Net cash £1.2 million (2014: £0.1 million)
- Listing on AIM including Institutional Placing of £12.1 million
- Group paid its first dividends
- Increase in underlying EBITDA of 25%

Results

Revenue for the year was slightly down on the previous year. However, at the same time gross margin was improved, leading to an overall improvement in underlying profitability.

There were exceptional costs in the year of £1.4 million. These related to IPO costs and the acquisition of Legal Eye.

Underlying PBT

	2015	**2015**	**2014**
	£000's	**£000's**	**£000's**
Profit before taxation (PBT)		1,510	2,340
Exceptional Items			
Expenses associated with the AIM listing	1,314		
Expenses associated with the purchase of Legal Eye	85	1,399	-
Underlying PBT		**2,909**	**2,340**

Underlying EBITDA

	2015	2014
	£000's	£000's
Underlying PBT	**2,909**	**2,340**
Finance income	(43)	(6)
Finance costs	139	162
Amortisation	184	103
Depreciation	217	128
Underlying EBITDA	**3,406**	**2,727**

Shares and dividends

Upon admission to AIM the Company had 53,191,625 ordinary shares of 0.4p each in issue.

In December 2014, the Group was pleased to pay out its first interim dividend post IPO and has proposed a final dividend of 1.0 pence per share.

Acquisition of Legal-Eye Limited

On the 27 February 2015, the Group acquired the entire share capital of Legal-Eye Limited for an upfront payment of £1.1 million plus a further payment of £163,380 for excess closing net assets. There is also an earn-out payment consisting of two times EBITDA of the acquiree for each of the next two financial years. All payments are in cash and there is a cap on the overall consideration of £4.3 million. At the same time, the Group also acquired 15% of Financial Eye Limited for £100,000.

Cash and debt

There were significant inflows and outflows during the year. Particular items of note were:

- Repayment of LDC loan notes which had £1.9 million outstanding at the point they were repaid
- New bank facilities arranged totalling £4.5 million with Clydesdale Bank of which £4 million was drawn. £1.85 million of this facility was repaid ahead of schedule on 21 August 2014 and further scheduled repayments of £180,000 were made in each quarter starting on 30 September 2014
- New share issue realising gross proceeds of £4.6 million
- Interim dividend paid in December 2014 of £220,075

- Purchase of Legal Eye as outlined above

The underlying position of the Group is that it continues to turn a significant proportion of its profit into cash, which it expects to allow payment of a progressive dividend, while still investing in the growth of the business.

Key Business risks

The risk factors shown below are not an exhaustive list and the order in which they are listed should not be taken to imply the level of risk that may apply to each of the items.

Loss of key customer. The contract with Lloyds Banking Group delivers over half the revenue of the Group. However, the securing of a long term contract in June 2014 has mitigated this risk. There remains an element of risk relating to a degree of dependence on the market share maintained by Lloyds Banking Group. This is being mitigated by investment in growing the sales team, which has already seen a substantial increase in sales instructions from other sources.

Loss of key panel firms. There is a risk that one of the solicitor firms or licenced conveyancers that performs a significant proportion of work generated through the comparison service decides not to do business with the Group or ceases to trade. The Group has significantly increased the number of firms on its panel, which means that such a scenario would be less keenly felt.

Macro-economic conditions. The revenue of the business is closely associated with the number of transactions in the UK housing market. As a result changes in interest rates, house prices, Government housing policy, GDP growth and wider economic factors all have an impact. The Group's strong cash position and efficient operating model allow it to cope with these fluctuations. Additionally, as the distribution network extends, ULS becomes less susceptible to single factors.

New products. While the directors believe that there is a customer need for any new product the Group brings to market, there may be many reasons why converting that into profitable revenue may not materialise.

Competition. There are a number of competitors of varying sizes in the market. Those seen as providing the closest competing products are closely monitored. However, ULS focusses mainly on selling its strengths and continually developing its proposition and service in order to win and retain business.

IT systems. Computer systems are intrinsically open to failure or security breach. ULS ensures that anti-virus software is kept up-to-date and regular penetration tests are performed. The main servers are located off-site at dual locations, enabling immediate failover in the event of a server becoming unavailable at one of the locations.

Acquisitions. Acquiring businesses usually carries certain risks as to their future performance. ULS has only acquired the one business so far since listing on AIM, but its general strategy in this regard is to look to acquire businesses in sectors the Group understands, which are earnings enhancing, have a substantial element of repeat revenue and where continued growth is expected.

This Strategic Report was approved by the board and signed on its behalf by:

Nigel Hoath
CEO
ULS Technology plc
22nd June 2015

Consolidated Income Statement for the year ended 31 March 2015

	Notes	2015 £000's	2014 £000's
Revenue	1	16,137	16,301
Cost of sales		(10,101)	(11,047)
Gross profit		6,036	5,254
Administrative expenses		(3,031)	(2,758)
Operating profit before exceptional expenses		3,005	2,496
Exceptional admin expenses	3	(1,399)	-
Operating profit	2	1,606	2,496
Finance income	5	43	6
Finance costs	6	(139)	(162)
Profit before tax		1,510	2,340
Tax expense	7	(415)	(182)
Profit for the financial year attributable to the Group's equity shareholders		1,095	2,158
Earnings per share from operations			
Basic earnings per share (£)	8	0.0179	5.0731
Diluted earnings per share (£)	8	0.0175	5.0731

Consolidated Statement of Comprehensive Income for the year ended 31 March 2015

	2015 £000's	2014 £000's
Profit for the financial year	1,095	2,158
Total comprehensive income for the financial year attributable to the owners of the parent	1,095	2,158

Consolidated Balance Sheet as at 31 March 2015

	Notes	2015	2014
Assets		**£000's**	**£000's**
Non-current assets			
Intangible assets	12	3,146	1,443
Goodwill	10	4,524	3,297
AFS financial assets	11	100	-
Property, plant and equipment	13	665	733
Prepayments	15	69	42
		8,504	5,515
Current assets			
Inventory	14	29	45
Trade and other receivables	15	820	741
Cash and cash equivalents	16	2,810	2,017
		3,659	2,803
Total assets		12,163	8,318
Equity and liabilities			
Capital and reserves attributable to the Group's equity shareholders			
Share capital	17	259	326
Share premium		4,530	100
Capital redemption reserve		113	
Share based payment reserve		23	-
Retained earnings		1,609	3,984
Total equity		6,534	4,410
Non-current liabilities			
Borrowings	19	890	1,939
Contingent consideration	27	1,268	-
Deferred taxation	7	499	200
		2,657	2,139
Current liabilities			
Trade and other payables	18	1,924	1,582
Borrowings	19	720	-
Current tax payable		328	187
		2,972	1,769
Total liabilities		5,629	3,908
Total equity and liabilities		12,163	8,318

Consolidated Statement of Changes in Equity for the years ended 31 March 2015

	Share capital £000's	Share premium account £000's	Capital Redemption Reserve £000's	Share based payments reserve account £000's	Retained earnings £000's	Total Equity £000's
Balance at 1 April 2013	326	100	-	-	1,826	2,252
Profit for the year	-	-	-	-	2,158	2,158
Total comprehensive income	-	-	-	-	2,158	2,158
Balance at 31 March 2014	326	100	-	-	3,984	4,410
Balance at 1 April 2014	326	100	-	-	3,984	4,410
Profit for the year	-	-	-	-	1,095	1,095
Total comprehensive income	-	-	-	-	1,095	1,095
Issue of shares	46	4,568	-	-	-	4,614
Issue costs	-	(138)	-	-	-	(138)
Redemption of deferred shares	(113)	-	113	-	-	-
Share based payments	-	-	-	23	-	23
Payment of dividends	-	-	-	-	(3,470)	(3,470)
Total transactions with owners	(67)	4,430	113	23	(3,470)	1,029
Balance at 31 March 2015	259	4,530	113	23	1,609	6,534

Consolidated Statement of Cash Flows for the year ended 31 March 2015

	Notes	2015 £000's	2014 £000's
Cash outflow from operating activities			
Profit for the financial year before tax		1,510	2,340
Finance income	5	(43)	(6)
Finance costs	6	139	162
Loss on disposal of intangible software assets		-	58
Loss on disposal of plant and equipment		-	1
Amortisation	12	184	103
Depreciation	13	217	128
Share-based payments		23	-
Tax paid		(282)	(36)
		1,748	2,750
Changes in working capital			
Decrease in inventories		15	14
Decrease / (increase) in trade and other receivables		21	(185)

Increase in trade and other payables		264	339
Cash inflow from operating activities		2,048	2,918
Cash flow from investing activities			
Purchase of intangible software assets	12	(590)	(639)
Purchase of property, plant and equipment	13	(148)	(679)
Disposal of property, plant and equipment		-	1
Acquisition of investments	11	(100)	-
Acquisition of subsidiary (net of cash acquired)	27	(998)	-
Interest received	5	43	6
Net cash used in investing activities		(1,793)	(1,311)
Cash flow from financing activities			
Share issue proceeds (net of issue costs)	17a	4,476	-
Dividends paid	31	(3,470)	-
Interest paid	6	(139)	(162)
New loans	19	4,000	-
Repayment of loans	19	(4,329)	(409)
Net cash generated from / (used in) financing activities		538	(571)
Net increase in cash and cash equivalents		793	1,036
Cash and cash equivalents at beginning of financial year		2,017	981
Cash and cash equivalents at end of financial year		2,810	2,017

Principal accounting policies

Basis of preparation

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

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee, and there is an on-going process of review and endorsement by the European Commission. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 March 2015.

This is the first Annual Report prepared under IFRS. For the full IFRS transition disclosures under IFRS1, please see the historical financial information in the Group's admission document which can be found on the Group's website.

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

Basis of consolidation

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

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

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

Business Combinations

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 March 2015. All subsidiaries have a reporting date of 31 March.

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

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

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable

Acquisition-related costs are expensed as incurred.

Revenue recognition

Revenue recognised represents the value of all services provided during the period at selling price exclusive of Value Added Tax.

Revenue is recognised at the point at which the Group has fulfilled its contractual obligation to the customer, which is considered to be on completion of legal services. Typically, for a conveyancing transaction, this will be on completion of the property transaction and if the transaction falls through prior to completion, the customer does not have to pay

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

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the directors. There is only one operating segment as virtually all revenues are currently generated from conveyancing related activities. The directors will continually review the need to report on additional operating segments when other revenue streams are generated.

Operating Expenses

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

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

Finance income and costs

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

Goodwill

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

Other intangible assets

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

- The technical feasibility of completing the intangible asset so that it will be available for use of sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is expensed in the period in which it is incurred.

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

Capital development expenditure	-	Straight line over 4-7 years

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

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

Customer lists	- Straight line over 20 years
Brand names	- Straight line over 10 years

Property, plant and equipment

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

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

Leasehold improvements	-	Over the life of the lease
Computer equipment	-	25% on cost
Fixtures and fittings	-	25% on cost

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

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

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

Impairment of non-current assets including goodwill

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

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

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

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

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

An impairment loss is recognised as an expense immediately.

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

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

Inventories

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

Cash and cash equivalents

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

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

The Group classifies its financial assets as 'loans and receivables' and available for sale (AFS) financial assets. The Group assesses at each balance sheet reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the Balance Sheet.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or a financial reorganisation and default are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at original effective interest rate. The loss is recognised in the Income Statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the Income Statement.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

AFS financial assets
AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets includes the Group's 15% share in Financial Eye Limited.

The equity investment in Financial Eye Limited is measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment charges are recognised in profit or loss.

Financial liabilities

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

Trade payables and borrowings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Contingent consideration is measured at fair value at each reporting date with movements recognised as a profit or loss.

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

Current taxation

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

Deferred taxation

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

Deferred tax liabilities are provided in full.

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

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

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

Employment benefits

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

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

Leasing

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

Equity and reserves

Equity and reserves comprises the following:

- “Share capital” represents amounts subscribed for shares at nominal value
- “Share premium” represents amounts subscribed for share capital, net of issue costs, in excess of nominal value
- “Capital redemption reserve” represents the nominal value of re-purchased share capital
- “Share based payment reserve” represents the accumulated value of share-based payments expensed in the profit and loss

- “Retained earnings” represents the accumulated profits and losses attributable to equity shareholders

Share-based employee remuneration

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

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

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

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

Contingent liabilities

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

New and amended International Financial Reporting Standards adopted by the Group

The Group has adopted the following standards, amendments to standards and interpretations which are effective for the first time this year. The impact is shown below:

New/revised International Financial Reporting Standards		**Effective date: annual periods beginning on or after:**	**EU adopted**	**Impact on Group**
IAS 32	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014	Yes	Disclosure only
IAS 36	Impairment of Assets – Recoverable amount disclosures for non-financial assets	1 January 2014	Yes	Disclosure only
IFRS 10	Consolidated Financial Statements	1 January 2014	Yes	No material impact
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014	Yes	Disclosure only
	Annual Improvements to IFRSs (2010-2012 Cycle)	1 January 2014	No	These amendments

	& Annual Improvements to IFRSs (2011-2013 Cycle)			clarify the requirements of IFRSs and eliminate inconsistencies within and between standards

International Financial Reporting Standards in issue but not yet effective

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

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

New/Revised International Financial Reporting Standards		**Effective date: annual periods beginning on or after:**	**EU adopted**	**Impact on Group**
IAS 1	Disclosure Initiative – Amendments	1 January 2016	No	Disclosures
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018	No	No Material impact
IFRS 15	Revenue from Contracts with Customers	1 January 2017	No	No Material impact
	Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016	No	Disclosures

Critical accounting judgements and key sources of estimation uncertainty

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

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

Estimates

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

Fair value of intangible assets acquired in business combinations

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

Impairment review

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

Useful lives of depreciable assets

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

Contingent consideration arising on business combinations

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

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

Judgements

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

Capitalisation of development expenditure

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

Notes to the Consolidated Financial Statements

1. Segmental reporting

Operating segments

The Group has only one operating segment on which it reports to the Chief Operating Decision Maker, being the provision of cutting edge web based services for brokers, solicitors, estate agents, lenders, network/associations and customers, which trades exclusively within the UK.

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

	2015 £000's	2014 £000's
1	2,672	4,024
2	1,698	-

2. Operating profit

Operating profit is stated after charging:	2015 £000's	2014 £000's
Fees payable to the Group's auditors for the audit of the annual financial statements	11	4
Fees payable to the Group's auditors and its associates for other services to the Group:		
- Audit of the accounts of subsidiaries	17	12
- Tax compliance services	6	8
Amortisation	184	103
Depreciation	217	128
Operating lease rentals payable:		
- Office and equipment	58	41

3. Exceptional administrative expenses

	2015 £000's	2014 £000's
IPO expenses	1,314	-
Legal Eye acquisition expenses	85	-
	1,399	-

4. Directors and employees

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

	2015 £000's	2014 £000's
Staff costs		
Wages and salaries	2,431	1,886
Social security costs	275	202
Pension costs	2	2
	2,708	2,090

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

	2015 Number	2014 Number
By activity:		
Production	18	18
Distribution	14	11
Administrative	15	16
Management	6	5
	53	50

	2015 £000's	2014 £000's
Remuneration of directors		
Emoluments for qualifying services	773	556
Social security costs	107	61
	880	617

	2015 £000's	2014 £000's
Highest paid director		
Remuneration	252	185

Key management personnel are identified as the executive directors.

Share options have been issued to directors during the 2015 financial year. No share options have been exercised by any of the directors, nor any payments of pensions contributions made on behalf of directors in any of the periods presented.

5. Finance income

	2015 £000's	2014 £000's
Bank interest	43	6

6. Finance costs

	2015 £000's	2014 £000's
Interest on borrowings	139	162

7. Taxation

Analysis of credit in year

	2015 £000's	2014 £000's
Current tax		
United Kingdom		
UK corporation tax on profits for the year	374	328
Adjustments to prior year taxation	-	(173)
Deferred tax		
United Kingdom		
Origination and reversal of temporary differences	41	27
Corporation tax charge	415	182

The differences are explained as follows:

	2015 £000's	2014 £000's
Profit before tax	1,510	2,340
UK corporation tax rate	21%	23%
Expected tax expense	317	538
Adjustment for changes in tax rate	-	(86)
Adjustment to tax charge in respect of previous periods	-	(173)
Adjustment for additional R&D tax relief	(104)	(132)
Adjustment for non-deductable expenses		
Expenses not deductible for tax purposes	197	35
Other permanent differences	5	-
Income tax charge	415	182

Deferred tax:

	2015 £000's	2014 £000's
Deferred tax liabilities at applicable rate for the period of 20%:		
Opening balance at 1 April	200	173
- Property, plant and equipment and capitalised development spend temporary differences	41	27
- Deferred tax recognised on acquisition of Legal Eye (note 27)	258	-
Deferred tax liabilities – closing balance at 31 March	499	200

8. Earnings per share

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

Basic earnings per share

	2015 £	2014 £
Total basic earnings per share	0.0179	5.0731
Total diluted earnings per share	0.0175	5.0731

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

	2015 £000's	2014 £000's
Earnings used in the calculation of total basic and diluted earnings per share	1,095	2,158

Number of shares	2015 Number	2014 Number
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	61,156,378	425,533

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

Number of shares		
Dilutive (potential dilutive) effect of share options, conversion shares and warrants	1,564,060	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	62,720,438	425,533

9. Subsidiaries

Details of the Group's subsidiaries are as follows:

Name of subsidiary	Principal activity	Class of shares	Place of incorporation and operation	% ownership held by the Group	
				2015	2014
United Legal Services Limited	Development and hosting of internet based software applications for legal services businesses	Ordinary	England & Wales	100%	100%
United Home Services Limited	Development and hosting of internet based software applications for property services businesses	Ordinary	England & Wales	100%	100%
Legal-Eye Limited	Compliance consultancy services for solicitors	Ordinary	England & Wales	100%	-

10. Goodwill

	2015 £000's	2014 £000's
Opening value at 1 April	3,297	3,297
Acquired in the year (see note 27)	1,227	-
Closing value at 31 March	4,524	3,297

ULS Technology CGU

All of the carrying amount of goodwill acquired prior to 31 March 2014 is allocated to the cash generating unit (CGU) of the ULS Technology group of companies.

The recoverable amount of the ULS Technology CGU has been determined from value in use calculations based on cash flow projections from a formally approved 12 month forecast which has been extrapolated out over a 5 year period.

Other major assumptions are as follows:

Impairment review date	**2015**	**2014**
	%	**%**
Discount rate	12.0	7.5
Growth assumptions used to extrapolate 1 year budget forecast:		
- 2 years	1.0	1.0
- 3 years	1.0	1.0
- 4 years	1.0	1.0
- 5 years	1.0	1.0

Discount rates are based on management's assessment of specific risks related to the CGU. Growth rates beyond the first year to year 5 are based on economic data for the wider economy, and represent a prudent expectation of growth.

The recoverable amount for the ULS Technology CGU exceeds its carrying amount by the following amounts in each year assessed:

	2015	**2014**
	£'000	**£'000**
Amount by which recoverable amount exceeds carrying amount	8,268	13,551

The directors believe that any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Legal Eye CGU

The recoverable amount of the Legal Eye CGU has been determined from value in use calculations based on cash flow projections from a formally approved 24 month forecast which has been extrapolated out over a 5 year period followed by a perpetuity.

Other major assumptions are as follows:

Impairment review date	**2015 %**	**2014 %**
Discount rate	16.2	-
Growth assumptions used to extrapolate 2 year budget forecast:		
- 3 years	1.0	-
- 4 years	1.0	-
- 5 years	1.0	-
- Terminal Value	1.0	-

Discount rates are based on management's assessment of specific risks related to the CGU. Growth rates beyond the second year are based on economic data for the wider economy, and represent a prudent expectation of growth.

The recoverable amount for the Legal Eye CGU exceeds its carrying amount by the following amounts in each year assessed:

	2015 £'000	**2014 £'000**
Amount by which recoverable amount exceeds carrying amount	588	-

The directors believe that any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

11. AFS financial assets

	2015 £000's	**2014 £000's**
Opening value at 1 April	-	-
15% interest in Financial Eye acquired	100	-
Closing value at 31 March	100	-

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

12. Intangible assets

	Capitalised development expenditure £000's	Customer and supplier relationships £000's	Brand £000's	Total £000's
Cost				
At 1 April 2013	1,242	-	-	1,242
Additions	639	-	-	639
Disposals	(70)	-	-	(70)
At 31 March 2014	1,811	-	-	1,811
Additions	590	-	-	590
Acquired within business combination (note 27)	-	1,071	226	1,297
At 31 March 2015	2,401	1,071	226	3,698
Accumulated amortisation				
At 1 April 2013	277	-	-	277
Charge	103	-	-	103
Disposals	(12)	-	-	(12)
At 31 March 2014	368	-	-	368
Charge	177	5	2	184
At 31 March 2015	545	5	2	552
Net book value				
At 1 April 2013	965	-	-	965
At 31 March 2014	1,443	-	-	1,443
At 31 March 2015	1,856	1,066	224	3,146

Amortisation is included within administrative expenses.

13. Property, plant and equipment

	Leasehold improvements	Computer equipment	Fixtures and fittings	Total
	£000's	£000's	£000's	£000's
Cost				
At 1 April 2013	33	299	10	342
Additions	496	119	64	679
Disposals	-	(8)	(9)	(17)
At 31 March 2014	529	410	65	1,004
Additions	40	96	12	148
Disposals	-	(1)	-	(1)
At 31 March 2015	569	505	77	1,151
Accumulated depreciation				
At 1 April 2013	-	149	8	157
Charge	57	63	8	128
Disposals	-	(6)	(8)	(14)
At 31 March 2014	57	206	8	271
Charge	116	86	15	217
Disposals	-	(2)	-	(2)
At 31 March 2015	173	290	23	486
Net book value				
At 1 April 2013	33	150	2	185
At 31 March 2014	472	204	57	733
At 31 March 2015	396	215	54	665

14. Inventories

	2015	2014
	£000's	£000's
Inventories	-	1
Work in progress	29	44
	29	45

15. Trade and other receivables

	2015 £000's	2014 £000's
Current assets:		
Trade receivables	566	400
Other receivables	3	237
Prepayments	251	104
	820	741
Non-current assets:		
Prepayments	69	42

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

Details of the Group's exposure to credit risk is given in Note 20.

16. Cash and cash equivalents

	2015 £000's	2014 £000's
Cash at bank (GBP)	2,810	2,017

At March 2015 and 2014 all significant cash and cash equivalents were deposited with major clearing banks in the UK with at least an 'A' rating.

17. A) Share capital

Allotted, issued and fully paid

Subsequent to a share for share exchange during the period (125 new Ordinary shares at 0.4p nominal value per share for all previous Ordinary share categories), the Company has one class of Ordinary share which carries no right to fixed income nor has any preferences or restrictions attached.

	2015 No	2015 £000's	2014 *No*	2014 *£000's*
Ordinary shares of 0.40p each	64,727,875	259	-	-
Ordinary Class A1 shares of £0.50 each	-	-	182,986	92
Ordinary Class A2 shares of £0.50 each	-	-	17,014	9
Ordinary Class B shares of £1 each	-	-	204,256	204
Ordinary Class C shares of £1 each	-	-	21,277	21
	64,727,875	259	425,533	326

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

	2015 Number	2014 Number
Shares Issued and fully paid:		
Beginning of the year	425,533	425,533
Ordinary shares issued on subdivision	52,766,092	-
Deferred Shares issued on subdivision	225,533	-
Deferred Shares cancelled	(225,533)	-
New shares issue	11,536,250	-
Shares Issued and fully paid:	64,727,875	425,533

On 22 July 2014, the Company passed resolutions to subdivide its share capital, such that:
(a) each A1 share of £0.50 each and A2 share of £0.50 each in the Company's share capital was subdivided and redesignated into 125 ordinary shares of 0.4 pence each; and
(b) each B share of £1 each and each C share of £1 each in the Company's share capital was subdivided and redesignated into 125 ordinary shares of 0.4 pence each and one deferred share of £0.50 each. On the same date, the Company passed a special resolution to adopt interim articles of association (including provisions relating to the deferred shares) with immediate effect. On 22 July 2014, pursuant to a written resolution passed on 7 July 2014, the Company bought back all the deferred shares in its share capital for an aggregate price of £1. The deferred shares were cancelled immediately thereafter.

Allotments during the year

Year ended March 2015	**Number**	**Par value £000's**

Share issue	11,536,250	46

During the year ended 31 March 2015 the Company issued a total of 11,536,250 ordinary shares at a price of 40p per share with issue costs of £138,000, resulting in a net premium of £4,430,000.

No shares were issued during the year ended 31 March 2014.

17.B Share based payments

Ordinary share options:
The Group operates a share option scheme to which the executive directors and employees of the Group may be invited to participate by the remuneration committee. Options are exercisable at a price equal to the closing price of the Company's share on the day prior to the date of grant. The options vest in 3 equal tranches, three, four and five years after date of grant. The options are settled in equity once exercised.

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

Options were valued using the Black-Scholes option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

Date of grant	18 August 2014	18 August 2014	18 August 2014
Number granted	435,829	435,829	435,829
Share price at date of grant (£)	0.48	0.48	0.48
Exercise price (£)	0.40	0.40	0.40
Expected volatility	25.62%	25.62%	25.62%
Expected life (years)	6.50	7.00	7.50
Risk free rate	1.8192%	1.8192%	1.8192%
Expected dividend yield	5.00%	5.00%	5.00%
Fair value at date of grant	£37,492	£37,119	£36,714
Earliest vesting date	18 August 2017	18 August 2018	18 August 2019
Expiry date	18 August 2024	18 August 2024	18 August 2024
Date of grant	28 November 2014	28 November 2014	28 November 2014
Number granted	323,639	323,639	323,639
Share price at date of grant (£)	0.40	0.40	0.40
Exercise price (£)	0.40	0.40	0.40
Expected volatility	25.62%	25.62%	25.62%
Expected life (years)	6.50	7.00	7.00
Risk free rate	1.8192%	1.8192%	1.8192%
Expected dividend yield	5.00%	5.00%	5.00%
Fair value at date of grant	£17,093	£17,108	£17,088
Earliest vesting date	28 November 2017	28 November 2018	28 November 2019
Expiry date	28 November 2024	28 November 2024	28 November 2024
Date of grant	30 March 2015	30 March 2015	30 March 2015

Number granted	215,760	215,760	215,760
Share price at date of grant (£)	0.48	0.48	0.48
Exercise price (£)	0.48	0.48	0.48
Expected volatility	25.62%	25.62%	25.62%
Expected life (years)	6.50	7.00	7.50
Risk free rate	1.8192%	1.8192%	1.8192%
Expected dividend yield	4.50%	4.50%	4.50%
Fair value at date of grant	£14,950	£15,028	£15,075
Earliest vesting date	30 March 2018	30 March 2019	29 March 2020
Expiry date	30 March 2025	30 March 2025	30 March 2025

The table above shows the original number of Options granted, some of which have subsequently been forfeited prior to vesting and therefore the cumulative charge expensed up to the date of forfeiture has been credited to the Income Statement. As this is below £1,000, it is not in the SOCIE due to rounding.

The expected volatility is based on the volatility of similar companies in the industry. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

The Group recognised total expenses of £23,000 (2014: £nil) related to share options accounted for as equity-settled share-based payment transactions during the year.

A reconciliation of option movements over the year to 31 March 2015 is shown below:

	As at 31 March 2015		**As at 31 March 2014**	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		£		£
Granted	2,925,684	0.41	-	-
Forfeited prior to vesting	(12,945)	0.40		
Outstanding at 31 March	2,912,739	0.41	-	-

18. Trade and other payables

	2015 **£000's**	**2014** **£000's**
Trade payables	1,242	981
PAYE and social security	66	56
VAT	385	364
Other creditors	21	18
Accruals and deferred income	210	163
	1,924	1,582

19. Borrowings

	2015 £000's	2014 £000's
Secured – at amortised cost		
- A Loan notes (2016)	-	1,939
- Bank loan	1,610	-
	1,610	1,939
Current	720	-
Non-current	890	1,939
	1,610	1,939

Summary of borrowing arrangements:

- A Loan notes of £2,678,723 were initially issued on 17 January 2011 with a 5 year term, carrying a fixed rate of interest payable quarterly at 7.5% per annum. The loan notes are secured by way of a fixed and floating charge over the assets of the Company and its subsidiary. Further loan notes were issued in August 2011 for £895,744. All of these loan notes have been fully repaid.
- Bank Loans amounting to £4 million with a term of 3 years were taken out during the year. £1.85 million was repaid ahead of schedule during the year with the remainder being repaid in quarterly instalments over the 3 year term. Interest is 2.75% above LIBOR.
- Loans are secured by way of fixed and floating charges over all assets of the Group.
- Amounts shown represent the loan principals; accrued interest is recognised within accruals – any amounts due at the reporting date are paid within a few days.
- Loan notes held by related parties are disclosed in note 26.

20. Financial instruments

Classification of financial instruments

The Group has AFS financial assets (see note 11) which are measured at cost less impairment cost.

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

Financial assets

	Loans and other receivables	
	2015 £000's	2014 £000's

Loans and receivables (note 14)	569	637
AFS asset (note 11)	100	-
Cash and cash equivalents (note 15)	2,810	2,017
	3,479	2,654

The investment in Financial Eye Limited represents a 15% equity interest in an unlisted company acquired during the financial year. All of the above financial assets' carrying values are approximate to their fair values, as at 31 March 2015 and 2014.

Financial liabilities

	Measured at amortised cost	
	2015	**2014**
	£000's	**£000's**
Financial liabilities measured at amortised cost (note 17)	1,473	1,162
Borrowings (note 18)	1,610	1,939
	3,083	3,101

Current loan instruments are linked to LIBOR with a margin of 2.75% per annum, which is a fairly standard market rate. During the reporting period presented there were loan instruments outstanding with a fixed rate of interest of 7.5%.

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

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

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

The fair value of contingent consideration related to the acquisition of Legal Eye Limited (see note 27) is estimated using a present value technique. The £1,267,840 fair value is estimating future cash outflows, adjusting for risk and discounting at 16.2%. The estimated cash outflows before discounting are £1,767,766 and reflect management's estimate of outflows arising based on forecast EBITDA for the next two financial years. The discount rate used is 16.2%, based on the Group's estimated weighted average cost of capital at the reporting date, and therefore reflects the Group's credit position. The effects on the fair value of risk and uncertainty in the future cash flows are dealt with by adjusting the estimated cash flows rather than the discount rate. Sensitivity analysis using +/- 10% change in EBITDA and a +/- 1% change in the discount rate gives a fair value range of £1,117,000 to £1,418,000.

Level 3 fair value measurements

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

	Contingent consideration	
	2015	2014
	£000's	£000's
Balance at 1 April 2014	-	-
Acquired through business combination	1,268	-
Balance at 31 March 2015	1,268	-

Financial instrument risk exposure and management

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

This note describes the Group's objectives, policies and process for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented in notes 14, 15, 17, 18, and 21.

Liquidity risk

Liquidity risk is dealt with in note 21 of this financial information.

Credit risk

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

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

	2015	2014
	£000's	£000's
Impairment provision	57	55

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

	2015	2014
	£000's	£000's

Not more than 3 months	191	45
More than 3 months but not more than 6 months	30	15
More than 6 months but not more than 1 year	8	3
More than one year	3	2
Total	232	65

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

The Group's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents, as described in note 15.

Interest rate risk

The Group has secured debt as disclosed in note 19. The interest on this debt is linked to LIBOR and therefore there is an interest rate risk. However, the relative amount of debt outstanding is low which limits the risk.

The balances disclosed above represent the principal debt. Interest is paid quarterly, and all interest due has either been paid at each reporting date, or is paid within a few days of that date – in the latter case, interest accrued is included within accruals.
The Group's only other exposure to interest rate risk is the interest received on the cash held on deposit, which is immaterial.

21. Liquidity risk

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

In managing liquidity risk, the main objective of the Group is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due. The table below shows the undiscounted cash flows on the Group's financial liabilities as at 31 March 2015 and 2014, on the basis of their earliest possible contractual maturity.

	Total £000's	Within 2 months £000's	Within 2 -6 months £000's	6 – 12 months £000's	1-2 years £000's	Greater than 2 years £000's
At 31 March 2015						
Trade payables	1,242	1,242	-	-	-	-

Other payables	21	-	21	-	-	-
Accruals	210	210	-	-	-	-
Loans	1,676	-	385	379	741	171
	3,149	1,452	406	379	741	171

	Total £000's	Within 2 months £000's	Within 2 -6 months £000's	6 – 12 months £000's	1-2 years £000's	Greater than 2 years £000's
At 31 March 2014						
Trade payables	981	981	-	-	-	-
Other payables	18	-	18	-	-	-
Accruals	163	163	-	-	-	-
Loans	2,200	-	73	72	2,055	-
	3,362	1,144	91	72	2,055	-

The amounts payable for loans, as presented above, include the quarterly interest payments due in accordance with the terms described in note 19 in addition to the repayment of principal at maturity.

22. Capital management

The Group's capital management objectives are:

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

The Group defines and monitors capital on the basis of the carrying amount of equity plus its outstanding loan notes, less cash and cash equivalents as presented on the face of the Balance Sheet and further disclosed in notes 16 and 19.

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

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

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

	2015 £000's	2014 £000's

Total Equity	6,534	4,410
Cash and cash equivalents	2,810	2017
Capital	**9,344**	**6,427**
Total Equity	6,534	4,410
Borrowings	1,610	1,939
Financing	**8,144**	**6,349**
Capital-to-overall financing ratio	1.15	1.01

23. Operating lease arrangements

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

Payments recognised as an expense	**2015 £000's**	**2014 £000's**
Minimum lease payments	58	41

Non-cancellable operating lease commitments	**2015 £000's**	**2014 £000's**
Not later than 1 year	54	5
Later than 1 year and not later than 5 years	86	5
	140	10

24. Financial commitments

There are no other financial commitments.

25. Retirement benefit plans

The Group operates a defined contribution pension scheme for its employees. The pension cost charge represents contributions payable by the Group and amounted to £24,000 (2014: £24,926).

26. Related party transactions

Shareholders:
Lloyds Development Capital (LDC)

Directors:
P Opperman (PO)
N Hoath (NH)
A Weston (AW)
J Williams (JW)

For remuneration of directors please see Note 3 and the more detailed disclosures in the Annual Report.

Dividends paid to directors are as follows:

	2015	**2014**
	£000's	**£000's**
Peter Opperman	172	-
Nige Hoath	1,464	-
Andrew Weston	160	-
John Williams	-	-

	Carrying amount		
	A Loan notes		
	LDC	**PO**	**TOTAL**
	£000's	**£000's**	**£000's**
At 1 April 2013	2,296	52	2,348
Loans repaid	(400)	(9)	(409)
At 31 March 2014	1,896	43	1,939
Loans repaid	(1,896)	(43)	(1,939)
At 31 March 2015	-	-	-

	Interest		
	A Loan notes		
	LDC	**PO**	**TOTAL**
	£000's	**£000's**	**£000's**
At 31 March 2014			
Interest paid	201	5	206
At 31 March 2015			
Interest paid	40	1	41

All loan notes are secured and terms are described in note 19. Accrued interest is included within accruals and paid within a few days of the year-end date.

Other related party transactions are as follows:

Nigel Hoath was a director of United Surveyors Limited (USL) and is a director with a controlling interest in Hoath Independent Financial Planning.

The Group had the following transactions with these companies:

Name of related party	Transaction details	2015	2014
		£000's	£000's
United Surveyors Ltd	Expenses charged to the related party	4	54
	Expenses recharged from the related party	36	51
	Balance due from / (to) the related party at the reporting date	-	3
Hoath Independent Financial Planning	Expenses charged to the related party	-	25
	Expenses recharged from the related party	-	2
	Balance due from the related party at the reporting date	-	24

The Group had a licence to occupy office premises with United Surveyors Limited for £50,000 per annum which is included in the above amounts recharged from the related party. From June 2014 the lease was assigned to the Group.

Nigel Hoath owed the following amounts at 2015: £nil; 2014: £200,000, which is shown within other debtors due within one year. The loan of £200,000 to Nigel Hoath was repaid during the year along with a £30,000 repayment premium.

27. Business combinations

During the year the Group acquired 100% of the issued ordinary share capital of Legal-Eye Limited, a company incorporated in England and Wales:

Principal activity	Date of acquisition	Proportion of voting equity interest acquired (%)	Consideration transferred
Compliance consultancy services for solicitors	27-Feb-15	100%	2,531,220

The primary purpose of the acquisition of Legal-Eye Limited was to enhance the earnings of the Group and its compliance capability

Consideration transferred

	£000's
Cash	1,263
Contingent consideration	1,268
Total Consideration	2,531

Assets acquired and liabilities recognised at the date of acquisition:

	£000's
Current assets	
Cash and cash equivalents	265
Trade and other receivables	127
Non-current assets	

Goodwill	1,227
Intangible assets	1,297
Current liabilities	
Trade and other payables	(127)
Non-current liabilities	
Deferred tax	(258)
	2,531

Goodwill is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of Legal Eye's workforce and expected synergies. Goodwill is not expected to be deductible for tax.

The contingent consideration is based on two times EBITDA of Legal Eye for each of the next two financial years. The undiscounted value of this element of the consideration has been estimated at £1,768,000. The total undiscounted consideration including that already paid is capped at £4.3 million**.**

Net cash inflow on acquisition of subsidiaries

	2015
	£000's
Consideration paid in cash	1,263
Less: cash and cash equivalent balances acquired	(265)
	998

The acquiree has been included in the consolidated financial information for the first time in 2015, with revenue of £73,277 and a net profit of £8,413 included. If the acquiree had been in the Group from 1 April 2014, Group Revenues would have been £16,868,000 and net profit would have been £1,281,000

Acquisition-related expenses of £85,000 were incurred in the acquisition of Legal Eye, These are included with exceptional admin expenses in the consolidated income statement.

28. Contingent liabilities

The directors are not aware of any contingent liabilities within the Group or the Company at 31 March 2015 and 2014.

29. Ultimate controlling party

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

30. Events after the balance sheet date

There have been no reportable subsequent events between 31 March 2015 and the date of this announcement.

31. Dividends Paid

	2015 £000's	2014 £000's
1st Interim Dividend 763.75 pence per share (prior to Listing)	3,250	-
2nd Interim Dividend 0.34 pence per share	220	-
Total dividends paid	3,470	-

As well as the dividends paid as shown in the table above, the board proposes a final dividend of £647,000 (1.00 pence per share) in respect of the year ended 31 March 2015 and subject to approval at the Annual General Meeting. As the final dividend is declared after the balance sheet date it is not recognised as a liability in these financial statements.