Smoove plc
(The "Group", "Smoove" or the "Company")

Final Results for the 12 months to 31 March 2023

Smoove plc (AIM: SMV), the customer focused technology and services business aiming to revolutionise home moving and ownership, announces its Final Results for the 12 months ended 31 March 2023 ("the Period").

The Company continued to make significant operational advancements and traded in line with the Board's expectations during the Period, whilst investing in its product suite and routes to market, against a highly uncertain market and macroeconomic backdrop.

Financial Highlights

- 7.4% increase in revenues to £20.6m (2022: £19.2m), despite increased uncertainty in the housing market
- Gross profit of £7.8 million (2022: £7.8 million)
- Underlying EBITDA loss of £4.8 million (2022: £3.7 million loss), reflecting investment in the core eConveyancer business and in new product areas. The effect of previously announced cost reduction initiatives was seen at the end of the period and will be more impactful in the current financial year to 31 March 2024
- Underlying loss before tax of £5.6m (2022: £4.9m loss)
- Statutory loss before tax of £5.8m (2022: £5.4m loss)
- Net cash of £10.1 million (2022: £20.0 million), following the £3.7 million return of capital via a Tender Offer in January 2023

Operational Highlights

- Release of new eConveyancer user interface and APIs deepening integration with introducers.
- 85% of applicable cases now enabled on DigitalMove
- Significant growth in remortgage segment driven in part by the new fees-assisted remortgage product line through Lloyds Banking Group
- Conveyancing completions in the Period grew 44% to 53,224 (2022: 36,965). This is composed of transactional completions of 18,382 (2022: 21,837) and remortgage completions of 34,842 (2022: 15,128)
- Conveyancing instructions in the Period grew 5% to 69,662 (2022: 66,394). This is composed of transactional instructions of 26,877 (2022: 35,917) and remortgage instructions of 42,785 (2022: 30,447)
- Significant contractual wins including Mojo, Legal & General, Chimnie and Unbiased
- Pivoted the Smoove Start sales effort to focus on a conveyancing-led offering to emphasise the fee earning potential to estate agents
- Launched Smoove Complete, the Group's platform for self-employed Consultant Conveyancing Lawyers ("CCL") - 11 CCLs contracted at Period end

Post Period End Highlights

- Strategic partnership with Mortgage Advice Bureau (Holdings) plc ("MAB"), significantly enhancing market reach by positioning Smoove to provide conveyancing comparison services to MAB's 2000+ Advisers through both Smoove's web platform and Connect APIs
- 18 CCLs are now contracted with Smoove Complete, an increase of 7 compared with the Period end

Current trading and Outlook

The current year has started positively for the Company. The remortgage segment has been buoyant with instructions up strongly year-on-year. The transactional segment has been stable with instructions lower year-on-year, in line with the Board's expectations and the overall housing market, but supplemented by various contract wins and the recent strategic partnership with Mortgage Advice Bureau. The Board reaffirms the profit outlook announced in its trading update of 2 May 2023, which stated that the outlook for FY24 profit is in line with the Board's expectations, but with a different composition than previously expected. As previously announced, the Board expects the Company's cash burn to reduce significantly during the current financial year as a result of the initiatives it has put in place.

Whilst the Board is mindful of ongoing volatility in the macroeconomic, housing and interest rate environment, it is nevertheless confident in the Group's future prospects, underpinned by successes in new business development, increasing yields in eConveyancer as well as the growth potential of new businesses such as Smoove Complete.

Discussions with PEXA Group Limited

On 24 April 2023 the Company announced that it was in early discussions with PEXA Group Limited ("PEXA"), regarding a possible cash offer for the entire issued and to be issued share capital of the Company. Discussions between the parties remain ongoing and the Company remains in an "offer period" in accordance with the City Code on Takeovers and Mergers.

As announced on 16 June 2023, under the requirements of the Takeover Code, PEXA is required to either announce a firm intention to make an offer for Smoove in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. Such announcement must be made by not later than 5.00 p.m. on 14 July 2023. This deadline can be further extended by the Board, with the consent of the Takeover Panel in accordance with Rule 2.6(c) of the Code.

There can be no certainty either that an offer will be made nor as to the terms of any offer, if made. A further announcement will be made as and when appropriate.

Jesper With-Fogstrup, Chief Executive, commented: *"The financial year ended 31 March 2023 was another volatile period, presenting both opportunities and challenges. The growth in our remortgage volume demonstrates our ability to adapt to market conditions while the development of a new user interface and APIs for eConveyancer provides a strong platform for future growth of that business. Smoove Complete's early results are promising and suggest latent demand among conveyancers for a way of working that is flexible, innovative, and customer focused."*

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

Enquiries:

Smoove plc Jesper With-Fogstrup, CEO Michael Cress, CFO	Via Walbrook PR
Panmure Gordon (UK) Limited (NOMAD and Broker) Dominic Morley / Amrit Mahbubani	+44 (0)20 7886 2500
Cenkos Securities plc (Rule 3 Adviser) Adrian Hadden / Stephen Keys / George Lawson	+44 (0)20 7397 8900
Walbrook PR Limited Tom Cooper/ Nick Rome	smoove@walbrookpr.com or Tel: +44 (0)20 7933 8780

About Smoove:
Smoove's (hellosmoove.com) mission is to revolutionise the home moving and owning process for everyone involved. The Company's cornerstone cloud-based platforms provide significant leverage for growth with strong, established client bases and routes to market - including mortgage brokers, conveyancers, estate agents and lenders.

The Company's existing platforms have been designed with a view to adding services and reach and the Company is well placed to create exponential returns as functionality increases.

Chief Executive's statement

Smoove remains focused on delivering against its strategy during a period of increasing turbulence in the housing market and the broader economy. The cost-of-living crisis, rapidly rising interest rates, and inflation hitting a 41-year high in October 2022, have all led to even greater volatility in the property market after the exceptional conditions of the pandemic. The housing market transitioned abruptly from benign conditions during the first half of the financial year to a steep decline in both the transactional and remortgage markets in Q3 FY 23 as the government's mini-budget created a climate of uncertainty. Fortunately, meaningful recovery emerged in the final quarter as consumers began adjusting to the new normal of high interest rates.

At Smoove, we are investing in our product suite and routes to market to prosper and gain share through the housing market cycle. We are building a diversified business that has not only been resilient through these volatile periods, but one that is well positioned to grow as market conditions improve. I am pleased that the Company traded in line with the Board's expectations during the period.

I have now been in this role for two years and have been focused on extending our participation in the ecosystem of the home moving market, for all involved - from the consumer, who remains a core part of our strategy, to B2B stakeholders such as mortgage brokers and conveyancers, who can also benefit from our services to create the best possible home moving and remortgage experience. This financial year saw the Group delivering on its strategy, with progress across our major business segments: eConveyancer, Smoove Start and Smoove Complete.

Our major business segments

eConveyancer

eConveyancer performed well in difficult market conditions and remains a leading distribution channel for conveyancing in the UK, bringing consumers and legal professionals together via comparison services.

During the year we released our new user interface after several years of no innovation which generated positive feedback from users. We also launched new APIs which promise to deeply integrate our proposition into the systems of mortgage brokers and other introducers.

Both developments are central to our relationship with introducers and aim to drive instructions by improving conversion, removing points of friction in the user journey, and accessing a larger pool of demand. Alongside this, we are investing in data infrastructure to improve the effectiveness of our sales and marketing efforts by ensuring we contact the right customer with the best offer at the right time.

DigitalMove continues to provide a value-added onboarding experience within eConveyancer, with more than 110,000 total cumulative cases at the period end and 85% penetration within applicable cases.

As part of our navigation of the everchanging market, we have positioned eConveyancer to capture a significant share of remortgage work, to offset some of the decline in transactional cases. In particular, our relationship with Lloyds Banking Group was extended late in FY22 to include a new fees-assisted remortgage product that contributed meaningfully to volumes in FY23.

We added several new eConveyancer relationships during the year including Mojo, Legal & General, Chimnie and Unbiased. These relationships further establish our position and brand in the market.

Smoove Start

Smoove Start launched in late August 2022 after a well-received limited product pilot. After encouraging levels of branch acquisitions initially, momentum for Smoove Start slowed significantly as market conditions became more challenging following the mini-budget. Estate agents were less receptive to spending on Smoove Start's software offering for ID verification, anti-money laundering, and upfront information. As a result, we pivoted the sales effort to focus on a conveyancing-led offering to emphasise the fee earning potential to estate agents from referral of cases into eConveyancer. Despite this change, our ambition remains unchanged - to open up the estate agency channel as a source of instructions for eConveyancer enabling Smoove to target a previously unaddressed market.

Smoove Complete

Smoove Complete is a platform for self-employed Consultant Conveyancing Lawyers ("CCLs"). In exchange for a share of the conveyancing fee income, Smoove provides CCLs with a suite of services including onboarding and post-completion services, as well as support infrastructure including technology, regulatory oversight and professional indemnity insurance. Smoove Complete targets a large addressable market of conveyancers and benefits from several favourable industry trends. We see this as an exciting pillar of our offering with great potential for scale and have already seen strong early feedback from the ecosystem of CCLs, introducers and consumers. The first CCL joined Smoove Complete on 25 October 2022 and at the period end 11 CCLs were contracted with the platform.

Overall, we are encouraged by the progress of our business segments as we strive to innovate and improve the industry. This year has shown that the Company is quickly able to adapt and pivot to changing demands, solve complex problems and create opportunity for our customers and partners.

Investing in the business

Over the last two years we have invested significantly to both reverse a period of under investment and also to broaden the business by cultivating opportunities within new introducer channels and market segments; as we are doing with Smoove Complete. This is positioning the Group to increase market share and shareholder value as we participate in more of the home moving market.

On 9 January 2023, Smoove completed a tender offer to repurchase 9,129,236 shares representing 14.0 per cent. of the issued ordinary share capital. This represented a return of capital to shareholders of £3.65 million at a tender price of 40p. The take up of the offer was 73% of the 12,500,000 shares and £5 million that had been authorised by shareholder resolution. I would like to take this opportunity to thank shareholders for their continued support of our evolving offering.

In August 2022, we also announced a cost reduction initiative, and at the end of the financial year the Board approved significant further cost reductions. These reductions aim to ensure that the Group's cost base is appropriate for turbulent market conditions, whilst retaining sufficient investment to execute the Group's strategy and capitalise on the sizable available growth opportunities.

Our team

We have a great set of colleagues at Smoove and are encouraged by our levels of employee engagement. We appreciate that our Group benefits from employees with a mix of profiles, backgrounds and experiences. This includes colleagues with a long tenure at Smoove, deep conveyancing and mortgage broking experience, and specialist technical skills, including product, software engineering and data.

Our colleagues are both resilient and committed. They have contributed to the Company's success through the challenges of the pandemic and the many fluctuations in the market that we continue to face. I would like to thank the team for their hard work again this year.

Outlook

This year has been another volatile period, presenting both challenges and opportunities. The growth in our remortgage volume demonstrates our ability to adapt to market conditions. The development of a new user interface and APIs for eConveyancer provide a strong platform for future growth of that business. Smoove Complete's early results are promising and suggest latent demand among conveyancers for a way of working that is flexible, innovative, and customer- focused.

As I mentioned, the fourth quarter saw encouraging signs in the market, which suggest that the house buying and remortgage sectors may normalise following a period of turbulence. The year ending 31 March 2024 has started positively for the Company. The remortgage segment has been buoyant with instructions up strongly year-on-year. The transactional segment has been stable with instructions lower year-on-year, in line with the Board's expectations and the overall housing market but supplemented by various contract wins and the recent strategic partnership with Mortgage Advice Bureau. While we cannot predict what is on the horizon, we have proven our resilience, and are well placed to grow and profit from the home moving sector, now involving more of the ecosystem, from estate agents to consultant conveyancing lawyers.

Jesper With-Fogstrup
Chief Executive Officer
Smoove plc

Financial review
Summary

Revenue £20.6 million (2022: £19.2 million).
Gross margin £7.8 million (2022: £7.8 million).
Underlying[1] EBITDA £(4.8) million (2022: £(3.7) million)
Underlying[1] PBT £(5.6) million (2022: £(4.9) million).
Reported PBT £(5.8) million (2022: £(5.4) million).

[1] **See table below for detail on the calculation of non-IFRS profit measures.**

Results

Revenue increased by 7% year-on-year against a background of increased uncertainty in the housing market and the broader macroeconomic environment. This revenue growth was accompanied by a significant change in mix driven by divergent trends in transactional and remortgage volumes. As shown on the table of key performance indicators below, transactional instructions and completions declined during the period by 25% and 16% year-on-year, respectively. In contrast, remortgage instructions and completions increased by 40% and 130%, respectively. Whilst we are pleased that we were able to capture demand within the remortgage segment, the lower yields of remortgage work translated into a reduction in gross margin as a percentage of revenue from 40% in the previous period to 38% in the current period. The trend in transactional volumes was heavily influenced by background market conditions. In the first half of the period year-on-year comparatives were distorted by the expiry of the stamp duty holidays which stimulated demand in the prior year. In the second half both transactional and remortgage volumes contracted severely during Q3 in response to the uncertainty associated with government's mini-budget of September 23rd before recovering significantly during Q4.

Underlying PBT loss widened from £4.9 million to £5.6 million as a result of increased administrative expenses and stable gross profit. At the announcement of annual results on 22 August 2022, the Group announced a series of cost reduction initiatives, which were followed by a further cost reduction initiative implemented following the period end. The initiatives are beginning to bear fruit and will reduce the level of cost in the next financial period but occurred too late to significantly benefit current year administrative expenses.

The Group launched Smoove Start, its product for estate agents, in August 2022. After an encouraging initial level of branch signups, branch acquisition slowed following the uncertainty of the mini-budget. As a result, the product was refocused to emphasise the fee earning potential for estate agents through referral of cases to eConveyancer, the Group's core business. The change of emphasis will involve lower support costs for the product and underscores the Board's intention to align product investment with market conditions.

Smoove Complete, the Group's platform for self-employed conveyancers, launched in late October 2022 and had 11 Consultant Conveyancing Lawyers ("CCLs") contracted at the end of the period, which was in line with management expectations. Because the contracts were signed late in the period, Smoove Complete did not materially contribute to gross profit during the year. Smoove Complete operates within Amity Law Limited, the firm of conveyancers that the Group acquired in October 2021.

The Group's capitalised web development expenditure was £746,000 during the period, an increase from the £316,000 reported in the prior period, but below the level of prior years. The year-on-year increase arises primarily because development work met the criteria for capitalisation to a greater extent. Key focuses for development during the period were the new eConveyancer user interface and APIs, both of which are fundamental to the Group's relationship with introducers. Development expenditure not capitalised in the period was £989,000 (2021: £848,000).

The results for the period include exceptional administrative expenses of £222,000 (2022: nil). This is composed £176,000 of advisory and legal fees associated with the share buyback and £46,000 resulting from the early termination of an office lease.

The results for the prior period include an impairment of £503,000 to the carrying value of the Group's investment in Homeowners Alliance Limited. In the consolidated accounts the investment is accounted for as an associate under the equity method of accounting. No assets were impaired in the current period. The impairment review is described in note 12.

Key performance indicators

Our non-financial measures for the financial years ended 31 March 2022 and 2023, respectively are shown below:

Non-Financial Metrics	2023	2022
Instructions		
Transactional	26,877	35,917
Remortgage	42,785	30,477
Total	69,662	66,394
Completions		
Transactional	18,382	21,837
Remortgage	34,842	15,128
Total	53,224	36,965

Cash and debt

The cash balance at year end stood at £10.1 million (2022: 20.0 million). The reduction in cash included the £3.65 million return of capital to shareholders through a repurchase of shares executed via a tender offer that closed on 9 January 2023. The Board believe that the tender offer achieved a balance between an immediate return to shareholders and investment to deliver future returns.

Shares and dividends

No dividend was paid in the year. The Board is not recommending a final dividend be paid. As noted above, a return of capital was made during the year via the tender offer for repurchase of shares.

No new shares were issued in the year. The Group repurchased 9,129,236 shares in the tender offer at a price of 40 pence per share. Of this total 7,854,726 shares were cancelled and 1,274,510 shares were transferred to the Smoove plc Employee Benefit Trust at a price of 0.4 pence to facilitate the Long Term Incentive Plan ("LTIP") adopted on 17 January 2023.

Non-IFRS profit measures

In addition to the IFRS measures of profit the Board believe it is useful to show non-IFRS measures which the Board review on a regular basis in order to evaluate business performance. These additional measures have the advantage of excluding major non-cash non-recurring items such as impairment charges. In addition, the Board believe that EBITDA is a metric that is commonly used by the Group's investors. Therefore, we believe that highlighting these measures in addition to the IFRS measures gives a useful insight to the readers of the report. The table below lays out two key measures and shows how they are derived. The calculation of EBITDA has been modified compared with prior years to exclude share-based payment expense and the share of profit from associates, both of which are significant non-cash items. The cash cost of the exercise of share options is reported in the Statement of Changes in Equity and was nil in 2023 (2022: £52,000).

Calculation of Non-IFRS profit measures	**2023**	**2022**

	£000’s	£000’s
(Loss) before taxation (PBT)	**(5,784)**	**(5,365)**
Impairment of investment	–	503
Exceptional administrative expenses	222	–
Underlying (Loss) before taxation (Underlying PBT)	**(5,562)**	**(4,862)**
Finance income	(217)	(25)
Finance costs	28	102
Amortisation	582	683
Depreciation	298	329
Share-based payment expense	110	108
Share of profit from associate	(58)	(31)
Underlying EBITDA	**(4,819)**	**(3,696)**

Consolidated Income Statement
for the year ended 31 March 2023

	Notes	2023 £000's	2022 £000's
Revenue	1	20,595	19,168
Cost of sales		(12,777)	(11,407)
Gross profit		7,818	7,761
Exceptional administrative expenses	3	(222)	-
Other administrative expenses		(13,627)	(12,577)
Administrative expenses		(13,849)	(12,577)
Operating loss before exceptional expenses		(5,809)	(4,816)
Exceptional administrative expenses	3	(222)	-
Operating loss	2	(6,031)	(4,816)
Finance income	5	217	25
Finance costs	6	(28)	(102)
Share of results of associate	12	58	31
Impairment of associate	12	-	(503)
Loss before tax		(5,784)	(5,365)
Tax credit	7	33	248
Loss for the financial year attributable to the Group's equity shareholders		(5,751)	(5,117)
Loss per share from operations			
Basic loss per share (£)	8	(0.0910)	(0.0789)
Diluted loss per share (£)	8	(0.0910)	(0.0789)

The notes to these financial statements below form an integral part of these financial statements.

Consolidated statement of comprehensive income
for the year ended 31 March 2023

	2023 £000's	2022 £000's
Loss for the financial year	(5,751)	(5,117)
Total comprehensive loss for the financial year attributable to the owners of the parent	(5,751)	(5,117)

The notes to these financial statements below form an integral part of these financial statements.

Consolidated Balance Sheet
as at 31 March 2023

	Notes	2023 £000's	2022 £000's
Assets			
Non-current assets			
Intangible assets	13	1,596	1,432
Goodwill	10	4,745	4,745
Investment in associates	12	213	155
Property, plant and equipment	14	1,067	1,572
Long-term receivables	15	50	100
Prepayments	15	73	94
		7,744	8,098
Current assets			
Trade and other receivables	15	1,704	1,545
Current tax receivable	7	295	291
Cash and cash equivalents	16	10,131	20,027
		12,130	21,863
Total assets		19,874	29,961
Equity and liabilities			
Capital and reserves attributable to the Group's equity shareholders			
Share capital	17	228	259
EBT reserve		(808)	(298)
Share premium		4,609	4,609
Capital redemption reserve		144	113
Share-based payment reserve		584	474
Retained earnings		10,752	19,645
Total equity		15,509	24,802
Non-current liabilities			
Lease liabilities	24	633	1,012
Deferred taxation	7	65	79
		698	1,091
Current liabilities			
Trade and other payables	19	3,551	3,918
Lease liabilities	24	116	150
		3,667	4,068
Total liabilities		4,365	5,159
Total equity and liabilities		19,874	29,961

The notes to these financial statements below form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 4 July 2023 and were signed on its behalf by:

Jesper With-Fogstrup
Chief Executive Officer
Smoove plc

Michael Cress
Chief Financial Officer
Smoove plc

Company number: 07466574

Consolidated statement of changes in equity
for the year ended 31 March 2023

	Treasury Reserve £000s	Share capital £000's	EBT reserve £000's	Share premium £000's	Capital redemption reserve £000's	Share-based payments reserve £000's	Retained earnings £000's	Total Equity £000's
Balance at 1 April 2021	–	259	(397)	4,609	113	418	24,913	29,915
Loss for the year	–	–	–	–	–	–	(5,117)	(5,117)
Total comprehensive loss	–	–	–	–	–	–	(5,117)	(5,117)
Purchase of shares by EBT	–	–	(345)	–	–	–	–	(345)
Exercise of options	–	–	444	–	–	(52)	(151)	241
Share-based payments	–	–	–	–	–	108	–	108
Total transactions with owners	–	–	99	–	–	56	(151)	4
Balance at 31 March 2022	–	259	(298)	4,609	113	474	19,645	24,802
Balance at 1 April 2022	–	259	(298)	4,609	113	474	19,645	24,802
Loss for the year	–	–	–	–	–	–	(5,751)	(5,751)
Total comprehensive loss	–	–	–	–	–	–	(5,751)	(5,751)
Purchase of shares by EBT	510	–	(510)	–	–	–	–	–
Share-based payments	–	–	–	–	–	110	–	110
Repurchase of shares	(3,652)	–	–	–	–	–	–	(3,652)
Cancellation of shares	3,142	(31)	–	–	31	–	(3,142)	–
Total transactions with owners	–	(31)	(510)	–	31	110	(3,142)	(3,542)
Balance at 31 March 2023	–	228	(808)	4,609	144	584	10,752	15,509

The notes to these financial statements below form an integral part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 March 2023

	Notes	2023 £000's	2022 £000's
Cash flow from operating activities			
Loss before tax		(5,784)	(5,365)
Finance income	5	(217)	(25)
Finance costs	6	28	102
Loss on disposal of plant and equipment		24	63
Share of profit from associate	12	(58)	(31)
Impairment of investment in associate		–	503
Amortisation	13	582	683
Depreciation	14	298	329
Disposal of right of use asset		(15)	–
Share-based payments	18	110	108
Tax received / (paid)		16	(23)
		(5,016)	(3,656)
Changes in working capital			
(Increase) / Decrease in trade and other receivables		(139)	14
(Decrease) / Increase in trade and other payables		(268)	413
Cash used in operating activities		(5,423)	(3,229)
Cash flow from investing activities			
Purchase of intangible software assets	13	(746)	(316)
Purchase of property, plant and equipment	14	(76)	(97)
Acquisition of subsidiary (net of cash acquired)	11	(100)	(135)
Interest received	5	217	25
Net cash used in investing activities		(705)	(523)
Cash flow from financing activities			
Lease payments	24	(166)	(192)
Repayment of loan to associate		50	100
Shares traded by EBT		–	(105)
Share buyback		(3,652)	–
Net cash used in financing activities		(3,768)	(197)
Net decrease in cash and cash equivalents		(9,896)	(3,949)
Cash and cash equivalents at beginning of financial year		20,027	23,976
Cash and cash equivalents at end of financial year		10,131	20,027

The notes to these financial statements below form an integral part of these financial statements.

Notes to the consolidated financial statements

Principal accounting policies

Basis of preparation

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

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee, and there is an ongoing process of review and endorsement by the United Kingdom Endorsement Board. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 March 2023.

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

The financial information set out in this announcement does not constitute Smoove plc's statutory accounts for the year ended 31 March 2023. Statutory accounts for the year ended 31 March 2023 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The Auditor has reported on those accounts; their report was unqualified, did not draw attention by way of emphasis and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Going Concern

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

The housing market experienced significant volatility during the year. Transactional and remortgage volumes contracted sharply during Q3 in response to the government's mini-budget but recovered significantly in Q4. The Group had cash balances of £10.1 million and no borrowings at the end of the period. The Group returned £3.65 million in capital to shareholders during the period via a tender offer for the repurchase of purchase of shares. The Board considered a range of forecast scenarios as part its deliberations regarding the tender offer.

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

As referred to in note 30, Subsequent Events, at the date of signing of the financial statements, the Group was in discussions with PEXA Group Ltd. ("PEXA"), which could lead to a cash offer for the entire share capital of the company. There can be no certainty that the discussions will lead to a successful offer for the company. In the event that the discussions do lead to an offer that is approved by shareholders, the Directors have concluded that it is highly likely that PEXA would manage the Group in a manner that is consistent with continuing as a going concern. This conclusion is supported by the underlying rationale of the potential transaction and consideration of publicly available information regarding PEXA.

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

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

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

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

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

Business combinations
The Consolidated Financial Statements consolidate those of the Parent Company and all of its subsidiaries as of 31 March 2023. All subsidiaries have a reporting date of 31 March.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date except in relation to leases, where the lease liability is initially measured at the present value of future lease payments using the Group's incremental borrowing rate, and the right of use asset measured at the same value with adjustment for favourable or unfavourable lease terms.

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

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

Acquisition-related costs are expensed as incurred.

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

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

Employee benefit trust
The Directors consider that the Employee Benefit Trust (EBT) is under the de facto control of the Company as the trustees look to the Directors to determine how to dispense the assets. Therefore the assets and

liabilities of the EBT have been consolidated into the Group accounts. The EBT's investment in the Company's shares is eliminated on consolidation and shown as a deduction against equity. Any assets in the EBT will cease to be recognised in the Consolidated Balance Sheet when those assets vest unconditionally in identified beneficiaries.

Revenue recognition
Revenue comprises revenue recognised in respect of services, supplied during the period and is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, based on when performance obligations have been satisfied.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from a contract to provide services which are completed at an identifiable point in time is recognised when the performance obligation is met, and when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue is recognised on completion of the legal services. For a conveyancing transaction, this will be on completion of the property transaction and if the transaction falls through prior to completion no fees will be payable by the consumer to the conveyancer or by the conveyancer (customer) to the Company or by the Company to the introducer (supplier).

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

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

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

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

Exceptional administrative expenses

Exceptional administrative expenses are non-recurring in nature or of a size sufficient to merit separate disclosure. Items are classified as exceptional to aid the understanding of the underlying performance of the business.

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

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

Other intangible assets

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development; and
- the amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is expensed in the period in which it is incurred.

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

- capital development expenditure – Straight-line over 4 years

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

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

- customer and introducer relationships – 10 to 12 years
- brand names – 10 years
- acquired technology platform – 9 years

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

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

- leasehold improvements – Over the remaining life of the lease
- computer equipment – 25 to 33% on cost
- fixtures and fittings – 25% on cost

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

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

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

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 reporting date the Directors review the carrying amounts of the Group's tangible and intangible assets, other than goodwill, to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. For further details of the impairment reviews conducted see note 10.

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

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

Financial instruments

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

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

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

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:
- amortised cost; or
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVTPL.

The classification is determined by both:
- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other administrative expenses.

Subsequent measurement of financial assets
Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (FVOCI)
The Company accounts for financial assets at FVOCI if the assets meet the following conditions:
- they are held under a business model whose objective it is 'hold to collect' the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets
IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of these requirements included loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets
The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to note 21 for further details.

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

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. Contingent consideration is measured at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

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

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

Deferred tax liabilities are provided in full.

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

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

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

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

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

Leasing
The Group considers whether any new contract involving use of an asset is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the lessee's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

On the balance sheet, right-of-use assets have been included in property, plant and equipment and lease liabilities are separately shown on the face of the balance sheet.

Equity and reserves
Equity and reserves comprise the following:

- 'Share capital' represents amounts subscribed for shares at nominal value.
- 'EBT reserve' represents cost of shares bought and sold through the Employee Benefit Trust.
- 'Share premium' represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.
- 'Capital redemption reserve' represents the nominal value of re-purchased and cancelled share capital.
- 'Share-based payment reserve' represents the accumulated value of share-based payments expensed in profit or loss less charge in relation to exercised options.
- 'Retained earnings' represents the accumulated profits and losses attributable to equity shareholders.

Share-based employee remuneration
The Group operates share option based remuneration plan for its employees. None of the Group's plans is cash settled.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date using the Black-Scholes model for awards issued in prior years and either a Monte Carlo simulation or Binomial model for awards granted in 2023.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share-based payment reserve. The expense is allocated over the vesting period. Subsequent revisions to this give rise to an adjustment to cumulative share-based compensation which is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

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

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

New and amended International Financial Reporting Standards adopted by the Group
New standards and amendments to standards or interpretations which were effective for the first time this year and applicable to the Group are as follows:

New/Revised International Financial Reporting Standards		**Effective date: annual periods beginning on or after:**	**UK adopted**	**Impact on Group**
IFRS 3	*Reference to the Conceptual Framework* Amendments to IFRS 3 Business Combinations	1 January 2022	Yes	Immaterial
IAS 16	*Property, plant and equipment: proceeds before intended use* Amendments to IAS 16 Property, Plant and Equipment	1 January 2022	Yes	Immaterial
IAS 37	*Onerous contracts – cost of fulfilling a contract* Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022	Yes	Immaterial

IFRS 1, IFRS 9, IAS 41	*Annual Improvements to IFRS Standards 2018-2020* Amendments to IFRS 1, IFRS 9 and IAS 41	1 January 2022	Yes	Immaterial

International Financial Reporting Standards in issue but not yet effective
At the date of authorisation of these Consolidated Financial Statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Group.

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

New/Revised International Financial Reporting Standards		**Effective date: annual periods beginning on or after:**	**UK adopted**	**Impact on Group**
IAS 1	*Disclosure of accounting policies* Amendments to IAS 1	1 January 2023	No	Immaterial
IAS 8	*Definition of Accounting Estimates* Amendments to IAS 8	1 January 2023	Yes	Immaterial
IAS 12	*Deferred tax relating to assets and liabilities arising from a single transaction* Amendments to IAS 12	1 January 2023	Yes	Immaterial
IAS 1	*Classification of Liabilities as Current or Non-current* Amendments to IAS 1	1 January 2024	No	Immaterial

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

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

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

Impairment review
The Group assesses the useful life of intangible assets to determine if there is a definite or indefinite period of useful economic life; this requires the exercise of judgement and directly affects the amortisation charge on the asset. The Group tests whether there are any indicators of impairment at each reporting date. Discounted cash flows are used to assess the recoverable amount of each cash generating unit, and this requires estimates to be made. If there is no appropriate method of valuation of an intangible asset, or no clear market value, management will use valuation techniques to determine the value. This will require assumptions and estimates to be made. Further detail is provided in note 13.

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment. Depreciation rates are shown in the accounting policy for property, plant and equipment.

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

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

Investment in Associates
In the year ended 31 March 2022 an impairment charge of £503,000 related to the Group's investment in Homeowners Alliance was recognised. The impairment judgement relies on an estimation of future cash flows of the investment discounted to its present value using a discount rate of 12.6%. The judgement also applies a minority discount of 40% reflecting the Group's lack of majority control of the investment. An impairment review for the year ended March 2023 indicated that no further impairment of the investment is required. The impairment review methodology was similar to the review conducted in the previous year but used a higher discount rate of 13.6%. Further detail is provided in note 12.

Intangible assets arising from business combination
Judgement has been applied concerning the identification of intangible assets arising from the acquisition of Amity Law Limited in the year ended 31 March 2022. The value of consideration paid on the acquisition, in excess of the net assets acquired, has been allocated entirely to goodwill. Furthermore, goodwill arising from the acquisition of Amity has been included within the Core CGU and therefore assessed within the impairment review of the Core CGU. This is because the value that Amity adds to the Group's product development capabilities cannot be segregated.

1. Segmental reporting

Operating segments

Management identifies its operating segments based on the Group's service lines, which represent the main product and services provided by the Group. The Group of similar services which makes up the Group's Comparison Services segment represents more than 95% of the total business. Additionally, the Board reviews Group consolidated numbers when making strategic decisions and, as such, the Group considers that it has one reportable operating segment. All sales are made in the UK.

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

	2023 £000's	**2022 £000's**
Customer 1	2,477	4,079
Customer 2	4,100	2,030

2. Operating loss

Operating loss is stated after charging:	**2023 £000's**	**2022 £000's**
Fees payable to the Group's auditors for the audit of the annual financial statements	90	60
Fees payable to the Group's auditors and its associates for other services to the Group:		
– Audit of the accounts of subsidiaries	73	65
– Non-audit services	–	10
Amortisation	582	683
Depreciation	298	329
Share-based payments expense	110	108
Exceptional administrative expenses	222	–
Development expenditure not capitalised	989	848

3. Exceptional administrative expenses

	2023 £000's	**2022 £000's**
Loss on disposal of right of use asset	46	–
Share buyback costs	176	–
	222	–

During the year the Group surrendered the lease on premises which had been accounted for under IFRS 16 – Leases. The disposal of the right of use asset and the corresponding lease liability, which had been recognised over the full life of the lease, has been classified as exceptional due to the uncommon nature of the event.

During the year the Group repurchased 9,129,236 shares accounting for 14% of the issued share capital through a tender offer that closed on 9 January 2023. The costs in relation to the Tender Offer (share buyback costs) have been classified as exceptional due to their non-recurring nature.

4. Directors and employees

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

	2023 £000's	2022 £000's
Staff costs		
Wages and salaries	7,317	6,538
Social security costs	929	655
Pension costs	830	578
	9,076	7,771

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

	2023 Number	2022 Number
By activity:		
Production	58	60
Distribution	33	34
Administrative	38	30
Management	11	10
	140	134

	2023 £000's	2022 £000's
Remuneration of Directors		
Emoluments for qualifying services	844	833
Pension contributions	31	35
Social security costs	86	84
	961	952

The emoluments shown above (and in the following table for the remuneration of key management) include amounts for share-based payments charges but not for the actual gain on exercise. During the period no share options were exercised and therefore no gain was realised (2022: £86,000). This amount applies to the table below also.

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

Key management personnel are identified as the Executive Directors.

	2023 £000's	2022 £000's
Remuneration of key management		
Emoluments for qualifying services	679	671
Pension contributions	26	30
Social security costs	76	74
	781	775

Payments of pensions contributions have been made on behalf of Directors.

5. Finance income

	2023 £000's	2022 £000's
Bank interest	150	25
Other interest and finance income	67	–
	217	25

6. Finance costs

	2023 £000's	2022 £000's
Lease interest	28	31
Other interest and finance costs	–	71
	28	102

7. Taxation

Analysis of credit in year	2023 £000's	2022 £000's
Current tax		
United Kingdom		
UK corporation tax adjustment in respect of prior year	(20)	(41)
Deferred tax		
United Kingdom		
Origination and reversal of temporary differences	(13)	(207)
Corporation tax credit	(33)	(248)

The differences are explained as follows:

	2023 £000's	2022 £000's
(Loss) before tax	(5,784)	(5,365)
UK corporation tax rate	19%	19%
Expected tax (credit)	(1,099)	(1,019)
Adjustments relating to prior year	(20)	(41)
Movement in deferred tax not recognised	1,002	617
Remeasurement of deferred tax for changes in tax rates	47	–
Adjustment for non-deductible expenses		
– Expenses not deductible for tax purposes	77	143
– fixed asset temporary differences	(40)	52
Income tax (credit)	(33)	(248)

Deferred tax

	2023 £000's	2022 £000's
Deferred tax liabilities at applicable rate for the period of 19%:		
Opening balance at 1 April	79	280
– Property, plant and equipment and capitalised development spend temporary differences	(69)	(21)
– Deferred tax recognised on acquisition of Legal-Eye	(14)	(26)
– Deferred tax on share options	26	32
– Acquisition of subsidiary	–	6
– Utilisation of tax losses	43	(192)
Deferred tax liabilities – closing balance at 31 March	65	79

	2023 £000's	2022 £000's
Deferred tax liabilities at period end:		
Property, plant and equipment and capitalised development spend temporary differences	149	218
Deferred tax recognised on acquisition of Legal-Eye	65	79
Deferred tax on share options	–	(26)
Tax losses	(149)	(192)
Deferred tax liabilities – closing balance at 31 March	65	79

A potential deferred tax asset of £2,400,000 (2022: £916,000) in respect of tax losses carried forward has not been recognised due to uncertainty over the availability of taxable profits in future chargeable accounting periods. The unrecognised deferred tax asset in respect of tax losses as at 31 March 2023 has been measured at 25%.

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

8. Loss per share

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

Basic loss per share

	2023 £	**2022 £**
Total loss per share	(0.0910)	(0.0789)
Total diluted loss per share	(0.0910)	(0.0789)

The losses used in the calculation of basic loss per share were as follows:

	2023 £000's	**2022 £000's**
Loss used in the calculation of total basic and diluted loss per share	(5,751)	(5,117)

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

Number of shares	**2023 Number**	**2022 Number**
Weighted average number of ordinary shares for the purposes of basic loss per share	63,186,426	64,871,276

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

Number of shares	**2023 Number**	**2022 Number**
Dilutive (potential dilutive) effect of share options	3,712,985	4,149,182
Weighted average number of ordinary shares for the purposes of diluted earnings per share	66,899,411	69,020,458

As the Group reported a loss (2022: loss), outstanding share options do not further dilute the loss per share in any period presented so the diluted loss per share is the same as the loss per share (2022: loss per share).

9. Subsidiaries

Details of the Group's subsidiaries are as follows:

Name of subsidiary	Principal activity	Class of shares	Place of incorporation and operation	% ownership held by the Group 2023	2022
United Legal Services Limited	Development and hosting of internet-based software applications for legal services businesses	Ordinary	England & Wales	100%	100%
United Home Services Limited	Development and hosting of internet-based software applications for property services businesses	Ordinary	England & Wales	100%	100%
Legal-Eye Limited	Compliance consultancy services for solicitors	Ordinary	England & Wales	100%	100%
Amity Law Limited	Solicitors	Ordinary	England & Wales	100%	100%
Hello Smoove Limited	Dormant	Ordinary	England & Wales	100%	100%

The registered office of each of the subsidiaries (except for Amity Law Limited) is the same as the registered office of the parent company: Masters Court, Church Road, Thame, OX9 3FA. The registered office of Amity Law Limited is The Loweswater Suite, Second Floor Paragon House, Paragon Business Park, Chorley New Road, Horwich, Bolton, Lancashire, United Kingdom, BL6 6HG.

10. Goodwill

	2023 £000's	2022 £000's
Opening value at 1 April	4,745	4,524
Purchase of Amity	–	221
Closing value at 31 March	4,745	4,745

Goodwill split by CGU is as follows:

	2023 £000's	2022 £000's
Core	3,518	3,518
Legal-Eye	1,227	1,227
	4,745	4,745

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

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

For the Core GGU goodwill, the recoverable amount exceeds its holding value by £14.9m. No reasonably plausible increase in discount rate or reduction in growth rate would give rise to an impairment of goodwill.

For Legal-Eye, the recoverable amounts of intangible assets and goodwill was determined using value-in-use calculations, based on cash flow projections from a three-year forecast. Its recoverable amount exceeds its holding value by £500,000. A 1% increase or decrease in the discount rate used would give a range in the excess of recoverable amount over holding value of £363,000 to £663,000. The recoverable amount would be equal to the holding amount if the discount rate rose by 4.7% or the growth rate used to extrapolate cash flows fell by 6.5%.

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

A post-tax discount rate of 13.60% was used for mature revenue streams within Core and for Legal-Eye, which reflects current market assessments of the time value of money and specific risks using external sources of data. A higher discount rate was used for new revenue streams reflecting their higher risk.

11. Business combinations

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

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

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

Fair value of consideration paid

	£'000
Cash	205
Deferred consideration	100
Total consideration	305
Goodwill (note 10)	221

The deferred consideration was not contingent and was paid in October 2022.

Acquisition costs of £44,000 arose as a result of the transaction and are included in administrative expenses in the year ended 31 March 2022.

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

12. Investment in associates

	2023 £'000	2022 £'000
Opening value at 1 April	155	627
Share of profit for the year	58	31
Impairment of associate	–	(503)
Closing value at 31 March	213	155

The Group acquired 35% of Homeowners Alliance Ltd on 29 February 2016. Homeowners Alliance Ltd's place of incorporation and operation is in the UK and its registered address is Pound House, 62a Highgate High St, London N6 5HX.

During the year ended 31 March 2022, an impairment review of the investment in Homeowners Alliance Ltd. gave rise to an impairment of £503,000. The review assumed a post-tax discount rate of 12.60%, long-term growth rate of 2%, and a discount associated with lack of control of 40%. An impairment review for the year ended 31 March 2023 relied on a substantially similar methodology as the prior year but used a higher discount rate of 13.60% to reflect an increase in risk free interest rates in the economy. This review concluded that no additional impairment was required.

13. Intangible assets

	Capitalised development expenditure £000's	Customer and introducer relationships £000's	Brands £000's	Total £000's
Cost				
At 1 April 2021	4,627	1,070	226	5,923
Additions	316	–	–	316
At 31 March 2022	4,943	1,070	226	6,239
Additions	746	–	–	746
At 31 March 2023	5,689	1,070	226	6,985
Accumulated amortisation				
At 1 April 2021	3,353	634	137	4,124
Charge	551	109	23	683
At 31 March 2022	3,904	743	160	4,807
Charge	451	109	22	582
At 31 March 2023	4,355	852	182	5,389
Net book value				
At 1 April 2021	1,274	436	89	1,799
At 31 March 2022	1,039	327	66	1,432
At 31 March 2023	1,334	218	44	1,596

Amortisation is included within administrative expenses. Capitalised development expenditure has a remaining amortisation period of up to 4 years. Consumer and introducer relationships and brands have a remaining amortisation period of 2 years.

14. Property, plant and equipment

	Leasehold improvements £000's	Right of use assets £000's	Computer equipment £000's	Fixtures and fittings £000's	Total £000's
Cost					
At 1 April 2021	815	1,589	1,038	129	3,571
Additions	4	–	93	–	97
Subsidiary Acquisition	5	–	31	–	36
Disposals	–	–	(730)	–	(730)
At 31 March 2022	824	1,589	432	129	2,974
Additions	–	48	57	19	124
Disposals	(615)	(531)	–	–	(1,146)
At 31 March 2023	209	1,106	489	148	1,952
Accumulated depreciation					
At 1 April 2021	604	263	781	92	1,740
Charge	27	157	135	10	329
Disposals	–	–	(667)	–	(667)
At 31 March 2022	631	420	249	102	1,402
Charge	25	165	84	24	298
Disposals	(591)	(224)	–	–	(815)
At 31 March 2023	65	361	333	126	885
Net book value					
At 1 April 2021	211	1,326	257	37	1,831
At 31 March 2022	193	1,169	183	27	1,572
At 31 March 2023	144	745	156	22	1,067

Depreciation is recognised within administrative expenses.

15. Trade and other receivables

	2023 £'000	2022 £'000
Current assets		
Trade receivables	756	977
Other receivables	163	87
Prepayments and accrued income	785	481
	1,704	1,545
Non-current assets		
Prepayments	73	94
Long-term receivables (loans to associate)	50	100
	123	194

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

Included in prepayments and accrued income are contract assets of £358,000 (2022: Nil).

Details of the Group's exposure to credit risk is given in note 21.

16. Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank (GBP)	10,131	20,027

At March 2023 and 2022 all significant cash and cash equivalents, which include deposits with maturities up to approximately three months, were deposited with major clearing banks in the UK with at least an 'A' rating.

17. 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.

	2023		2022	
	No	**£000's**	**No**	**£000's**
Ordinary shares of £0.004 each	57,016,550	228	64,871,276	259
	57,016,550	228	64,871,276	259

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

	2023 Number	2022 Number
Shares issued and fully paid		
Beginning of the year	64,871,276	64,871,276
Cancelled	(7,854,726)	–
Shares issued and fully paid	57,016,550	64,871,276

During the year the Group repurchased 9,129,236 shares representing 14% of the issued ordinary share capital. The repurchase was achieved by way of a tender offer with a tender price of 40 pence that closed on 9 January 2023. Of the repurchased shares, 7,854,726 were cancelled and 1,274,510 were acquired by the Employee Benefit Trust ("EBT") at a price of 0.4 pence to enable awards under the Joint Share Ownership Plan ("JSOP").

At the period end, the EBT held 1,632,314 (2022: 357,804) shares in the Company with a market value of £518,260 (2022: £254,041). The EBT shareholding consists of 1,274,510 shares associated with the JSOP and 357,804 shares, which are unallocated and support the administration of the Company's share option plans.

18. Share-based payments

The Group provides share-based awards to employees, which are equity settled. These have been issued under the Share option scheme rules adopted in 2014 and amended in 2020 and under the new scheme rules adopted in January 2023.

Options granted prior to 2020 vested in three equal tranches, three, four and five years after date of grant or in one tranche three years after date of grant and were not subject to performance conditions. Awards granted after 2020 were subject to performance conditions measured three years from the date of grant.

During the year the Board adopted new share option scheme rules applying to future option grants and a Long Term Incentive Plan ("LTIP"). The Group made awards of 3,400,000 ordinary shares "Performance Shares" under the LTIP to its two Executive Directors and other senior employees. The vesting of all Performance Share awards is conditional on meeting both a performance condition relating to gross profit and a share price performance condition, both of which are measured three years from the award date. The gross profit condition specifies a target gross profit for the year ended 31 March 2026 of £13,574,000. The definition of gross profit used by the condition corresponds with that used in the Group's accounts. Provided that the gross profit condition is met, the share price performance condition specifies that shares will vest on a straight-line basis if the measured share price is between 55 pence (33% vesting) and 80 pence (100% vesting). If either the gross profit condition is not met or the measured share price is below 55 pence, then the awards will lapse. The awards are subject to a post-vesting holding restriction by which the holder may not dispose or deal in more than 50% of the vested shares until the fourth anniversary of the date of the award.

2,125,490 of the LTIP awards were granted as options and 1,274,510 of the awards were granted as awards under the Joint Share Ownership Plan ("JSOP"). The JSOP shares were purchased by Group as part of the buyback tender offer that completed on 9 January 2023 and were subsequently transferred from treasury to the employee benefit trust to be granted as JSOP awards. The performance conditions of the JSOP shares are identical to those of the options granted under the LTIP.

In addition to the LTIP awards, the Group awarded 1,318,937 additional options during the year to employees other than the executive directors, which were subject to various performance conditions measured three years from the date of grant.
All awards granted by the Group will expire 10 years from the date of grant if they remain unexercised. The awards are forfeited if the employee leaves the Group before the options vest.

Options granted in prior years were valued using the Black-Scholes option-pricing model. Awards granted in 2023 were valued using either a Monte Carlo simulation or Binomial model. Valuation assumptions are shown in the table below:

	2023	**2022**
Share price at date of grant	£0.408-£0.470	£0.785
Contractual life	10 years	10 years
Expected volatility	45%-50%	55.517%
Expected dividend rate	0%	0%
Risk free rate	3.25%-3.35%	0.2825%

The expected volatility was calculated, with reference to the Company's share price, based on a period commensurate with the expected life of the options, estimated between 3 – 6.5 years.

The following table shows awards issued which were outstanding as at 31 March 2023:

Date of grant	Exercise price (£)	Share price at date of grant (£)	Awards in issue as 31 March 2023
18 August 2014	0.4000	0.4800	85,468
21 August 2015	0.5350	0.5350	34,520
7 November 2016	0.7025	0.7025	116,505
21 December 2016	0.7675	0.7675	64,828
9 August 2018	1.3325	1.3325	55,000
14 July 2020	0.5390	0.5390	750,000
19 February 2021	0.8600	0.8600	675,000
18 January 2023	0.4080	0.4080	818,937
18 January 2023	0.0040	0.4080	3,400,000
10 February 2023	0.0040	0.4750	90,000
13 February 2023	0.4700	0.4700	410,000

The Group recognised total expenses of £110,000 (2022: £108,000) related to share options accounted for as equity-settled share-based payment transactions during the year.

The weighted average fair value of options granted in the year was £0.17 per share (2022: £0.29).

A reconciliation of option movements over the year to 31 March 2023 is shown below:

	As at 31 March 2023		As at 31 March 2022	
	Number of Awards	Weighted average exercise price £	Number of Awards	Weighted average exercise price £
Outstanding at 1 April	3,656,960	0.79	4,200,360	0.78
Granted	4,718,937	0.11	500,000	0.79
Forfeited prior to vesting	(1,875,639)	0.88	(622,343)	0.86
Exercised	–	–	(421,057)	0.57
Outstanding at 31 March	6,500,258	0.27	3,656,960	0.79

Of the awards outstanding at the year end, 337,986 were exercisable (2022: 883,560).

The weighted average remaining contractual life of the outstanding options was 9.0 years (2022: 7.5 years).

No options were exercised during the year. The weighted average share price at the date of exercise of those options exercised in the prior year was £0.82 per share.

19. Trade and other payables

	2023 £000's	2022 £000's
Trade payables	1,976	2,120
PAYE and social security	281	316
VAT	288	296
Other creditors	3	11
Accruals and deferred income	1,003	1,075
Deferred consideration	–	100
	3,551	3,918

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

20. Borrowings

Reconciliation of liabilities arising from financing activities

	2023		2022	
	Leases £'000	Total debt £'000	Leases £'000	Total debt £'000
Balance at 1 April	1,162	1,162	1,324	1,324
Loan or lease repayments	(166)	(166)	(192)	(192)
Finance charges	28	28	30	30
Additions	48	48	–	–
Disposals	(323)	(323)	–	–
Balance at 31 March	749	749	1,162	1,162

21. Financial instruments

Classification of financial instruments

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 120 days from the invoice date and failure to engage with the Group on alternative payment arrangements amongst others are considered indicators of no reasonable expectation of recovery. The Group generally has a low incidence of unpaid receivables.

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

Financial assets

	Measured at amortised cost	
	2023 £000's	**2022 £000's**
Trade receivables net of provision for credit losses (note 15)	756	977
Loans and other receivables (note 15)	213	187
Cash and cash equivalents (note 16)	10,131	20,027
	11,100	21,191

All of the above financial assets carrying values are approximate to their fair values, as at 31 March 2023 and 2022.

Financial liabilities

	Measured at amortised cost	
	2023 £000's	**2022 £000's**
Financial liabilities measured at amortised cost (note 19)	2,842	3,206
Lease liability (note 20)	749	1,162
Deferred consideration (note 19)	–	100
	3,591	4,468

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

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

No financial liabilities are carried at fair value.

Financial instrument risk exposure and management

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

This note describes the Group's objectives, policies and process for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented in notes 15, 16, 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.

	2023 £000's	**2022 £000's**
Impairment provision	48	75

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

	2023 £000's	**2022 £000's**
Not more than 3 months	25	35
More than 3 months but not more than 6 months	32	25
More than 6 months but not more than 1 year	–	–
More than one year	–	–
Total	57	60

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

The Group's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents.

Interest rate risk
In previous periods, the Group had secured debt as disclosed in note 20. The interest on this debt was linked to LIBOR and therefore there was an interest rate risk. In the current reporting period the Group had no outstanding borrowings thus reducing interest rate exposure to the interest received on the cash held on deposit, which is immaterial.

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 as part of its regular reviews of financial performance. The table below shows the undiscounted cash flows on the Group's financial liabilities as at 31 March 2023 and 2022, on the basis of their earliest possible contractual maturity. The Board has concluded that the Group does have sufficient cash to meet liabilities as they fall due.

	Total £000's	Within 2 months £000's	Within 2–6 months £000's	6–12 months £000's	1–2 years £000's	Greater than 2 years £000's
At 31 March 2023						
Trade payables	1,976	1,976	–	–	–	–
Other payables	3	3	–	–	–	–
Accruals	863	863	–	–	–	–
Lease liabilities	813	5	62	66	133	547
Deferred consideration	–	–	–	–	–	–
	3,655	2,847	62	66	133	547

	Total £000's	Within 2 months £000's	Within 2–6 months £000's	6–12 months £000's	1–2 years £000's	Greater than 2 years £000's
At 31 March 2022						
Trade payables	2,120	2,120	–	–	–	–
Other payables	11	11	–	–	–	–
Accruals	1,075	1,075	–	–	–	–
Lease liabilities	1,273	–	89	89	177	918
Deferred consideration	100	–	–	100	–	–
	4,579	3,206	89	189	177	918

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 Consolidated Balance Sheet.

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

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

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

	2023 £000's	2022 £000's
Total Equity	15,509	24,802
Cash and cash equivalents	10,131	20,027
Capital	25,640	44,829
Total Equity	15,509	24,802
Financing	15,509	24,802
Capital-to-overall financing ratio	1.65	1.81

24. Lease arrangements

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

The Group has leases over two properties, with remaining lease terms ranging from three to seven years with a break clause for the longer lease.

Lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 March 2023 is as follows:

	Within one year	1-2 years	2-5 years	6-10 years	Total
	£000's	£000's	£000's	£000's	£000's
31 March 2023					
Gross liability	133	133	354	193	813
Finance charges	(17)	(15)	(27)	(5)	(64)
	116	118	327	188	749

	Within one year	1-2 years	2-5 years	6-10 years	Total
	£000's	£000's	£000's	£000's	£000's
31 March 2022					
Gross liability	177	177	532	386	1,272
Finance charges	(27)	(24)	(47)	(12)	(110)
	150	153	485	374	1,162

The total cash outflow in respect of leases during the year was £166,000 (2022: £192,000).

The interest expense in the year relating to lease liabilities was £28,000 (2022: £31,000).

For details of right of use assets see note 14.

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 £830,000 (2022: £578,000).

27. Related party transactions

Directors:
M Rowland
O Scott
E Bucknor
M Cress

For remuneration of Directors please see note 4.

Legal-Eye Ltd uses a training platform provided by DeepHarbour Ltd, a company of which Martin Rowland and his wife are the Directors and in which they own more than more than 50% of the share capital. During the year, the Group were invoiced £17,000 (2022: £15,000) by DeepHarbour Ltd for the provision of its training platform. The balance outstanding at the period end was £4,000 (2022: Nil). The terms of the provision of the training platform were in place prior to the appointment of Martin as a Director of the Group and are considered to be at arms-length.

28. Contingent liabilities

The Directors are not aware of any contingent liabilities within the Group or the Company at 31 March 2023 and 2022.

29. Ultimate controlling party

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

30. Events after the Balance Sheet date

On 24 April 2023 the Group publicly confirmed that it was in discussions with PEXA Group Ltd, which may lead to a cash offer for the entire share capital of the Group. There can be no certainty that the discussions will lead to a successful offer for the Group. As at the date of signing of these financial statements, the discussions remain ongoing.

31. Dividends paid

The Directors have recommended that no final dividend be payable in respect of the year ended 31 March 2023.

At the period end, the Company's Employee Benefit Trust held 1,632,314 (2022: 357,804) shares in the Company. It waives any dividend that may be due on that holding.