

Registered number: 04622244

HOMETRACK DATA SYSTEMS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**



HOMETRACK DATA SYSTEMS LIMITED

COMPANY INFORMATION

Directors

C Bryant
S Fletcher

Registered number

04622244

Registered office

The Cooperage
5 Copper Road
London
England
SE1 2LH

Independent auditor

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

HOMETRACK DATA SYSTEMS LIMITED

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HOMETRACK DATA SYSTEMS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Introduction

This Strategic report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed. The Strategic report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Company has changed its year end from 30 September to 31 December in the prior period. The current reporting period of the financial statements is the twelve months ended 31 December 2021 and the comparative period is for the 15 months from 1 October 2019 to 31 December 2020, and is not directly comparable. The twelve month accounting period arises from a change to the Company's accounting reference date in order to align with its ultimate parent company.

The Directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The principal activity of the Company is the provision of residential property data, insight and analysis across four core product segments: valuation, risk analytics, market intelligence and platforms across the property ecosystem.

Business model and strategy

Hometrack Data Systems Limited (the "Company") is a specialist technology and analytic company, providing residential property data, insight and analysis to inform critical decision making across the residential property ecosystem.

The Company is the UK market leader in the provision of residential property data, insight and analytics and operates across four core product segments: valuation, risk analytics, market intelligence and platforms. The Company's products are supplied to mortgage lenders, capital markets participants, house builders, local and central government, social landlords, estate agents and real estate investors through a combination of web-based software platforms, online sales, API links, specialist reports, bespoke consulting and scalable platforms.

Income is reinvested into continual product maintenance and development to ensure that the Company's product and service offering remains attractive to its current and potential customers.

Strategy and objectives

The Company is an indirect subsidiary of Zephyr Midco 2 Limited (together "the Group") and supports the wider strategy of the Group in its mission to deliver efficiency to its partners, helping them operate their business more effectively and by providing data to improve transparency for its consumers to help them make smarter property and household decisions.

HOMETRACK DATA SYSTEMS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Key performance indicators and financial performance

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
Revenue	19,927	22,208
Operating profit	11,544	12,612
Profit for the financial year / period	11,240	12,618

The Company generated revenue of £19,927k for the year ended 31 December 2021 (fifteen month period ended 31 December 2020 - £22,208k), up 12% (comparing the 12 month year ended 31 December 2021 versus a 12 month comparable pro-rated period ended 31 December 2020) driven by new contracts and negotiations on renewals resulting in contract uplifts, together with early synergies following the acquisition of Hometrack MLS Limited in December 2020. The operating profit of £11,544k for the year ended 31 December 2021 (fifteen month period ended 31 December 2020 - £12,612k) is up 14% (comparing the 12 month year ended 31 December 2021 versus a 12 month comparable pro-rated period ended 31 December 2020), reflecting the increased revenues and some cost efficiencies.

The profit after tax for the year was £11,240k (period ended 31 December 2020 - £12,618k). Profit increased by 11% (comparing the 12-month year ended 31 December 2021 versus a comparable pro-rated 12 month period ended 31 December 2020) after the strong revenue growth, slightly offset by a higher tax charge than the comparative period.

Financial position

The Company's financial position remains strong at 31 December 2021 as the business remains cash positive at the end of the year. Net assets at 31 December 2021 were £49,832k (2020 - £38,519k). The Company ended the year with £2,518k of cash and cash equivalents (2020 - £1,843k).

Future developments

The Directors believe that Hometrack Data Systems Limited is a sustainable business that can build on its position as the UK's market leader, its strong brand in the residential property analytics space and its intellectual property to continue to grow and develop the business. The demand for information services to support operational risk decisions, asset evaluation and regulatory and investor transparency remains strong and the Company expects to be a beneficiary of this. The Directors will continue to focus on the integration of the Mortgage Lender Solutions ("MLS") business arm (acquired in late 2020) to capitalise on synergies and generate further growth.

HOMETRACK DATA SYSTEMS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Risk management, internal control and principal risks

The Company's activities expose it to a number of financial risks. Full details of the Group's risk management structure can be found in the Zephyr Midco 2 Limited annual report and financial statements for the year ended 31 December 2021. These can be obtained from its registered address at The Cooperage, 5 Copper Row, London, SE1 2LH. Specific risks, their descriptions and how managed and mitigated for the Company are shown from page 4.

Credit risk

The Company's principal financial assets are cash, trade and other receivables and accrued income. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of short-term and medium-term finance.

The Company's internal control framework is aligned to the "three lines of defence" model. Operational Management is the first line and they are primarily responsible for the direct management of risk, ensuring that appropriate mitigating controls are in place and that they are operating effectively. The second line is formed of the Company's internal governance functions such as compliance, commercial finance, legal, internal controls and risk. The third line includes other third-party advisors and experts and any other independent consultants reporting to the Board.

Risk is managed functionally and at a consolidated Group level. This structure enables the Company to ensure that risks are identified across its range of operations, including any recent acquisitions. The risks are then escalated in a manner which is consistent and aligned with the strategic goals.

The Company will continue to assess its risk management processes to ensure that they remain fit for purpose. The Company maintains a strategic risk register which is reviewed regularly by the Directors. The likelihood and impact of each risk are both scored and combined to provide an overall risk score. Each risk within the register is scored twice: firstly, excluding the existence of mitigating controls (the inherent risk score) and then again once mitigating controls have been taken into account (the residual risk score). The difference between these scores allows Management and the Directors to gain an understanding of the level of control the Company has over each risk.

The analysis contained within the risk register forms the basis of the principal risks and uncertainties detailed below. The risk factors described are not an exhaustive list or an explanation of all risks. Additional risks and uncertainties relating to the Company, including those that are not currently known to the Company or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business operations, results and/or financial condition.

HOMETRACK DATA SYSTEMS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Key risk	Description and impact	Management and mitigation
<p>Macroeconomic conditions</p> <p>The Company derives all its material revenues from markets within the UK. The Company is therefore dependent on the macroeconomic conditions in the UK and macro factors within each of its key markets.</p>	<p>Changes in the UK economy could lead to changes in average property prices, the number of mortgage approvals and the volume of transactions in the UK housing market. Subsequently the marketing budgets of the Company's partners could decrease, which could reduce demand for the Company's services.</p> <p>The impact of Covid-19 could see further lockdowns within the UK and lead to disruption in the housing market. There has been no change in the Company's business model, underlying operations or overall strategy as a result of Covid-19 and the Directors remain assured of the Company's strong financial position and prospects.</p>	<ul style="list-style-type: none"> • Regularly reviewing market conditions and indicators. • Maintaining a flexible cost base that can respond to changing conditions. • Diversifying risk by maintaining a balance between different revenue streams in order to provide protection against volatility within markets.
<p>Competitive environment</p> <p>The Company operates in market places which are highly competitive. The actions of the Company's competitors, and/or our own inaction, can have a significant and adverse impact on the Company.</p>	<p>The Company has a number of individually significant contracts, which increases the reliance on relationships with financial institutions. The Directors consider this an inherent risk to all participants in its existing marketplace and the success in renewing long term contracts is testament to the Company's robust relationships, market differentiation and the relative strength of the brand and intellectual property. The Directors are confident that it has the depth of customer relationships, the product differentiation and the brand competitive positioning to mitigate each of these.</p>	<ul style="list-style-type: none"> • Ensuring customers understand the unique value proposition that can be provided through our websites, products and services. • Offering attractive and competitive pricing packages to customers. • Diversifying risk through multiple revenue streams and a wide customer base. • There continues to be a demand for robust, reliable, 'bank standard' data and analysis which clearly separates the Company's products from other free or low-cost solutions available.

HOMETRACK DATA SYSTEMS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

IT systems and cyber security

A failure in one system or a security breach may disrupt the efficiency and functioning of the Company's operations.

Any failure of the Company's IT infrastructure through error or attack could impair the operation of the Company's website and services, the processing and storage of data and the day-to-day management of the Company's business.

In addition, any theft or misuse of data held within the Company's databases could have both reputational and financial implications for the Company.

- Regularly testing the security of the IT systems and platforms, including penetration testing and testing of Distributed Denial of Service ('DDoS') attack procedures.
- Restricting access to data, systems and code and ensuring all systems are secure and up to date.
- Projects initiated to secure the UK government backed certification (Cyber Essentials).
- Executive team training performed on ransomware scenarios.
- Data Protection officer ('DPO') position within the Property group of companies and a privacy plan formalised by the DPO.
- Experienced IT staff in place to review the security environment.
- Training schemes coordinated relating to data hacks / governance.
- Business continuity plan revisions ensuring mitigation plans are formalised in the event of a data hack.

Data protection and exposure

Non-compliance with data protection and related requirements could lead to significant penalties for the organisation.

Data protection entails various elements such as ensuring compliance with General Data Protection Regulation ('GDPR'), cookie laws and direct marketing.

The Company may be susceptible to an external hack which could lead to a loss of data, including personally identifiable information ('PII').

The company holds PII data in various systems, therefore any loss of data through an external or internal hack could lead to a significant financial and / or reputational damage.

- Experienced IT staff in place to review the security environment.
- Training schemes coordinated relating to data hacks / governance.
- Business continuity plan revisions ensuring mitigation plans are formalised in the event of a data hack.

Retention and recruitment

Success depends on the continued retention and performance of the Company's valued employees. Skilled development, technical, operating, sales and marketing personnel are essential for the business to meet its strategic goals and the Company operates in markets with a high demand for high calibre personnel.

Competition for qualified talent is intense and an inability to attract highly skilled employees could adversely impact the Company's operations, financial condition or prospects.

Similarly, an inability to motivate, develop and retain key team members could adversely impact the Company's operations, financial condition and prospects.

- Share schemes in place to improve staff retention.
- The Talent team being resourced with experienced senior members, who can drive change.
- Terms have been amended for agencies to positively impact recruitment process.
- Careers website in place for vacancies.
- Regular and ongoing Learning & Development activities held across the Company.
- Employee value proposition defined and embedded across the employee journey.

HOMETRACK DATA SYSTEMS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Integration of acquisitions

The Company is acquisitive, which presents inherent operational, strategic and cultural challenges.

The inability to successfully integrate acquisitions may adversely affect consumer and / or partner experience with a resulting impact on strategic opportunities and the Company's future revenues. The challenges surrounding integrating different cultures, working practices and locations could impact team retention and performance. In addition, there is the possibility that the financial and operational control environments of acquired entities are not as established as those of the Company.

- Centralised shared service functions across group finance, facilities, and IT.
- Integration of acquired entities into the Company reporting software.
- Functions within the organisation, particularly shared services, have focused on aligning processes and systems.
- Projects initiated, which are now delivering, to develop a streamlined approach across the various segments for products and technology.
- Communicating the benefits of acquisitions to both partners and consumers.

Reputational and brand damage

The Company operates an identifiable and respected brand which could be damaged by factors such as unethical or unlawful activity, poor customer service or negative press.

Damage to the Company's brand could lead to a fall in consumer confidence, reducing the Company's revenue.

There is also a risk that the Company's partners may choose to terminate their existing relationship with the Company as a result of any reputational damage, which would directly impact the Company's revenues.

- Embedding a culture of transparency, social awareness and ethical behaviour throughout the Company.
- Regularly reviewing the Company's risks and reviewing and developing internal control frameworks to mitigate the risk of error or fraud.
- Executing the Company's strategy, which has both consumers and the Company's partners at its core.

Foreign exchange risk

Potential foreign exchange volatility due to macroeconomic factors which impacts the business.

The Company is exposed to fluctuations primarily in the British Pound (GBP) and the US Dollar (USD). The Company's primary cash inflows are in GBP, with some cash outflows for supplier payments in USD.

- Monitoring by the Group's treasury team for foreign currency rate fluctuations.
- Forward rate agreements being put in place to minimise Sterling denominated outflows on non-GBP supplier payments.

HOMETRACK DATA SYSTEMS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Covid-19 pandemic

At the date of approval of the annual report and financial statements some uncertainty remains in relation to the future impact that the Covid-19 pandemic will have on the global economy, and, consequently, on the Company. There have, however, been positive developments regarding the success of the UK vaccine rollout and its effectiveness against new variants of the virus, with the resulting easing of government-imposed restrictions generating increased levels of confidence throughout the wider economy.

The Company is closely monitoring government updates in relation to the global pandemic and is implementing appropriate business continuity plans. The primary focus of this work has been the wellbeing of staff in the Company's offices and ensuring the Company's operations can continue to service customers through remote working arrangements. During 2021, there was minimal impact on business operations due to COVID-19. A seamless transition to working remotely meant every staff member could fulfil the duties of their role almost immediately after having to vacate the office premises. In terms of the financial performance, there was no significant impact to revenue and profit.

There has been no change in the Company's business model, underlying operations or overall strategy as a result of Covid-19 and the Directors remain assured of the Company's strong financial position and prospects.

Corporate and social responsibility

The Company's corporate and social responsibility policies can be found in the Zephyr Midco 2 Limited Annual report and financial statements for the year ended 31 December 2021. These can be obtained from its registered address at The Cooperage, 5 Copper Row, London, SE1 2LH.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, the Directors have considered the financial projections of the intermediate parent company, Zephyr Midco 2 Limited, and its subsidiaries (together 'the Group'), which covers a period of 12 months from the date of signing these financial statements.

The Coronavirus crisis may have a continuing impact on the Group's operations over the next 12 months. Therefore, in order to gain comfort over the Group's ability to continue as a going concern, the Directors have modelled the Group's cash flow position in relation to the current situation for the 12 months following the date of the signing of these accounts. The Group is subject to covenants under its current debt structure and throughout the cash flow forecast period there is sufficient headroom on the financial covenants. The Group has the ability to support the Company for at least the twelve months from the date of signing of the financial statements, and a letter of support has been provided by Zephyr Midco 2 Limited, an intermediate parent company, confirming to support the obligations and liabilities as and when they fall due in the twelve months following the date of signing of these financial statements.

The Directors continue to adopt the going concern basis of accounting in preparing the financial statements. The Director's consideration of uncertainties that the business will face in the next 12 months are captured within the principal risks disclosed in the Strategic report. As at the year-end, the Company has a positive cash balance of £2,518k (2020 - £1,843k), net current liabilities of £24,925k (2020 - net current liabilities of £24,559k - restated) and net assets of £49,832k (2020 - 38,519k).

As at the signing date, the net asset position remains positive and Company has, in line with the Group's treasury strategy, become part of a cash pooling arrangement with an intermediate holding company which the Company can utilise. In addition, to manage liquidity should the Company require, it could also utilise cash from other group companies to meet its current obligations.

The financial statements are therefore prepared on the going concern basis.

HOMETRACK DATA SYSTEMS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Section s172 statement

The Directors of the Company consider, in the context of a constitution of a Board, that they have acted in good faith, to promote the success of the Company for the benefit of its members with specific reference to Companies Act 2006 S172 (1a – 1f), in the decisions taken during the year ending 31 December 2021 including:

Shareholders

- The Directors were (and continue to be) able to perform their duty under section 172 (1) with unique and direct access to the perspectives and interests of its shareholders, who themselves fully endorse and support the importance of the Board having due regard to a broad range of matters including those referred to in section 172(1) (a) to (f).
- The Directors are committed to openly engaging with its shareholders through attendance of Board meetings, so that shareholders understand the strategy and objectives of the Company.
- The Company provides regular reports and maintains regular dialogue with shareholders to ensure their involvement in the Company's decision-making.
- As per the previous year, the Directors approve an annual budget, prepared by senior management. The Directors are then able to monitor performance against the annual budget and plan through the year ended 31 December 2021 and report to its shareholders.

Employees

- The Company is passionate about attracting, engaging, developing and retaining the best talent in the industry. The Company is always open to feedback and seeks to provide as many opportunities for discussion as possible.
- The Company engages through Peakon, an employee survey tool, to regularly measure employee net promoter score (eNPS) and key engagement drivers. We also have an Employee Engagement Manager who formalises and leads engagement and internal communications strategy.
- The Company has a strong focus on its employees' wellbeing and has introduced numerous schemes in the year which focus on improving mental health and specifically, to help employees adapt to new working practices caused by the Covid-19 pandemic. The Company continues to hold Group-wide weekly calls with members of the senior leadership team, weekly HR support calls and a working from home budget for every employee.
- As part of the Company's commitment to creating an inclusive and diverse workforce, Employee Resource Groups have been set up, providing employees with a community and a safe space to meet and support one another, and led by volunteers from across the business. The aim of these groups is to help the Company put Diversity, Equity and Inclusion (DE&I) at the heart of its decisions - be that recruitment, talent development, engagement and even within our marketing - to ensure the Company becomes more welcoming, fair and representative every day.

Suppliers

- The Company is committed to working with suppliers who share the Company's values. Before commencing a business relationship with a supplier, the Company will review the supplier's labour practices. The Company is committed to The Prompt Payment Code and has supported suppliers through the Covid-19 pandemic by continuing contracts which could otherwise have been terminated (such as some facilities contracts).

HOMETRACK DATA SYSTEMS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Customers

- The Company aims for its customers (primarily lenders) to benefit from access to the Company's market-leading products, generating additional revenues and delivering better service by using the Company's software and data insights. The Company has a dedicated Product and Tech team who are committed to innovating these products so that its customers have a data driven platform which will help their businesses succeed.

Consumers

- The Company aims for consumers to be able to access market data with real-time alerts to make the most informed decisions about everything related to finding, moving or managing their homes.

Social responsibility

- The Company recognises the impact it may have on the environment as a business and as individuals, particularly and most currently, the wasteful behaviour across the globe surrounding disposable, single use plastics.
- The Company encourages positive behaviour and attitudes from within the business by providing long life, refillable and reusable options to employees and eliminating the purchase of single use plastic within the offices. Informative tools and advice are provided to all employees on how to prevent further unnecessary waste ending up in the environment and damaging ecosystems.

This report was approved by the board on 31 August 2022 and signed on its behalf.



S.Fletcher (Aug 31, 2022 17:02 GMT+1)

S Fletcher
Director

HOMETRACK DATA SYSTEMS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors

The Directors who served during the year and up to the date of this report were:

C Bryant
S Fletcher (appointed 2 August 2021)
S Glenister (resigned 20 May 2021)
D H Ross (appointed 20 May 2021, resigned 30 July 2021)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report. The Company's parent has also arranged Directors' and officers' insurance cover in respect of legal action against the Directors of the Group. The policy includes cover for the Directors of Hometrack Limited. Neither the indemnity nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently.

Charitable and political donations

During the year, the Company made charitable donations of £678 (2020 - £1,153).

No political donations were made during the year to 31 December 2021 (2020 - £nil).

Results and dividends

The profit for the year, after taxation, amounted to £11,240K (2020 - £12,618K).

The Company paid no dividends during the year (2020 - £nil). The Directors do not recommend a final dividend in respect of the year ended 31 December 2021 (2020: no final dividend).

Research and development

The company continues to incur expenditure on research and development in order to develop new products and enhance existing offerings. The Company accounting policy for research and development is discussed in Note 2 to these financial statements. The Company capitalised £2,420k (2020 - £1,282k) in relation to technology development costs.

Matters covered in the strategic report

In accordance with the Companies' Act 2006, s414 (c), information in respect of business activities, going concern, risk and future developments are shown within the Strategic Report.

HOMETRACK DATA SYSTEMS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Pursuant to section 485 of the 2006 Companies Act Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be proposed for re-appointment as auditor in the absence of an Annual General Meeting.

Post balance sheet events

On 24 February 2022, Russia initiated the invasion of Ukraine. The event and ongoing conflict has limited direct impact on the Company and its customers; however the Company continues to monitor any new risks that may arise due to the conflict.

This report was approved by the board on 31 August 2022 and signed on its behalf.


S.Fletcher (Aug 31, 2022 17:02 GMT+1)

S Fletcher
Director

HOMETRACK DATA SYSTEMS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

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

HOMETRACK DATA SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOMETRACK DATA SYSTEMS LIMITED

Report on the audit of the Financial Statements

Opinion

In our opinion the financial statements of Hometrack Data Systems Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of accounting policies (detailed in notes 1-2 of the related notes); and
- the related notes 3 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

HOMETRACK DATA SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOMETRACK DATA SYSTEMS LIMITED

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and HMRC tax legislations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included General Data Protection Regulations ('GDPR') and Financial Conduct Authority regulations.

HOMETRACK DATA SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOMETRACK DATA SYSTEMS LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it is described below:

- The valuation of deferred income and cut-off of resulting revenue from large financial institutions: We obtained an understanding of the revenue process, we tested the design and implementation of key controls in place to mitigate the risk of material misstatement, and for a sample of transactions close to the year end, verification of invoices, contract terms, payments and re-calculation of the deferred portion to evaluate the appropriateness of the amount deferred.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

**Report on other legal and regulatory requirements
Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

HOMETRACK DATA SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOMETRACK DATA SYSTEMS LIMITED

Use of our report

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

Rachel Argyle (Senior statutory auditor) 31 August 2022 | 20:53:44 BST

for and on behalf of
Deloitte LLP

1 New Street Square
London
EC4A 3HQ
31 August 2022

HOMETRACK DATA SYSTEMS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	12 months to 31 December 2021 £'000	15 months to 31 December 2020 £'000
Revenue	4	19,927	22,208
Administrative expenses		(8,383)	(9,596)
Operating profit	5	11,544	12,612
Finance income		4	-
Finance costs		(2)	(2)
Profit before tax		11,546	12,610
Tax (charge) / credit	8	(306)	8
Profit for the financial year / period		11,240	12,618

There was no other comprehensive income for 2021 or 2020.

The notes on pages 20 to 38 form part of these financial statements.

HOMETRACK DATA SYSTEMS LIMITED
REGISTERED NUMBER:04622244

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	As restated 2020 £000
Fixed assets			
Intangible assets	9	2,987	1,268
Investments in subsidiaries	10	40,854	40,854
Loan to Group undertakings	11	30,952	20,969
		<u>74,793</u>	<u>63,091</u>
Current assets			
Debtors: amounts falling due within one year	12	17,578	15,628
Cash and cash equivalents	13	2,518	1,843
Current tax asset		48	3,902
		<u>20,144</u>	<u>21,373</u>
Creditors: Amounts falling due within one year	14	(45,069)	(45,932)
Net current liabilities		<u>(24,925)</u>	<u>(24,559)</u>
Total assets less current liabilities		<u>49,868</u>	<u>38,532</u>
Creditors: Amounts falling due after more than one year			
Deferred taxation	15	(36)	(13)
Net assets		<u><u>49,832</u></u>	<u><u>38,519</u></u>
Equity			
Called up share capital	16	-	-
Share premium account	17	26	26
Retained earnings	17	49,806	38,493
		<u>49,832</u>	<u>38,519</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 August 2022.


 S.Fletcher (Aug 31, 2022 17:02 GMT+1)

S Fletcher
 Director

The notes on pages 20 to 38 form part of these financial statements.

HOMETRACK DATA SYSTEMS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
At 1 October 2019	-	26	25,711	25,737
Profit for the period	-	-	12,618	12,618
Share based payments	-	-	164	164
At 1 January 2021	-	26	38,493	38,519
Profit for the year	-	-	11,240	11,240
Share based payments	-	-	73	73
At 31 December 2021	-	26	49,806	49,832

The notes on pages 20 to 38 form part of these financial statements.

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

Hometrack Data Systems Limited is a private Company limited by shares domiciled and incorporated in the United Kingdom. The address of the registered office is The Cooperage, 5 Copper Row, London, SE1 2LH. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 1 to 9.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The presentational currency of the financial statements is Pound Sterling (£).

The Company is a wholly-owned subsidiary of Hometrack.co.uk Limited and is included in the consolidated accounts of Zephyr Midco 2 Limited (the "Group"). Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements allowed under section 400 of the Companies Act 2006. Consequently, these are the separate Company only financial statements.

The Company has changed presentation of its statement of financial position from the IAS 1 format to the Companies Act format, to align it with other Group companies.

The following principal accounting policies have been applied:

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Impact of new international reporting standards, amendments and interpretations

There are no new IFRSs or IFRIC interpretations that were effective during the financial year beginning 1 January 2021 that have had a material impact on the Company. There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company for future periods.

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.4 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, the Directors have considered the financial projections of the intermediate parent company, Zephyr Midco 2 Limited, and its subsidiaries (together 'the Group'), which covers a period of 12 months from the date of signing these financial statements.

The Coronavirus crisis may have a continuing impact on the Group's operations over the next 12 months. Therefore, in order to gain comfort over the Group's ability to continue as a going concern, the Directors have modelled the Group's cash flow position in relation to the current situation for the 12 months following the date of the signing of these accounts. The Group is subject to covenants under its current debt structure and throughout the cash flow forecast period there is sufficient headroom on the financial covenants. The Group has the ability to support the Company for at least the twelve months from the date of signing of the financial statements, and a letter of support has been provided by Zephyr Midco 2 Limited, an intermediate parent company, confirming to support the obligations and liabilities as and when they fall due in the twelve months following the date of signing of these financial statements.

The Directors continue to adopt the going concern basis of accounting in preparing the financial statements. The Director's consideration of uncertainties that the business will face in the next 12 months are captured within the principal risks disclosed in the Strategic report. As at the year-end, the Company has a positive cash balance of £2,518k (2020 - £1,843k), net current liabilities of £24,925k (2020 - net current liabilities of £24,559k - restated) and net assets of £49,832k (2020 - 38,519k).

As at the signing date, the net asset position remains positive and Company has, in line with the Group's treasury strategy, become part of a cash pooling arrangement with an intermediate holding company which the Company can utilise. In addition, to manage liquidity should the Company require, it could also utilise cash from other group companies to meet its current obligations.

The financial statements are therefore prepared on the going concern basis.

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.5 Revenue

Revenue represents amounts due for services provided during the period, net of Value Added Tax ("VAT"), with the VAT liability being recognised at the date of invoice.

The main sources of revenue derive principally from the provision of residential property data, insight and analysis across four core product segments: valuation, risk analytics, market intelligence and platforms. Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, VAT and other sales taxes or duty.

The Data services provided are determined to be a series of distinct services that are homogenous and have the same pattern of transfer to the customer, and therefore represent one performance obligation that is recognised in a straight-line basis over the life of the contract. Revenue that is tied to the delivery of separable and identifiable obligations such as portfolio valuations is recognised when the obligations are met, and the piece of work has been delivered.

Customers pay for the data services in advance on a monthly or quarterly basis; therefore, deferred income is recognised when payment is received and unwound as the service is being delivered to the customer.

2.6 Finance income and costs

Finance income represents interest receivable on cash and deposit balances. Interest income is recognised as it accrues using the effective interest method.

Finance costs represent interest charged on bank loans and overdraft balances. Finance costs are recognised on an accruals basis using the effective interest method.

Foreign exchange gains and losses are recognised monthly based on the translation of assets and liabilities held in foreign currencies to Pound Sterling and realised gains and losses on transactions recorded in the year. The Company has some exposure to the foreign exchange risk related to the US Dollar, through agreements with a few suppliers based in the United States. The Directors are comfortable that any sensitivity to fluctuations in exchange rates would not have a material impact on the results of the Company.

2.7 Employee benefits: defined contribution benefit scheme

The Company operates a defined contribution pension scheme which is a post-employment benefit plan under which the Company pays fixed contributions into a fund. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years. Contributions payable to the fund are charged to the statement of comprehensive income in the year to which they relate.

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.8 Share based payments

The Company provides equity-settled share-based incentive plans whereby the parent company ZPG Property Services Holdings Limited grants shares or nil-cost options over its shares to employees of the Company for their employment services.

Equity-settled share-based payments to employees and partners are measured at the fair value of the equity instruments at the grant date. The fair value is measured using a suitable valuation model, the Black-Scholes valuation model, and is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to meet a market vesting condition. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Zephyr Midco 2 Limited consolidated financial statements.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is charged to the statement of comprehensive income over the remaining vesting period.

Employer's National Insurance Contributions are accrued, where applicable, at a rate of 13.8%. The amount accrued is based on the market value of the shares after deducting the exercise price of the share option.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.10 Intangible assets

Intangible assets with finite lives are stated at cost less accumulated amortisation and accumulated impairment losses. Development costs have been capitalised in line with accounting policy in note 2.11. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets as follows:

The estimated useful lives range as follows:

Computer software	-	over 3 to 5 years
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2.11 Research and development

The Company incurs expenditure on research and development in order to develop new products.

Research expenditure is expensed in the year in which it is incurred.

Development costs are expensed when incurred unless they meet certain criteria for capitalisation. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions 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; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

Capitalised development costs are presented in these financial statements as additions to software assets and are only amortised once the asset is available for use at which point it is then depreciated on a straight-line basis over their expected useful economic life.

Research and Development tax credit claims made are recognised as a credit to administrative expenses in the financial year relevant to the claim.

HOMETRACK DATA SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Impairment of intangible assets

At each Statement of financial position date, the Directors review the carrying amounts of intangible assets to determine whether there is any indication that those assets are impaired.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Any impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that this increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

2.13 Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Financial instruments

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Financial assets and financial liabilities are recognised on the Statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

IFRS 9 "Financial Instruments" prescribes the rules for recognition and measurement of financial instruments. The impact of the new standard on the Company is limited to the measurement of provisions raised in relation to revenue received by the Company. The standard requires the use of an expected loss model when determining an appropriate provision related to trade receivables. The Company has applied this model and uses both historical analysis and macroeconomic factors in determining the resulting provisions against trade receivables.

Trade and other receivables are designated as loans and receivables. They are recognised at amortised cost, which is net of any allowance for expected credit losses. This is deemed to be a reasonable approximation of their fair value. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition though detailed analysis of historical payment profiles and past default experience. When a trade receivable is deemed uncollectable, it is written off against the allowance account.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Trade and other payables are not interest bearing and are designated as other financial liabilities. They are recognised at their carrying amount, which is deemed to be a reasonable approximation of their fair value.

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.14 Financial instruments (continued)

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Company's ordinary shares are classified as equity instruments and are recognised at the proceeds received, net of any direct issue costs.

Financial instruments are not used for speculative purposes.

The Company's cash and cash equivalents represent amounts held in the Company's current accounts and overnight deposits that are immediately available.

2.15 Provisions

Provisions are recognised when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the impact is material. The unwinding of any discount is recognised in finance costs.

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Judgements in applying accounting policies and key sources of estimation uncertainty
Key sources of estimation uncertainty
Impairment of investments

Judgement is applied in assessing whether the investments held on the statement of financial position have any indicators of impairment.

On an annual basis, the Company is required to perform an impairment review to assess whether the carrying value of its investment in subsidiary undertakings is less than its recoverable amount. Recoverable amount is based on a calculation of expected future cash flows of the Company's subsidiary undertakings, which includes estimates of future performance ('value in use').

The value in use calculations include key sources of estimation uncertainty and, in the current period this estimation uncertainty continues to be further heightened due to the impact of the current macro-economic environment. However, sensitivities on key assumptions including forecast earnings and discount rate continue to result in sufficient headroom and no impairment being required.

Classification of intercompany receivables as current and non-current

The determination of the portion of intercompany balances expected to be collected in the next twelve months following the year-end includes estimates based on cashflow forecasts and needs of the Company. The Directors do not expect to realise all of their intercompany receivables within the twelve months following the accounting reference date, and have therefore classified relevant intercompany balances as non-current. A change in forecasts could lead to a change in expectation in the amount to be settled in the next twelve months following the accounting reference date, as well as the portion of the non-current intercompany receivables to become current.

Accounting judgements
Capitalisation of development time

Time spent by the Company's employees in software development is capitalised as an internally generated intangible asset when the requirements of IAS 38 and of Group policy are both met. A management judgement is applied in the assessment of the project against the development criteria of IAS 38.

4. Revenue
Analysis of turnover by country of destination:

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
United Kingdom	19,927	22,208
	19,927	22,208

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Operating profit

The operating profit is stated after charging / (crediting):

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
Intangible fixed assets - amortisation	701	194
Share based payment charge	73	164
Defined contribution pension cost	238	196
Research and development tax credits	(274)	(53)

6. Auditor's remuneration

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>54</u>	<u>42</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Employees

Staff costs were as follows:

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
Wages and salaries	4,366	3,912
Social security costs	531	491
Cost of defined contribution scheme	238	196
Share based payment charge	73	164
	<u>5,208</u>	<u>4,763</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	12 months to 31 December 2021 No.	15 months to 31 December 2020 No.
Administration	52	40
Directors	2	2
	<u>54</u>	<u>42</u>

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Taxation charge / (credit)

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
Corporation tax		
Current tax on profits for the year / period	160	53
Adjustments in respect of prior periods	123	(113)
Total current tax	283	(60)
Deferred tax		
Origination and reversal of timing differences	(97)	39
Adjustment in respect of prior years	111	17
Changes to tax rates	9	(4)
Total deferred tax	23	52
Taxation charge / (credit) for the year / period	306	(8)

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Taxation charge / (credit) (continued)
Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	12 months to 31 December 2021 £000	15 months to 31 December 2020 £000
Profit before tax	11,546	12,610
Profit before tax multiplied by standard rate of corporation tax in the UK, of 19% (2020 - 19%)	2,194	2,396
Effects of:		
Expenses not deductible for tax purposes	14	367
Adjustments in respect of prior periods	123	(113)
Adjustments in respect of prior periods (deferred tax)	111	31
Remeasurement of deferred tax for changes in tax rate	9	(1)
Non-taxable income	(73)	-
Group relief	(2,072)	(2,688)
Total tax charge / (credit) for the year/period	306	(8)

The Company's effective tax rate for the year ended 31 December 2021 is 3% (2020 - 0%) reducing as a result of group relief received from other Group companies.

Factors that may affect future tax charges

The Finance Act 2021, which was substantively enacted on 24 May 2021, included an increase in the main rate of UK corporation tax to 25% from 1 April 2023 from 19% as seen within the year and comparative year. This rate has been substantively enacted at the balance sheet date of 31 December 2021, and as a result, the deferred tax balances as at 31 December 2021 have been revalued.

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Intangible assets

	Computer software £000
Cost	
At 1 January 2021	1,462
Additions	2,420
At 31 December 2021	<u>3,882</u>
Amortisation	
At 1 January 2021	194
Charge for the year on owned assets	701
At 31 December 2021	<u>895</u>
Net book value	
At 31 December 2021	<u><u>2,987</u></u>
At 31 December 2020	<u><u>1,268</u></u>

The intangible assets relate to the development of software.

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Investments in subsidiaries

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	40,854
At 31 December 2021	<u>40,854</u>

In the period to 31 December 2020, the Company acquired 100% of the issued share capital of EDM MLS Limited for a total of £40.9million. Subsequent to the acquisition, the subsidiary's name has changed to Hometrack MLS Limited.

Investments in subsidiaries are valued at cost less any provision for impairment. An impairment loss is recognised when the recoverable amount of the asset is less than its carrying value. The key assumptions for the value in use calculations are those regarding discount rates, cash flow forecasts and the long term growth rates. The post tax discount rate and long term growth rates used for Property Data are 11% and 3.7%, respectively. If the post tax discount rate was increased by 0.5% or the long term growth rate was reduced by 0.5%, there would still be sufficient headroom between the value in use and the carrying value for this investment, and therefore no impairment has been identified.

Details of the Company's direct and indirect subsidiaries at 31 December 2021 are shown below. All of the entities listed are consolidated in the consolidated financial statements of Zephyr Midco 2 Limited.

Subsidiary undertakings

The following were subsidiary and associate (*) undertakings of the Company as at 31 December 2021:

Name	Registered office	Principal activity	Class of shares	Holding
Hometrack MLS Limited	United Kingdom	Mortgage Loan Solutions	Ordinary	100%
HLIX Limited*	United Kingdom	Mortgage Loan Solutions	Ordinary	25%

Hometrack MLS Limited is registered at The Cooperage, 5 Copper Row, London SE1 2LH

HLIX Limited did not trade in the year. It is registered at 133 Praed Street, London, W2 1RN.

The carrying value of HLIx Limited as at 31 December 2021 being £nil, remains unchanged from 31 December 2020.

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Loan to Group undertakings

	Total £000
At 1 January 2021 (as restated)	20,969
Additions	<u>9,983</u>
At 31 December 2021	<u><u>30,952</u></u>

Whilst the loan to Group undertakings is repayable on demand, this is intended for use on a continuing basis such that there is no intention for this to settle within the next 12 months.

See note 21 for more information on the restatement within this note.

12. Debtors: amounts falling due within one year

	2021 £000	As restated 2020 £000
Trade receivables	3,438	2,732
Prepayments	248	150
Accrued income	822	456
Amounts due from Group undertakings	13,068	12,290
Other debtors	2	-
	<u>17,578</u>	<u>15,628</u>

The Directors consider that the carrying value of trade and other receivables is approximate to their fair value. The carrying value also represents the maximum credit exposure.

Amounts due from group undertakings do not accrue interest and are repayable on demand. Given the profitability of the counter party companies, the Directors consider the amount fully recoverable. Amounts due from Group companies includes intercompany cash transfers made to other entities in the Group.

See note 21 for more information on the restatement within this note.

13. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	2,518	1,843
	<u>2,518</u>	<u>1,843</u>

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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14. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Trade payables	497	42
Accruals	746	922
Deferred income	2,833	1,482
Other taxation and social security	293	1,986
Amounts owed to Group undertakings	40,700	41,500
	<u>45,069</u>	<u>45,932</u>

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

The amounts owed to Group undertakings includes a £40,900k intra-group transfer to fund the acquisition of Hometrack MLS Limited and its associated costs in 2020.

15. Deferred taxation

	2021
	£000
At beginning of year	(13)
Charged to profit or loss	(23)
At end of year	<u>(36)</u>

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15. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Tax losses carried forward	16	-
Accelerated capital allowances	(77)	(41)
Short term timing differences	25	28
	<u>(36)</u>	<u>(13)</u>

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. Management believe that the Company will generate sufficient future profits in order to support the recognition of the deferred tax asset.

The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 £000	2020 £000
Deferred tax assets	41	28
Deferred tax liabilities	(77)	(41)
Total deferred tax liability	<u>(36)</u>	<u>(13)</u>

16. Share capital

	2021 £000	2020 £000
Authorised, allotted, called up and fully paid		
108,600 (2020 - 108,600) 'A' Ordinary shares of £0.0001 each	-	-
3,560 (2020 - 3,600) 'B' Ordinary shares of £0.0001 each	-	-
4,973 (2020 - 4,973) Preference shares of £0.0100 each	-	-
	<u>-</u>	<u>-</u>

Ordinary Shares

The Ordinary Shares carry one vote per share and rights to dividends.

Preference Shares

The Preference Shares rank pari passu with the A & B shares and do not carry any voting rights. They do carry rights to dividends.

HOMETRACK DATA SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Reserves

Share premium account

The share premium account arose from the excess of the nominal value paid for each share.

Retained earnings reserve

The retained earnings reserve relates to all gains and losses not classified within other reserves.

18. Related party transactions

In the ordinary course of business, the Company has traded with other subsidiaries of its parent company, Zephyr Holdco Limited. Advantage has been taken of the exemption permitted by FRS 101 not to disclose transactions with entities that are wholly owned by the Group. Balances with these entities are disclosed in notes 11, 12 and 14 of these financial statements.

19. Post balance sheet events

On 24 February 2022, Russia initiated the invasion of Ukraine. The event and ongoing conflict has limited direct impact on the Company and its customers; however the Company continues to monitor any new risks that may arise due to the conflict.

20. Ultimate parent company and controlling party

The largest group of which the Company is a member and for which group accounts are drawn up for the year ended 31 December 2021 is that of Zephyr Luxco S.a.r.l. The smallest group of which the Company is a member and for which group accounts are drawn up for the year ended 31 December 2021 is that of Zephyr Midco 2 Limited. Zephyr Midco 2 Limited is registered in England and Wales at the address below.

Copies of the report and financial statements are available from The Cooperage, 5 Copper Row, London SE1 2LH.

The consolidated financial statements of Zephyr Luxco S.a.r.l can be obtained from 2, rue Edward Steichen, L-2540 Luxembourg.

The ultimate controlling party of the Company is Silver Lake (Offshore) AIV GP V Ltd.

21. Prior year adjustment - amounts due from group undertakings

In the prior period, amounts owed by fellow group undertakings were presented as a current asset under the IAS 1 balance sheet format. This represented an error as, although repayable on demand, the expectation was that these amounts would not be repaid within twelve months of the balance sheet date. In the current year, the Companies Act balance sheet format has been adopted. Under the Companies Act format, it has been determined that these amounts owed by fellow group undertakings are fixed assets because they are intended for use on a continuing basis. The result is that £20,969k of amounts owed by fellow group undertakings have been reclassified from current assets and are now presented as a fixed asset. There is no impact on net assets or the statement of comprehensive income as a result of this.