

Registered Number 03002073

Legal Marketing Services Limited
Annual Report and Financial Statements
for the year ended 31 December 2022

FRIDAY



AC78CC80

A22

07/07/2023

#176

COMPANIES HOUSE

Legal Marketing Services Limited

Annual Report and Financial Statements for the year ended 31 December 2022

Contents

Directors and Advisers for the year ended 31 December 2022.....	1
Strategic Report for the year ended 31 December 2022	2
Directors' Report for the year ended 31 December 2022	4
Independent Auditors' Report to the members of Legal Marketing Services Limited	6
Income Statement for the year ended 31 December 2022	10
Statement of Financial Position as at 31 December 2022.....	11
Statement of Changes in Equity for the year ended 31 December 2022.....	12
Notes to the Financial Statements for the year ended 31 December 2022.....	13

Legal Marketing Services Limited

Directors and Advisers for the year ended 31 December 2022

Directors

Nicholas Chadbourne

Ian Robinson

Company Secretary

Ian Robinson

Registered Office

Bickerton House

Lloyd Drive

Ellesmere Port

CH65 9HQ

Registered Number

03002073

Independent Auditors

BDO LLP

3 Hardman Street

Spinningfields

Manchester

M3 3AT

Solicitors

Lawbox Group Ltd

Sandford Gate

Eastpoint Business Park

Oxford

OX4 6LB

Bankers

Barclays Bank plc

51 Mosley Street

Manchester

M2 3HQ

Legal Marketing Services Limited

Strategic Report for the year ended 31 December 2022

The Directors present their Strategic Report on the Company for the year ended 31 December 2022.

Principal activities

Legal Marketing Services Limited provides panel management of conveyancing services, comprising remortgage, purchase and sale transactions. Instructions are received from UK mortgage lenders, mortgage brokers and estate agents. The Company carries out part of the administrative section of the transaction, following which the transaction is distributed to a panel of solicitors and licensed conveyancers for completion. Information on progress of transactions is distributed, in a secure environment over the internet, to the parties to the transaction. Legal Marketing Services Limited also provides general management of lender conveyancing panels, and associated services such as digital document distribution and verification, between lenders and law firms.

In addition, Legal Marketing Services Limited provides property search information and electronic identification services on certain of its transactions, as well as a range of ancillary services including IT services and placing legal indemnity insurance.

Review of the Business

The trading results for the year, and the Company's financial position at the end of the year, are shown in the attached financial statements. In the year ended 31 December 2022, the Company reported a profit for the financial year of £2.9m (2021: £1.8m).

Revenue for the year to 31 December 2022 was £23.5m, 32% higher than the previous year. This reflects the continued bounce of the housing market following the impact of the COVID-19 pandemic on the UK property market. Multiple stamp duty benefits temporarily provided by the UK government throughout 2021 served to drive an increase in home mover transactions and pipelines carried through into 2022 due to elongated turnaround times. 2022 saw a return to a more normalised remortgage market, which combined with new business success increased the revenue from this product line. Gross profit increased to £11.5m, reflecting the increased revenue generated from new business wins and positive market conditions. Profit before taxation for the year was £3.5m to 31 December 2022, compared to £2.4m for the year to 31 December 2021.

The Group's financial position is £7.4m of net assets at the balance sheet date (2021: £6.0m).

Non-financial risks

Legal Marketing Services Limited is dependent for the majority of its work on remortgage and conveyancing contracts with UK mortgage lenders. Although contracts are reviewed by lenders every few years, all the Company's major relationships extend back over a number of years. The Company must therefore continue to provide high levels of service to lenders and borrowers, so that its position as a supplier to UK mortgage lenders is not jeopardised.

Financial risk management

The Company's operations expose it to general credit risk. The Company has implemented policies that require, where appropriate, credit checks on potential customers before sales are made. The majority of the Company's business is with UK mortgage lenders, which are regarded as representing limited credit risk.

The Finance Director of the Company has the responsibility for assessing the levels of such risks and seeks to limit the adverse effects on the financial performance of the Company by monitoring the Company's exposure.

Future developments

Legal Marketing Services Limited will aim to expand the activities it carries out in the provision of property related services. The business has been very successful over recent years in winning contracts for Panel Link and renewing its remortgage fulfilment work. This will continue to be a major focus of activity and investment during 2023 whilst extending out its ancillary products to existing stakeholders. The scope of services offered under Panel Link will continue to expand and investment into remortgage automation will become a key focus. In addition, lenders continue to focus on their digital strategies, and the Company is investing to support these initiatives.

Legal Marketing Services Limited

Strategic Report for the year ended 31 December 2022 (Continued)

Future developments (continued)

Performance in the first few months of 2023 has been slightly behind Management's forecast. Remortgage volumes have not increased as quickly as prior years due to marked changes in mortgage product rates. This trend has already started to reverse and expected to hit the annualised numbers by the end of 2023. The Directors expect the remortgage market to gradually increase as the year progresses and the homemover market to be back to seasonal trends after a few years of significant change.

The war in Ukraine which initiated in February 2022 is not having nor is expected to have any direct impact on the Company due to the Company's activities, customers and suppliers being based and transacted in the UK only. There is no uncertainty on the impact to the Company for this reason.

The Bank of England continually increased the bank rate throughout the year, in a bid to control rising inflation. The mini-budget at the end of 2022 had a significant impact on swap rates and therefore mortgage product pricing. It is expected that a small number of further rates will be seen through 2023. The company will not be impacted by such changes from a debt perspective. A continuation of increased Bank of England rate, together with house prices and household income factors, will impact housing affordability and activity for would-be purchasers. The company anticipates that the impact of increased interest rates will only marginally impact the home-mover market but may trigger additional remortgage activity, the latter being somewhat offset by worsening borrower affordability.

Key Performance Indicators

The Directors measure the performance of the business using several key performance indicators (KPI's). The most significant ones are as follows:

- revenue
- profitability
- number of instructions
- number of completions
- average gross profit by business stream by introducer
- average timescales from instruction to completion
- proportion of cancellations relative to instructions
- month on month movement in instructions by introducer type
- number of justified complaints relative to instruction levels

Most of the Company's major introducers are under contracts which have been secured for a number of years and subsequently reviewed and extended. As a result, the average gross profit by business stream has been consistent with previous years, and in line with contractual terms. The performance on instructions to completions on remortgage is good, and remains within the contractual terms agreed with introducers. Justified complaint levels relative to instruction levels remain within contractually agreed service standards.

By order of the Board



Nicholas Chadbourne
Chief Executive Officer
30 May 2023

Legal Marketing Services Limited

Directors' Report for the year ended 31 December 2022

The Directors presents their report and the audited financial statements of the Company for the year to 31 December 2022.

Future developments

An indication of the likely future developments of the business is included in the Strategic Report on page 2.

Dividends

The Company paid a dividend of £1,500,000 to its parent Company, Cybele Solutions Limited in 2022 (2021: £3.6m).

Going concern

Remortgage volumes returned to normal levels throughout 2022 and the housing market continued to bounce post COVID-19. 2023 remortgage volumes reduced at the start of the year due to the impact of the mini-budget at the end of 2022. The impact of this has been somewhat offset by a healthier than expected home-mover market. Lenders continue to improve mortgage product pricing with the knock-on effect of gradually improving remortgage instructions. As the year progresses new lenders will be on-boarded and the remortgage market will improve, the second half of the year is expected to out-perform the first half with an overall performance expected at budgeted levels.

The Company holds no debt and has a net asset position of £7.4m at 31st December 2022 (2020: £6.0m).

The Directors have prepared forecasts covering a period through to December 2024. These forecasts reflect an assessment of current and future market conditions and their impact on the Company's financial performance and position. A number of stress tests have been performed to assess the Company's ability to continue as a going concern with a focus on profitability and cash generation, noting that any reduction in volumes could be partially mitigated by cost savings. The Company can continue to operate within its available funds based on reasonably worst case scenarios.

The war in Ukraine which initiated in February 2022 is not having nor is expected to have any direct impact on the Company due to the Company's activities, customers and suppliers being based and transacted in the UK only. There is no uncertainty on the impact to the Company for this reason.

Having considered all of the above, the Directors remain confident that the Company will continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

Financial risk management is described in the Strategic Report on page 2.

Directors

The Directors of the Company who served during the year and to the date of this report are:

Nicholas Chadbourne
Ian Robinson

Legal Marketing Services Limited

Directors' Report for the year ended 31 December 2022 (continued)

Independent auditors

The auditors, BDO LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



Nicholas Chadbourne
Chief Executive Officer
30 May 2023

Legal Marketing Services Limited

Independent Auditors' Report to the members of Legal Marketing Services Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Legal Marketing Services Limited ("the Company") for the year ended 31 December 2022 which comprise the Income Statement, Statement of Financial Position and Statement of Changes in Equity 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

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.

Legal Marketing Services Limited

Independent Auditors' Report to the members of Legal Marketing Services Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and the Directors' Report, other than the financial statements and our auditor's report thereon. 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.

Other Companies Act 2006 reporting

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 material misstatements in the Strategic report or 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 Statement of Directors' Responsibilities, 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.

Legal Marketing Services Limited

Independent Auditors' Report to the members of Legal Marketing Services Limited (continued)

Responsibilities of Directors (continued)

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.

Extent to which the audit was 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:

Based on our understanding and accumulated knowledge of the Group and the sector in which it operates we considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Group accounting policies, the financial reporting framework, the UK Companies Act 2006 and those that relate to the payment of employees. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year-end cut-off. Our audit procedures included, but were not limited to:

- agreement of the financial statement disclosures to underlying support documentation;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to accrued income, provision for bad and doubtful debts and completeness of accruals;
- revenue year end cut-off procedures including consideration of accrued income;
- identifying and testing journal entries, in particular any journal entries posted with specific keywords, duplicate journals and manual journals to revenue and cash;
- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- obtaining an understanding of the control environment in monitoring compliance and laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-

Legal Marketing Services Limited

Independent Auditors' Report to the members of Legal Marketing Services Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

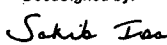
compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.

DocuSigned by:

B2CAD66FFEEE486...

Sakib Isa (Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Manchester, UK

30 May 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Legal Marketing Services Limited

Income Statement for the year ended 31 December 2022

	Note	2022 £	2021 £
Revenue	2	23,502,823	17,807,876
Cost of sales		(11,965,072)	(8,867,534)
Gross profit		11,537,751	8,940,342
Administrative expenses before separately disclosed items		(8,286,497)	(6,644,053)
Separately disclosed items	4	47,481	(89,496)
Total Administrative expenses		(8,239,016)	(6,733,549)
Operating profit	3	3,298,735	2,206,793
Other income	5	200,425	192,058
Finance income	8	11,092	670
Profit before taxation		3,510,252	2,399,521
Tax on profit	9	(630,205)	(648,148)
Profit for the financial year		2,880,047	1,751,373

The notes on pages 13 to 29 form part of these financial statements.

All of the results presented above relate to continuing operations. There was no other comprehensive income for 2022 and 2021.

Legal Marketing Services Limited

Statement of Financial Position as at 31 December 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	10		5,059,076		4,425,055
Property, plant and equipment	11		375,570		195,264
			5,434,646		4,620,319
Current assets					
Debtors	12	11,822,130		10,223,394	
Cash at bank and in hand		3,708,782		2,920,853	
		15,530,912		13,144,247	
Creditors: amounts falling due within one year	13	(13,181,275)		(11,239,637)	
Net current assets			2,349,637		1,904,610
Total assets less current liabilities			7,784,283		6,524,929
Creditors: amounts falling due after more than one year			(20,931)		(31,396)
Provision for liabilities					
Deferred tax liability	16		(358,024)		(468,252)
Net assets			7,405,328		6,025,281
Capital and reserves					
Called up share capital	17		180		180
Profit and loss account			7,405,148		6,025,101
Total shareholders' funds			7,405,328		6,025,281

The notes on pages 13 to 29 form part of these financial statements.

The financial statements on pages 10 to 29 were approved by the board of Directors on 30 May 2023 and were signed on its behalf by:



Nicholas Chadbourne
Director
03002073

Legal Marketing Services Limited

Statement of Changes in Equity for the year ended 31 December 2022

	Called up share capital	Profit and Loss Account	Total Shareholders' funds
	£	£	£
At 1 January 2021	180	7,993,611	7,993,791
Profit for the financial year	-	1,751,373	1,751,373
Contributions by and distributions with owners			
Distribution	-	(143,033)	(143,033)
Dividend Paid	-	(3,576,850)	(3,576,850)
At 31 December 2021	180	6,025,101	6,025,281
At 1 January 2022	180	6,025,101	6,025,281
Profit for the financial year	-	2,880,047	2,880,047
Contributions by and distributions with owners			
Dividend Paid	-	(1,500,000)	(1,500,000)
At 31 December 2022	180	7,405,148	7,405,328

A dividend of £1,500,000 was paid to the parent Company, Cybele Solutions Limited.

The notes on pages 13 to 29 form part of these financial statements.

Legal Marketing Services Limited

Notes to the Financial Statements for the year ended 31 December 2022

1 Accounting policies

General information

The Company is a private Company, limited by shares and is incorporated and domiciled in England. The address of its registered office is Bickerton House, Lloyd Drive, Ellesmere Port, CH65 9HQ.

Statement of compliances

The financial statements of Legal Marketing Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost and in accordance with applicable accounting standards and the Companies Act 2006 and applicable Accounting Standards in the United Kingdom.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company’s shareholders.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- from the requirement to present financial instrument disclosures, as required by FRS 102 paragraphs 11.39 to 11.48A, paragraphs 12.26 and 12.29;
- from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a); and
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Legal Marketing Services Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

Going concern

Remortgage volumes returned to normal levels throughout 2022 and the housing market continued to bounce post COVID-19. 2023 remortgage volumes reduced at the start of the year due to the impact of the mini-budget at the end of 2022. The impact of this has been somewhat offset by a healthier than expected home-mover market. Lenders continue to improve mortgage product pricing with the knock-on effect of gradually improving remortgage instructions. As the year progresses new lenders will be on-boarded and the remortgage market will improve, the second half of the year is expected to out-perform the first half with an overall performance expected at budgeted levels.

The Company holds no debt and has a net asset position of £7.4m at 31st December 2022 (2021: £6m).

The Directors have prepared forecasts covering a period through to December 2024. These forecasts reflect an assessment of current and future market conditions and their impact on the Company's financial performance and position. A number of stress tests have been performed to assess the Company's ability to continue as a going concern with a focus on profitability and cash generation, noting that any reduction in volumes could be partially mitigated by cost savings. The Group can continue to operate within its available funds based on reasonably worst case scenarios.

Having considered all of the above, the Directors remain confident that the Company will continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Critical accounting judgements and estimation uncertainty

Company management and the board of Directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the financial year include:

- Using information available at the balance sheet date, the Directors make judgements based on experience regarding the level of provision required to account for potentially uncollectible receivables.
- Accruals for corporation tax contingencies require the Directors to estimate the level of corporation tax that will be payable based upon the interpretation of applicable tax legislation and an assessment of the likely outcome of any open tax computations. All such accruals are included within current liabilities.
- The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Therefore, estimates are made to establish whether deferred tax balances should be recognised.
- The Directors make judgements about the effective economic life of capitalised development costs. This is based on the future economic benefits that are expected to derive from the software development.

Legal Marketing Services Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

Critical accounting judgements and estimation uncertainty (continued)

- The Directors make judgements about meeting criteria for capitalisation of development costs. Directors' judgement is involved in determining the appropriate internal costs directly attributable to development to capitalise.
- During the the year, the Company released the provision for expenditure that was separately disclosed in prior year, because of the nature and expected infrequency of the events giving rise to them. Directors make a judgement about which costs merit separate presentation to allow shareholders to understand better the underlying financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.
- As part of the Research and Development Expenditure Credit (RDEC) calculation, the Directors make judgements on the relevant proportions to be applied to certain incurred expenses, including the eligible staff costs based on the time proportion of each role being spent on Research and Development.

Revenue

Revenue represents the amounts derived from the provision of services falling within the Company's activities after deduction of trade discounts and value added tax. All revenue is generated within the United Kingdom.

For remortgage work, revenue represents the total fee received by Legal Marketing Services Limited from a lender, after deduction of VAT. For transactional work, revenue represents the total fee charged by Legal Marketing Services Limited to third parties who carry out legal work, after deduction of VAT.

Revenue is recognised at the point of the completion of a remortgage or transactional case.

Related party disclosures

The Company is also exempt under the terms of FRS102 paragraph 33.1(a) from disclosing related party transactions with entities that are part of the Cybele Solutions Holdings Limited Group. The Company has therefore taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of Cybele Solutions Holdings Limited Group, within which the results of this company are included, can be obtained from the address given as the registered office.

Property, Plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment	-	3 years
Fixtures and fittings	-	3 years
Computers	-	3 years

Legal Marketing Services Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

Intangible Assets

Intangible assets relate to internal costs that are directly attributable to the development of software utilised within the business. Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amounts of the assets to their residual value over their estimated useful lives, as follows:

Software development	5 years
----------------------	---------

Amortisation is included in administrative expenses in the profit and loss account.

Cost associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during the development can be reliably measured.

Other development expenditure that do not meet the criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Operating lease agreements

Rentals paid under operating leases are charged to income on a straight line basis over the life of the agreement.

The Company has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

Finance lease agreements

The company has taken up a Finance Lease agreement over 4 years (during 2021), at the end of which ownership will be transferred to LMS. LMS is depreciating this over its useful life of 5 years in the balance sheet.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case tax is also recognised directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Legal Marketing Services Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

Taxation (continued)

Current Tax (continued)

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and that result in an obligation to pay more tax in the future or right to pay less tax in the future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Research and Development Expenditure Credit (RDEC)

The income associated with RDEC is recognised as other income in the income statement. In the current year, the 2021 claim has been recognised.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Financial instruments

The group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

a) Financial assets

Basic financial assets, including trade receivables and cash, are initially recognised at transaction price, unless the arrangement constitutes a *financing transaction*, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement. If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in income statement.

Legal Marketing Services Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Financial instruments (continued)

a) Financial assets (continued)

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the income statement, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

b) Financial liabilities

Basic financial liabilities, including trade payables and short term loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The group does not hold or issue derivative financial instruments.

c) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Separately disclosed items

Items that are material in size or unusual or infrequent in nature are included within operating profit and reported as separately disclosed items in the income statement.

The separate reporting of these items, which are presented within the relevant category in the income statement, helps provide an indication of the Company's underlying business performance.

Legal Marketing Services Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

2 Revenue

All revenue is derived from one class of business, being property related services, and is wholly derived in the United Kingdom.

3 Operating profit

Operating profit is stated after charging/(crediting):

	Note	Year ended 2022 £	Year ended 2021 £
Depreciation of property plant and equipment:			
- owned assets	11	98,467	149,490
Amortisation of intangibles			
- software development	10	1,736,763	1,267,941
Profit on disposal of fixed assets		-	(300)
Auditors' remuneration:			
- as auditors		47,000	43,500
- for non-audit services		18,269	16,750
Operating lease charges			
- land and buildings		133,100	133,578
- equipment rental		391	735

4 Separately disclosed items

	Year ended 2022 £	Year ended 2021 £
Holiday pay provision	(47,481)	(33,809)
Onerous lease provision	-	(49,578)
Closure cost / Insurance indemnity provision in relation to TCS	-	40,000
Professional fees and payments in relation to share capital sale	-	132,883
	(47,481)	89,496

Legal Marketing Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Separately disclosed items (continued)

A summary of the separately disclosed items for the current year and prior year is as follows.

Holiday pay provision

As standard, employees must utilise their full entitlement of annual leave each year. Due to COVID-19, the Group allowed employees to carry forward a maximum number of unused holidays in 2020 (15 days) and 2021 (5 days) to be utilised and not paid for. As all carried forward holidays had to be utilised during 2022, there are no days to be carried forward and this has resulted in a full release of the remaining provision to the Income Statement. There is no provision remaining as of 31st December 2022.

Onerous lease provision

Following the closure of one of the Group's subsidiaries in 2020, LMS Direct Conveyancing Limited, the Group provided for the expenses that were previously incurred by LMS Direct Conveyancing Limited but financial commitments of the Group due to leasing arrangements. A review of this provision was carried out as at 31st December 2022 and no change was required.

Closure cost / Insurance indemnity provision in relation to TCS

There were no closure costs in the current year.

Professional fees and payments in relation to share capital sale

There were no costs incurred in 2022 relating to the 2021 sale in share capital.

5 Other income

	Year ended 2022 £	Year ended 2021 £
Research and Development Expenditure Claim (RDEC)	200,425	192,058
	200,425	192,058

RDEC income is for the claim period 2021 (2021: Claim period 2020).

Legal Marketing Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

6 Particulars of employees

The average monthly number of persons (including Directors) employed by the Company during the financial year was:

By activity	Year ended	Year ended
	2022	2021
	Number	Number
Number of administrative staff	122	106
	£	£
Wages and salaries	5,254,698	4,024,927
Social security costs	463,438	348,055
Other pension costs	80,579	71,577
Total staff costs	5,798,717	4,444,559

Current and prior year values above represent all employee staff costs, both expensed and capitalised.

7 Directors' emoluments

The Directors' aggregate emoluments in respect of qualifying services were:

	Year ended	Year ended
	2022	2021
	£	£
Aggregate emoluments	541,206	507,188

The emoluments of the highest paid Director were £336,767 (2021: £337,281). The pension contributions of the highest paid Director were £1,273 (2021: £1,388).

Legal Marketing Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

8 Finance income

	Year ended 2022	Year ended 2021
	£	£
Interest receivable on bank deposits	11,092	670

9 Tax on profit

	Year ended 2022	Year ended 2021
	£	£
Current Tax		
Corporation tax based on the results for the year at 19.00% (2021: 19.00%)	799,920	535,451
Adjustments in respect of prior years	(59,487)	(237,807)
Total current tax	740,433	297,644
Deferred tax:		
Origination and reversal of timing differences	(166,834)	(134,411)
Adjustment in respect of prior periods	109,290	340,276
Effect of tax rate change on opening balance	(52,684)	144,639
Total deferred tax	(110,228)	350,504
Tax on profit	630,205	648,148

The tax assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK 19.00% (2021:19.00%). The differences are explained below:

Legal Marketing Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

9 Tax on profit (continued)

	Year ended 2022 £	Year ended 2021 £
Profit before taxation	3,510,252	2,399,521
Profit before taxation multiplied by the standard rate of 19.00% (2021: 19.00%)	666,948	455,909
Effects of:		
Expenses not deductible for tax purposes	4,218	13,880
Adjustments in respect of prior periods – deferred tax	109,290	340,276
Adjustments in respect of prior periods	(59,487)	(237,807)
R&D expenditure credits	(38,081)	(36,491)
Remeasurement of deferred tax for changes in tax rates	(52,683)	112,381
Total tax charge for the year	630,205	648,148

The Finance Act 2021 was substantively enacted in May 2021 and increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

Legal Marketing Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

10 Intangible assets

	Development costs	Total
	£	£
Cost or valuation		
At 1 January 2022	7,668,306	7,668,306
Additions	2,370,784	2,370,784
At 31 December 2022	10,039,090	10,039,090
Accumulated depreciation		
At 1 January 2022	3,243,251	3,243,251
Charge for the year	1,736,763	1,736,763
At 31 December 2022	4,980,014	4,980,014
Net book value		
At 31 December 2022	5,059,076	5,059,076
At 31 December 2021	4,425,055	4,425,055

Legal Marketing Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

11 Property, plant and equipment

	Equipment	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 January 2022	472,400	704,597	2,170,865	3,347,862
Additions	75	252,297	27,340	279,712
Disposals	-	-	(939)	(939)
At 31 December 2022	472,475	956,894	2,197,266	3,626,635
Accumulated depreciation				
At 1 January 2022	461,602	694,118	1,996,878	3,152,598
Charge for the year	6,658	10,775	81,034	98,467
Disposals	-	-	-	-
At 31 December 2022	468,260	704,893	2,077,912	3,251,065
Net book value				
At 31 December 2022	4,215	252,001	119,354	375,570
At 31 December 2021	10,798	10,479	173,987	195,264

The net book value of assets held under finance lease is £32,093 (2021: £40,466).

Legal Marketing Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

12 Debtors: amounts falling due within one year

	2022	2021
	£	£
Trade receivables	688,256	590,503
Amounts owed by group undertakings	9,406,325	7,895,075
Other receivables	162,856	141,539
Prepayments and accrued income	1,564,693	1,596,277
	11,822,130	10,223,394

There were write-offs of £5,765 in the year (2021 : £2,915). Amounts owed by Group undertakings are unsecured, repayable on demand, interest free and are not considered impaired.

13 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade payables	1,055,918	1,026,081
Corporation tax payable	337,182	414,805
Amounts owed to group undertakings	8,927,927	7,427,927
VAT payable	597,656	446,769
Other taxation and social security	163,332	148,699
Accruals and deferred income	2,091,050	1,764,712
Finance lease and interest	8,210	10,644
Total payables	13,181,275	11,239,637

Amounts owed to Group undertakings are unsecured, repayable on demand and interest free.

Legal Marketing Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

14 Finance Lease

In November 2021, LMS acquired a 4 year Finance Lease for 7 servers. Ownership will be transferred to LMS at the end of the 4 years.

	2022	2021
	£	£
Finance Lease	29,141	42,040
Current Liability	8,210	10,644
Non Current Liability	20,931	31,396
	29,141	42,040

15 Financial commitments

At 31 December 2022, the Company has commitments in relation to off-site IT infrastructure and security information solutions, which expire on dates ranging between 14 May 2023 and 23 March 2025. The maximum exposure of these commitments totals £361,890 over the period.

At 31 December, the Company had future minimum lease payments under non-cancellable operating leases expiring as follows:

	Land and buildings		Equipment rental	
	2022	2021	2022	2021
	£	£	£	£
within one year	69,213	133,100	15,531	21,479
one to two years	153,750	69,212	-	12,361
two to five years	461,250	461,250	-	-
more than five years	35,937	189,688	-	-
Total	720,150	853,250	15,531	33,840

Legal Marketing Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

16 Provision for deferred taxation

	Deferred taxation £
At 1 January 2022	(468,252)
Charge to profit and loss account	110,228
At 31 December 2022	(358,024)

The deferred taxation liability comprises:

	2022 £	2021 £
Accelerated capital allowances	(358,024)	(468,252)

17 Called up share capital

Allotted, called up and fully paid:

	2022 £	2021 £
180 (2021: 180) Ordinary shares of £1 each	180	180

Under the articles of association of the Company each ordinary share has the right to one vote and to participate equally in the distribution of dividends and in the distribution of capital, including on a winding up.

18 Post Balance Sheet Events

There were no material post balance sheet events.

Legal Marketing Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

19 Ultimate parent Company and controlling party

The immediate parent undertaking of the Company is Cybele Solutions Limited. Cybele Solutions Holdings Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements. The ultimate parent Company of Legal Marketing Services Limited is Cybele Solutions Holdings Limited and the results of Legal Marketing Services Limited are consolidated in the financial statements of that Company. Copies of Cybele Solutions Holdings Limited consolidated financial statements can be obtained from the Company Secretary at Bickerton House, Lloyd Drive, Cheshire Oaks Business Park, Cheshire CH65 9HQ.

Connells Limited and Project Ophelia Bidco Limited each own 49.72% of the share capital of Cybele Solutions Holdings Limited. Each of Connells Limited and Project Ophelia Bidco Limited therefore has rights to 50% of the dividends and each has 50% of the voting rights. Connells Limited and Project Ophelia Bidco Limited operate as separate organisations. For these reasons, the Company has no ultimate controlling party.

20 Related Party Transactions

The Company has taken exemption as provided in section 33.1A of FRS 102 and does not disclose transactions with members of the same Company that are wholly owned.

Connells Limited and Project Ophelia Bidco Limited are related parties by virtue of their shareholdings in the ultimate parent Company of Legal Marketing Services Limited.

The following transactions were undertaken during the year

	2022	2021
	£	£
Connells Limited		
Goods and services provided to	42,520	14,310
Goods and services purchased from	19,103	179,892
Aggregate trade debtor balance at year end	2,154	864
Aggregate trade creditor balance at year end	1,107	-
Project Ophelia Bidco Limited		
Goods and services provided to	944,892	586,566
Goods and services purchased from	1,704,033	786,635
Aggregate trade debtor balance at year end	35,669	65,352
Aggregate trade creditor balance at year end	227,193	153,203