

Vibrant Energy Matters Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2021

(Registered Number: 06755736)



COMPANY INFORMATION

Directors	Daniel Kittow Richard Twigg David Livesey Helen Buck Christopher Clark (Resigned 23 June 2021)
Registered Number	06755736
Registered Office	2 Foxes Lane Oakdale Business Park Blackwood Gwent NP12 4AB
Independent Auditor	Bishop Fleming LLP Chartered Accountants and Statutory Auditors 10 Temple Back Bristol BS1 6FL

CONTENTS PAGE

Strategic Report	3
Directors' Report	4
Statement of Directors' Responsibilities	6
Independent Auditor's Report to the members of Vibrant Energy Matters Limited	7
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Analysis of Net Debt	13
Notes	14

STRATEGIC REPORT

Objectives and strategy

The business plan sets the following business goals:

- Grow the business
- Improve profitability
- Delight its customers and staff

The business strategy includes a key objective to develop a wide portfolio of profitable revenue streams that are ultimately capital enhancing to the shareholders. To further that aim a new service was launched in 2021 aligning to the government strategy of all residential property to have an EPC rating of 'C' by 2035.

This service is called the EPC plus and is a market leading new product to the UK residential property market. The EPC plus explains to the client how to upgrade their property to meet the government strategy, as well as providing advice on how to obtain grants to fund the works. The strategy is to replace the majority of EPC's carried out by the business with the EPC Plus by the end of 2022.

The EPC Plus is a margin enhancing product, selling at a higher price than a standard EPC.

2021 Business Review

The impact of new service lines introduced in 2020 was significant in 2021, with revenue increasing by 26%. The new service lines of electrical services, and gas and safety inspections, contributed heavily to this improved performance as can be seen in the increase in volumes in the table below.

Volumes (units)	2021	2020	Change
Energy Services	67,107	65,923	1.8%
Property Services	36,783	37,018	(0.6%)
Electrical/Gas Services	14,263	8,620	65.5%

The Energy Performance Certificate (EPC) market showed a slight improvement in 2021 as a result of the Stamp Duty incentives put in place by the UK government. Overall EPC volumes traded 1% better than 2020. The year was a tale of two halves, with the first half being very strong due to the stamp duty initiative. H2 saw a relatively sharp decline in volumes as the market reset.

Profit for the year was strong as a result of the higher revenue, with Profit after Tax standing at 5% of total revenues, compared to 2% in 2020.

The business capitalised further software development costs amounting to £297,000 in 2021.

Following on from the acquisition of Countrywide Limited (formerly Countrywide Plc) on 8th March 2021, Connells Limited became the controlling shareholder of Vibrant Energy Matters Limited owning 78.44% of entire share capital.

Risks and uncertainties

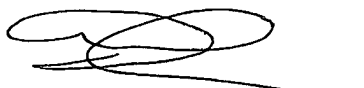
The business objective is to report on and manage all risk that arises from its activities. The business monitors and manages risk through the collation and regular review of a formal risk register. The risk register is reviewed quarterly at board meetings as well as by senior management on a monthly basis.

The key risk to the business is a potential housing market downturn in the event of a recession. The market downturn would impact incoming volumes for EPCs and other services that the company offers.

The business has diversified its offering to mitigate some of this risk. The company has also invested in a Sales and Marketing team to ensure that incoming volumes are increasing. Management also reviews its transaction levels daily and will adjust its cost base in line with any revenue reductions.

In common with other companies operating in this sector, the Company is reasonably highly operationally geared. Performance is affected by transaction volumes in the estate and letting agency and energy efficiency markets. In the short term, many costs are fixed and so when income falls, there is a direct and adverse impact on profits and cash flows. Therefore, the Company's policy is to retain sufficient cash to ensure that any future deterioration in trading can be adequately funded.

By order of the board



D Kittow
Director

Date: 29.9.2022

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The three principal activities and divisions of the business are:

1. Home Energy – Supplying EPCs and Floor Plans to our Estate Agency and Social Housing Clients;
2. Property Services – Supplying Inventories, Legionnaires Risk Assessments, Property Audit Reports & Mid-term Inspections primarily to our Letting Agent customers; and
3. Eco Services – Supplying Eco EPCs, Green Deals, Works Ready Orders and other services to our Energy Company Customers.

Vibrant Energy Matters Limited is a private limited company incorporated in England & Wales, registered number: 06755736.

DIVIDENDS

No dividend has been paid or proposed in the year (2020: £nil).

DIRECTORS

The directors who served during the year were:

Daniel Kittow
Richard Twigg
David Livesey
Helen Buck
Christopher Clark (Resigned 23 June 2021)

EMPLOYEES

It is Company policy to provide employees with information concerning their roles and responsibilities and the trading performance of the Company. This policy is to ensure opportunities are available at every level to improve employee and corporate performance. Regular meetings are held which involve directors, managers and staff.

EMPLOYEE DEVELOPMENT AND EQUAL OPPORTUNITIES

The Company's approach is to ensure it recruits and promotes the right people regardless of gender, disability, age, sexual orientation or race, and is committed to a culture of meritocracy whereby career progression is based on ability. It facilitates opportunities for all employees to progress and regularly reviews practices and policies. It regards its people as its most valuable asset and is committed to investing in them to achieve their full potential, without discrimination.

People with disabilities are given equal opportunities wherever they can fulfil the requirements of the job. If an employee becomes disabled during their employment with the Company every reasonable effort is made to enable them to continue their career within the Company.

POLITICAL DONATIONS

No contributions were made for political purposes during the year (2020: £nil).

CHARITABLE DONATIONS

£130 of contributions were made for charitable purposes during the year (2020: £250).

DIRECTORS' REPORT *(continued)*

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Pursuant to Section 485 of the Companies Act 2006, the auditor will be deemed to be reappointed and Bishop Fleming LLP will continue to act as auditor.

Signed for, and on behalf of, the Board of Directors:



D Kittow
Director

Date: 29.9.22
2 Foxes Lane
Oakdale Business Park
Blackwood
Gwent
NP12 4AB

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT, STRATEGIC REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the UK and applicable law.

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 for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the UK;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIBRANT ENERGY MATTERS LIMITED

Opinion

We have audited the financial statements of Vibrant Energy Matters Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Analysis of Net Debt and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion the financial statements:

- 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 IFRSs as adopted by the UK; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIBRANT ENERGY MATTERS LIMITED *(continued)*

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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 have considered the nature of the sector, control environment and financial performance;
- We have considered the results of enquiries with management and Directors in relation to their own identification and assessment of the risk of irregularities within the entity; and
- We have reviewed the documentation of key processes and controls and performed walkthroughs or transactions to confirm that the systems are operating in line with documentation
- The matters discussion among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation. In additions, we considered the provisions of other laws and regulations that 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 avoid a material penalty.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and 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 unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Enquiring of management and those charged with governance in relation to actual and potential claims or litigations;
- Performing detailed transactional testing in relation to the recognition of revenue with a particular focus around year-end cut off; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

As a result of the inherent limitations of an audit, there is a risk that not all irregularities, including a material misstatement in financial statements or non-compliance with regulation, will be detected by us. The risk increases the further removed compliance with a law and regulation is from the events and transactions reflected in the financial statements, given we will be less likely to be aware of it, or should the irregularity occur as a result of fraud rather than a one off error, as this may involve intentional concealment, forgery, collusion, omission or misrepresentation.

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

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.



John Talbot FCA (Senior Statutory Auditor)

For and on behalf of
Bishop Fleming LLP
Chartered Accountants
10 Temple Back
Bristol
BS1 6FL

Date: 29 September 2022

STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Revenue	3	8,357	6,632
Cost of sales		(6,822)	(5,695)
Gross profit		1,535	937
Administrative expenses		(1,289)	(1,192)
Operating profit / (loss)	5	246	(255)
Other income	4	204	367
Profit before tax		450	112
Taxation expense	7	(80)	-
Profit for the year after taxation		370	112

There were no recognised income and expense items in the current period other than those reflected in the above Statement of Comprehensive Income (2020: £nil).

The Statement of Comprehensive Income is prepared on an unmodified historical cost basis.

The notes on pages 14 to 26 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
 AT 31 DECEMBER 2021

	Notes	£000	31 Dec 2021 £000	£000	31 Dec 2020 £000
Non-current assets					
Intangible assets	9	977		748	
Property, plant and equipment	10	<u>19</u>	996	<u>24</u>	772
Total non-current assets					
Current assets					
Trade and other receivables	8	784		1,382	
Cash and cash equivalents		<u>324</u>	1,108	<u>-</u>	1,382
Total current assets					
Total assets			<u><u>2,104</u></u>	<u><u>2,154</u></u>	
Current liabilities					
Trade and other payables	11	<u>1,063</u>	1,063	<u>1,457</u>	1,457
Total current liabilities					
Non-current liabilities					
Other payables	12	205		260	
Deferred tax	13	<u>54</u>	259	<u>-</u>	260
Total non-current liabilities					
Total liabilities			<u><u>1,322</u></u>	<u><u>1,717</u></u>	
Net assets			<u><u>782</u></u>	<u><u>437</u></u>	
Equity					
Share capital	14	2		3	
Share premium	14	231		231	
Capital Redemption Reserve	14	-		-	
Retained earnings	14	<u>549</u>		<u>203</u>	
Total equity			<u><u>782</u></u>	<u><u>437</u></u>	

These accounts were approved and authorised for issue by the Board of Directors and signed on its behalf by:



D Kittow
 Director
 Date: 29.09.2022
 Company registration number: 06755736

The notes on pages 14 to 26 form part of these financial statements.

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

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2020	3	231	91	325
Total comprehensive income for the year	-	-	112	112
Balance at 31 December 2020	<u>3</u>	<u>231</u>	<u>203</u>	<u>437</u>
Balance at 1 January 2021	3	231	203	437
Total comprehensive income for the year	-	-	370	370
Purchase of own shares	(1)	-	-	(1)
Capital redemption reserve	-	-	(24)	(24)
Balance at 31 December 2021	<u>2</u>	<u>231</u>	<u>549</u>	<u>782</u>

The notes on pages 14 to 26 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Cash flows from operating activities			
(Loss)/profit before tax for the year		370	112
Adjustments for:			
Depreciation charges of tangible fixed assets	10	13	32
Amortisation charges of intangible assets	9	68	48
Interest paid		3	-
Decrease/(increase) in trade and other receivables		585	(725)
(Increase)/decrease in trade and other payables		(357)	404
Tax received		-	1
Tax expense		80	-
Net cash inflow from operating activities		762	(128)
Cash flows from investing activities			
Purchases of intangible assets	9	(297)	(323)
Purchases of property, plant, and equipment	10	(8)	(13)
New loans	12	-	300
Interest payable		(3)	-
Net cash outflow from investing activities		(308)	(36)
Cash flows from financing activities			
Purchase of own shares	14	(25)	-
Repayment of loans	12	(35)	-
Net cash outflow from financing activities		(60)	-
Net increase/(decrease) in cash and cash equivalents		394	(164)
Cash and cash equivalents at 31 December 2020		(70)	94
Cash and cash equivalents at 31 December 2021		324	(70)

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021

	At 1 January 2021 £'000	Cash Flows £'000	At 31 December 2021 £'000
Cash at bank and in hand	-	324	324
Bank overdrafts	(70)	70	-
Other loans	(300)	35	(265)
	(370)	429	59

The notes on pages 14 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Vibrant Energy Matters Limited (the "Company") is a company incorporated, domiciled and registered in the UK and is limited by shares. The registered number is 06757736 and the registered address is 2 Foxes Lane, Oakdale Business Park, Blackwood, Gwent, NP12 4AB. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

1.1 Basis of accounting

These general purpose financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK and the Companies Act 2006, as appropriate for for-profit oriented entities.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Currency presentation

These financial statements are presented in Pounds Sterling and, except where otherwise indicated, have been rounded to the nearest one thousand (£000).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Consolidation

The Company's financial statements are consolidated into the consolidated financial statements of Connells Limited (the Company's immediate parent undertaking) as at 31 December 2021. Those accounts may be obtained on request from Cumbria House, 16-20 Hockliffe Street, Leighton Buzzard, Bedfordshire, United Kingdom, LU7 1GN.

The Company's financial statements are consolidated into the consolidated financial statements of Skipton Building Society (the Company's ultimate parent undertaking) as at 31 December 2021. Those accounts are available online at www.skipton.co.uk/about-us or on request from The Secretary, Skipton Building Society, The Bailey, Skipton, North Yorkshire, BD23 1DN.

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 3. The financial position of the Company, its cash flows, and liquidity position are shown on pages 10 to 13. In addition, the Directors' Report and notes to these financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

During the year, the UK, European and global economy remained impacted by the Covid-19 outbreak which continued to have an unprecedented impact on a wide-range of businesses, industries and the economy as a whole. At the time of approving these financial statements, the pandemic has stabilised and is largely under control.

Despite the risks to the Company associated with the outbreak, the Company has remained strong, both financially and operationally, throughout the period. Taking advantage of the government Coronavirus Job Retention Scheme (CJRS/Furlough Scheme) and previously securing a Coronavirus Business Incentive Loan (CBILs) of £300,000 has resulted in the Company maintaining strong, positive cashflows during the pandemic.

The business has seen two impacts post the Covid-19 crisis:

- Reduction in volumes from the housing market,
- Harder to recruit and retain staff

To mitigate this, the company's directors have:

- Continued to monitor costs and reduce them where necessary
- Increase sales and marketing spend to increase sales, mitigating some of the impact of a slower housing market
- Increased employee engagement through the use of more frequent surveys, an improved benefits package, and increasing salaries to at least market rate

The Directors have prepared forecasts which demonstrate the business should have sufficient working capital to operate for a period of at least 12 months from date of approval of these financial statements and so the Directors believe it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1.3 Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Revenue, which excludes value added tax, represents total invoiced sales of the Company. Service fee income is recognised once the related survey or service has been completed in accordance with the terms of the legal agreement with the client.

1.4 Government grants

Included in profit or loss are government grants obtained relating to supporting the payroll of the Company's employees. The Company has elected to present this government grant separately, rather than reducing the related expense. The Company had to commit to spending the assistance on payroll expenses. The Company does not have any unfulfilled obligations related to this program.

1.5 Current and non-current classification

Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

1.6 Intangible assets

Acquired computer software licences and software development are initially capitalised at cost in the Statement of Financial Position, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software licences and software development are subsequently carried at cost less accumulated amortisation and impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three to five years. The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

1.7 Property, plant and equipment

Property, plant and equipment are stated in the Statement of Financial Position at cost less accumulated depreciation and impairment. Depreciation is charged so as to write off the cost of assets over their estimated useful lives on the following bases:

Fixtures and fittings	-	straight line over 4 - 7 years
Computer equipment	-	straight line over 3 - 4 years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

1.8 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

1.9 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1.10 Leases

Under IFRS 16 – Leases ('IFRS 16') the Company assesses whether a contract is, or contains a lease at the inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for shorter-term leases (defined as leases with a lease term of 12 months or less) and lease of low value assets. The Company does not operate in the capacity of a lessor.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. The incremental borrowing rate is determined by reference to other borrowings held by the Company adjusted to reflect the terms of the lease and the type of asset leased.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are included in "Property, plant and equipment" in the Statement of Financial Position.

For short-term and low-value leases, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

1.11 Taxation

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Income tax on the profits for the period comprises current tax and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except where items are recognised directly in equity, in which case the associated income tax asset or liability is recognised via equity.

1.12 Employee benefits

The Company operated the Government's Work Place Pension Scheme throughout the year.

Contributions to the scheme are charged to the Statement of Comprehensive Income as they become payable and are included in staff costs in accordance with the rules of the Scheme.

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12-months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

1.13 Net financing costs

Interest income and interest payable are recognised in the Statement of Comprehensive Income as they accrue, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1.14 Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash comprises cash in hand and loans and advances to credit institutions repayable on demand, and cash and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

The Statement of Cash Flows has been prepared using the indirect method.

1.15 New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting period. Any new or amended Accounting Standards that are not yet mandatory, have not been early adopted.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management and the Directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management and the Directors continually evaluate its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Company bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, that the Company believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

The following judgements, estimates and assumptions included within these financial statements may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Capitalisation of development costs**

The Company recognises an intangible asset arising from the development phase of projects where they consider that the asset will generate probable future economic benefits. The intangible assets are amortised on a straight-line basis over their useful lives, which Management reliably estimate based on a variety of factors such as the expected use of the projects.

Allowance for expected credit losses

An allowance for expected credit losses is maintained for potential credit losses based upon management's assessment of the expected collectability of all accounts receivable. The allowance is reviewed periodically to assess the adequacy of the allowance. In making this assessment, management takes into consideration

- (i) any circumstances of which the Company are aware regarding a customer's inability to meet its financial obligations; and
- (ii) the Company's judgements as to potential prevailing economic conditions in the industry and their potential impact on the Company's customers.

3. Revenue

	2021	2020
	£'000	£'000
Revenue from contracts with customers		
Provision of services	8,460	6,731
Customer volume rebates	(103)	(99)
	<u>8,357</u>	<u>6,632</u>

All revenue recognised in the current and prior year occurred within the United Kingdom, in relation to services rendered.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. Government grants

	2021 £'000	2020 £'000
At 1 January	-	-
Received during the year	(204)	(367)
Released to the income statement	204	367
At 31 December	-	-

Government grants received relate to the Coronavirus Job Retention Scheme

5. Operating profit, expenses and auditor's remuneration

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Profit before taxation is stated after charging:		
Depreciation of property, plant and equipment	13	32
Amortisation of intangible assets	68	48
Staff costs (see note 6)	2,508	2,336
Auditor's remuneration and expenses:		
Audit of these financial statements	12	12
Non-audit services	2	2
	<u>2</u>	<u>2</u>

6. Staff costs

The average monthly number of persons employed by the company (including directors) during the period was as follows:

	Year ended 31 Dec 2021 No.	Year ended 31 Dec 2020 No.
Directors	5	6
Administration	93	96
	<u>98</u>	<u>102</u>

The aggregate payroll costs of these persons was as follows:

	£000	£000
Wages and salaries	2,266	2,111
Social security costs	192	174
Pension costs	50	51
	<u>2,508</u>	<u>2,336</u>

Directors' remuneration

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Aggregate remuneration paid to directors	<u>121</u>	<u>131</u>

The aggregate emoluments of the highest paid director were £121,000 (2020: £120,000). Included in this figure are contributions of £nil (2020: £2,000) to a defined contribution pension scheme in the year.

The above amounts reflect remuneration paid to one (2020: two) directors, as four (2020: four) of the Directors who held office during the year, are remunerated by related party companies. Their services to the Company are inconsequential to attract a notional charge.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

7. Taxation

a) Analysis of expense in the period

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Current tax (credit)/expense		
Current tax on taxable profit/(loss) for the year	13	-
R&D credit for year	-	-
Adjustments in respect of prior years	-	-
Total current tax	<u>13</u>	<u>-</u>
Deferred tax (income)/expense		
Current year	41	-
Adjustment in respect of previous periods	19	-
Effect of changes in tax rates	7	-
Total deferred tax	<u>67</u>	<u>-</u>
Tax expense/(income)	<u>80</u>	<u>-</u>

Corporation tax is calculated at a rate of 19% (2020: 19%) of the taxable profit for the year.

b) Factors affecting tax (income)/expense in the period

The tax (income)/expense in the Statement of Comprehensive Income is different to the standard UK Corporation tax rate because of the following factors:

Profit/(loss) before tax	<u>450</u>	<u>112</u>
Tax on profit/(loss) at UK standard rate of 19% (2020: 19%)	85	21
Effects of:		
Adjustments in respect of prior years	19	-
Expenses not deductible	-	2
Income not taxable	(17)	-
Tax rate changes	7	-
Deferred tax not recognised	<u>(14)</u>	<u>(23)</u>
Tax expense/(income)	<u>80</u>	<u>-</u>

The deferred tax asset at 31 December 2021 has been calculated based on the 19% corporation tax rate.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8. Trade and other receivables

	31 Dec 2021 £000	31 Dec 2020 £000
Trade receivables	299	505
Less: Allowance for expected credit losses	(14)	(31)
	<u>285</u>	<u>474</u>
Amounts due from related parties (note 15)	394	805
Other debtors	42	53
Prepayments and accrued income	62	37
Deferred tax	-	13
	<u><u>784</u></u>	<u><u>1,382</u></u>

The ageing of trade receivables (which all arose in the UK) at the year-end was:

	31 Dec 2021 £000 Gross	31 Dec 2021 £000 Allowance	31 Dec 2020 £000 Gross	31 Dec 2020 £000 Allowance
Not overdue	156	-	193	-
Overdue 0 – 30 days	59	-	112	-
Overdue 31 – 120 days	30	(4)	124	(10)
Overdue 120 days plus	55	(10)	76	(21)
	<u>300</u>	<u>(14)</u>	<u>505</u>	<u>(31)</u>

The movement in the allowance for expected credit losses in respect of trade and related party receivables during the year was as follows:

	31 Dec 2021 £000	31 Dec 2020 £000
At 1 January	(31)	(22)
Provision created during the year	(14)	(10)
Provision utilised during the year	31	1
At 31 December	<u>(14)</u>	<u>(31)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Intangible assets

	Software £000	Total £000
Cost		
At 1 January 2020	1,106	1,106
Additions	323	323
At 31 December 2020	1,429	1,429
At 1 January 2021	1,429	1,429
Additions	297	297
At 31 December 2021	1,726	1,726
Accumulated amortisation and impairment		
At 1 January 2020	633	633
Amortisation charge	48	48
At 31 December 2020	681	681
At 1 January 2021	681	681
Amortisation charge	68	68
At 31 December 2021	749	749
Carrying amounts		
At 31 December 2020	748	748
At 31 December 2021	977	977

Included within software are assets in the course of construction with a cost value of £772,000 (2020: £430,000) which are not being amortised.

10. Property, plant and equipment

	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost			
At 1 January 2020	79	703	782
Additions	2	11	13
At 31 December 2020	81	714	795
At 1 January 2021	81	714	795
Additions	-	8	8
At 31 December 2021	81	722	803
Accumulated depreciation and impairment			
At 1 January 2020	70	669	739
Depreciation charge for the year	7	25	32
At 31 December 2020	77	694	771
At 1 January 2021	77	694	771
Depreciation charge for the year	2	11	13
At 31 December 2021	79	705	784
Carrying amounts			
At 31 December 2020	4	20	24
At 31 December 2021	2	17	19

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

11. Trade and other payables

	31 Dec 2021 £000	31 Dec 2020 £000
Current		
Bank overdrafts	-	70
Trade payables	194	210
Amounts due to related parties (note 15)	120	2
Other taxes and social security costs	224	429
Other creditors	-	73
Accruals and deferred income	452	633
Bank loans	60	40
Corporation tax payable	13	-
	<u>1,063</u>	<u>1,457</u>
Non-Current		
Bank Loans	<u>205</u>	<u>260</u>

12. Loans and borrowings

	31 Dec 2021 £000	31 Dec 2020 £000
Non-Current		
Bank loans	205	260
Current		
Bank loans	60	40
Total loans and borrowings	<u>265</u>	<u>300</u>

The company has a variable rate loan for a principal of £300,000 with Natwest. There is no interest payable for the first 12 months; thereafter interest is charged on the balance at a rate of 3.05% p.a. over Base Rate.

13. Deferred tax

The movement on the deferred tax liability is shown below:

	31 Dec 2021 £000	31 Dec 2020 £000
At 1 January	(13)	(13)
Statement of Comprehensive Income	48	-
Adjustment in respect of prior years	19	-
At 31 December	<u>54</u>	<u>(13)</u>

Deferred tax (asset) / liability

	R&D credit £000	Losses carried forward £000	Accelerated capital allowances £000	Total £000
At 1 January 2021	(19)	(117)	123	(13)
Statement of Comprehensive Income	-	(19)	86	67
At 31 December 2021	<u>(19)</u>	<u>(136)</u>	<u>209</u>	<u>54</u>

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at least annually and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred taxes are calculated on timing differences under the liability method using an effective tax rate of 19% (2020: 19%) as this is the enacted rate that is expected to apply when the temporary differences reverse.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

14. Share capital

	31 Dec 2021 £	31 Dec 2020 £
Allotted, called up and fully paid		
22,724 (2020: 19,513) £0.10 Ordinary A shares	2,273	1,951
0 (2020: 3,211) £0.10 Ordinary B shares	-	322
1,270 (2020: 2,670) £0.10 Ordinary C shares	127	267
	<u>2,400</u>	<u>2,540</u>

Each A Ordinary, B Ordinary and C Ordinary shareholder is entitled to a number of votes equal to the number of shares held by them. The A and B Ordinary shares rank *pari passu* in all respects. No dividend shall be paid or declared in respect of the C Ordinary shares.

On any exit, the exit distribution is distributed as follows. The first portion is allocated to the A Ordinary and B Ordinary shareholders up to an agreed floor amount in proportion to the number of shares held by each shareholder. Above this level all remaining proceeds are to be allocated to the A Ordinary, B Ordinary and C Ordinary shareholders in proportion to the numbers of shares held by each shareholder and making no distinction between the three classes of shares.

The Shareholders' Agreement includes an option entitling the Ordinary B and Ordinary C shareholders to require the Ordinary A shareholders to purchase their shares at a price to be determined by an independent valuation of the Company. This option can be exercised no later than thirty business days following the first day of April in any year.

During the year the Company reclassified 3,211 Ordinary 'B' shares into 3,211 Ordinary 'A' Shares. Furthermore, the Company repurchased 1,400 of its own Ordinary 'C' shares for consideration of £25,000.

	31 Dec 2021 £000	31 Dec 2020 £000
Equity		
Ordinary share capital	2	3
Share premium reserve	231	231
Retained earnings	627	203
	<u>861</u>	<u>437</u>

Capital risk management

Capital (equity) of the Company is considered to be the audited retained earnings, share premium reserve, capital redemption after buy back and ordinary share capital in issue.

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act 2006, which it complies with.

The year-end capital position is reported to the operational Board on a monthly basis. The capital position is also given due consideration when corporate plans are prepared.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

15. Related party transactions

	Year ending 31 December 2021 £000	Year ending 31 December 2020 £000
a) Sales of goods and services		
Revenue from sale of services:		
Connells Group	3,308	3,509
Your Move Group	1,832	1,158
Countrywide Group	952	811
Total	<u><u>6,092</u></u>	<u><u>5,478</u></u>
b) Purchases of goods and services		
Provision of services:		
Connells Group	117	22
Total	<u><u>117</u></u>	<u><u>22</u></u>
c) Trade receivables		
Sale of goods and services receivables:		
Connells Group	226	571
Your Move Group	119	208
Countrywide Group	49	27
	<u><u>394</u></u>	<u><u>806</u></u>
d) Trade payables		
Purchase of goods and services payables		
Connells Group	120	2
Total	<u><u>120</u></u>	<u><u>2</u></u>

Related parties are shareholders of the Company: Connells Limited, Countrywide Surveyors Ltd and Your Move Limited and the directors of the business. Following on from the acquisition of Countrywide Limited (formerly Countrywide Plc) on 8th March 2021, Connells Limited became the controlling shareholder of Vibrant Energy Matters Limited owning 78.44% of entire share capital.

All transactions are dealt with on normal credit terms.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. Capital and operating lease commitments

The Company had capital commitments at 31 December 2021 of £Nil (2020: £Nil).

The Company had operating lease commitments at 31 December 2021 of £Nil (2020: £Nil).

17. Financial instruments

Financial risks

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity.

The principal financial risks to which the Company is exposed are liquidity risk, market risk and credit risk, these are monitored on a regular basis by management and the Board of Directors. Each of these risks are considered below.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost.

The Company's liquidity policy is to maintain sufficient liquid resources to cover imbalances and fluctuations in funding, to maintain solvency of the Company and to enable the Company to meet its financial obligations as they fall due. This is achieved through maintaining a prudent level of liquid assets through rigorous management control of the growth of the business.

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	In not more than one year	In more than one year
	£000	£000	£000	year £000
Trade and other payables	314	314	314	-
Accruals	437	437	437	-
Loans	265	265	60	205
Total	1016	1016	811	205

There are no differences between the fair values of financial assets and liabilities and their carrying amounts showing in the Statement of Financial Position.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

Currency risk

The Company is not exposed to any currency risk as all transactions are denominated in Pound Sterling.

Interest rate risk

The Company has a variable rate bank loan in issue and is therefore is exposed to some interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Based on historic default rates, the Company believes that no allowance for expected credit losses is necessary in respect of most trade receivables not due or over due by up to 30 days. For maximum credit exposure see note 8. Management carefully manages its exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. Ultimate parent undertaking

The Company is 78.44% owned by Connells Limited, its immediate Parent undertaking. The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. The largest group in which the results are consolidated is that headed by Skipton Building Society. The smallest group in which the results are consolidated is that headed by Connells Limited, and the accounts of this company are available to the public and can be obtained from: Connells Limited, 16-20 Hockliffe Street, Cumbria House, Leighton Buzzard, Bedfordshire, LU7 1GN.

Control of the Company is held by Connells Group, who own 83% (2020:80%) of the A shares. Your Move Limited owns the remaining 17% (2020: 20%) of A shares. Connells Group therefore has 78.44% (2020: 61.5%) and Your Move Limited has 16.27% (2020: 15.37%) of the voting rights.

17. Events after the reporting period

There have been no events or matters that have significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.