

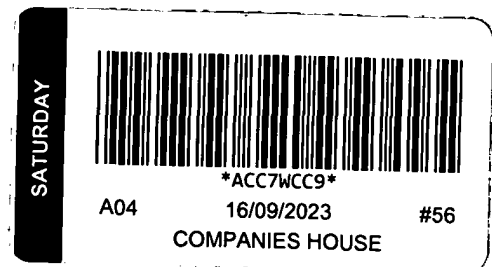
Registered number: 04622244

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**HOMETRACK DATA SYSTEMS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**



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**HOMETRACK DATA SYSTEMS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	C Bryant S Fletcher
<b>Registered number</b>	04622244
<b>Registered office</b>	The Cooperage 5 Copper Road London England SE1 2LH
<b>Independent auditors</b>	Deloitte LLP 1 New Street Square London United Kingdom EC4A 3HQ

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**HOMETRACK DATA SYSTEMS LIMITED**

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**CONTENTS**

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	Page
<b>Strategic Report</b>	1 - 9
<b>Directors' Report</b>	10 - 11
<b>Directors' Responsibilities Statement</b>	12
<b>Independent Auditor's Report</b>	13 - 16
<b>Statement of Comprehensive Income</b>	17
<b>Statement of Financial Position</b>	18
<b>Statement of Changes in Equity</b>	19
<b>Notes to the Financial Statements</b>	20 - 40

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## HOMETRACK DATA SYSTEMS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Introduction

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

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

#### Principal activities

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

#### Business model and strategy

Hometrack Data Systems Limited (the "Company") is a specialist technology and analytics company, providing residential property data, insight and analysis to inform critical decision making across the residential property ecosystem across four core product segments: valuation, risk analytics, market intelligence and automation platforms. The Company's products are supplied to mortgage lenders, capital markets participants, house builders, local and central government, social landlords, estate agents and real estate investors through a combination of web-based software platforms, online sales, API links, specialist reports, bespoke consulting and scalable platforms.

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

#### Strategy and objectives

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

#### Key performance indicators and financial performance

	2022	2021
	£000	£000
Revenue	21,435	19,927
Operating profit	10,518	11,544
Profit for the financial year	10,334	11,240

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## **HOMETRACK DATA SYSTEMS LIMITED**

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### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Company generated revenue of £21,435k for the year ended 31 December 2022 (year ended 31 December 2021 - £19,927k), up 8% driven by new contracts and negotiations on renewals resulting in contract uplifts, together with adoption of new product lines developed through and following the acquisition of Mortgage Lender Solutions in Dec 2020. The operating profit of £10,518k for the year ended 31 December 2022 (year ended 31 December 2021 - £11,544k) is down 8%, predominantly due to higher amortisation charges on internally generated intangible assets as result of additions in the year, higher web hosting cost due to increased transaction volume and restructuring cost following a review of the Company's operating models.

The profit after tax for the year was £10,334k (year ended 31 December 2021 - £11,240k). Profit decreased by 8% due to the same reasons mentioned above.

#### **Financial position**

The Company's financial position remains strong at 31 December 2022. Net assets at 31 December 2022 were £60,305k (2021 - £49,832k). Cash and cash equivalent was £nil (2021: £2,518k), this was due to the Company in line with the Group's treasury strategy, becoming part of a cash pooling arrangement with an intermediate holding company. As a result of the cash pooling, all cash is swept on a daily basis into the intermediate holding company accounts with a corresponding increase in intercompany balances. The Company is able to call on cash these pooled cash funds on demand.

#### **Future developments**

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

#### **Risk management, internal control and principal risks**

The Company's activities expose it to a number of financial risks. Full details of the Group's risk management structure can be found in the Zephyr Midco 2 Limited annual report and financial statements for the year ended 31 December 2022. These can be obtained from its registered address at The Cooperage, 5 Copper Row, London, SE1 2LH. Specific risks, their descriptions and how they are managed and mitigated for the Company are shown from page 3.

#### **Credit Risk**

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

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**HOMETRACK DATA SYSTEMS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Liquidity Risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses short-term finance through the Group's cash pooling arrangement.

**Internal Control**

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

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

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

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

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**HOMETRACK DATA SYSTEMS LIMITED**


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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**Principal risks and uncertainties**

<b>Key risk</b>	<b>Description and impact</b>	<b>Management and mitigation</b>
<p><b>Macroeconomic conditions</b></p> <p>The Company derives all its material revenues from markets within the UK. The Company is therefore dependent on the macroeconomic conditions in the UK and macro factors within each of its key markets.</p>	<p>Changes in the UK economy could lead to changes in average property prices, the number of mortgage approvals and the volume of transactions in the UK housing market. Subsequently the budgets of the Company's partners could decrease, which could reduce demand for the Company's services.</p> <p>Higher mortgage rates and rising inflation have impacted living costs and higher taxes have decreased incomes. These factors feed through into weaker demand for homes and reduced buying power. The sensitivity to higher mortgage rates has been partly offset by new regulations put in place by the Bank of England since 2015 which have created a greater resilience of mortgaged households to manage higher borrowing costs.</p>	<ul style="list-style-type: none"> <li>• Regularly reviewing market conditions and indicators.</li> <li>• Maintaining a flexible cost base that can respond to changing conditions.</li> <li>• Diversifying risk by maintaining a balance between different revenue streams in order to provide protection against volatility within markets.</li> </ul>
<p><b>Competitive environment</b></p> <p>The Company operates in market places which are highly competitive. The actions of the Company's competitors, and/or our own inaction, can have a significant and adverse impact on the Company.</p>	<p>The Company has a number of individually significant contracts, which increases the reliance on relationships with financial institutions. The Directors consider this an inherent risk to all participants in its existing marketplace and the success in renewing long term contracts is testament to the Company's robust relationships, market differentiation and the relative strength of the brand and intellectual property.</p> <p>The Directors are confident that it has the depth of customer relationships, the product differentiation and the brand competitive positioning to mitigate each of these.</p>	<ul style="list-style-type: none"> <li>• Ensuring customers understand the unique value proposition that can be provided through our websites, products and services.</li> <li>• Offering attractive and competitive pricing packages to customers.</li> <li>• Diversifying risk through multiple revenue streams and a wide customer base.</li> <li>• There continues to be a demand for robust, reliable, 'bank standard' data and analysis which clearly separates the Company's products from other free or low-cost solutions available.</li> </ul>

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**HOMETRACK DATA SYSTEMS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**IT systems and cyber security**

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

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

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

- The Company has obtained ISO27001 accreditation (certificate for international standard for information security) and an annual review is performed to ensure our continued compliance.
- Regularly testing the security of the IT systems and platforms, including penetration testing and testing of Distributed Denial of Service ('DDoS') attack procedures.
- Restricting access to data, systems and code and ensuring all systems are secure and up to date.
- Projects initiated to secure the UK government backed certification (Cyber Essentials).
- Executive team training performed on ransomware scenarios.
- Data Protection officer ('DPO') position within the Property group of companies and a privacy plan formalised by the DPO.
- Experienced IT staff in place to review the security environment.
- Training schemes coordinated relating to data hacks / governance.
- Business continuity plan revisions ensuring mitigation plans are formalised in the event of a data hack.

**Data protection and exposure**

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

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

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

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

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**HOMETRACK DATA SYSTEMS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Retention and recruitment**

The Company operates in markets with a high demand for high calibre personnel. Failure to attract and retain a skilled workforce may impact on the Company's financial performance.

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

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

- Share schemes in place to improve staff retention.
- The Talent team being resourced with experienced senior members, who can drive change.
- Recruitment agency partners well informed to positively impact the recruitment process and source the best candidates.
- Careers website in place for vacancies.
- Regular and ongoing Learning & Development activities held across the Company.
- Schemes launched to define purpose and behaviours
- Employee value proposition defined and embedded across the employee journey.
- Review of the Company's operating models ensures appropriate staffing levels and drives new opportunities.

**Integration of acquisitions**

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

The inability to successfully integrate acquisitions may adversely affect consumer and / or partner experience with a resulting impact on strategic opportunities and the Company's future revenues.

The challenges surrounding integrating different cultures, working practices and locations could impact team retention and performance. In addition, there is the possibility that the financial and operational control environments of acquired entities are not as established as those of the Company.

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

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## HOMETRACK DATA SYSTEMS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Reputational and brand damage

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

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

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

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

#### Corporate and social responsibility

The Company's corporate and social responsibility policies can be found in the Zephyr Midco 2 Limited Annual report and financial statements for the year ended 31 December 2022. These can be obtained from its registered address at The Cooperage, 5 Copper Row, London, SE1 2LH.

#### Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period of 12 months. In reaching this conclusion, the Directors have considered the financial projections of the Group, which covers a period of 12 months from the date of signing these financial statements.

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

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from signing of these financial statements, thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The Director's consideration of uncertainties that the business will face in the next 12 months are captured within the principal risks disclosed in the Strategic report. As at the year end, the Company has a nil cash balance of as a result of cash pooling arrangement with the Group mentioned on Page 2 (2021 - £2,518k), net current liabilities of £15,087k (2021 - net current liabilities of £24,925k) and net assets of £60,305k (2021 - £49,832k).

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

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

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## HOMETRACK DATA SYSTEMS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Section s172 statement

The Directors of the Company consider, in the context of a constitution of a Board, that they have acted in good faith, to promote the success of the Company for the benefit of its members with specific reference to Companies Act 2006 S172 (1a – 1f), in the decisions taken during the year ending 31 December 2022. The directors of the company have covered point 1e of Companies Act 2006 S172 which relates to the desirability of the company maintaining a reputation for high standards of business conduct in brand damage section of principal risk and uncertainties on page 7 of these financial statement. The remaining points are covered by the below decisions taken during the year.

#### Shareholders

- The Directors were (and continue to be) able to perform their duty under section 172 (1) with unique and direct access to the perspectives and interests of its shareholders, who themselves fully endorse and support the importance of the Board having due regard to a broad range of matters including those referred to in section 172(1) (a) to (f).
- The Directors are committed to openly engaging with its shareholders through attendance of Board meetings, so that shareholders understand the strategy and objectives of the Company.
- The Company provides regular reports and maintains regular dialogue with shareholders to ensure their involvement in the Company's decision-making.
- As per the previous year, the Directors approve an annual budget, prepared by senior management. The Directors are then able to monitor performance against the annual budget and plan through the year ended 31 December 2022. In addition, the Directors present the Long Range Plan to the shareholders which project the Company's performance in the next five years. The Directors and senior management regularly review the Long Range Plan assumption and continuously monitor the Company's performance to align with the Company's long term strategic decisions.

#### Employees

- The Company is passionate about attracting, engaging, developing and retaining the best talent in the industry. The Company is always open to feedback and seeks to provide as many opportunities for discussion as possible.
- The Company engages through Peakon, an employee survey tool, to regularly measure employee net promoter score (eNPS) and key engagement drivers. We also have an Head of Employee Engagement who formalises and leads engagement and internal communications strategy.
- The Company has a strong focus on its employees' wellbeing and has introduced numerous schemes in the year which focus on improving mental health and specifically, to help employees adapt to new working practices caused by the Covid19 pandemic. The Company continues to hold Groupwide weekly calls with members of the senior leadership team, weekly HR support calls and a working from home budget for every employee. The Company has continued to provide employees with these benefits in 2022, as well as introducing a number of new schemes to support employees through a variety of different life challenges. The Company has introduced a more generous paternity leave package, provides support and funding for fertility treatment and introduced a menopause policy and support line. The Company also continues to respond to employee feedback, adjusting the support and provisions available in line with what employees value.
- As part of the Company's commitment to creating an inclusive and diverse workforce, Employee Resource Groups have been set up, providing employees with a community and a safe space to meet and support one another, and led by volunteers from across the business. The aim of these groups is to help the Company put Diversity, Equity and Inclusion (DE&I) at the heart of its decisions be that recruitment, talent development, engagement and even within our marketing to ensure the Company becomes more welcoming, fair and representative every day.

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**HOMETRACK DATA SYSTEMS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Suppliers**

- The Company is committed to working with suppliers who share the Company's values. Before commencing a business relationship with a supplier, the Company will review the supplier's labour practices. The Company complies with their statutory duty to report on payment practices and is committed to reducing the time taken to pay suppliers, particularly those who are smaller in size.

**Customers**

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

**Consumers**

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

**Social responsibility**

- The Company recognises the impact it may have on the environment as a business and as individuals, particularly and most currently, the wasteful behaviour across the globe surrounding disposable, single use plastics.
- The Company encourages positive behaviour and attitudes from within the business by providing long life, refillable and reusable options to employees and eliminating the purchase of single use plastic within the offices. Informative tools and advice are provided to all employees on how to prevent further unnecessary waste ending up in the environment and damaging ecosystems.
- The Company provides hands-on help to a range of causes close to the hearts of our employees, including working with students from low socioeconomic backgrounds to prepare them for career success and sorting donations at local food banks.
- The Company implemented a Carbon Accounting Tool and engaged with advisors to analyse its direct and indirect carbon emissions in detail. The analysis of data is still ongoing, and this will be utilised to inform the Company's emissions reduction targets and set a net zero strategy.
- The Company launched Community Engagement Programme centred around supporting people experiencing homelessness. The Company entered a long-term partnership with Crisis in January 2022 and continues to participate in volunteering and fundraising activity for the charity.

This report was approved by the board on 19 June 2023 and signed on its behalf by.

  
S. Fletcher (Jun 19, 2023 17:06 GMT+1)

**S Fletcher**  
Director

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**HOMETRACK DATA SYSTEMS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Directors present their report and the financial statements for the year ended 31 December 2022.

**Directors**

The Directors who served during the year were:

C Bryant  
S Fletcher

**Directors' indemnities**

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

**Charitable and political donations**

During the year, the Company made charitable donations of £4,148 (2021 - £678).

No political donations were made during the year to 31 December 2022 (2021 - £nil).

**Research and development**

The Company continues to incur expenditure on research and development in order to develop new products and enhance existing offerings. The Company accounting policy for research and development is discussed in Note 2 to these financial statements. The Company capitalised £2,118k (2021 - £2,420k) in relation to technology development costs.

**Results and dividends**

The profit for the year, after taxation, amounted to £10,334k (2021 £11,240k).

The Company paid no dividends during the year (2021 - £nil). The Directors do not recommend a final dividend in respect of the year ended 31 December 2022 (2021: no final dividend).

**Matters covered in the Strategic Report**

In accordance with the Companies' Act 2006, s414 (c), information in respect of business activities, going concern, financial risk management objectives and policies and future developments are shown on Page 8-9 within the Strategic Report.

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**HOMETRACK DATA SYSTEMS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Disclosure of information to auditor**

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

**Post balance sheet events**

There are no post balance sheet events to report.

This report was approved by the board on 19 June 2023 and signed on its behalf by.

  
S. Fletcher (Jun 19, 2023 17:06 GMT+1)

S Fletcher  
Director

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**HOMETRACK DATA SYSTEMS LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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**HOMETRACK DATA SYSTEMS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMETRACK DATA SYSTEMS LIMITED**

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**Report on the audit of the financial statements**

**Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

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

**Basis 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**Other information**

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

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**HOMETRACK DATA SYSTEMS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMETRACK DATA SYSTEMS LIMITED  
(CONTINUED)**

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**Other information (continued)**

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

We have nothing to report in this regard.

**Responsibilities of directors**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

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

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**HOMETRACK DATA SYSTEMS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMETRACK DATA SYSTEMS LIMITED  
(CONTINUED)**

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

As a result of performing the above, we identified the greatest potential for fraud in the valuation of deferred income and cut off of resulting revenue from large financial institutions, due to the fact that calculation of deferred income is a manual process and could present a risk of manipulation. Our specific procedures performed to address it are as described below:

- we obtained an understanding of the revenue process and to test the cut off risk we obtained a sample of transactions close to the year end. We performed verification of those samples by obtaining the relevant invoices, checked their contract terms, traced the payments received and performed recalculation of the deferred portion to evaluate the appropriateness of the amount deferred.

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

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

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

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

**Matters on which we are required to report by exception**

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

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

We have nothing to report in respect of these matters.

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**HOMETRACK DATA SYSTEMS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMETRACK DATA SYSTEMS LIMITED  
(CONTINUED)**

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**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:

*Rachel Argyle*

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Rachel Argyle (Senior statutory auditor)

For and on behalf of

Deloitte LLP

1 New Street Square

London

United Kingdom

EC4A 3HQ

19 June 2023

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**HOMETRACK DATA SYSTEMS LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Note	2022 £'000	2021 £'000
Revenue	4	21,435	19,927
Administrative expenses		(10,917)	(8,383)
<b>Operating profit</b>	5	<b>10,518</b>	11,544
Finance income		3	4
Finance costs		(4)	(2)
<b>Profit before tax</b>		<b>10,517</b>	11,546
Tax on profit	9	(183)	(306)
<b>Profit for the financial year</b>		<b>10,334</b>	11,240

There was no other comprehensive income for 2022 and 2021.

The notes on pages 20 to 40 form part of these financial statements.

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**HOMETRACK DATA SYSTEMS LIMITED**  
**REGISTERED NUMBER:04622244**


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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**


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	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Intangible assets	10	3,643	2,987
Investments in subsidiaries	11	40,854	40,854
Loan to Group undertakings	12	31,111	30,952
		<u>75,608</u>	<u>74,793</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	30,603	17,578
Cash and cash equivalents	14	-	2,518
Tax recoverable		65	48
		<u>30,668</u>	<u>20,144</u>
Creditors: Amounts falling due within one year	15	(45,755)	(45,069)
<b>Net current liabilities</b>		<u>(15,087)</u>	<u>(24,925)</u>
<b>Total assets less current liabilities</b>		<u>60,521</u>	<u>49,868</u>
Deferred taxation	16	(216)	(36)
<b>Net assets</b>		<u><u>60,305</u></u>	<u><u>49,832</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	-	-
Share premium account	18	26	26
Retained earnings	18	60,279	49,806
		<u>60,305</u>	<u>49,832</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by 19 June 2023.

*S. Fletcher*  
S. Fletcher (Jun 19, 2023 17:06 GMT+1)

**S Fletcher**  
 Director

The notes on pages 20 to 40 form part of these financial statements.

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**HOMETRACK DATA SYSTEMS LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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	Called up share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
<b>At 1 January 2021</b>	-	26	38,493	38,519
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	11,240	11,240
<b>Total comprehensive income for the year</b>	-	-	11,240	11,240
<b>Contributions by and distributions to owners</b>				
Share based payments	-	-	73	73
<b>Total transactions with owners</b>	-	-	73	73
<b>At 1 January 2022</b>	-	26	49,806	49,832
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	10,334	10,334
<b>Total comprehensive income for the year</b>	-	-	10,334	10,334
<b>Contributions by and distributions to owners</b>				
Share based payments	-	-	139	139
<b>Total transactions with owners</b>	-	-	139	139
<b>At 31 December 2022</b>	-	26	60,279	60,305

The notes on pages 20 to 40 form part of these financial statements.

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**HOMETRACK DATA SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. General information**

Hometrack Data Systems Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England & Wales. The address of the registered office is The Cooperage, 5 Copper Row, London, SE1 2LH. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 1 to 9.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

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

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

The following principal accounting policies have been applied:

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**HOMETRACK DATA SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.2 Financial Reporting Standard 101 - reduced disclosure exemptions**

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

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

This information is included in the consolidated financial statements of Zephyr Midco 2 Limited as at 31 December 2022 and these financial statements may be obtained from The Cooperage, 5 Cooper Row, London, SE1 2LH.

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**HOMETRACK DATA SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.3 Impact of new international reporting standards, amendments and interpretations**

There were no new IFRSs or IFRIC interpretations that were effective during the financial year beginning 1 January 2022 that have had a material impact on the Company. At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 (Insurance contracts);
- Amendments to IFRS 10 and IAS 28 (Sale or contribution of Assets between an Investor and its Associate or Joint Venture);
- Amendments to IAS 1 (Presentation of Financial Statements - Classification of Liabilities as Current or Non-current);
- Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies);
- Amendments to IAS 8 (Definition of Accounting Estimates); and
- Amendments to IAS 12 (Deferred Tax related to Assets and Liabilities arising from a single transaction).

The directors do not expect that the adoption of any IFRSs or IFRIC interpretations that are not yet effective will have a material impact on the financial statements of the Company in future periods, except as noted below:

- Amendments to IAS 1 (Presentation of Financial Statements - Classification of Liabilities as Current or Non-current)

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, and specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments will be applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

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**HOMETRACK DATA SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.4 Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period of 12 months. In reaching this conclusion, the Directors have considered the financial projections of the Group, which covers a period of 12 months from the date of signing these financial statements.

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

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from signing of these financial statements, thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The Director's consideration of uncertainties that the business will face in the next 12 months are captured within the principal risks disclosed in the Strategic report. As at the year end, the Company has a nil cash balance of as a result of cash pooling arrangement with the Group mentioned on page 2 (2021 - £2,518k), net current liabilities of £15,087k (2021 - net current liabilities of £24,925k) and net assets of £60,305k (2021 - £49,832k).

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

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

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**HOMETRACK DATA SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.5 Revenue**

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

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

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

Customers pay for the data services in advance on a monthly, quarterly or annual basis; therefore, deferred income is recognised when payment is received and unwound as the service is being delivered to the customer. For project based work where customers are billed in arrears, accrued income is recognised over the period during which the performance obligations are met.

**2.6 Finance income and costs**

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

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

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

**2.7 Employee benefits: defined contribution benefit scheme**

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

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**HOMETRACK DATA SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.8 Share based payments**

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

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Vesting happens over a five-year period with all shares vesting at the date of an exit event if earlier than five years. The fair value for employee-based schemes is measured using the Black-Scholes valuation model and is charged to the consolidated statement of comprehensive income over the vesting period on a straight-line basis. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Zephyr Midco 2 Limited consolidated financial statements.

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

**2.9 Current and deferred taxation**

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

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

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

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

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

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**HOMETRACK DATA SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.10 Intangible assets**

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

The estimated useful lives range as follows:

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

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

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

Development costs are expensed when incurred unless they meet certain criteria for capitalisation. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

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

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**HOMETRACK DATA SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.12 Impairment of intangible assets**

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

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

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

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**HOMETRACK DATA SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.13 Financial instruments**

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

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

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

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

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

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

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

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

Financial instruments are not used for speculative purposes.

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

**2.14 Provisions**

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

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**HOMETRACK DATA SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

Key sources of estimation uncertainty

**Impairment of investments**

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

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

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

**Accounting judgements**
**Capitalisation of development time**

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

**Classification of intercompany receivables as current and non-current**

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

**4. Revenue**

Analysis of turnover by country of destination:

	<b>2022</b>	2021
	<b>£000</b>	£000
United Kingdom	<b>21,435</b>	19,927
	<b>21,435</b>	19,927

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**HOMETRACK DATA SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**5. Operating profit**

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

	<b>2022</b>	2021
	<b>£000</b>	£000
Amortisation	<b>1,462</b>	701
Restructuring costs	<b>202</b>	-
Share based payment charge	<b>139</b>	73
Research and development tax credits	<b>(68)</b>	(274)

Amortisation charges on the Company's intangible assets are recognised in the administrative expenses line item in the statement of comprehensive income.

The total gross value of research and development expenditure in the year ended 31 December 2022 was £2,118k (year ended 31 December 2021 £2,420k). Research and development expenditure relates to staff costs incurred in the development of new products and features.

**6. Auditor's remuneration**

During the year, the Company obtained the following services from the Company's auditor:

	<b>2022</b>	2021
	<b>£000</b>	£000
Auditor's remuneration	<b>60</b>	54

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**HOMETRACK DATA SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**7. Employees**

Staff costs, including Directors' remuneration, were as follows:

	2022 £000	2021 £000
Wages and salaries	4,979	4,365
Social security costs	579	531
Cost of defined contribution scheme	187	238
Share based payment charge	139	73
	<u>5,884</u>	<u>5,207</u>

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

	2022 No.	2021 No.
Administration	60	52
Directors	2	2
	<u>62</u>	<u>54</u>

**8. Directors' remuneration**

	2022 £000	2021 £000
Directors' emoluments	697	445
	<u>697</u>	<u>445</u>

The number of Directors who were part of the Defined Contribution Pension Scheme in the year was 2 (2021: 2).

The highest paid Director received remuneration including pension contributions of £659k (2021: £435k).

This Director is paid through a fellow subsidiary and the full remuneration of this Director is disclosed.

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**HOMETRACK DATA SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**9. Taxation charge**

	<b>2022</b>	2021
	<b>£000</b>	£000
<b>Corporation tax</b>		
Current tax on profits for the year	<b>15</b>	160
Adjustments in respect of prior periods	<b>(12)</b>	123
<b>Total current tax</b>	<b>3</b>	<b>283</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(15)</b>	(97)
Adjustment in respect of prior years	<b>200</b>	111
Changes to tax rates	<b>(5)</b>	9
<b>Total deferred tax</b>	<b>180</b>	<b>23</b>
<b>Taxation charge for the year</b>	<b>183</b>	<b>306</b>

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**HOMETRACK DATA SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**9. Taxation charge (continued)**
**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	<b>2022</b>	2021
	<b>£000</b>	£000
Profit before tax	<b>10,517</b>	11,546
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>1,998</b>	2,194
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>110</b>	14
Adjustments in respect of prior periods	<b>(12)</b>	123
Adjustments in respect of prior periods (deferred tax)	<b>201</b>	111
Remeasurement of deferred tax for changes in tax rate	<b>(5)</b>	9
Non-taxable income	-	(73)
Group relief	<b>(2,109)</b>	(2,072)
<b>Total tax charge for the year</b>	<b>183</b>	306

The Company's effective tax rate for the year ended 31 December 2022 is 2% (2021 - 3%) reducing as a result of group relief received from other Group companies.

**Factors that may affect future tax charges**

The Finance Act 2021, which was substantively enacted on 24 May 2021, included an increase in the main rate of UK corporation tax to 25% from 1 April 2023 from 19% as seen within the year and comparative period. This rate has been substantively enacted at the balance sheet date of 31 December 2022 and the comparative balance sheet date of 31 December 2021. The deferred tax balances as at 31 December 2021 were revalued at the prior year end.

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**HOMETRACK DATA SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**10. Intangible assets**

	<b>Computer software £000</b>
<b>Cost</b>	
At 1 January 2022	3,882
Additions	2,118
At 31 December 2022	<u>6,000</u>
<b>Amortisation</b>	
At 1 January 2022	895
Charge for the year	1,462
At 31 December 2022	<u>2,357</u>
<b>Net book value</b>	
At 31 December 2022	<u><u>3,643</u></u>
At 31 December 2021	<u><u>2,987</u></u>

The intangible assets relate to the development of software.

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**HOMETRACK DATA SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**11. Investments in subsidiaries**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 January 2022	40,854
At 31 December 2022	<u>40,854</u>

Investments in subsidiaries are valued at cost less any provision for impairment. An impairment loss is recognised when the recoverable amount of the asset is less than its carrying value. The key assumptions for the value in use calculations are those regarding discount rates, cash flow forecasts and the long term growth rates. The pre tax discount rate and long term growth rates used for the impairment analysis are 12.7% and 6.0% (2021 - 11% and 3.7%), respectively. If the pre tax discount rate was increased by 1.0%, an impairment of £0.8m would incur. The cash flow forecasts used in the value in use calculations are derived based on the earnings before interest, tax, depreciation, and amortisation. The amount of headroom is not materially sensitive to a reasonably possible change in any of the other assumptions.

Details of the Company's direct and indirect subsidiaries at 31 December 2022 are shown below. All of the entities listed are consolidated in the consolidated financial statements of Zephyr Midco 2 Limited.

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**HOMETRACK DATA SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**11. Investments in subsidiaries (continued)**

**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Hometrack MLS Limited	United Kingdom	Mortgage Loan Solutions	Ordinary	100%

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

The Company transferred all of its shares in HLIX Limited for no consideration to a third party on 13 December 2022. At the date of transfer, these shares were held at £nil carrying value, and so there was no resulting Profit or Loss arising from this transfer.

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**HOMETRACK DATA SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**12. Loan to Group undertakings**

	<b>Total £000</b>
At 1 January 2022	<b>30,952</b>
Additions	<u>159</u>
At 31 December 2022	<u><b>31,111</b></u>

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

**13. Debtors: amounts falling due within one year**

	<b>2022 £000</b>	2021 £000
Trade receivables	<b>4,514</b>	3,438
Prepayments	<b>250</b>	248
Accrued income	<b>681</b>	822
Amounts owed by group companies	<b>25,154</b>	13,068
Other debtors	<b>4</b>	2
	<u><b>30,603</b></u>	<u>17,578</u>

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

Amounts due from group undertakings do not accrue interest and are repayable on demand. Given the profitability of the counter party companies, the Directors consider the amount fully recoverable. Amounts due from Group companies includes intercompany cash transfers made to other entities in the Group. The increase in amount due from Group understanding is due to more cash being transferred to an intermediate parent entity as a result of the cash pooling arrangement.

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**HOMETRACK DATA SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**14. Cash and cash equivalents**

	<b>2022</b>	2021
	<b>£000</b>	£000
Cash at bank and in hand	-	2,518
	<u>-</u>	<u>2,518</u>
	<u>-</u>	<u>2,518</u>

Cash and cash equivalent was £nil as at 31 December 2022, this was due to the Company having transferred its cash to the intermediate holding company as part of the cash pooling arrangement.

**15. Creditors: Amounts falling due within one year**

	<b>2022</b>	2021
	<b>£000</b>	£000
Trade payables	83	497
Accruals	631	746
Deferred income	2,778	2,833
Other taxation and social security	581	293
Amounts owed to Group undertakings	41,682	40,700
	<u>45,755</u>	<u>45,069</u>
	<u>45,755</u>	<u>45,069</u>

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

**16. Deferred taxation**

	<b>2022</b>
	<b>£000</b>
At beginning of year	(36)
Charged to profit or loss	(180)
<b>At end of year</b>	<u>(216)</u>
	<u>(216)</u>

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**HOMETRACK DATA SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**16. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2022 £000	2021 £000
Tax losses carried forward	-	16
Accelerated capital allowances	(257)	(77)
Short term timing differences	41	25
	<u>(216)</u>	<u>(36)</u>

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

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

	2022 £000	2021 £000
Deferred tax assets	41	41
Deferred tax liabilities	(257)	(77)
<b>Total deferred tax liability</b>	<u>(216)</u>	<u>(36)</u>

**17. Share capital**

	2022 £000	2021 £000
<b>Authorised, allotted, called up and fully paid</b>		
108,600 (2021 - 108,600) 'A' Ordinary shares of £0.0001 each	-	-
3,560 (2021 - 3,560) 'B' Ordinary shares of £0.0001 each	-	-
4,973 (2021 - 4,973) Preference shares of £0.0100 each	-	-
	<u>-</u>	<u>-</u>

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

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

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**HOMETRACK DATA SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**18. Reserves**

**Share premium account**

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

**Retained earnings reserve**

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

**19. Related party transactions**

In the ordinary course of business, the Company has traded with other subsidiaries of its indirect parent company, Zephyr Holdco Limited. Advantage has been taken of the exemption permitted by FRS 101 not to disclose transactions with entities that are wholly owned by the Group. Balances with these entities are disclosed in notes 11, 13 and 15 of these financial statements.

**20. Post balance sheet events**

There are no post balance sheet events to report.

**21. Ultimate parent company and controlling party**

The largest group of which the Company is a member and for which group accounts are drawn up for the year ended 31 December 2022 is that of Zephyr Luxco S.a.r.l. The smallest group of which the Company is a member and for which group accounts are drawn up for the year ended 31 December 2022 is that of Zephyr Midco 2 Limited. Zephyr Midco 2 Limited is registered in England and Wales at the address below.

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

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

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