ULS Technology plc

("ULS", the "Group" or the "Company")

ULS Technology plc (AIM:ULS), the provider of online technology platforms for the UK conveyancing and financial intermediary markets, announces its Full Year results for the 12 month period to 31 March 2016.

Financial Highlights

- Revenue increased by 28% to £20.7m (FY 2015: £16.1m)
- Gross Margin improved substantially to 41.9% (FY2015: 37.4%)
- EBITDA increased 31% to £4.5m (FY 2015: £3.4m)
- Underlying Profit Before Tax[1] increased by 31% to £3.8m (FY2015: £2.9m)
- Basic EPS increased by over 100% to 3.7p (FY 2015: 1.8p)
- Net Cash and equivalents of £2.9m (FY 2015; £1.2m)
- Proposed dividend of 0.26p per share taking the total for the year to 2.10p per share

1. Before acquisition intangibles amortisation and exceptional costs primarily relating to movements in the deferred consideration for Legal-Eye Limited

Operating Highlights

- Ben Thompson promoted to CEO a year after joining the Group as MD
- Developed new product for New Homes conveyancing and went live with major housebuilder
- Increased work being done with direct-to-consumer partners
- Live launches of will comparison service and estateagent4me
- Investment in HomeOwners Alliance (HOA)
    - Purchase of 35% stake in direct-to-consumer property advice website with significant volumes of growing traffic

Ben Thompson, Chief Executive of ULS Technology plc, commented: "I am delighted with the performance of the business in the last financial year. We have grown revenue, profit and business volumes by widening our distribution. We will continue to invest in our future growth by further developing our technology and services, always striving to improve the customer-experience. We will also seek acquisitions which will make real step changes in our growth. The fall-out from last week's referendum result is yet to be fully seen, particularly its impact on the UK housing market. However, we will continue our strategy of investment and believe that we are in a strong position to grow relative to the general market."

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Chairman's Statement
I am delighted with the performance of the Group in its first full year as a public company. We have delivered significant growth in both revenue, profit and business volumes.

Review of the year
It has been particularly encouraging that this has been delivered via a widening network of introducers across a variety of channels. This has been the result of the investment we have made in recruiting high-quality staff as well as the continued efforts and dedication of a strong core of long-serving employees.
We focus on giving customers and partners a solution that delivers a wide range of choice from a panel of solicitors and licenced conveyancers who meet the highest standards. This, combined with a continual investment in systems and customer experience has allowed the group to deliver this growth and provide the foundations for the future.

We turn a high proportion of profit into cash. As well as allowing the business to pay a significant percentage of its profits in dividends, it also allows it to invest in product development. During the year this has resulted in the launch of a will comparison service as well as a pilot version of the group's estate agency comparison service, estateagent4me.

Final dividend
Subject to approval by shareholders at the Annual General Meeting to be held on 2 August 2016, the board proposes a final dividend of 0.26p per share, payable on 5 August 2016 to those shareholders on the register at the close of business on 8 July 2016. This, together with the two interim dividends totalling 1.84p per share already paid, takes total proposed distributions relating to the year ending 31 March 2016 to 2.10p per share.

Legal-Eye Limited
The group was delighted to acquire Legal Eye at the end of February 2015 and in its first full year as part of the group it has exceeded £1 million in revenue for the first time while delivering significant profits. As well as the excellent financial results, the acquisition has strengthened our proposition to lenders and is helping us to win new contracts.

We have recently agreed a fixed amount payable for the deferred consideration due on this acquisition. These payments had been previously subject to an earnout. The fixing of these amounts enables us to fully invest in the long-term interest of the business for the benefit of both Legal Eye and the wider group without an overriding concern for the short-term profitability.

Investment in HomeOwners Alliance Limited (HOA)
In February 2016, the group took a 35% share in HOA, a website offering information and services to UK homeowners and prospective homeowners. In 2015, the site received around 3 million visits, having only been launched in 2012, and visits to the site remain on a significant growth trajectory.

We have launched our eConveyancer product through the HOA website with considerable early success. We also see this as a natural home for our estate agency comparison tool as it fits with the site's core values of offering independent and useful advice to homeowners.

Whilst current revenues at HOA are relatively small, the growth in traffic to the site has been exceptional. I am extremely impressed by the team at HOA and have the utmost confidence in their ability to build the business.

Board changes

The board was delighted to promote Ben Thompson to the role of Chief executive officer in November 2015, a year after he joined the group as Managing Director. Ben has made a big impact since joining, being instrumental in determining the ongoing strategy and putting in place the building blocks for future growth.

Nigel Hoath, founder of the group, has moved from his position as Chief executive officer to become Non-executive director. I would like to thank Nigel for being instrumental in the success and growth of the group to date and for assisting in the transition before stepping down fully in August this year.

Outlook

We enter the new financial year with the outlook for the UK housing market unclear. There has been uncertainty in the run up to the EU referendum and this will continue now Brexit has been confirmed. There have also been significant changes to buy-to-let tax rules, the impact of which, positive or negative, has yet to be seen. Our expectation, in light of these various factors, is that volumes in the UK housing market are likely to be impacted but the extent of which is unclear at this early stage. The potential for changes in interest rates would dramatically increase remortgage volumes which we would benefit from. The building blocks we have been putting in place in terms of broader distribution, enhanced proposition and investment in resource makes us confident that we can continue to grow irrespective of the general backdrop.

The group has had a busy year delivering a big increase in volumes while continuing to invest for the future. As Chairman, I realise that our people are the vital ingredient in making this happen, and would like to thank them for their continuing contribution.

The team at ULS looks forward to the coming year.

Peter Opperman
Chairman
ULS Technology plc
27 June 2016

Chief Executive's Statement

ULS agreed a clear and highly focused strategy at the start of last year. This was very centrally prioritised around delivering real revenue and profit growth in conveyancing, both organically through growing existing and new distribution agreements, and through tactical acquisition activity.

Overview and operational performance

The business also agreed to explore any potential that might exist to grow conveyancing through:

- Expanding into new direct-to-consumer channels
- Building and launching a fuller suite of conveyancing services to lenders
- Launching its estate agency comparison service (estateagent4me)

All of the above have been successfully executed in the last year, with ambitious growth objectives all being fully met. Revenue in total has increased by 28% with underlying profits rising by 31% over the full year.

Strategic progress

Firstly, the business has delivered its conveyancing growth both through working more closely with existing business partners, and through successfully securing new distribution agreements. New contract wins have been achieved both with intermediary firms and with mortgage lenders, ensuring a stronger and broader distribution base as we go into 2016/17.

Towards the end of the financial year, we successfully completed our investment in HOA, the online property portal that promotes membership, products and services to 17 million UK existing, and 5m aspiring homeowners. HOA has grown at a healthy pace since launch just over four years ago, and anticipates 5m visitors to its website in the coming year. ULS provides them with their own branded conveyancing product and support services, and both parties have already enjoyed an encouraging level of success.

In addition to conveyancing, HOA is promoting estateagent4me. This will enable ULS to develop this comparison service in a cost-effective manner yet through a highly relevant and value adding business. It is anticipated that this will assist in further growing new conveyancing performance, directly with customers.

Earlier in the year, we invested in and appointed a specialist team to build some new conveyancing and risk management services that we hoped would enable ULS to forge new relationships with mortgage lenders for conveyancing. This build is now complete, and was greatly helped by the inclusion of Legal Eye as part of the proposition, this being a tactical acquisition made by ULS in 2014/15. Very pleasingly, ULS has successfully been awarded its first full service conveyancing relationship with a new challenger bank, set for launch late in 2016.

Outlook

Looking forward into 2016/17, ULS will continue its clear and strong focus of growing revenue and profits through increasing its conveyancing footprint, both organically and through earnings enhancing and strategic acquisitions.

The business plans also to broaden its product range slightly to enable stronger relationships with existing and new business partners, and the opening up of new revenue lines into ULS. The first small part of this new approach is now being rolled out through our Will Writing service with a top estate agency chain.

The mortgage and housing markets are expected to remain broadly flat versus last year, with intermediaries accounting for more than two thirds of new mortgages originated. However, the effect on the UK housing market of the referendum result is yet to be seen. ULS will therefore continue its significant efforts to secure as many agreements as possible in this sector, as well as growing directly with lenders, and through HOA.

Technology will continue to be something we invest in. We strive to build a strong competitive advantage that extends beyond that which the business holds already. We want to speed up and simplify services offered to customers. ULS is dedicated to ensuring that it leads the way in its sector, adding value to all relevant stakeholders.

We remain excited about our growth potential, and hold a clear and dedicated focus towards achieving this.

Ben Thompson
Chief executive officer
27 June 2016

Financial Review
The group delivered significant growth in 2016 with revenue up by 28%.
Summary:

- Revenue £20.7 million (2015: £16.1 million)
- Gross margin £8.7 million (2015: £6.0 million)
- Increase in underlying EBITDA of 31%
- Underlying PBT £3.8 million (2015: £2.9 million)
- Net cash £2.9 million (2015: £1.2 million)
- Group paid a progressive dividend

Results
The group delivered significant growth in 2016 with revenue up by 28%, underlying profit before tax by 31% and conveyancing completions by 16%. Excluding Legal Eye, revenue grew by 22% and underlying profit before tax by 17%.

There were exceptional costs in the year of £625,000. These primarily relate to movements in the deferred consideration provision relating to the acquisition of Legal Eye. These are split between an increase in the estimate of the amount that will be paid out and movement in the net present value calculation as a natural result of getting closer to the dates that payments will be made.

Capitalisation of internal IT resource
In accordance with accounting rules, we capitalise internal IT resource where there is a clear definable project and we can identify a profitable revenue stream. The capitalisation is shown under intangible assets and amortised over the expected useful life of the asset. However, it is useful to look at the impact on profit if we had purely expensed all of this type of expenditure and we do this in the table below. This gives a closer indication as to the cash generative ability of the business rather than looking at reported profit.

	2016 £000's	**2015 £000's**
Underlying PBT	3,797	2,909
Capitalised internal resource	(285)	(570)
Amortisation of capitalised internal resource	395	177
Adjusted underlying PBT	**3,907**	**2,516**

Shares and dividends
In December 2015, the group paid an interim dividend of 1.05 pence per share and a second interim dividend of 0.79 pence per share in March 2016. It has proposed a final dividend of 0.26 pence per share.
In February 2016, the group issued 100,182 new ordinary shares as a part of its investment in HomeOwners Alliance Limited.

Consideration Legal-Eye Limited
On the 27 February 2015, the group acquired the entire share capital of Legal-Eye Limited which included an earn-out payment consisting of two times EBITDA of the acquiree for each of the next two financial years. On 31 March 2016, the group agreed to fix the amount payable under this earn-out so that £1,080,000 will be payable for each of the two financial years giving a total earn-out payment of £2,160,000. The payment dates remain unchanged at 31 October in 2016 and 2017.

Investment in HomeOwners Alliance Limited (HOA)

The group acquired an initial 35% stake in HOA on 29 February 2016. The consideration consisted of £520,000 in cash and £55,000 in the form of ordinary shares in the group. The group has an option to purchase the remaining 65% of the business at a time in the future. The group has also made a loan to HOA of £100,000 in order to repay an existing loan payable to the largest shareholder of HOA, Paula Higgins. The group will make further funds available to HOA if required to build the business.

Cash and debt

The group continued to turn profits into positive cash flow. Particular items of note were:
Payments of £720,000 made to reduce the term loan with Clydesdale Bank as scheduled

- Dividends paid of £1.8 million
- Investment in HOA as outlined above
- Increase in net cash of £1.7 million

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.

Underlying PBT	**2016 £000's**	**2016 £000's**	**2015 £000's**	**2015 £000's**
Profit before taxation (PBT)		3,081		1,510
Amortisation of intangible assets arising on acquisition		91		
Exceptional operating costs				
AIM listing costs			1,314	
Acquisition costs	52		85	
Adjustment to expected deferred consideration	333			
Exceptional operating costs		385		1,399
NPV adjustment of deferred consideration		240		–
Underlying PBT		**3,797**		**2,909**

Underlying EBITDA	**2016 £000's**	**2015 £000's**
Underlying PBT	3,797	2,909
Finance income	(9)	(43)
Finance costs	63	139
Amortisation (excluding arising on acquisition)	395	184
Depreciation	228	217
Underlying EBITDA	**4,474**	**3,406**

Board of Directors

Peter Opperman
Non-executive Chairman
Peter joined the company in January 2011 at the point that Lloyds Development Capital (LDC) invested in the business. Peter has spent over 20 years in executive and Non-executive roles working in private equity backed businesses.

Peter is currently Non-executive chairman of Adestra Limited, Decision Technology Limited and Connect Managed Services Limited.

Ben Thompson
Chief executive officer
Ben has been in financial services for 30 years and joined ULS Technology in 2014 as Managing Director, before assuming the role of Chief executive officer in November 2015. Prior to his appointment, he was at Legal & General, where he ran their market-leading mortgage distribution business, as well as the banking division.

Ben previously held roles at Paymentshield, St. James's Place, Winterthur Life and TSB. His career has most recently been focused on mortgages and financial services, however Ben also has good experience in both retail and private banking, as well as a wealth of experience in residential property, in particular estate agency.

John Williams
Finance director
John joined the business in January 2011 at the point of LDC's investment in the group. Prior to joining the company, John was finance director at Stortext FM Limited, a private equity backed SaaS business specialising in document management. There, he led a merger process before taking the lead in a successful trade sale of the merged entity to Box-it Limited.

John is a chartered accountant, having qualified with Ernst & Young, before he gained blue-chip experience with Motorola in a number of roles.

Andrew Weston
Co-founder and IT director
Andrew co-founded ULS in 2003. He started his career developing and implementing software solutions at PE International plc and Vintner Computer Systems. He founded his own businesses: Weston Computing, in 1995; and Weston Technology in 2000.

Andrew has spent the last 13 years building property, financial and legal services applications for the group and also co-founded ehips Ltd in 2007, now part of ULS.

Nigel Hoath
Co-founder and Non executive director
Nigel co-founded ULS in 2003. He has over 30 years' experience, having worked in financial services. Nigel started in Equity and Law followed by Clerical Medical and Scottish Amicable, before qualifying as a financial adviser and starting his first business, Hoath Independent, in 1994.

In 2000, Nigel then founded United Surveyors Ltd (subsequently sold to Countrywide) and then in 2007 co-founded ehips Ltd (now United Home Services Ltd, part of the ULS Technology). LDC backed Nigel in 2011 to grow the group. Having listed the group on AIM in 2014, Nigel has now stepped back into a Non-executive role and will not be seeking re-election as a director at the forthcoming AGM.

Geoff Wicks
Independent Non-executive director
Geoff Wicks was CEO of Group NBT plc, a specialist in online brand protection and digital asset management, from 2001 until he led the sale of the business to HgCapital in 2011. He remained as part of the Group NBT business, now renamed NetNames, as a Non-executive director until 2013.

Geoff spent much of his earlier career at Reuters, including heading divisions in the UK, France and Nordic regions and latterly was director of corporate communications. Prior to Reuters, Geoff worked in the banking and insurance industries.

Directors' Report

The directors present their report and the financial statements of ULS for the year ended 31 March 2016.

Principal activity

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

The main subsidiary, United Legal Services Limited, develops and provides software that supports the provision of online legal comparison services, particularly in the conveyancing sector. Its disruptive technology creates competition amongst the providers of legal services to the benefit of the consumer.
Legal-Eye Limited provides risk management and compliance services to solicitors and licenced conveyancers.

United Home Services Limited, develops, hosts and operates web based systems that provide property information, including energy performance certificates (EPCs). It is has also developed a commercial proposition for the estate agency comparison product. Its operations are currently immaterial to the group.

Review of business and future developments

The review of the business and future developments is outlined in the Chairman's statement on pages 6 to 7 and the Chief executive's Statement on pages 16 to 17.

Dividends

A final dividend in respect of the year ended 31 March 2015 of 1.0 pence per share was paid on 27 July 2015. An interim dividend of 1.05 pence per share was paid on 18 December 2015 and a second interim dividend of 0.79 pence per share was paid on 16 March 2016. A final dividend of 0.26 pence per share is proposed by the directors subject to approval at the AGM.

Directors

The directors of the company during the year and their beneficial interest in the ordinary shares and share options of the company at 31 March 2016 are set out below:

	Ordinary shares		**Share options**	
	2016	**2015**	**2016**	**2015**
Nigel Hoath	7,628,414	17,628,414	–	–
Peter Opperman	2,704,625	2,659,625	–	–
Andrew Weston	1,276,625	1,276,625	–	–
John Williams	48,291	48,291	258,911	258,911
Ben Thompson	20,000	–	1,618,197	1,618,197
Geoffrey Wicks	52,000	–	–	–
	11,729,955	**21,612,955**	**1,877,108**	**1,877,108**

Directors' remuneration

The following table sets out an analysis of the pre-tax remuneration for the year ended 31 March 2016 for the individual directors who held office in the company during the year:

	2016 Salary/fees	2016 Bonuses	2016 Benefits in kind	2016 Share-based payment	2016 Total	2015 Total
	£	£	£	£	£	£
Nigel Hoath	130,000	104,000	1,750	–	235,750	131,832
Peter Opperman	30,833	–	–	–	30,833	25,000
Andrew Weston	105,833	30,000	–	–	135,833	100,000
John Williams	92,104	30,000	–	5,766	127,870	251,604
Ben Thompson	125,000	110,000	–	25,152	260,152	47,547
Geoffrey Wicks	35,613	–	–	–	35,613	26,250
	519,383	**274,000**	**1,750**	**30,918**	**826,051**	**582,233**

Share options and warrants

The share-based payment of £30,918 (2015: £10,771) to directors represents the share-based expense relating to share options issued in prior years. The following share options table comprises share options held by directors who held office during the year ended 31 March 2016:

	Options held at 31 March 2015	Options granted in period	Options exercised in period	Options held at 31 March 2016	Exercise price (p)	Exercisable from	Exercisable to
John Williams	258,911	–	–	258,911	40.00	18/08/17	18/08/24
Ben Thompson	970,918	–	–	970,918	39.50	28/11/17	27/11/24
Ben Thompson	647,279	–	–	647,279	47.50	30/03/18	30/03/25

Employee involvement

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through informal discussions between group management, operating company management and employees as well as regular 'town hall' meetings.

The group operates an EMI share option scheme and, as well as options issued to directors as shown above, options have also been issued to and are held by a significant number of employees.

Substantial shareholders

The company has been notified of the following interests of 3 per cent or more in its issued share capital as at 31 March 2016.

Shareholder	No. of shares	%
Kestrel Partners LLP	16,951,970	26.12
Schroder Investment Management	9,700,000	14.96
Nigel Hoath*	7,628,414	11.77
City Financial Investment Company Limited	5,933,912	9.15
Herald Investment Management Ltd	5,000,000	7.71

Unicorn Asset Management Limited	3,750,100	5.78
Peter Opperman**	2,704,625	4.17
Octopus Investments Limited	2,614,092	4.03
Artemis Investment Management LLP	2,500,000	3.86

* Nigel Hoath Non-executive director
**Peter Opperman Non-executive director

Research and development
The group develops software products in-house. These are capitalised in line with the accounting policies shown on page 34.

Financial instruments and risks
The group's operations expose it to a variety of liquidity, credit and interest rate risks. Details of the use of financial instruments by ULS and these risks are contained in pages 51 to 53 of the financial statements.

Corporate governance
ULS Technology plc and its subsidiaries are committed to high standards of corporate governance. The directors recognise the importance of sound corporate governance and confirm that they aim to comply with best practice appropriate for a company of its nature and scale.

Audit Committee
The Audit Committee is chaired by Peter Opperman and includes Geoff Wickes. It meets at least twice a year and may invite other directors to attend its meetings. The committee is responsible for reviewing a wide range of matters, including half-year and annual results before their submission to the board, and for monitoring the controls that are in force to ensure the integrity of information reported to the shareholders.

Remuneration Committee
The Remuneration Committee is chaired by Geoff Wickes and includes Peter Opperman. It meets at least twice a year and no director is permitted to participate in discussion or decisions concerning his own remuneration. The Remuneration Committee reviews the performance of the executive directors and sets and reviews the scale and structure of their remuneration, the basis of their remuneration and the terms of their service agreements with due regard to the interests of shareholders. In determining the remuneration of executive directors, the Remuneration Committee will seek to enable the group to attract and retain staff of the highest calibre. The Remuneration Committee will also make recommendations to the board concerning the allocation of share options to employees.

Nominations Committee
The Nominations Committee is chaired by Peter Opperman and includes Geoff Wicks. It meets at least twice a year and is responsible for reviewing the size, structure and composition of the board, succession planning, the appointment and/or replacement of additional directors and for making appropriate recommendations to the board.

Share dealing code

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

Website publication

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

Disclosure of information to auditors

The directors confirm that, in so far as each director is aware:

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit and loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs and UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton UK LLP are the appointed auditor of ULS Technology plc. A resolution to reappoint them as auditors and to authorise the directors to agree their remuneration will be placed before the forthcoming Annual General Meeting of the company.

Approved by the board of directors and signed on its behalf:

Ben Thompson	**John WIlliams**
CEO	***Finance director***
ULS Technology plc	ULS Technology plc
27 June 2016	
Company number: 07466574	

Independent auditor's report
to the members of ULS Technology plc

We have audited the financial statements of ULS Technology plc for the year ended 31 March 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the notes to the consolidated financial statements, the Parent Company Balance Sheet and the notes to the Parent Company financial statements.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion:
- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2016 and of the Group's profit for the year then ended;
- The consolidated financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The 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

Tracey James
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
27 June 2016

Consolidated Income Statement

for the year ended 31 March 2016

	Notes	2016 £000's	2015 £000's
Revenue	1	20,658	16,137
Cost of sales		(11,997)	(10,101)
Gross profit		8,661	6,036
Administrative expenses		(4,901)	(3,031)
Operating profit before exceptional expenses		3,760	3,005
Exceptional admin expenses	3	(385)	(1,399)
Operating profit	2	3,375	1,606
Finance income	5	9	43
Finance costs	6	(63)	(139)
Exceptional finance costs	6	(240)	
Profit before tax		3,081	1,510
Tax expense	7	(704)	(415)
Profit for the financial year attributable to the Group's equity shareholders		**2,377**	**1,095**
Earnings per share from operations			
Basic earnings per share (£)	8	0.0367	0.0179
Diluted earnings per share (£)	8	0.0351	0.0175

	2016 £000's	2015 £000's
Profit for the financial year	2,377	1,095
Total comprehensive income for the financial year attributable to the owners of the parent	2,377	1,095

Consolidated Balance Sheet
as at 31 March 2016

Assets	Notes	2016 £000's	2015 £000's
Non-current assets			
Intangible assets	13	2,945	3,146
Goodwill	10	4,524	4,524
AFS financial assets	11	100	100
Investment in Associates	12	575	–
Property, plant and equipment	14	485	665
Long-term receivables	16	100	–
Prepayments	16	181	69
		8,910	5,515
Current assets			
Inventory	15	22	29
Trade and other receivables	16	1,301	820
Cash and cash equivalents	17	3,781	2,810
		5,104	3,659
Total assets		14,014	12,163
Equity and liabilities			
Capital and reserves attributable to the group's equity shareholders			
Share capital	18	259	259
Share premium		4,585	4,530
Capital redemption reserve		113	113
Share based payment reserve		80	23
Retained earnings		2,148	1,609
Total equity		7,185	6,534
Non-current liabilities			
Borrowings	20	170	890
Deferred consideration	28	852	1,268
Deferred taxation	7	438	499
		1,460	2,657
Current liabilities			
Trade and other payables	19	4,234	1,924
Borrowings	20	720	720
Current tax payable		415	328
		5,369	2,972
Total liabilities		6,829	5,629
Total equity and liabilities		14,014	12,163

Consolidated Statement of Changes in Equity
for the year ended 31 March 2016

	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 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
Balance at 1 April 2015	259	4,530	113	23	1,609	6,534
Profit for the year	–	–	–	–	2,377	2,377
Total comprehensive income	–	–	–	–	2,377	2,377
Issue of shares	–	55	–	–	–	55
Share-based payments	–	–	–	57	–	57
Payment of dividends	–	–	–	–	(1,838)	(1,838)
Total transactions with owners	–	55	–	57	(1,838)	(1,726)
Balance at 31 March 2016	259	4,585	113	80	2,148	7,185

Consolidated Statement of Cash Flows
for the year ended 31 March 2016

	Notes	2016 £000's	2015 £000's
Cash inflow/(outflow) from operating activities			
Profit for the financial year before tax		3,081	1,510
Finance income	5	(9)	(43)
Finance costs	6	303	139
Profit on disposal of plant and equipment		(1)	–
Amortisation	13	486	184
Depreciation	14	228	217
Share-based payments		57	23
Tax paid		(678)	(282)
		3,467	1,748
Changes in working capital			
Decrease in inventories		7	15
(Increase)/decrease in trade and other receivables		(693)	21
Increase in trade and other payables		1,894	264
Cash inflow from operating activities		4,675	2,048
Cash flow from investing activities			
Purchase of intangible software assets	13	(285)	(590)
Purchase of property, plant and equipment	14	(51)	(148)
Disposal of property, plant and equipment		4	–
Acquisition of associates/investments	11/12	(575)	(100)
Acquisition of subsidiary (net of cash acquired)	28	–	(998)
Interest received	5	9	43
Net cash used in investing activities		(898)	(1,793)

Cash flow from financing activities			
Share issue proceeds (net of issue costs)	18a	55	4,476
Dividends paid	32	(1,838)	(3,470)
Interest paid	6	(303)	(139)
New loans	20	–	4,000
Repayment of loans	20	(720)	(4,329)
Net cash generated (used in)/from financing activities		(2,806)	538
Net increase in cash and cash equivalents		971	793
Cash and cash equivalents at beginning of financial year		2,810	2,017
Cash and cash equivalents at end of financial year		3,781	2,810

Notes to the Consolidated Financial Statements
Principal accounting policies

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

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee, and there is an on-going process of review and endorsement by the European Commission. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 March 2016.

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 2016. All subsidiaries have a reporting date of 31 March.

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

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

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Acquisition-related costs are expensed as incurred.

Interest in Associates

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The post-tax results of associates are incorporated in the group's results using the equity method of accounting. Under the equity method, investments in associates are carried in the Consolidated Balance Sheet at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of investment. Losses of associates in excess of the of the group's interest in that associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

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

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Chief Operating Decision Maker has been identified as the Board of Executive directors, at which level strategic decisions are made.

Details of the group's reporting segments are provided in note 1.

Operating Expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.
Exceptional operating expenses are non-recurring in nature and of a material size. Items are classified as exceptional to aid the understanding of the underlying performance of the business.

Finance income and costs

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

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

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 initialy 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 de-recognised 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
There were no new standards, amendments to standards or interpretations which are effective for the first time this year applicable to or which had a material effect on the group.

International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of these Consolidated Financial Statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the group. Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, these Consolidated Financial Statements, the following may have an impact going forward:

New/Revised International Financial Reporting Standards		**Effective date: annual periods beginning on or after:**	**EU adopted**	**Impact on group**
IAS 1	Disclosure Initiative – Amendments	1 January 2016	Yes	Disclosures
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018	No	No Material impact
IFRS 15	Revenue from Contracts with Customers	1 January 2018	No	No Material impact
IFRS 16	Leases	1 January 2019	No	Most operating leases will be capitalised on the balance sheet
	Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016	Yes	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.

1. Segmental reporting
Operating segments
Management identifies its operating segments based on the group's service lines, which represent the main product and services provided by the group. The group's three main operating segments, which are all in the UK, are:

- Comparison services
- Compliance consultancy for the legal sector
- All other segments which includes head office functions

Any inter-segment indebtedness is excluded when arriving at the assets and liabilities for each segment. Consolidation items such as goodwill and intangibles sit within 'Other'.

	Comparison £'000s	**Compliance £'000s**	**Other £'000s**	**Total £'000s**
For the year ended 31 March 2015				
Revenue	16,064	73	–	16,137
Operating Profit	3,103	11	(1,508)	1,606
Total Assets	4,083	222	7,858	12,163
Total Liabilities	2,238	148	3,243	5,629
For the year ended 31 March 2016				

Revenue	19,657	1,001	–	20,658
Operating Profit	4,191	394	(1,210)	3,375
Total Assets	5,745	604	7,665	14,014
Total Liabilities	3,280	168	3,381	6,829

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

	2016 £000's	**2015 £000's**
1	3,768	2,672
2	2,178	1,698

2. Operating profit

Operating profit is stated after charging:	**2016 £000's**	**2015 £000's**
Fees payable to the group's auditors for the audit of the annual financial statements	12	11
Fees payable to the group's auditors and its associates for other services to the group:		
– Audit of the accounts of subsidiaries	20	17
– Tax compliance services	7	6
Amortisation	486	184
Depreciation	228	217
Operating lease rentals payable:		
– Office and equipment	58	58

3. Exceptional administrative expenses

	2016 £000's	**2015 £000's**
IPO expenses	–	1,314
Acquisition expenses	52	85
Adjustment to expected deferred consideration	333	–
	385	1,399

4. Directors and employees

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

	2016 £000's	2015 £000's
Staff costs		
Wages and salaries	3,008	2,431
Social security costs	284	275
Pension costs	2	2
	3,294	2,708

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

	2016 Number	2015 Number
By activity:		
Production	22	18
Distribution	15	14
Administrative	16	15
Management	8	6
	61	53

	2016 £000's	2015 £000's
Remuneration of directors		
Emoluments for qualifying services	826	773
Social security costs	62	107
	888	880

	2016 £000's	2015 £000's
Highest paid director		
Remuneration	260	252

Key management personnel are identified as the executive directors.
No new share options have been issued to directors during the 2016 financial year (see page 25). 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

	2016 £000's	2015 £000's
Bank interest	9	43

6. Finance costs

	2016 £000's	2015 £000's
Interest on borrowings	(63)	139
Exceptional Finance costs		
NPV adjustment of deferred consideration	(240)	–

7. Taxation

Analysis of credit in year	2016 £000's	2015 £000's
Current tax		
United Kingdom		
UK corporation tax on profits for the year	765	374
Deferred tax		
United Kingdom		
Origination and reversal of temporary differences	(61)	41
Corporation tax charge	704	415

The differences are explained as follows:

	2016 £000's	2015 £000's
Profit before tax	3,081	1,510
UK corporation tax rate	20%	21%
Expected tax expense	616	317
Adjustment for changes in tax rate	(9)	–
Adjustment for additional R&D tax relief	(109)	(104)

Adjustment for non-deductable expenses		
– Expenses not deductible for tax purposes	179	197
– Other permanent differences	27	5
Income tax charge	704	415

Deferred tax:

	2016 £000's	**2015 £000's**
Deferred tax liabilities at applicable rate for the period of 20%:		
Opening balance at 1 April	499	200
– Property, plant and equipment and capitalised development spend temporary differences	(43)	41
– Deferred tax recognised on acquisition of Legal Eye (note 28)	(18)	258
Deferred tax liabilities – closing balance at 31 March	438	499

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

	2016 £000's	**2015 £000's**
Total basic earnings per share	0.0367	0.0179
Total diluted earnings per share	0.0351	0.0175

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

	2016 £000's	**2015 £000's**
Earnings used in the calculation of total basic and diluted earnings per share	2,377	1,095

Number of shares	**2016 Number**	**2015 Number**
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	64,735,539	61,156,378

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	2016 Number	2015 Number
Dilutive (potential dilutive) effect of share options, conversion shares and warrants	3,039,893	1,564,060
Weighted average number of ordinary shares for the purposes of diluted earnings per share	67,775,432	62,720,438

9. Subsidiaries

Details of the Group's subsidiaries are as follows:

Name of subsidiary	Principal activity	Class of shares	Place incorporation and operation	% ownership held by the Group 2016	2015
United Legal Services Limited	Development and hosting of internet based software applications for legal services businesses	Ordinary	England & Wales	100%	100%
United Home Services Limited	Development and hosting of internet based software applications for property services businesses	Ordinary	England & Wales	100%	100%
Legal-Eye Limited	Compliance consultancy services for solicitors	Ordinary	England & Wales	100%	100%

10. Goodwill

	2016 £000's	2015 £000's
Opening value at 1 April	4,524	3,297
Acquired in the year (see note 28)	–	1,227
Closing value at 31 March	4,524	4,524

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 five-year period.

Other major assumptions are as follows:

Impairment review date	2016 %	2015 %
Discount rate	12.0	12.0
Growth assumptions used to extrapolate one-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 five 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:

	2016 £’000	**2015 £’000**
Amount by which recoverable amount exceeds carrying amount	11,447	8,268

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 12 month forecast which has been extrapolated out over a five-year period followed by a perpetuity.
Other major assumptions are as follows:

Impairment review date	**2016 %**	**2015 %**
Discount rate	12.0	16.2
Growth assumptions used to extrapolate 2 year budget forecast:		
– 3 years	1.0	1.0
– 4 years	1.0	1.0
– 5 years	1.0	1.0
– Terminal Value	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 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:

	2016 £’000	**2015 £’000**
Amount by which recoverable amount exceeds carrying amount	1,932	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

	2016 £'000	2015 £'000
Opening value at 1 April	100	–
15% interest in Financial Eye acquired	–	100
Closing value at 31 March	100	100

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

12. Investment in Associates

	2016 £'000	2015 £'000
Opening value at 1 April	–	–
35% interest in HOA	575	–
Share of profit for the period	–	–
Closing value at 31 March	575	–

The Group acquired 35% of HOA on 29 February 2016. HOA's place of incorporation and operation is in the UK.

13. Intangible assets

	Capitalised development expenditure £000's	Customer and supplier relationships £000's	Brand £000's	Total £000's
Cost				
At 1 April 2014	1,811	–	–	1,811
Additions	590	–	–	590
Acquired within business combination (note 28)	–	1,071	226	1,297
At 31 March 2015	2,401	1,071	226	3,698
Additions	285	–	–	285
Disposals	(11)	–	–	(11)
At 31 March 2016	2,675	1,071	226	3,972
Accumulated amortisation				

At 1 April 2014	368	–	–	368
Charge	177	5	2	184
At 31 March 2015	545	5	2	552
Charge	395	68	23	486
Disposals	(11)	–	–	(11)
At 31 March 2016	929	73	25	1,027
Net book value				
At 1 April 2014	1,443	–	–	1,443
At 31 March 2015	1,856	1,066	224	3,146
At 31 March 2016	1,746	998	201	2,945

Amortisation is included within administrative expenses.

14. Property, plant and equipment

	Leasehold improvements £000's	Computer equipment £000's	Fixtures and fittings £000's	Total £000's
Cost				
At 1 April 2014	529	410	65	1,004
Additions	40	96	12	148
Disposals	–	(1)	–	(1)
At 31 March 2015	569	505	77	1,151
Additions	0	42	9	51
Disposals	–	(118)	(1)	(119)
At 31 March 2016	569	429	84	1,082
Accumulated depreciation				
At 1 April 2014	57	206	8	271
Charge	116	86	15	217

Disposals	–	(2)	–	(2)
At 31 March 2015	173	290	23	486
Charge	119	93	16	228
Disposals	–	(116)	(1)	(117)
At 31 March 2016	292	267	38	597
Net book value				
At 1 April 2014	472	204	57	733
At 31 March 2015	396	215	54	665
At 31 March 2016	277	162	46	485

15. Inventories

	2016 £'000	**2015 £'000**
Work in progress	22	29

16. Trade and other receivables

	2016 £'000	**2015 £'000**
Current assets		
Trade receivables	1,046	566
Other receivables	57	3
Pre-payments	198	251
	1,301	820
Non-current assets		
Pre-payments	181	69
Long-term receivables (loan to Associate)	100	–
	281	69

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

Details of the group's exposure to credit risk is given in Note 21.

17. Cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank (GBP)	3,781	2,810

At March 2016 and 2015 all significant cash and cash equivalents were deposited with major clearing banks in the UK with at least an 'A' rating.

18. A) Share capital

Allotted, issued and fully paid

The company has one class of Ordinary share which carries no right to fixed income nor has any preferences or restrictions attached.

	2016		2015	
	No	£000's	No	£000's
Ordinary shares of £0.40 each	64,828,057	259	64,727,875	259
	64,828,057	259	64,727,875	259

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

	2016 Number	2015 Number
Shares issued and fully paid		
Beginning of the year	64,727,875	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	100,182	11,536,250
Shares issued and fully paid	64,828,057	64,727,875

On 4 March 2016, the Company issued 100,182 new ordinary shares of 0.4p with a share premium of £54,600. The issue of shares was in part consideration for the investment in HomeOwners Alliance Limited (see note 12).

On 22 July 2014, the Company passed resolutions to subdivide its share capital, such that:

- 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
- 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 2016	Number	Par value £000's
Share issue	100,182	–

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 40.0p per share with issue costs of £138,000, resulting in a net premium of £4,430,000.

18. 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	28 November 2014	30 March 2015
Number granted	1,307,487	970,917	647,280
Share price at date of grant (£)	0.48	0.40	0.48
Exercise price (£)	0.40	0.40	0.48
Expected volatility	25.62%	25.62%	25.62%
Expected life (years)	6.50 – 7.50	6.50 – 7.50	6.50 – 7.50
Risk free rate	1.8192%	1.8192%	1.8192%
Expected dividend yield	5.00%	5.00%	4.50%

Fair value at date of grant	£111,325	£51,289	£45,053
Earliest vesting date	18 August 2017 to 18 August 2019	28 November 2017 to 28 November 2019	30 March 2018 to 30 March 2020
Expiry date	18 August 2024	28 November 2024	30 March 2025

Date of grant	**21 August 2015**	**4 March 2016**
Number granted	213,596	64,828
Share price at date of grant (£)	0.535	0.56
Exercise price (£)	0.535	0.56
Expected volatility	25.62%	31.20%
Expected life (years)	6.50 – 7.50	6.50 – 7.50
Risk free rate	1.8192%	0.8400%
Expected dividend yield	4.00%	3.75%
Fair value at date of grant	£18,321	£7,093
Earliest vesting date	21 August 2018 to 21 August 2020	4 March 2019 to 4 March 2021
Expiry date	21 August 2025	4 March 2026

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 £57,000 (2015: £23,000) related to share options accounted for as equity-settled share-based payment transactions during the year.

A reconciliation of option movements over the year to 31 March 2016 is shown below:

	As at 31 March 2016		**As at 31 March 2015**	
	Number of options	**Weighted average exercise price £**	**Number of options**	**Weighted average exercise price £**
Outstanding at 1 April	2,912,739	0.41	–	–
Granted	278,424	0.54	2,925,684	0.41
Forfeited prior to vesting	(12,945)	0.40	(12,945)	0.40

Outstanding at 31 March	3,178,218	0.43	2,912,739	0.41

19. Trade and other payables

	2016 £000's	2015 £000's
Trade payables	2,209	1,242
PAYE and social security	82	66
VAT	423	385
Other creditors	21	21
Accruals and deferred income	510	210
Deferred consideration	989	–
	4,234	1,924

20. Borrowings

	2016 £000's	2015 £000's
Secured – at amortised cost		
– Bank loan	890	1,610
	890	1,610
Current	720	720
Non-current	170	890
	890	1,610

Summary of borrowing arrangements:

- Bank Loans amounting to £4 million with a term of three years were taken out during 2014. £1.85 million was repaid ahead of schedule during that year with the remainder being repaid in quarterly instalments over the three-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.

21. 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	
	2016 £000's	**2015 £000's**
Loans and receivables (note 16)	1,203	569
AFS asset (note 11/12)	675	100
Cash and cash equivalents (note 17)	3,781	2,810
	5,659	3,479

The investment in HomeOwners Alliance Limited represents a 35% equity interested in an unlisted company acquired during the year. The investment in Financial Eye Limited represents a 15% equity interest in an unlisted company acquired during the previous financial year. All of the above financial assets' carrying values are approximate to their fair values, as at 31 March 2016 and 2015.

Financial liabilities

	Measured at amortised cost	
	2016 £000's	**2015 £000's**
Financial liabilities measured at amortised cost (note 19)	2,740	1,473
Borrowings (note 20)	890	1, 610
	3,630	3,083

Current loan instruments are linked to LIBOR with a margin of 2.75% per annum, which is a fairly standard market rate.

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 28) is estimated using a present value technique. The £1,841,000 fair value is using the known amount of consideration due adjusting for risk and discounting at 16.2%. The known consideration before discounting is £2,160,000. 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. Sensitivity analysis using a +/- 1% change in the discount rate gives a fair value range of £1,825,000 to £1,858,000.

Level 3 fair value measurements

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

	Contingent consideration	
	2016 £000's	**2015 £000's**
Balance at 1 April 2015	1,268	–
Acquired through business combination	–	1,268
Movement in consideration	333	–
Movement in NPV	240	–
Balance at 31 March 2016	1,841	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 15, 16, 17, 19, and 20.

Liquidity risk

Liquidity risk is dealt with in note 22 of this financial information.

Credit risk

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

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

	2016 £000's	**2015 £000's**
Impairment provision	87	57

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

	2016 £000's	**2015 £000's**
Not more than 3 months	419	191
More than 3 months but not more than 6 months	10	30
More than 6 months but not more than 1 year	8	8

More than one year	7	3
Total	446	232

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 16.

Interest rate risk

The Group has secured debt as disclosed in note 20. The interest on this debt is linked to LIBOR and therefore there is an interest rate risk. However, the relative amount of debt outstanding is low which limits the risk.

The balances disclosed above represent the principal debt. Interest is paid quarterly, and all interest due has either been paid at each reporting date, or is paid within a few days of that date – in the latter case, interest accrued is included within accruals.

The Group's only other exposure to interest rate risk is the interest received on the cash held on deposit, which is immaterial.

22. Liquidity risk

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

In managing liquidity risk, the main objective of the Group is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due. The table below shows the undiscounted cash flows on the Group's financial liabilities as at 31 March 2016 and 2015, 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 2016						
Trade payables	2,209	2,209	–	–	–	–
Other payables	21	21	–	–	–	–
Accruals	510	510	–	–	–	–
Loans	918	–	379	367	172	–
	3,658	2,740	379	367	172	–

	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

The amounts payable for loans, as presented above, include the quarterly interest payments due in accordance with the terms described in note 20 in addition to the repayment of principal at maturity.

23. Capital management

The Group's capital management objectives are:

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

The Group defines and monitors capital on the basis of the carrying amount of equity plus its outstanding loan notes, less cash and cash equivalents as presented on the face of the Balance Sheet and further disclosed in notes 17 and 20.

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

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

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

	2016 £000's	2015 £000's
Total Equity	7,185	6,534
Cash and cash equivalents	3,781	2,810
Capital	10,966	9,344
Total Equity	7,185	6,534
Borrowings	890	1,610

Financing	8,075	8,144

Capital-to-overall financing ratio	1.36	1.15

24. 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	**2016 £000's**	**2015 £000's**
Minimum lease payments	56	58

Non-cancellable operating lease commitments	**2016 £000's**	**2015 £000's**
Not later than 1 year	52	54
Later than 1 year and not later than 5 years	85	86
	137	140

25. Financial commitments

There are no other financial commitments.

26. Retirement benefit plans

The Group operates a defined contribution pension scheme for its employees. The pension cost charge represents contributions payable by the Group and amounted to £24,000 (2015: £24,000).

27. Related party transactions

Shareholders:
Lloyds Development Capital (LDC)
Directors:
P Opperman (PO)
G Wicks (GW)
N Hoath (NH)
Ben Thompson (BT)
A Weston (AW)
J Williams (JW)
For remuneration of directors please see Note 4

Dividends paid to directors are as follows:

	2016 £000's	**2015 £000's**
Peter Opperman	76	172
Geoff Wicks	1	–
Nigel Hoath	422	1,464

Ben Thompson	–	–
Andrew Weston	36	160
John Williams	1	–

	Carrying amount		
	A Loan notes		
	LDC £000's	**PO £000's**	**TOTAL £000's**
At 1 April 2014	1,896	43	1,939
Loans repaid	(1,896)	(43)	(1,939)
At 31 March 2015	–	–	–
Loans repaid	–	–	–
At 31 March 2016	–	–	–

	Interest		
	A Loan notes		
	LDC £000's	**PO £000's**	**TOTAL £000's**
At 31 March 2015			
Interest paid	40	1	41
At 31 March 2016			
Interest paid	–	–	–

All loan notes are secured and terms are described in note 20. 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).
The Group had the following transactions with these companies:

Name of related party	Transaction details	2016 £000's	2015 £000's
United Surveyors Ltd	Expenses charged to the related party	–	4
	Expenses recharged from the related party	–	36

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 purchased fixed assets from the company for £3,354 during the year (2015: £0). The amount paid for the assets was considered to be an arms-length amount.

28. Business combinations

There were no acquisitions during the year.
During the prior 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. This contingent consideration has since been fixed at £2,160,000.

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.

29. Contingent liabilities
The directors are not aware of any contingent liabilities within the Group or the Company at 31 March 2016 and 2015.

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

31. Events after the balance sheet date
There have been no reportable subsequent events between 31 March 2016 and the date of signing this report.

32. Dividends Paid

	2016 £000's	2015 £000's
Final Dividend for the year ended 31 March 2015 of 1.00p per share	647	–
1st Interim Dividend 1.05p (2015: 763.75p (prior to Listing)) per share	680	3,250
2nd Interim Dividend 0.79p (2015: 0.34p) per share	511	220
Total dividends paid	1,838	3,470

As well as the dividends paid as shown in the table above, the board proposes a final dividend of £169,000 (0.26 pence per share) in respect of the year ended 31 March 2016 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.