Purplebricks Group plc

Annual Report 2018

Contents

Company information

Directors	M P D Bruce J R Davies P R M Pindar A Wiele – appointed 25 April 2018 M J Wroe – appointed 25 April 2018 S R Downing – appointed 25 April 2018 A P Blair – appointed 25 April 2018
Company number	08047368
Registered and head office	Suite 7, Cranmore Place, Cranmore Drive, Shirley, West Midlands B90 4RZ
Solicitors	Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ
Auditor	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor The Colmore Building, 20 Colmore Circus, Birmingham B4 6AT
Nominated advisor	Zeus Capital Ltd, 10 Old Burlington Street, London W1S 3AG
Joint brokers	Peel Hunt, Moor House, 120 London Wall, London EC2Y 5ET Investec Bank plc, 30 Gresham Street, London EC2V 7QP

While we have grown quickly, there remains enormous potential for our hybrid agency model to further disrupt the traditional model in both the UK and overseas. We have recently secured a £125m strategic investment in our business by Axel Springer which will support us in achieving this.

Chairman's statement

Purplebricks is continuing to lead significant change in the global estate agency market, creating greater transparency, offering better choice for customers and a low, fair fixed fee.

We remain focused on our objective of offering consumers a fairer and more cost-effective way of selling their property and driving transparency of pricing in the marketplace, while using technology to provide world class customer service and operational efficiency.

Our strong performance for the year is underpinned by our focus of improving the quality and efficiency of our service through investing in our LPEs, customer support team and infrastructure, continuing to evolve our best-in-class technology, and building upon our high brand awareness and reputation for superior customer service.

In the year we continued to expand our proposition globally, further establishing and growing our Australian business as well as launching in the US on both the West and East coasts, where we are seeing encouraging signs.

This growth in market share across all our markets is ultimately due to our ability to attract top quality LPEs not only across all areas of the UK, but also in Australia and the US, where they are called Local Real Estate Experts (LREEs). They have bought into our strategy of providing a fairer, better service to customers as well as creating an "ultra-local" presence. We value all of their expertise and capacity to deliver real value and meet the continuing demand from our customers.

We are proud that we remain the most positively reviewed estate agent in the UK with over 47,000 independent reviews on Trustpilot while maintaining our excellent rating of 9.5 out of 10. We have recently signed up the respected review service Feefo which offers our customers another credible alternative site to review our service.

Financials

Momentum has been strong throughout the year, with total revenues of £93.7m representing an increase of 101% on the prior year. The UK has continued to advance with revenue up 81% year on year, while Australia contributed £13.5m of revenue in its first full 12 month period following launch, with the US also contributing £2.0m during its initial launch period.

I am pleased to report that the UK made an adjusted EBITDA profit of £8.1m, a significant increase on £1.7m last year as we continue to solidify our leading nationwide position. Australia made an adjusted EBITDA loss of £11.8m and the US a £16.0m loss, reflecting our investment in launching and establishing these early stage businesses. Group losses from operating activities increased to £24.7m after share based payment charges from £6.0m in FY 17, principally due to our focus on building the operational and marketing footprint in order to support international expansion. The operating leverage of our low fixed cost business model, once established in-country, is demonstrated by the profitable UK performance.

Net cash at the year end of £152.8m was a result of further funds raised in the year from the strategic investment by Axel Springer, bolstering our balance sheet and capability to expand our global presence and improve our offering vastly ahead of competitors. Net assets at 30 April 2018 were £154.4m (2017: £75.4m) with net current assets standing at £143.4m (2017: £66.5m).

For further discussion of financial performance, definition of the adjusted EBITDA measure referred to above and position of the Group, please refer to the Chief Financial Officer's report.

Global expansion

While we have grown quickly, there remains enormous potential for our hybrid agency model to further disrupt the traditional model in both the UK and overseas. As the Group expands into new territories that have higher commission rates than the UK, we have found that our model is even more compelling and the savings for our customers far greater. We believe that our model presents a significant opportunity in each of our international markets.

Strategic Investment

On 26 March 2018 we announced a £125m strategic investment (of which £100m was equity for new shares) in our business by Axel Springer. This investment will enable us to continue to execute our strategy of expedited roll out of our model across states in the US, advance our technology for the benefit of our customers and our people and to unlock better conversion and new revenue streams. Additionally, it will allow us to invest in growing our lettings business, to make strategic investments and acquisitions and to secure longer lifetime relationships with our customers.

Whilst we face competition from traditional estate agents we will make investments that help build upon our success and market share and better exceed the needs and demands of everyone selling, buying and renting in all our markets. The Company welcomes competition from other well managed hybrid competitors, which helps to raise the profile and attractiveness of the new model, as well as driving Purplebricks to continuously improve its own service levels to stay ahead.

Australia

Our business in Australia continues to grow, having only recently completed its first full year in the five key target states. We believe we can create a strong, market leading, profitable business in Australia and will continue to invest in growing our market share.

US

We are excited by the early success and future prospects of our US operation. We continue to recruit Local Real Estate Experts and have announced the launch of new states in accordance with our strategic expansion plan for the US. We have recently extended our footprint in California to Sacramento, Fresno and San Diego and expanded into the East Coast with the launch into the New York Designated Market Area (DMA). The most recent launch has been into the states of Arizona and Nevada in June 2018.

Canada

Post year end we were delighted to announce our expansion into Canada through the acquisition of a leading Canadian digital real estate brand DuProprio. DuProprio is well established and profitable and aligned to our strategic vision and culture. We have confidence in the existing and proven management team, who will, with the backing and support of Purplebricks, accelerate and deepen market penetration across Canada and expand the offering into areas including buy-side services.

People and culture

As part of our strategy to grow and develop our global business it is important that we invest in attracting and engaging high quality, experienced individuals who can support our ambitious plans for the business. Our strong results would not have been possible without the leadership of the senior management team and the enthusiasm and commitment shown by our colleagues this year. On behalf of the Board, I would like to thank them sincerely for their hard work in growing our business whilst maintaining our strong culture of customer service.

Board

The Board is focused on driving the Group's mission to deliver excellent customer experiences through world class technology and customer focused people. We take care to ensure that the Group's ambitions are managed against risks, with accelerated yet sustainable growth at the heart of our focus.

We recently announced the departures of non-executive directors Nick Discombe and Will Whitehorn. Nick and Will have been influential in the formative years of the Company and on behalf of the Board I would like to thank them sincerely for their contributions. We have welcomed four new non-executive members to our Board: Michael Wroe (former Group Chief Financial Officer of Just Eat plc), Simon Downing (founder of Civica Group with 30 years' experience in the tech industry), Adrian Blair (former Global Chief Operating Officer at Just Eat plc and ex-Spotify) and Andreas Wiele (President Classifieds Media at Axel Springer). We are delighted to have been able to attract such a high calibre of new non-executive directors and we are excited by the skills, experience, perspective and advice they will bring to our business.

Governance overview

As a fast-growing and relatively young business, we are aware that as we grow we need to maintain a governance infrastructure that is appropriate for our increasing size and profile. The Company seeks to apply the principles set out in the Quoted Companies Alliance Corporate Governance Code and has applied them pragmatically to our business, given the size and nature of the Group's operations.

In order to ensure that we continue to comply with the General Data Protection Regulation, effective from 25 May 2018, the Board established a GDPR SteerCo comprising directors and senior management.

Dividend strategy

Due to the evolution of our business the Board has concluded that it would be premature to consider declaring a dividend. We will continue to focus our financial resources on capitalising on our market opportunities and realising our potential. As we progress our strategy and our financial performance, we will look to move to a progressive dividend policy in future years.

The year ahead

The last financial year has seen strong growth and a solid operating profit in the UK, despite tough market conditions, as well as rapid and effective expansion overseas. Looking ahead, we believe our flexible and efficient operating model along with our brand strength supports our medium and long term growth potential. Next financial year will see significant initiatives in marketing, technology and product development as we continue to leverage our competitive advantages.

Paul Pindar, Chairman
4 July 2018

Strategic report

Purplebricks is a customer-focussed business that has delivered a new business model which has saved customers millions of pounds when compared against the commission they would have paid to a high street estate agent.

Our Business Model

Our strategy for growth is predicated on the use of market leading technology combined with a first class team, LPEs and LREEs to deliver exceptional customer experience and choice to customers looking to buy, sell or let a property, while offering pricing transparency and low, fixed fees.

We offer an exceptional experience by:

- selecting and training Local Property Experts (known as Local Real Estate Experts (LREEs) in the US, but collectively referred to LPEs for the purposes of this Strategic Report) who embrace our culture and core values and who have the desire and motivation to build their own business alongside ours;
- building upon our market leading technology that enables LPEs to be more productive and deliver a more convenient, transparent and cost-effective service for our customers;
- creating marketing and advertising that interests, engages and inspires consumers to want to book a free valuation from Purplebricks and ensures that our messaging is clear and transparent;
- building upon our customer service and product offering by introducing new products and services that are relevant to our customers' needs throughout their journey;
- maintaining a progressive and fun working environment where our people care about our customers, our brand and our business and can grow personally and professionally; and
- building a strong and sustainable business, which is respected by all stakeholders for its professional conduct and delivering on its commitments.

Our Local Property Experts

The Purplebricks business model offers our LPEs, who are typically highly experienced estate agents, the opportunity of operating their own independent business under the Purplebricks brand. The most experienced LPEs are designated as Territory Owners (TOs), and these TOs have a direct contractual relationship with Purplebricks which (amongst other things) sets out the services the TOs will provide to Purplebricks, the terms of payment for such services and grants a licence of Purplebricks' intellectual property. The TOs will then contract with and are responsible for the activity of a number of LPEs in their territory.

LPEs play a key role in the Purplebricks model as they are responsible for providing the services to the customer on behalf of the Group, including attendance at the property in order to provide a valuation, preparation of an online advertisement including photographs of the property, and in some cases accompanied viewings.

One of the key factors in delivering the Purplebricks business model is getting the footprint of LPEs right in each of our markets, so that they and the Purplebricks business as a whole can maximise their productivity. During the year we introduced a clear grading structure for our LPEs in the UK which has enabled us to better identify training needs and where necessary make changes to our LPE structure.

We are extremely privileged to have secured some of the best people in our industry who have a strong desire to be part of a business that is changing the way people think about estate agents and estate agency. They are passionate about customer experience, giving customers that "light bulb moment" where they have met an estate agent, who has promised a service, delivered on that service, sold their house and saved them money.

Our LPEs are entrepreneurial, ambitious to grow their territory and to meet the demand which continues to grow for our hybrid offering. We are finding that talented, professional estate agents want to be part of what Purplebricks is seeking to achieve. While the industry has a large number of high quality people to choose from, our focus is on maintaining that first class, driven quality of individual.

Build upon our market leading technology

Our business model relies on our technology platform to convert interest generated by our marketing driven brand awareness into valuations and a decision to instruct.

Bringing together first-class LPEs and industry leading technology is the foundation upon which the Purplebricks business has been created. We are very proud of our technology and the work we are doing to introduce new and innovative features that set us apart from anyone else in the industry. We strive to make the process ever more integrated, convenient, effective and transparent. We have already revolutionised the way sellers and buyers communicate throughout the sales process and are building on the work we have started.

Part of this development involves adding new features that are engaging, informative, and supportive for our customers and which enable our LPEs to be more productive. Technology developments also enable us to integrate with carefully selected partners so that we can provide our customers with products relevant to them at the right time in their sales journey and at the same time drive additional revenue streams through cross sales opportunities.

As we expand into new territories, we ensure we have local technology teams who are best placed to support growth by creating locally tailored technology solutions.

Create engaging marketing and advertising

Advertising has always been a central element of the Purplebricks strategy. We are committed to creating marketing and advertising that interests, engages and inspires consumers to want to book a free valuation from Purplebricks and ensure that our messaging is clear and transparent. We work hard to develop and grow our brand and have made significant progress, with our prompted brand awareness now at 96%.

Last year our "Commisery" campaign focussed on the misery a person feels when they have paid significant commission and got nothing more for it. We are excited by our current plans which evolve the Commisery campaign and see us enter into new media channels.

Our above the line marketing is complemented by brand and generic pay-per-click activity which is predominantly provided by Google and Bing. We use social media in a targeted way to drive more activity amongst sellers and to test and refine marketing campaigns with digital platforms such as Rightmove and YouTube, which will drive further brand consideration.

In addition to paid marketing activities, we focus on efficiencies in our valuation conversion funnel and we adapt to ensure that our key messages are resonating with consumers. Our User Experience (UX) specialists have proved invaluable at helping us achieve greater conversions across our website and through the "book a valuation" funnel.

Central Property Team

Our Central Property Teams are based in each of our regional offices and play an important part in generating valuation opportunities, providing post-sales support and growing other revenue streams. We have continued to grow these teams as part of our strategy to increase valuations and drive down the cost per acquisition of every customer.

New products and services

Our model of combining people and technology places us in the right place at the right time. As a result, we can offer customers relevant additional products and services that complement their journey of selling, buying or letting. We are constantly developing new and smarter ways of supporting our customers with much more convenient, easy, accessible, stress free and cost-effective products and services. We add new products and services once we are satisfied that they add value for our customers and will be delivered with the Purplebricks culture and ethos. We want to create lifetime value for our customers and this is at the core of our strategy.

Our culture is our business

Our people create our culture, and our technology and our people deliver it. As a starting point the founders created a Purplebricks that cared about its people, that had a progressive and fun working environment and as a consequence our people cared about our customers, our brand and our business as they grow personally and professionally. We have kept these founding principles at our core as we scale.

The businesses of a number of our LPEs as well as a number of employees have been awarded share options in Purplebricks Group plc. Share based compensation is an important tool of the Group in aligning the objectives of LPEs and employees with those of the Group.

We have created a strong brand advocacy within our growing business and amongst our customers. We work in a progressive and fun environment where, despite a strong desire to grow their business, our people have a tremendous degree of camaraderie, togetherness and a collective brand advocacy that is extremely hard to replicate. The foundations begin for everyone with the recruitment programme and training methodology and continue through the heart of the business.

It has been a year where we have cemented our position as the number one estate agent in the UK and further extended our global footprint, taking market share from traditional estate agents in every country.

Chief Executive's statement

This has been a year where we have cemented our position as the largest estate agency brand in the UK (according to independent research by TwentyCi released July 2018), have continued to grow our footprint in Australia, launched into the US, the largest real estate market in the world, and post the financial year end agreed to acquire the DuProprio business in Canada.

Our brand awareness has materially grown across all markets and we are leading the way in providing positive customer experiences and feedback.

Whilst the markets in the UK and Australia have been and continue to be challenging for the industry, with overall transaction volume and sentiment down year on year, we have managed to gain market share, increase revenues and grow customer engagement in all three countries in which we operate.

As we previously announced, we have invested for growth by developing our infrastructure, increasing our management team and technical expertise and adding to our compliance, legal and PR resource. We will start to see the benefits and operational gearing arising from this investment as we grow across the UK, Australia, the US and now Canada. Our strategy of investment for sustainable market share growth continues and we believe it will place our company in a strong position for the long term.

On 26 March 2018 we announced that we had secured a £125m strategic investment (of which £100m was equity for new shares) in our business by Axel Springer, the leading European publishing, classifieds and property portal business, in order to accelerate the roll-out of the Purplebricks model in the US, to support entry into new markets and to fund technological innovation and expand Purplebricks' service offering. Some of the more significant progress that we have made in these areas is set out below.

UK

In the UK, our year on year monthly instructions and revenue continue to grow despite a number of traditional estate agents reporting a slowdown in activity, a reduction in market share and a decrease in their revenues.

We continue to win market share from the traditional estate agents and have increased our year on year share of the "non traditional" market from 72% to 74%. An independent analysis recently commissioned by Purplebricks and provided by the leading, whole of market, industry data specialists TwentyCi resulted in a number of conclusions about our performance for FY 18:

- Sold more: Purplebricks sold (Sold Subject to Contract (SSTC)) 3.1 times the number of properties than the next largest UK estate agency brand (increased to 3.3 in H2)
- Sold more: By the end of the financial year Purplebricks was selling (SSTC and exchanged) more houses than any other group of estate agency brands in the UK
- Highest conversion: Purplebricks had the highest level of conversion to sale (SSTC) of the top 10 estate agency brands in the UK and has the best year on year improvement in conversion
- Sold faster: Purplebricks sold (SSTC) properties faster than the top 10 largest estate agency brands in the UK
- Complete faster: Purplebricks completed on sales faster than any of the top 10 largest estate agency brands in the UK
- Secure best price: Purplebricks secured an average uplift of £6,000 on sale price (in properties in the £250,000-£300,000 range), in addition to the saving made on fees charged by Purplebricks when compared to a traditional estate agent
- No 1 at selling houses: 81% of listings sold (completed, exchanged or SSTC) within 12 months to April 2018
- Largest market share: Purplebricks has the largest market share across all price bands up to £1m and strong growth in all price bands, unrivalled by any of the top 10 estate agencies in the UK

Our average revenue per instruction continues to increase and is now £1,168, and we have new initiatives that will be launched in FY 19 which we expect to drive further progress.

Recruitment and training remains an important part of our success and growth strategy. The number of LPEs engaged increased by 43% year on year although in the second half of the financial year we put a greater emphasis on increased LPE productivity, growing academy members and sales assistants in LPE businesses. We have a thriving academy which is training the next generation of LPEs and which has already provided graduates who are now operating on behalf of the Purplebricks brand. The current strategy enables us to build on the strong customer focused culture we have created and enables the LPEs to continue to build sustainable, profitable businesses.

We are proud of the brand we have created in the short period since launch of the business back in 2014. Our 'Commisery' campaign resulted in unprecedented levels of recognition and current brand attribution for the industry and, at 96%, brand awareness levels higher than the leading property portals.

We continue to drive down our costs of acquisition through innovative pay per click strategies and new technologies. Our customer experience is continuously being enhanced with new onsite journeys being deployed for both valuation and instruction bookings and the introduction of CRM capabilities.

We firmly believe that we must continue to grasp the opportunity that exists for the brand, whilst relentlessly developing the experience for our customers and our people. Technology will drive long term success for Purplebricks, it will help to delight, excite and surprise customers as we make the process of moving home increasingly simple, straightforward and stress free. Technology will also help our people and LPEs deliver service with greater ease, making them more and more productive and as a result more successful.

We will continue to invest in marketing in the UK and will broaden our strategy to engage more closely with people on a local level in order to win that next swathe of people considering our service. Whilst we will review marketing spend to make the most of the opportunities that present themselves we expect in the current financial year to increase our UK marketing spend to further grow our market share.

Our focus on customers and the support and advancement of our people remains front and centre. The culture of our business provides strength, gives protection and ensures positive momentum and focus on our customers and each other. We are a collective force for change that works to ensure customers receive a continuously better service, find the process simple, convenient and more transparent whilst saving money to invest in their homes and their families. We are focused on completion not on a commission so can offer unrivalled attention and conflict free advice for customers.

Despite our constant drive for innovation and growth we are proud that we continue to be the most positively reviewed estate agent in the UK on independent review site Trustpilot. This is testament to the culture, commitment and dedication to always enhancing the customer experience. The rapid and widespread appeal of our hybrid model proves that customers not only benefit from a fixed flat fee but also from a superior service. We are rated Excellent, averaging 9.5 out of 10 from over 47,000 customer reviews. We have recently introduced a second review site Feefo which gives our customers a wider choice of credible independent reviews sites.

Australia

We have made the progress we expected in Australia during this financial year. Revenue has increased by 285% year on year to £13.5m (in excess of $24m AUD) and the average revenue run rate has increased by 137%. Average revenue per instruction has increased by 22% to £3,170.

The number of LPEs has increased to 90 although there was a change in strategy during the year to introduce Sales Associates with a view to increasing the productivity of LPEs. A total of 88 Sales Associates have been recruited increasing the sales coverage by over 170%.

The brand continues to grow with spontaneous unaided awareness rising by over 176%, making Purplebricks Australia's third most recognised real estate brand, whilst awareness of our competitors has remained flat. Consideration has also grown by 45% year on year to 29% by year end. We have now facilitated the sale and completion of over $2.1bn of properties in Australia, $1.76bn of which in this financial year. We estimate we have saved Australians over $36m in traditional agents commission. Despite our growth we have maintained an Excellent rating on Trustpilot with reviews increasing by 500% year on year to 2,800 in total and an average rating of 9.3/10.

Whilst the Australian market overall is challenging for the industry there remains a big opportunity for Purplebricks to capitalise on the significant sea-change in consumer thinking, as they move away from high cost traditional estate agency to saving thousands of dollars and getting great service with Purplebricks. We are investing more in advertising, technology and the advancement of our service in Australia to grow our market share.

US

We are excited by the progress we are making in the US market. We launched in September 2017 in LA designated market areas and have since then launched into Sacramento, Fresno and San Diego in January 2018, New York DMA in April 2018 and more recently announced a launch into Arizona and Nevada in June 2018.

Whilst it is still early days we are pleased with our progress and the prospects for continued growth. The revenue opportunities are significant with our fixed listing fee, buy side fees, escrow, title and mortgage services that have been or are due to be launched very soon. We are growing market share across all the states where we are located and are successfully building out the infrastructure to capitalise on the already significant revenue that can come from providing escrow and title services.

We continue to gain more and more intelligence on each market, the types of people who are listing with us, their demographics, average property values and the type of experience that resonates best with our customers. We have successfully launched advertising campaigns across all channels and are due to launch a new series of "Commisery" advertising in July 2018.

There have been some remarkable achievements in the short period since our launch in the US. Our aided brand awareness has grown to 50.5% from a standing start whilst unaided brand awareness has already reached over 3% (established agent Redfin has 4.2%). Consideration is outstanding at 35.9% amongst our core target audience. The UK did not reach this score until nearly three and a half years after launch.

Canada

Following the investment from Axel Springer, we announced on 2 July 2018 that we had entered into a conditional agreement to acquire DuProprio from Yellow Pages Digital & Media Solutions Limited, a subsidiary of Yellow Pages Limited, in a transaction that offers a growing established platform for expansion into the Canadian real estate market.

The enterprise value (on a cash free/debt free basis) of CAN$51 million, approximately £29.3 million, is payable in cash at closing, which is expected to occur on or before 6 July 2018, subject to customary adjustments. The valuation is attractive based on DuProprio's strong market position in the Canadian real estate sector, particularly in Quebec, impressive revenue growth since launch and its current profitability.

DuProprio owns and operates one of Canada's leading commission-free real estate services brands. The acquisition by Purplebricks is expected to enable additional growth opportunities for the business including growing market share in Canada, enhancing customers' experience through its market leading model and technology, capitalising on an extensive buy-side revenue opportunity and introducing aspects of the Purplebricks business model to operate alongside the highly successful digital service offered by DuProprio. Purplebricks is targeting an additional investment of up to £15m in DuProprio's expansion across Canada over the next two years funded, as before, from the retained profits generated by the province of Quebec and supplemented from the cash reserves of Purplebricks.

DuProprio will continue to operate under the existing brands of DuProprio in Quebec and ComFree outside of Quebec, although there will be a strategic opportunity to introduce the Purplebricks brand outside of Quebec in the future.

DuProprio will continue to be led by the existing, highly experienced, management team headed by CEO, Marco Dodier, Senior Vice President & CFO, Jean-Bruno Lessard, COO & Vice President Brokerage Operations, Lukas Lhotsky and Marie-Christine Blain, Vice President Legal Affairs and Compliance, who together have been with DuProprio for a combined total of 33 years.

Longer Lifetime Relationships

Following the Axel Springer investment we have accelerated our strategy of creating longer lifetime relationships with our customers. We want to keep customers, whether selling, buying or letting engaged with the brand beyond the end of their sale, purchase or let. We would like to create an environment where Purplebricks is front of mind for products, services, advice and support on everything involving home sale, purchase and ownership and become a household name for making everything much more simple, convenient, informative, innovative and supportive for our customers. Our strategy will also unlock the ability to earn significant additional revenue for the business. We are working towards a launch of our stage one strategy in the second half of the 2019 financial year.

Technology

Technology will drive long term success for Purplebricks, it will help to delight, excite and surprise customers as we make the process of moving home increasingly simple, straightforward and stress free. It will also help our people deliver the service with greater ease, making them more productive and as a result more successful. We have previously announced our intention to invest further in technology that we believe will also drive greater revenues, reduce the cost of delivery, optimise conversions and expose our growing brand to a wider audience. We are executing on our strategy and are working towards a launch of the first stage of development towards the end of the first half of the 2019 financial year.

Thank you

I would like to thank all of our people for their hard work, dedication, commitment and absolute belief in our customers and our brand. They continue to create thousands of brand ambassadors in an industry that is often talked about, and usually criticised and disliked. I would also like to thank our customers who continue to embrace what we are trying to achieve and have actively helped and supported us in our journey to date. Without belief in what we promise to deliver (and do deliver) we could not grow our business in quite the same way. Their advocacy of our products, services and brand is truly remarkable.

Finally I would like to thank our shareholders for their support and encouragement. They have invested in creating a strong, people and innovation focused business that is changing the estate agency industry forever. We are working tirelessly to deliver enduring returns for our shareholders.

The future

Whilst all property markets throughout the world are experiencing a period of change, pressure from new entrants such as Purplebricks and political uncertainty that is driving flat national transaction numbers at best, we see this as an opportunity. Consumers are demanding an experience, not just a product or service. They want simplicity, convenience, transparency, certainty and support whilst saving as much money as possible. We are in an era where loyalty is dependent upon a deeper consumer experience. We believe that Purplebricks is best placed to capitalise and is leading the industry by delivering the only truly end to end experience for customers.

We will continue to invest in exceptional experiences and building longer lifetime relationships with everyone who has an interaction with our brand. Technology will play a leading role and those who invest now will be the brands of the present and of the future. We look forward with excitement. Our global projects will increase our efficiencies, our productivity and deeper understanding of consumer thinking.

Principal risks and uncertainties

Risk management is an increasingly important part of the management process for the Group. Assessing the nature of risks faced, the magnitude of the risk presented to business performance and the manner in which the risk may be mitigated is critical for the business for the long term.

The risks considered to be particularly important at the current time are set out below:

Economic

Potential impact: As an estate agency the Group's fortunes are closely intertwined with those of the housing market and the broader economy as a whole in the countries in which we operate.

Mitigation: The Group keeps a close eye on market conditions and the broader economies in which we operate, and believes the outlook for the UK online property advertising market remains positive, despite the continuing uncertainties stemming from the result of the EU referendum. Our cost base is relatively flexible and able to react quickly and effectively to changes in market conditions.

People

Potential impact: An experienced and knowledgeable workforce is required to service clients' needs. The market for skilled staff remains competitive and a failure to recruit and retain experienced staff could impact on the Group's ability to develop and deliver solutions.

Mitigation: Providing existing staff with relevant training, great rewards, effective marketing and an effective software platform is a key priority for the business. Recruiting and developing new employees, when required, is undertaken by experienced staff to ensure the correct calibre of individual is identified.

Reputational and quality

Potential impact: The quality of references obtained from existing users of Purplebricks' platform is an important part of the decision making process for a potential client seeking to instruct the Group. As such, a failure to continue to deliver quality services to existing users could impact our ability to grow.

Mitigation: The Group strives to maintain its reputation as the best estate agency combined with great value for money and monitors its customer feedback, both direct and through third party providers, on a real time daily basis.

Availability of funding

Potential impact: In order to grow the business and become profitable the Group needs access to funding. Without sufficient capital the Group will be unable to meet its ambitious targets.

Mitigation: The Group has continued fundraising activities, most recently by raising an investment of £100m from Axel Springer, and has sufficient headroom in respect of its working capital requirements and its forecasts, even when applying lower case sensitivities to the forecast.

Financial

Potential impact: Inaccurate financial information may result in sub-optimal decisions being taken by management and staff. Inadequate internal controls may fail to prevent the Group suffering a financial loss.

Mitigation: The systems of internal controls deployed within the Group are designed to prevent financial loss. Controls are strongest in areas where management considers the potential exposure to the Group of material loss or misstatement to be at its greatest, such as revenue recognition and cash collection. Processes to improve internal controls and reviews are in place to improve as the business develops.

New entrants to market

Potential impact: The success of The Group is dependent on maintaining our market share whilst operating in a sector where there are a number of competitors including new entrants.

Mitigation: To counter the threat of competitors seeking to win business from us the Group aims to invest in the development of technology and branding to ensure that the Group becomes the market leader in the estate agency sector.

Data Security

Potential impact: Loss of its IT provision or other material facilities would have a serious impact on the Group's operations.

Mitigation: The Group monitors the resilience of its information systems and other facilities on an ongoing basis introducing updates and upgrades as appropriate. External advice is sought as appropriate.

Overseas risk

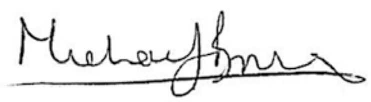
Potential impact: In order for The Group to successfully continue to expand in overseas markets we require the appropriate knowledge and understanding of these markets and to ensure compliance with local law and regulation.

Mitigation: The Group continues to seek out appropriate advice and hire the best people whilst remaining well-funded to face these challenges with confidence. Tax, treasury, legal, and financial expertise has been recruited at Group level to provide control and support for our overseas personnel whilst ensuring consistent and appropriate best practice operations and procedures.

Future developments

We expect future developments in estate agency to continue to see a migration away from the high street as a highly fragmented market consolidates by virtue of the ease and simplicity that Purplebricks and its technology brings. We expect Purplebricks Group plc to remain at the forefront of this change in the industry landscape, building on its market leading position.

Approved and signed on behalf of the Board



Michael Bruce, Director
4 July 2018

The business is supported by a robust balance sheet and has financed its expansion using its extensive cash reserve.

Chief Financial Officer's report

The 2018 financial year has been shaped by three key factors:

- significant growth and improved profitability within the UK business;
- the first 12 month period where we have operated within all five mainland Australian states;
- the US launch.

Overall revenue for the Group increased by 100.6% during the year to £93.7m. Gross profit increased by 103.5% to £52.6m. Investment in further establishing the Australian business and in launching within the US has led to a Group operating loss of £24.7m, compared to a loss of £6.0m in FY 2017.

The business is supported by a robust balance sheet with a strong cash position. To date the Group has financed its expansion without taking on debt. The Group had a cash balance at 30 April 2018 of £152.8m.

Extract of consolidated statement of comprehensive income	**FY 2018 £m**	FY 2017 £m
Revenue	**93.7**	46.7
Cost of sales	**(41.1)**	(20.9)
Gross profit	**52.6**	25.8
Gross profit margin (%)	**56.1%**	55.3%
Administrative expenses	**(35.2)**	(13.6)
Sales & marketing expenses	**(42.1)**	(18.2)
Loss from operating activities under IFRS	**(24.7)**	(6.0)
Reconciliation to alternative performance measure: Adjusted EBITDA		
Depreciation & amortisation	**1.7**	0.6
Share based payment charge	**3.5**	0.9
Adjusted EBITDA	**(19.6)**	(4.5)
Reconciliation to alternative performance measure: Adjusted operating loss		
Loss from operating activities	**(24.7)**	(6.0)
Share based payment charge	**3.5**	0.9
Adjusted operating loss	**(21.3)**	(5.1)
Reconciliation to alternative performance measure: Adjusted operating costs		
Administrative expenses	**(35.2)**	(13.6)
Share based payment charge	**3.5**	0.9
Depreciation & amortisation	**1.7**	0.6
Adjusted operating costs	**(30.1)**	(12.2)

UK

Extract of UK statement of comprehensive income	FY 2018 £m	FY 2017 £m
Revenue	**78.1**	43.2
Cost of sales	**(33.1)**	(18.9)
Gross profit	**45.1**	24.2
Gross profit margin (%)	**57.7%**	56.1%
Administrative expenses	**(19.5)**	(9.7)
Sales & marketing expenses	**(21.4)**	(14.4)
Profit from operating activities under IFRS	**4.2**	0.2
Reconciliation to alternative performance measure: Adjusted EBITDA		
Depreciation & amortisation	**1.6**	0.5
Share based payment charge	**2.4**	0.9
Adjusted EBITDA	**8.1**	1.7
Reconciliation to alternative performance measure: Adjusted operating profit		
Profit from operating activities	**4.2**	0.2
Share based payment charge	**2.4**	0.9
Adjusted operating profit	**6.5**	1.1
Reconciliation to alternative performance measure: Adjusted operating costs		
Administrative expenses	**(19.5)**	(9.7)
Share based payment charge	**2.4**	0.9
Depreciation & amortisation	**1.6**	0.5
Adjusted operating costs	**(15.5)**	(8.2)

KPIs: The Directors use key performance indicators (KPIs) to assess performance of the business against the Group's strategy. The strategy is built around: efficiently attracting good quality customers to our website; gaining market share and providing customers with choice to enable revenue per instruction to increase.

New users represents the number of unique visitors to the website in the year.
Cost per instruction represents total marketing costs, including portal costs, divided by instructions.
Marketing as a percentage of sales represents the total marketing costs, including portal costs, as a percentage of total revenue.

UK KPIs	2018	2017	Change (%)
New users	**13,820,000**	8,396,000	64.6%
Instructions	**64,376**	41,211	56.2%
Average revenue per instruction	**£1,168**	£1,035	12.9%
Cost per instruction	**£332**	£349	(4.9)%
Marketing as a % sales	**27.4%**	33.3%	(5.9)bps

UK revenue increased by 80.9% during the year. This was driven by two key factors:

1 increase of 56.2% in number of instructions; and

2 rise in average revenue per instruction by 12.9% to £1,168 (£1,035 in prior year).

The revenue for the year was split 57:43 between instruction and ancillary revenue respectively (FY 2017: 70:30). We have seen a notable shift towards ancillary as we continue to increase our focus on offering more products and choice to our customers.

UK Gross profit margin for the year was 57.7% up from 56.1% during the prior year. The majority of cost of sales is represented by the earnings of self-employed LPEs.

As discussed below, during the year the UK deferred payment provider was changed for commercial reasons. Due to differences in the arrangements with our new deferred payment provider, £1.7m of costs associated with this new agreement are recognised within interest payable (as invoice factoring costs) rather than within cost of sales as was previously the case. If the equivalent costs for FY 2017 and the first part of FY 2018 had been similarly classified, then gross profit margin would have moved from 60.7% in FY 2017 to 59.9% in FY 2018.

Adjusted operating costs (see definition below) rose 89.4% during the year to £15.5m (£8.2m in FY 2017). FY 2018 has seen investment in infrastructure in terms of the technology team, legal and compliance and tax and treasury, along with expanding our office space in Solihull to enable us to meet the growth in demand which has been generated. This investment will continue as appropriate as the business continues to scale up in the UK. Both share based payments charge and depreciation/ amortisation have increased year on year, due to the grant of new share options to incentivise and retain employees and LPEs (see note 8), and due to ongoing investment. Despite these cost increases, operating profit has improved strongly in the year.

Marketing costs, which include portal costs, rose 48.7% to £21.4m (£14.4 in FY 2017), reflecting continued investment in the UK brand and customer acquisition to grow market share. Marketing efficiency and operating leverage over this spend has driven a reduction in cost per instruction of 4.9% during the year from £349 to £332. These figures include portal costs.

Adjusted EBITDA for the year (see definition above) of £8.1m is up £6.4m or 389.9% over the prior year.

Depreciation and amortisation is up £1.1m or 191.2% on FY 2017 (see note 6). This increase is due to continued investment in our technology platform.

Share based payment charge is up £1.5m or 158.4% on FY 2017. This reflects the further grant of options under the Group's schemes during the year to align the objectives of key employees with the performance of the Group as a whole, along with a catch up adjustment to the method of spreading this charge over the 4 year vesting period of the option schemes.

There was an error in the brought forward share based payment reserve at both 1 May 2016 and 1 May 2017, with an equal and opposite compensating error in retained earnings at £975k. This error, which was due to the incorrect application of the vesting period of the options resulting in an understatement of the SBP expense recognised, has been restated. There was no impact on reported earnings or net assets.

Australia

Extract of Australia statement of comprehensive income	**FY 2018 £m**	FY 2017 £m
Revenue	**13.5**	3.5
Cost of sales	**(7.3)**	(1.9)
Gross profit	**6.3**	1.6
Gross profit margin (%)	**46.2%**	45.7%
Administrative expenses	**(7.3)**	(3.9)
Sales & marketing expenses	**(11.4)**	(3.8)
Loss from operating activities	**(12.4)**	(6.1)
Reconciliation to alternative performance measure: Adjusted EBITDA		
Depreciation & amortisation	**0.1**	-
Share based payment charge	**0.6**	-
Adjusted EBITDA	**(11.8)**	(6.1)
Reconciliation to alternative performance measure: Adjusted operating loss		
Loss from operating activities	**(12.4)**	(6.1)
Share based payment charge	**0.6**	-
Adjusted operating loss	**(11.8)**	(6.1)
Reconciliation to alternative performance measure: Adjusted operating costs		
Administrative expenses	**(7.3)**	(3.9)
Share based payment charge	**0.6**	-
Depreciation & amortisation	**0.1**	-
Adjusted operating costs	**(6.7)**	(3.9)

AUSTRALIA KPIs	**2018**	**2017**	**Change (%)**
New users	851,000	270,000	315.2%
Instructions	4,544	1,457	211.9%
Average revenue per instruction	£3,170	£2,600	21.9%
Cost per instruction	£2,533	£2,282	11.0%
Marketing as a % sales	83.9%	108.6%	(24.7)bps

The Australian business completed its launch into the five mainland states in April 2017. This financial year therefore represents a full twelve months of business within these states.

Investment continues within the Australian business and as at 30 April 2018 a total of £19.3m had been invested by the Group in Australia. During FY 2018 the management team was strengthened, the development team expanded and the operational footprint was further refined in order to meet the demands of the states in which Purplebricks operates.

Revenue increased by 284.8% to £13.5m (£3.5m in FY 2017). Gross profit of £6.3m is up from £1.6m in FY 2017.

Gross profit margin has improved slightly on FY 2017.

Adjusted operating costs (see definition below) increased from £3.9m to £6.7m (70.7%) as the scale of operations increased and continued investment was made in the operating footprint.

Loss from operating activities includes the charge of £0.6m (2017:nil) arising from grant of share options to incentivise and retain Australian employees and LPEs.

Marketing costs increased from £3.8m to £11.4m as the business invested in growing market share. This increase of 198.4% compares favourably to the increase in revenue.

US

Extract of US statement of comprehensive income	**FY 2018 £m**	FY 2017 £m
Revenue	**2.0**	-
Cost of sales	**(0.8)**	-
Gross profit	**1.3**	-
Gross profit margin (%)	**63.0%**	-%
Administrative expenses	**(8.4)**	(0.1)
Sales & marketing expenses	**(9.4)**	-
Loss from operating activities	**(16.5)**	(0.1)
Reconciliation to alternative performance measure: Adjusted EBITDA		
Depreciation & amortisation	**-**	-
Share based payment charge	**0.5**	-
Adjusted EBITDA	**(16.0)**	(0.1)
Reconciliation to alternative performance measure: Adjusted operating loss		
Loss from operating activities	**(16.5)**	(0.1)
Share based payment charge	**0.5**	-
Adjusted operating loss	**(16.0)**	(0.1)
Reconciliation to alternative performance measure: Adjusted operating costs		
Administrative expenses	**(8.4)**	(0.1)
Share based payment charge	**0.5**	-
Depreciation & amortisation	**-**	-
Adjusted operating costs	**(7.9)**	(0.1)

It is expected that the US KPIs will be incorporated going forward as the business develops. The Group launched activities in the US in September 2017. Prior to US launch certain operating and marketing activities were undertaken for which costs were incurred in both FY 2017 and FY 2018.

Having launched in Los Angeles (LA), there were further launches within California in January 2018 followed by the launch in the Designated Market Area (DMA) of New York in April 2018.

US revenue for FY 2018 was £2.0m with a gross profit margin of 63%. There was a loss from operating activities of £16.5m which represents investment in marketing and infrastructure as the Purplebricks model is rolled out and market share is won. FY 2018 operating loss includes a share based payment charge in respect of share options granted to incentivise and retain key US employees and LREEs.

The Group is pleased with the traction which has already been gained within all US regions. The timing of launches outside of LA was ahead of schedule and we are excited about the opportunity which the US market represents. Both the volume of transactions across the whole of the US market and the fee pool per transaction are higher than both the UK and Australia.

Further launches within the US are planned for FY 2019 and beyond.

Material transactions and exceptional items

No exceptional items were identified for the year to 30 April 2018 (FY 2017: none).

During the year the Group received a significant new funding via an investment from Axel Springer SE. The impact on the Group's financial position and cash flow are discussed in the sections below.

Axel Springer SE (through its subsidiary, Fünfundachtzigste "Media" Vermögensverwaltungsgesellschaft mbH) ("Axel Springer"), Europe's leading digital publisher, made a £125 million (of which £100m was to the Company) strategic investment in Purplebricks by subscribing for new ordinary shares of £0.01 each ("Ordinary Shares") in the Company (the "Subscription") as well as acquiring existing Ordinary Shares from certain PDMRs of the Company (the "Share Purchase") at a price of 360p per Ordinary Share (together the "Strategic Investment"). Following the Strategic Investment, Axel Springer owns approximately 11.5 per cent. of Purplebricks' issued share capital, as enlarged by the Subscription, and Purplebricks has appointed Dr Andreas Wiele, an executive board member of Axel Springer and President Classifieds Media, as a non-executive director on Purplebricks' Board of directors (the "Board").

The Group changed its UK deferred payment provider during the year. While the commercial terms of the arrangements are slightly different, there is no cashflow impact. Due to the differences in commercial terms, from an accounting point of view, the fees payable in respect of the new provider are reflected in the income statement as losses on derecognition of financial assets, whereas the fees payable to the former provider were shown within cost of sales. The impact of this difference on gross profit margin is discussed above.

During the year Company made capital injections into its subsidiaries in Australia and the US, reflective of the Group's long term financial commitment to our continuing overseas expansion whilst strengthening the local balance sheets.

Post balance sheet acquisition

On 2 July 2018, Purplebricks announced that it had entered into a conditional agreement to acquire DuProprio/ComFree ("DPCF") from Yellow Pages Digital & Media Solutions Limited, a subsidiary of Yellow Pages Limited, in a transaction that offers a-growth established platform for expansion into the Canadian real estate market. The enterprise value (on a cash free/debt free basis) of CAN$51 million, approximately £29.3 million, is payable in cash at closing, which is expected to occur on or before 6 July 2018, subject to customary adjustments. The valuation is attractive based on DPCF's strong market position in the Canadian real estate sector, impressive revenue growth since launch and its profitability. Please see the Chief Executive's Report for further details of this transaction.

Discontinued operations

All of the Group's activities are continuing throughout FY 2017 and FY 2018.

Tax

The Group's tax charge was £0.9 million (2017: £3.1 million credit). The tax charge includes £1.3m notional tax that would be payable on underlying UK profits, prior to the statutory deduction for the exercise of share options inclusive of a £0.2m catch up prior year adjustment. This is an accounting outcome only, requiring the disclosure of a tax charge in the income statement, even though no tax is payable and an offsetting credit direct to equity of £1.3m for share option related deductions in changes in equity. The tax charge is also stated net of a credit for repayable R&D tax credits. Whereas 2017 reflected a tax credit for the first-time recognition of previously unrecognised deferred tax assets, the deferred tax position has been held largely constant in 2018, with no significant new recognition of deferred tax assets.

Statement of financial position

The Group has a strong financial position to support its continued expansion, including a closing cash balance of £152.8 million (2017: £71.3 million) and no debt. The cash position includes the inflow from the Axel Springer strategic investment in the Group, net of operating outflows in the year.

Net assets of £154.4 million were £79.0 million higher than the April 2017 year end figure of £75.4 million, driven largely by the growth in the cash balance, partially offset by an increase in the net working capital position of the Group. Fixed assets increased to £8.1 million (2017: £6.1 million) representing the Group's continued investment in its technology capabilities.

The net working capital position of the Group has grown in line with increased activity.

	FY 2018 **£m**	FY 2017 £m
Tangible and intangible fixed assets	**8.1**	6.1
Deferred tax asset, net of deferred tax liabilities	**2.9**	2.8
Non-current assets	**11.0**	8.9
Net working capital	**(9.7)**	(4.7)
Derivative financial liabilities	**-**	(0.1)
Tax receivable	**0.3**	-
Cash and cash equivalents	**152.8**	71.3
Net assets	**154.4**	75.4

Cash flow

Operating cash flow, which represents cash generated from, or consumed by operations, after marketing expenditure but before fixed asset expenditure was an outflow of £14.6 million (2017: £3.1 million outflow). After technology expenditure which is eligible for capitalisation, other capital expenditure and finance income/expenditure, the Group had a free cash outflow of £19.8 million (2017: £5.2 million outflow) which represents the cash consumed by the Group in the course of operations and to fund organic expansion, before acquisition expenditure and the proceeds of raising finance.

The total cash inflow for the year was £82.0 million (2017: £40.8 million) after the inflow from share issues. Full cash movements are included in the statement of cash flows.

	FY 2018 £m	FY 2017 £m
Operating profit before marketing	**17.4**	12.2
Marketing expenditure	**(42.1)**	(18.2)
Operating loss	**(24.7)**	(6.0)
Depreciation and amortisation	**1.7**	0.6
Share based payments non-cash charge	**3.5**	0.9
Movement in working capital	**4.9**	1.4
Operating cash flow	**(14.6)**	(3.1)
Investment in fixed assets	**(3.7)**	(2.2)
Finance income / expenditure	**(1.5)**	0.1
Free cash flow	**(19.8)**	(5.2)
Acquisition of subsidiary	**-**	(3.3)
Share issue proceeds	**101.8**	49.3
Net cash inflow	**82.0**	40.8

Definitions

Adjusted EBITDA, which is not defined in IFRS, is a measure which is used by the Board and management for planning and reporting. Adjusted EBITDA represents profit or loss from operating activities, adding back depreciation, amortisation and share based payment charges. The Group believes that this measure, which is not considered to be a substitute for or superior to IFRS measures, provides stakeholders with helpful additional information on the underlying performance of the Group.

The adjusted measure is considered relevant to assessing the underlying performance of the Group against its strategy and plans. The rationale for excluding certain items is as follows:

Depreciation is a non cash item which fluctuates depending on the timing of capital investment. We believe that a measure which removes this volatility improves comparability of the Group's results period on period.

Amortisation is a non cash item which varies depending on the timing of and nature of acquisitions, and on the timing of and extent of investment in internally generated intangibles such as software. We believe that a measure which removes this volatility improves comparability of the Group's results period on period.

Share based payment charges are non cash item which varies significantly depending on the share price at the date of grants under the Group's share option schemes, and depending on the assumptions used in valuing these awards as they are granted. We believe that a measure which removes this volatility improves comparability of the Group's results period on period, and also improves comparability with other companies which typically do not operate similar share based payment schemes.

Adjusted operating costs are administrative expenses, adjusted by adding back depreciation, amortisation and share based payment charges.

Approved and signed on behalf of the Board

James Davies, Director
4 July 2018

Directors' report

The directors present their report and the audited financial statements for the year ended 30 April 2018.

Business review

Matters included in the Strategic report and Chief Financial Officer's Report

A comprehensive analysis of the Group's future developments and principal risks and uncertainties are contained in the Strategic Report and Chief Executive's Statement. The business review, details of the Group's performance and KPIs are set out in the Chief Executive's Statement and Chief Financial Officer's Report.

Financial risk management objectives and policies

The Group uses financial instruments, comprising cash, invoice factoring and various items such as trade debtors and trade creditors that arise directly from operations. The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, credit risk and foreign currency risk. Detailed information regarding the Group's exposure to financial risks as well as the financial risk management strategy employed in order to reduce these risks is set out in note 22 to the accounts.

Post balance sheet events

On 2 July 2018, Purplebricks announced that we had entered into a conditional agreement to acquire DuProprio/ComFree ("DPCF") from Yellow Pages Digital & Media Solutions Limited, a subsidiary of Yellow Pages Limited, in a transaction that offers a-growth established platform for expansion into the Canadian real estate market. The enterprise value (on a cash free/debt free basis) of CAN$51 million, approximately £29.3 million, is payable in cash at closing, which is expected to occur on or before 6 July 2018, subject to customary adjustments. The valuation is attractive based on DPCF's strong market position in the Canadian real estate sector, impressive revenue growth since launch and its current profitability. Further details of this transaction are provided in the Strategic Report.

Dividend

No dividends were paid in the year and there are none recommended (2017:£nil).

Employees

The Group's policy of providing employees with information about the Group has continued and regular meetings are held between management and employees to allow exchanges of information and ideas. As the Group grows, the Group continues to consider ways to encourage the involvement of employees in the Group's performance. The Group gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

Subsidiaries

As at the balance sheet date, the Company had 6 subsidiaries, information about the principal subsidiaries is provided at note 15 to the accounts.

Substantial shareholdings

Michael Bruce sold 4,444,444 shares in the Company on 25 April 2018 at 360p per share (2017: nil). Isabel Bruce sold no shares in the Company in the current year (2017: sold 3,666,667 Ordinary shares in the Company on 16 March 2017 at 300.00p per share). Neil Cartwright sold no shares in the Company in the current year (2017: sold 1,000,000 shares on 16 March 2017 at 300.00p per share). Will Whitehorn sold no shares in the Company in the current financial year (2017: sold 250,000 Ordinary shares on 16 March 2017 at 300.00p per share). Nicholas Discombe sold no shares in the co current financial year (2017: sold 1,600,000 shares at 300.00p on 19 April 2017). Paul Pindar sold no shares in the current or prior year.

At 29 June 2018, being the latest practicable date prior to the publication of this annual report, the Company had been notified of the following interests amounting to 3% or more of the voting rights in the issued share capital of the Company.

Shareholder name	Number of shares	% shareholding
Woodford Investment Management Ltd.	83,364,587	27.62%
Axel Springer SE	34,722,221	11.50%
M P D Bruce and wife	33,218,147	11.01%
Old Mutual Global Investors (UK) Ltd	32,021,358	10.61%
Capital Research Global Investors	20,001,097	6.63%
P R M Pindar and wife	10,827,227	3.59%
Shumway Capital Partners	10,190,939	3.38%

Directors and directors' interests

The directors who held office during the financial year are set out below:

M P D Bruce

J R Davies

W E Whitehorn* (resigned 30 June 2018)

P R M Pindar*

N S Discombe* (resigned 31 May 2018)

N R Cartwright (resigned 4 May 2017)

A Blair* (appointed 25 April 2018)

S Downing* (appointed 25 April 2018)

M Wroe* (appointed 25 April 2018)

A Wiele* (appointed 25 April 2018)

* Denotes non-executive directors

Except as disclosed above in the substantial shareholdings table, no director held an interest in the Company's shares at the date of this annual report.

Non-executive Chairman
Paul Pindar

Paul joined Capita plc in 1987, initially as Finance Director, then Managing Director in 1991 and Chief Executive in 1999. He was the third-longest serving FTSE 100 CEO when he stood down in 2014. He joined Capita after advising on the £0.3m management buyout (MBO) while working for 3i Group plc. When he joined Capita, it had 33 employees and annual revenue of £1.3 million. When he left the business in February 2014, Capita had more than 62,000 employees and a market capitalisation of £7.5 billion. Since June 2014 he has served as Chairman of Independent Clinical Services following its acquisition by TowerBrook. Paul has also been a non-executive director of retailer Debenhams Plc, Chairman of the NSPCC's Corporate Development Board and Chairman of Great Ormond Street Hospital's Corporate Partnerships Board. Paul was also an early investor in Purplebricks.

Paul is a member of the Audit, Remuneration and Nomination Committees.

Founder & Chief Executive Officer
Michael Bruce

Michael has been the driving force behind the development of Purplebricks alongside his brother Kenny. He is a qualified solicitor who has owned and run his own law firms before acquiring Burchell Edwards Estate Agents in 2006. The business was grown to include estate agency, lettings, mortgages and their own dedicated law firm. Michael was Chief Executive until 2010 whereupon he became Chairman of the business. The business, including the law firm, was sold to Connells Group (part of Skipton Building Society) in November 2011 as a result of Michael and Kenny Bruce, his brother, wishing to pursue the Purplebricks Group plc model. As founder of the business and initial major investor, Michael has been the Chief Executive Officer of Purplebricks Group plc since its inception, working alongside Kenny who, as Sales Director, heads the Company's sales efforts.

Chief Financial Officer
James Davies

James joined Purplebricks Group plc in May 2017 from William Hill plc, having been Chief Financial Officer of its digital business since 2015. Prior to William Hill, James was a divisional Chief Financial Officer at Kingfisher plc and was deputy to the Group Finance Director of UBM plc for three years. Before this James spent five years in the UK M&A team at Deutsche Bank and eight years in the technology team at Close Brothers Corporate Finance. James started his career within the TMT team at Deloitte in London where he qualified as a chartered accountant.

Senior Independent Non-Executive Director
Michael Wroe

Mike Wroe is the former Group Chief Financial Officer of Just Eat plc and was part of the team that led the transformation of Just Eat from a 40-person, venture-backed start-up, through its IPO and transition into becoming a highly successful public business. Mike has over 20 years' experience across a range of ecommerce and technology businesses with a track record of delivering results in both high growth and large public companies. After qualifying as a Chartered Accountant with Deloitte & Touche, Mike held a number of senior executive positions at Innovision Research and Technology Plc, Integral (a division of Staveley Industries plc) and Air France Servisair Ltd.

Mike is the Company's senior independent non-executive director and chairs the Audit Committee.

Independent Non-Executive Director
Simon Downing

Simon Downing is the founder and Executive Chairman of Civica Group Limited, a leading international provider of specialist software and digital solutions. Simon led the business through its flotation on AIM in 2004, and its subsequent growth and international expansion, completing 25 acquisitions as part of the group expansion. In July 2017, Civica was sold to Partners Group for £1.06 billion and had grown to over 4,000 employees and had operations in 9 countries.

Simon is currently the Chairman of Edenhouse Solutions, a specialist SAP support and consultancy business, and is a non-executive director at AdvisorPlus Business Solutions and Datum Datacentres.

In addition to his role at Civica and other board appointments, Simon is a Senior Adviser to OMERS Private Equity, which has in excess of CAD $11 billion of private equity assets under management. He is also a past winner of the EY UK Technology and IT Services Entrepreneur of the Year award.

Simon chairs the Remuneration Committee.

Independent Non-Executive Director
Adrian Blair

Adrian is the former Global Chief Operating Officer at Just Eat plc, where he was responsible for all commercial operations in the UK and 12 international markets. He was instrumental over 7 years in building Just Eat into one of the most successful technology companies in Europe. He was part of the team that led Just Eat through its listing on the London Stock Exchange in 2014, since when the company has created c. £1bn of shareholder value per year, culminating in promotion to the FTSE 100 in December 2017.

Adrian joined Just Eat from Spotify, where as Director of European Business Development his team forged pioneering partnerships between the music streaming and mobile device industries. Prior to this he spent six years at Google Inc. in a number of senior commercial roles across California and London including Head of eCommerce Partnerships, where his team helped thousands of businesses improve their ROI from AdWords. Before that, Adrian was Head of Business Development at Ask Jeeves Inc., where he developed a network of over 10,000 affiliate websites, helping Ask become a household name in the UK prior to the $1.85bn sale to IAC.

Adrian chairs the Nomination Committee and is a member of the Audit and Remuneration Committees.

Non-Executive Director
Andreas Wiele

Dr Andreas Wiele studied law at Dijon, Salzburg and Munich Universities.

He worked first of all as an editor at "Hamburger Morgenpost", before he became assistant to the chairman of the Gruner + Jahr management board in 1988. In 1990 he took over responsibility for the "Capital" project at the Prisma Presse publishing company in Paris, where he became publishing manager of "Capital" and "Geo" in 1991.

In 1994, he moved to New York to join Gruner + Jahr USA Publishing, initially as senior vice-president and general manager of "Family Circle" and "McCall's" and from 1997 onwards as executive vice-president and chief operating officer for the publishing company as a whole.

In 2000, Dr Andreas Wiele was appointed member of the Executive Board of Axel Springer SE as President of the Magazines and International Affairs Division. In 2008, he was appointed President BILD Group and Magazines, in 2014 President Classifieds and Marketing Media and in 2018 President Classifieds Media and CEO Axel Springer Digital and Axel Springer Digital Ventures.

Scheme interests and Outstanding Share awards

Details of options to purchase Ordinary shares in the Company granted to the executive directors are set out below.

Details of share based payments are included in the notes to the accounts. The share price was 346p on 30 April 2018.

Director Name	Description	Date of Grant	Interest Outstanding at 1 May 2017	Options Granted /(Lapsed) During the Year	Options Exercised During the Year	Outstanding Interest At 30 April 2018
M P D Bruce	EMI unapproved options	6 November 2015	2,430,551	-	-	2,430,551
N R Cartwright	EMI unapproved options	6 November 2015	757,492	(516,285)	(241,207)	-
J Davies	CSOP	29 June 2017	-	1,000,000	-	1,000,000

Research and development

The Group undertakes a continuous programme of development expenditure as part of its commitment to lead change in estate agency. Development expenditure is capitalised only when the end product is technically and commercially feasible and when sufficient resource is available to complete the development, as disclosed in note 13 to the accounts. All other research and development expenditure is recognised in the Statement of Comprehensive Income as an expense as disclosed in note 6 to the accounts.

Professional indemnity insurance provisions

The Company has a qualifying indemnity insurance policy in respect of Directors' and Officers' liability.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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.

Auditor

Grant Thornton UK LLP was appointed as auditor and in accordance with s489(4) of the Companies Act 2006 a resolution for the appointment of auditor will be proposed at the forthcoming Annual General Meeting.

Corporate Governance

The Board is committed to achieving high standards of corporate governance, integrity and business ethics. Under the AIM Rules the Company is not required to comply with the provisions of the new edition of UK Corporate Governance Code issued by the Financial Reporting Council but the Board has taken into consideration the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies produced by the Quoted Companies Alliance, and continues to develop its corporate governance arrangements so as to apply the principles of the Code in so far as it can be applied practically, given the size of the Company and the nature of its operations. The Board has established an audit committee (the Audit Committee), a remuneration committee (the Remuneration Committee) and a nomination committee (the Nomination Committee).

On 30 March 2018 revised "AIM Rules For Companies" were issued by the London Stock Exchange that require companies with shares admitted to trading on AIM to adopt a recognised formal corporate governance code by no later than 28th September 2018 and to disclose how they comply with that code and, if applicable, where they depart from it. The Board is currently updating its corporate governance processes, procedures and reporting so as to comply with the new requirements prior to 28 September 2018.

Audit Committee

The Audit Committee is chaired by Michael Wroe, and its other members are Paul Pindar and Adrian Blair. The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It receives and reviews reports from the Company's management relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee meets at least three times a year and has unrestricted access to the Company's auditor.

Nomination Committee

The Nomination Committee is chaired by Adrian Blair, its other member is Paul Pindar. The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board, performance of Board members, induction of new directors, appointment of committee members and succession planning for senior management. The Nomination Committee is responsible for evaluating the balance of skills, knowledge, diversity and experience on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and makes appropriate recommendations to the Board on such matters. The Nomination Committee prepares a description of the role and capabilities required for a particular appointment. The Nomination Committee meets at least twice a year and otherwise as required.

Remuneration Committee

The Remuneration Committee is chaired by Simon Downing, its other members are Paul Pindar and Adrian Blair. The Remuneration Committee reviews the performance of the Executive Directors and senior management and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the Non-executive Directors of the Company are set by the Board.

The Non-Executive directors do not have any personal interest in the matters to be decided by the committee, or any potential conflicts of interest arising from cross-directorships or day to day involvement in the running of the Company. The Executive directors and other senior personnel may be invited to attend meetings when appropriate to provide advice. However, no director will be present or take part in discussions concerning their remuneration.

Remuneration policy

The Company's policy is that the remuneration package of the Executive Directors should be sufficiently competitive to attract, retain and motivate those directors to achieve the Company's objectives without making excessive payments.

Basic salary and benefits

Base salaries will be reviewed annually by the Remuneration Committee, and adjusted where appropriate to reflect performance, changed responsibilities and/or market conditions.

Service contracts and letters of appointment

The Company's policy is for all of the Executive Directors to have twelve month rolling service contracts. All Non-Executive Directors are salaried. They are not eligible for bonuses, pension benefits, share options or other benefits, save where compulsory by law. The Directors are indemnified to the full extent permitted by statute. Executive and Non-Executive Directors Remuneration is detailed in note 7 to these financial statements.

Long term equity incentive plan

It is expected that some grants shall be made to the Executive Directors, staff, and a number of LPEs' companies in the coming year to align theirs and shareholders' interests ever more closely.

Corporate Social Responsibility

Equality, Diversity and Rights Purplebricks Group plc maintains a strong commitment to equality and opportunity in our employment policies and practices in the workplace. Through our recruitment and selection processes we seek to attract and retain a diverse and talented workforce. As prescribed by law, we commit that no existing or potential employee will receive less favourable treatment due to their race, creed, nationality, colour, ethnic origin, sexual orientation, gender, gender reassignment, marital status, membership of a trade union, disability, or any other criteria. Whilst the Company does not have a specific human rights policy, it does have statements on Equal Opportunities, Modern Slavery and Anti-bribery that adhere to internationally agreed human rights principles.

Environment Purplebricks Group plc is committed to minimising the environmental impact of its business operations and seeks to actively manage its carbon footprint. As an online business with very limited physical infrastructure and a marketing model that is largely paperless, the Company has a much-reduced environmental impact as compared to traditional real estate agencies. As a relatively new and fast-growing company we will be constantly reviewing our business model and operations to limit the impact we and our customers make in the course of our business in areas such as energy efficiency, waste, recycling, emissions, transport and printing.

Health and Safety The effective management of health and safety across our business is an integral part of our broader business administration requirements. As the business grows we are committed to ensuring appropriate assessment and suitable control of the health and safety risks arising from our work activities for our employees, our customers and our partners.

Charitable and Philanthropic activity An important part of the Purplebricks Group plc culture and ethos is to give back to the public and local communities through the commitment of time, resources and fundraising activities. Our employees are active in raising money or supporting fundraising activities for a wide range of causes both local and national.

Any member of staff can nominate a local project for support by the Purplebricks Foundation Committee. The final projects are chosen by the Foundation Committee, made up of members of the management team and chaired by James Kydd. The Foundation Committee meets periodically.

Approved and signed on behalf of the Board

Michael Bruce, Director
4 July 2018

James Davies, Director
4 July 2018

Independent auditor's report to the members of Purplebricks Group plc

Our opinion on the financial statements is unmodified

We have audited the financial statements of Purplebricks Group plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2018 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statements of changes in equity, the Consolidated and Company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 April 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent 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 as applied to listed entities, 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.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

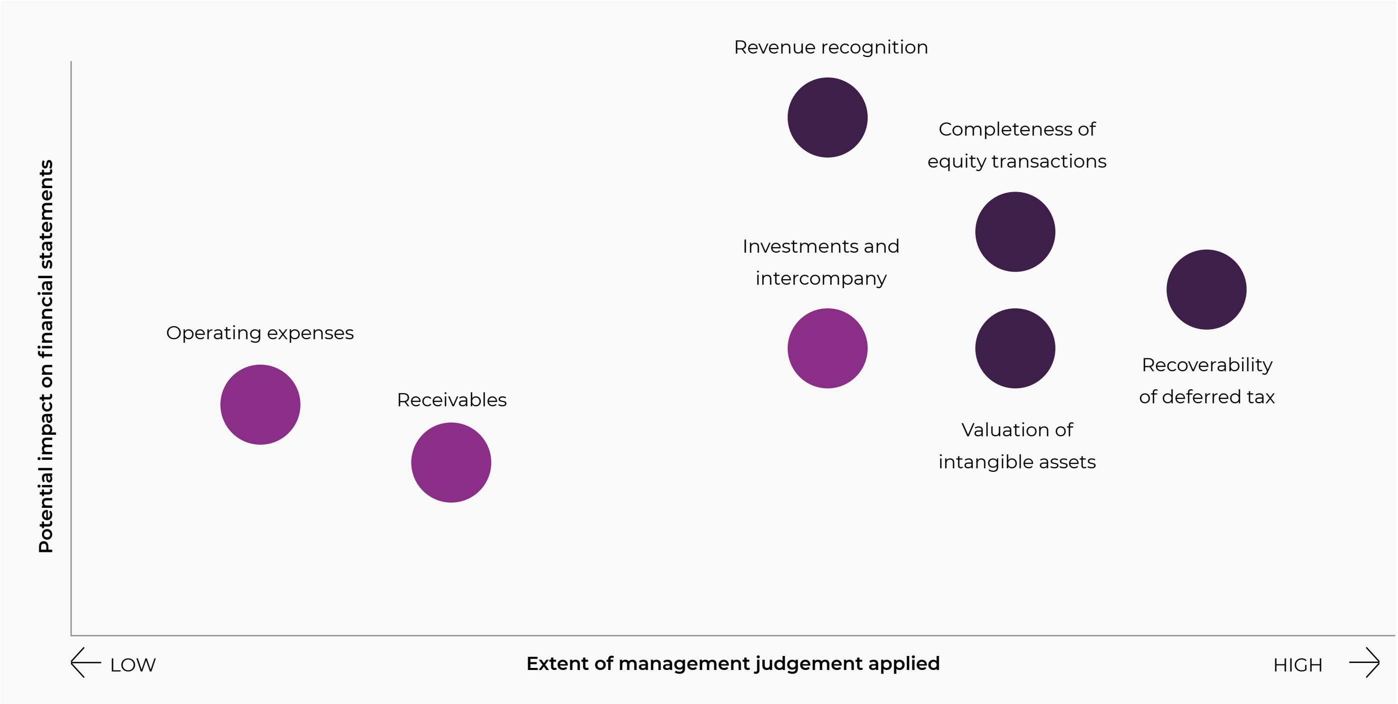
Overview of our audit approach

- Overall Group materiality: £1,395,000, which represents 1.5% of the Group's revenue.
- Key audit matters were identified for the parent Company and Group as; revenue recognition, completeness of equity transactions, valuation of intangible assets and the recoverability of deferred tax.
- We performed full scope audit procedures on UK based operations (Purplebricks Group Plc) and performed targeted audit procedures on its oversees components, Purplebricks Australia Pty Limited and Purplebricks Inc.. Thiswas a change from the previous year where we undertook analytical audit procedures on Purplebricks Inc. We also performed analytical procedures on BFL Property Management Limited.
- As a result of our targeted procedures a key audit matter for revenue recognition was identified in respect of Purplebricks Australia Pty Limited.
- No key audit matters were identified from our targeted approach on Purplebricks Inc.

Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of Directors' judgement.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters for the Group and parent Company

Revenue recognition

Revenue is recognised to the extent that economic benefits will flow to the Group and parent Company and the revenue can be reliably measured.

Revenue is a key driver of the business and is also a significant amount in the financial statements.

We therefore identified revenue recognition (focussing on occurrence) as a significant risk, which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit

Our audit work included, but was not restricted to:

- a reconciliation of monthly order reports to the overall revenue recognised in the year;
- agreeing on a sample basis, from each of the following populations; – instructions, accompanied viewings, tenant checks on behalf of landlords, invoices raised manually and release fees, – the transactions recorded in the ledger to cash receipts;
- agreement of the total revenue recorded in the ledger for each of the following populations; – letting income, mortgage referrals and conveyancing revenue, – to cash receipts; and
- an assessment of refunds posted after the year end and an evaluation of their impact on revenue for the year.

The Group's accounting policy on revenue is shown in note 2.9 to the financial statements and related disclosures are included in note 5.

Key observations

Our testing did not identify any material misstatements in the revenue recognised during the year in accordance with stated accounting policies.

Completeness of equity transactions

Expenditure is recognised for share options on a straight line basis across the vesting period, based on the fair value of the option calculated at the grant date.

The Group and parent Company have multiple share option schemes in place and has granted several share options during the year, therefore we deem there to be a risk around the completeness of the charge on these schemes.

We therefore identified equity completeness as a significant risk, which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit

Our audit work included, but was not restricted to:

- recalculation of the companies share based payment charge based on management's assumptions;
- evaluation and challenge of management estimates used in determining the fair value of options; and
- agreeing, on a sample basis, details of options to option agreements.

The Group's accounting policy on share based payments is shown in note 2.20 and related disclosures are included in note 8.

Key observations

Based on our audit work, we found that there was an error in the current year charge which was understated by £1.3m in the Group and the parent Company. As a result of this issue management have reworked the prior year figures and as a result the brought forward share based payment reserve has been restated with a compensating error in retained earnings of £975k. There was no impact on prior year reported earnings or net assets of the Group or Company.

Valuation of intangible assets

Intangibles assets relating to internally developed software are recognised to the extent that expenditure relates to development and is limited to expected future economic benefits.

The parent Company and Group have invested significant amounts in developing their online platform and the capitalisation of these costs in line with the requirements of IAS 38 was deemed an area of key audit focus, as there is a risk that intangible asset activity is not valid.

We therefore identified valuation of intangible assets as a significant risk, which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit

Our audit work included, but was not restricted to:

- agreeing, on a sample basis, salaries capitalised in the year to staff contracts and an appropriate measure of calculating project periods; and
- evaluation of whether the costs have been appropriately classified as development costs.

The Group's accounting policy on internally generated intangible assets is shown in note 2.16, the judgements at note 3.5 and related disclosures are included in note 13.

Key observations

Based on our audit work, we found the Group's and parent Company's capitalisation of intangibles policy was consistently applied. Th ere are no findings in relation to the capitalisation of intangible assets.

Recoverability of deferred tax

Historic losses and timings differences have given rise to a significant deferred tax asset. The asset is recognised in the Group and parent Company to the amount that expected future profits would be available for relief.

This is a judgemental area therefore we identified deferred tax as a significant risk, which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit

Our audit work included, but was not restricted to:

- assessment of the appropriateness of the Group's forecasts to ascertain future taxable profits;
- challenge of managements assumptions used in the forecasts; and
- testing managements base calculation for deferred tax.

The Group's accounting policy on deferred tax is shown in note 2.11, the judgements at note 3.2 and related disclosures are included in note 9.

Key observations

Based on our audit work there are no findings in relation to the recognition of the deferred tax asset at year-end.

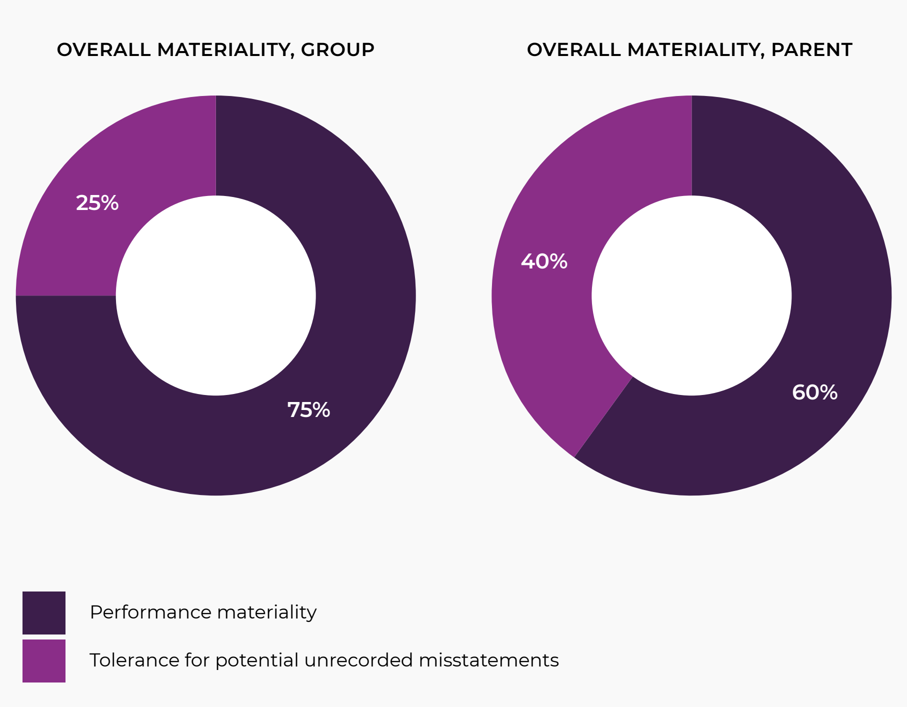
Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

MATERIALITY MEASURE	GROUP	PARENT
Financial statements as a whole	£1,395k, which is 1.5% of the Group's revenue. This benchmark is considered the most appropriate because the Group deems revenue growth to be its key indicator when assessing the performance of the Group. Materiality for the current year is higher than the level that we determined for the year ended 30 April 2017 due to revenue growth in the year.	£1,046k, which is 1.5% of the Company's revenue, restricted to performance materiality for the Group. This benchmark is considered the most appropriate because the Company deems revenue growth to be its key indicator when assessing the performance of the Company. Materiality for the current year is higher than the level that we determined for the year ended 30 April 2017 due to revenue growth in the year.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	60% of financial statement materiality.
Communication of misstatements to the audit committee	£69,750 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£52,300 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph right illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Group's business, its environment and risk profile. We performed full scope audit procedures on UK based operations (Purplebricks Group Plc).

The Group has operations in Australia, Purplebricks Australia Pty Limited, the USA, Purplebricks Inc, and Liverpool, BFL Property Management Limited. The summary of our approach to the operations can be seen below.

We performed targeted audit procedures on the material balances of Purplebricks Inc and Purplebricks Australia Pty Limited. Our current year audit approach on Purplebricks Inc represents a change from the prior year where an analytical audit approach was taken. This is due to the growth of Purplebricks Inc which resulted in certain balances becoming material to the Group and targeted audit procedures have been performed on these balances.

	Percentage of Group Revenue	Audit Approach
Purplebricks Inc	2%	Targeted
Purplebricks Australia PTY Limited	14.5%	Targeted
BFL Property Management Limited	2%	Analytical

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 3 to 66, 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. In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent 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.

Matters on which we are required to report by exception

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 for the financial statements

As explained more fully in the statement of director's responsibilities set out on page 26, 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 Group's and the parent 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 Group or the parent 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

David White, Senior Statutory Auditor
for and on behalf of Grant
Thornton UK LLP,
Statutory Auditor, Chartered Accountant
Birmingham
5 July 2018

Consolidated statement of comprehensive income

for the year ended 30 April 2018	Note	FY 2018 £000	FY 2017 £000
Revenue		**93,697**	46,706
Cost of Sales		**(41,107)**	(20,857)
Gross profit		**52,590**	25,849
Administrative and establishment expenses		**(35,195)**	(13,640)
Marketing costs		**(42,142)**	(18,219)
Loss from operating activities	6	**(24,747)**	(6,010)
Loss from operating activities before adjustments:		**(20,033)**	(4,693)
Share based payment charge	8	**(3,458)**	(917)
Amortisation of intangibles	13	**(1,256)**	(400)
Loss from operating activities		**(24,747)**	(6,010)
Finance (expense)/income and other charges	11	**(1,492)**	55
Fair value movement in respect of derivatives	18	**60**	(104)
Loss on ordinary activities before taxation		**(26,179)**	(6,059)
Taxation on loss on ordinary activities	9	**(887)**	3,054
Loss for the year		**(27,066)**	(3,005)
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		**(490)**	116
Total other comprehensive income		**(490)**	116
Total comprehensive loss		**(27,556)**	(2,889)
Losses per share			
Basic and diluted loss per share	10	**(10p)**	(1p)

The accompanying accounting policies and notes form an integral part of these financial statements.

All losses and other comprehensive income relate to continuing operations and are attributable to equity shareholders of the parent.

Consolidated statement of financial position

at 30 April 2018

	Note	FY 2018 £000	FY 2017 £000
Non-current assets			
Property, plant and equipment	12	**1,054**	718
Intangible assets	13	**4,434**	2,757
Goodwill	14	**2,606**	2,606
Deferred tax asset	9	**3,068**	3,087
		11,162	9,168
Current assets			
Tax receivable	9	**306**	-
Trade and other receivables	16	**9,380**	4,865
Cash and other cash equivalents		**152,846**	71,330
		162,532	76,195
Current liabilities			
Trade and other payables	17	**(15,624)**	(7,301)
Deferred income	17	**(3,467)**	(2,307)
Derivative financial instruments	18	**(44)**	(104)
		(19,135)	(9,712)
Net current assets		**143,397**	66,483
Total assets less current liabilities		**154,559**	75,651
Non-current liabilities			
Deferred tax liabilities	9	**(142)**	(244)
Net assets		**154,417**	75,407

		2018 £000	2017 Restated £000
Equity			
Share capital	19	**3,019**	2,705
Share premium	20	**176,400**	74,901
Share based payments reserve		**4,545**	1,669
Foreign exchange reserve		**(374)**	116
Retained earnings		**(29,173)**	(3,984)
Total Equity		**154,417**	75,407

These financial statements were approved and authorised for issue by the Board of directors on 4 July 2018 and were signed on its behalf by:

Michael Bruce, Director

James Davies, Director

Company Registration Number 08047368

The accompanying accounting policies and notes form an integral part of these financial statements.

Company statement of financial position

at 30 April 2018

	Note	FY 2018 £000	FY 2017 £000
Non-current assets			
Property, plant and equipment	12	**743**	564
Intangible assets	13	**3,565**	1,614
Investment in subsidiaries	15	**22,150**	3,574
Deferred tax asset	9	**2,893**	2,893
		29,351	8,645
Current assets			
Tax receivable	9	**306**	-
Trade and other receivables	16	**22,524**	11,245
Cash and other cash equivalents		**149,684**	69,941
		172,514	81,186
Current liabilities			
Trade and other payables	17	**(8,767)**	(6,437)
Deferred income	17	**(2,743)**	(1,821)
Financial liabilities	18	**(44)**	(104)
		(11,554)	(8,362)
Net current assets		**160,960**	72,824
Total assets less current liabilities		**190,311**	81,469
Net assets		**190,311**	81,469

		2018	2017 Restated
		£000	£000
Equity			
Share capital	19	**3,019**	2,705
Share premium	20	**176,400**	74,901
Share based payments reserve		**4,545**	1,669
Retained earnings		**6,347**	2,194
Total Equity		**190,311**	81,469

The parent Company profit for the year was £2,276k (2017: profit of £3,173k).

These financial statements were approved and authorised for issue by the Board of directors on 4 July 2018 and were signed on its behalf by:

Michael Bruce, Director

James Davies, Director

Company Registration Number 08047368

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated statement of changes in equity

for the year ended 30 April 2018

	Share Capital	Share Premium	Share based payment reserve	Foreign exchange reserve	Retained Earnings	Total Equity
	£000	£000	£000	£000	£000	£000
At 1 May 2017 - Restated (note 2.21)	2,705	74,901	1,669	116	(3,984)	75,407
Issue of shares	278	99,722	-	-	-	100,000
Cost of share issue charged to share premium account	-	(650)	-	-	-	(650)
Exercise of options	36	2,427	(582)	-	582	2,463
Tax in respect of share options	-	-	-	-	1,295	1,295
Share based payment charge	-	-	3,458	-	-	3,458
Transactions with owners	314	101,499	2,876	-	1,877	106,566
Loss for the year	-	-	-	-	(27,066)	(27,066)
Exchange differences on translation of foreign operations	-	-	-	(490)	-	(490)
Total comprehensive loss	-	-	-	(490)	(27,066)	(27,556)
At 30 April 2018	**3,019**	**176,400**	**4,545**	**(374)**	**(29,173)**	**154,417**

for the year ended 30 April 2017

	Share Capital	Share Premium	Share based payment reserve	Foreign exchange reserve	Retained Earnings	Total Equity
	£000	£000	£000	£000	£000	£000
At 1 May 2016 as previously reported	2,403	25,887	331	-	(558)	28,063
Effect of misstatements	-	-	975	-	(975)	-
At 1 May 2016 - Restated (note 2.21)	**2,403**	**25,887**	**1,306**	**-**	**(1,533)**	**28,063**
Issue of shares	227	49,773	-	-	-	50,000
Cost of share issue charged to share premium account	-	(1,209)	-	-	-	(1,209)
Exercise of options	75	450	(554)	-	554	525
Share based payment charge	-	-	917	-	-	917
Transactions with owners	302	49,014	363	-	554	50,233
Loss for the year	-	-	-	-	(3,005)	(3,005)
Exchange differences on translation of foreign operations	-	-	-	116	-	116
Total comprehensive loss	-	-	-	116	(3,005)	(2,889)
At 30 April 2017 - Restated (note 2.21)	**2,705**	**74,901**	**1,669**	**116**	**(3,984)**	**75,407**

Company statement of changes in equity

for the year ended 30 April 2018

	Share Capital £000	Share Premium £000	Share based payment reserve £000	Retained Earnings £000	Total Equity £000
At 1 May 2017 - Restated (note 2.21)	2,705	74,901	1,669	2,194	81,469
Issue of shares	278	99,722	-	-	100,000
Cost of share issue charged to share premium account	-	(650)	-	-	(650)
Exercise of options	36	2,427	(582)	582	2,463
Tax in respect of share options	-	-	-	1,295	1,295
Share based payment charge	-	-	3,458	-	3,458
Transactions with owners	314	101,499	2,876	1,877	106,566
Profit for the year	-	-	-	2,276	2,276
Total comprehensive profit	-	-	-	2,276	2,276
At 30 April 2018	**3,019**	**176,400**	**4,545**	**6,347**	**190,311**

for the period ended 30 April 2017

	Share Capital £000	Share Premium £000	Share based payment reserve £000	Retained Earnings £000	Total Equity £000
At 1 May 2016 as previously reported	2,403	25,887	331	(558)	28,063
Effect of misstatements	-	-	975	(975)	-
At 1 May 2016 - Restated (note 2.21)	2,403	25,887	1,306	(1,533)	28,063
Issue of shares	227	49,773	-	-	50,000
Cost of share issue charged to share premium account	-	(1,209)	-	-	(1,209)
Exercise of options	75	450	(554)	554	525
Share based payment charge	-	-	917	-	917
Transactions with owners	302	49,014	363	554	50,233
Profit for the year	-	-	-	3,173	3,173
Total comprehensive profit	-	-	-	3,173	3,173
At 30 April 2017 - Restated (note 2.21)	**2,705**	**74,901**	**1,669**	**2,194**	**81,469**

Consolidated statement of cash flows

for the year ended 30 April 2018

	FY 2018 £000	FY 2017 £000
Loss for the year after taxation	**(27,066)**	(3,005)
Adjustments for:		
Amortisation of intangible assets	**1,256**	400
Depreciation	**425**	167
Loss on disposal of fixed assets	**-**	1
Share based payment charge	**3,458**	917
Debt factoring finance cost	**1,724**	-
Interest income	**(232)**	(55)
Non-designated foreign exchange forward contracts	**(60)**	104
Taxation	**906**	(3,054)
Operating cash outflow before changes in working capital	**(19,589)**	(4,525)
Movement in trade and other receivables	**(4,515)**	(1,708)
Movement in trade and other payables	**8,323**	1,576
Movement in deferred income	**1,161**	1,546
Net cash outflow utilised in operating activities	**(14,620)**	(3,111)
Cash flow from investing activities		
Purchase of property, plant and equipment	**(761)**	(586)
Proceeds from sale of property, pant and equipment	**-**	1
Development expenditure capitalised	**(2,292)**	(1,422)
Purchase of intangible assets	**(641)**	(195)
Acquisition of subsidiary net of cash acquired	**-**	(3,295)
Net cash flow utilised in investing activities	**(3,694)**	(5,497)
Cash flow from financing activities		
Debt factoring finance cost	**(1,724)**	-
Interest income	**232**	55
Issue of shares	**102,462**	50,525
Costs of issue of share	**(650)**	(1,209)
Net cash flow from financing activities	**100,320**	49,371
Net increase in cash and cash equivalents	**82,006**	40,763
Effect of foreign exchange rates	**(490)**	91
Cash and cash equivalents at beginning of year	**71,330**	30,476
Cash and cash equivalents at the end of the year	**152,846**	71,330

The accompanying accounting policies and notes form an integral part of these financial statements.

Company statement of cash flows

for the year ended 30 April 2018	FY 2018 £000	FY 2017 £000
Profit for the year after taxation	**2,276**	3,173
Adjustments for:		
Amortisation of intangible assets	**975**	373
Depreciation	**313**	148
Loss on disposal of fixed assets	**-**	-
Share based payment charge	**2,369**	917
Debt factoring finance cost	**1,724**	-
Interest income	**(235)**	(55)
Non-designated foreign exchange forward contracts	**(60)**	104
Taxation	**989**	(2,893)
Operating cash inflow before changes in working capital	**8,351**	1,767
Movement in trade and other receivables	**(10,750)**	(8,275)
Movement in trade and other payables	**2,331**	1,202
Movement in deferred income	**922**	1,061
Net cash inflow/(outflow) utilised in operating activities	**854**	(4,245)
Cash flow from investing activities		
Purchase of property, plant and equipment	**(491)**	(496)
Proceeds from sale of property, pant and equipment	**-**	1
Development expenditure capitalised	**(2,292)**	(1,422)
Purchase of intangible assets	**(633)**	(195)
Acquisition of subsidiary net of cash acquired	**-**	(3,549)
Capital injection into subsidiaries	**(18,018)**	-
Net cash flow utilised in investing activities	**(21,434)**	(5,661)
Cash flow from financing activities		
Debt factoring finance cost	**(1,724)**	-
Interest income	**235**	55
Issue of shares	**102,462**	50,525
Costs of issue of share	**(650)**	(1,209)
Net cash flow from financing activities	**100,323**	49,371
Net increase in cash and cash equivalents	**79,743**	39,465
Cash and cash equivalents at beginning of year	**69,941**	30,476
Cash and cash equivalents at the end of the year	**149,684**	69,941

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements

1. GENERAL INFORMATION

Purplebricks Group plc is a public company limited by shares registered in England and Wales. The address of the Company's registered office is Purplebricks Group plc, Suite 7, First Floor, Cranmore Place, Cranmore Drive, Shirley, Solihull, West Midlands, B90 4RZ. The Company is primarily involved in the estate agency business.

On 24 March 2017 the Group acquired 100 per cent of the issued share capital of BFL Property Management Limited. On 29 March 2016 Purplebricks Group plc incorporated a wholly owned subsidiary, Purplebricks Australia PTY Ltd, a Company registered in Australia. On 10 March 2017, Purplebricks Group plc incorporated a wholly owned subsidiary Purplebricks Inc, a company registered in the United States.

On 2 July 2018 we announced that we had entered into an agreement to acquire one of Canada's leading commission-free real estate brands, DuProprio/ComFree, giving the Group an established presence in a new market.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are set out below.

2.1 Basis of preparation

The Company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and those parts of the Companies Act 2006 that apply to companies reporting in accordance with IFRSs.

The consolidated financial statements have been prepared under the historical cost convention subject to recognising certain financial instruments at fair value.

The Company has taken advantage of section 408 of the Companies Act and not included its own income statement in these financial statements.

2.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have prepared a monthly forecast to 31 July 2019 for the existing Group excluding the recent Canadian acquisition of DPCF (detailed in the CFO report and note 27), which on the basis of the assumptions made, show that the Group can operate with its existing resources. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance that may arise as a result of current economic conditions and other risks faced by the Group show that the UK Company is likely to continue being profitable and cash generative during the year ended April 2019. The Group achieving profitability and cash generation is likely to be delayed by virtue of international expansion in Australia, USA and the recently acquired DPCF which will reduce the Company's cash through loans to these subsidiaries. The impact of the acquisition of DPCF is an initial outflow of £29.3m followed by a further investment of up to £15m. At the financial year-end the Company reported cash balances of £153 million. The directors have performed sufficient sensitivity analysis to be satisfied that the going concern basis of preparation is appropriate.

Accordingly, the directors believe that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April 2018. The Company controls an entity when the Group is exposed to, or has rights to, variable returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company. Total comprehensive income of the subsidiaries is attributable to the owners of the Company.

Accounting policies of subsidiaries which differ from Group accounting policies are adjusted on consolidation. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.4 Business combinations and goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss as incurred.

Goodwill is measured as the excess fair value of the consideration transferred over the fair value of the identifiable net assets acquired. If the total of consideration transferred, and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase gain.

Goodwill is capitalised as an intangible asset and is not amortised but tested for impairment annually and when there are any indications that its carrying value is not recoverable. As such, goodwill is stated at cost less any provision for impairment in value. For impairment testing purposes, goodwill is allocated to cash-generating units ('CGUs'). If a subsidiary undertaking is subsequently sold, goodwill arising on acquisition is taken into account in determining the profit or loss on sale.

2.5 Functional and presentation currency

The individual financial statements of each group company are presented in the currency of the primary economic environment in which operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each group company are expressed in GBP, which is the functional currency of the Company, and the presentation currency for the consolidation.

2.6 Foreign currencies

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

2.7 Foreign exchange on consolidation

On consolidation, assets and liabilities of undertakings whose functional currency is other than sterling are translated into sterling at the year end exchange rates. The results of these undertakings are translated into sterling at average rates of exchange for the year. Exchange differences arising on retranslation are recognised through other comprehensive income in the foreign exchange reserve.

2.8 Segmental reporting

The Group trade is managed as a single division, providing services relating to the sale and letting of properties. However management report to the Board using geographical segments being UK, Australia and USA. The financial information reviewed by the Board is materially the same as that reported under IFRS.

2.9 Revenue

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

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

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

Instructions

Fees earned on instruction of residential property are accounted for as the Group's obligations are completed.

The Group recognises an initial element of the instruction fee when the property is listed for sale. The Group recognises the balance of the instruction fee over time as the Group's obligations relating to activities subsequent to the listing of advertisement are completed.

Accompanied viewings

Accompanied viewings revenue is recognised over time as the Group fulfils its obligations. The Group uses a portfolio approach to measure completion of its obligations.

Conveyancing

The Group earns commission on introduction of vendors and buyers to solicitors. Revenue is recognised when the Group has completed its obligations and the consideration receivable is assured. This commission is received on completion of sale, therefore can give rise to accrued income.

Lettings

Fees charged to landlords in exchange for identifying a tenant for their rental properties are recognised at the point that the tenant moves in.

Fees charged to landlords in exchange for the ongoing management of their rental properties are recognised over the period of the tenancy.

2.10 Pension benefits

The Group introduced a contributory UK pension scheme under auto enrolment in July 2017 and accounts for expenses on an accruals basis.

2.11 Taxation

Current tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Current income tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods that remain unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Repayable tax credits relating to research and development expenditure arising under the HMRC R&D regime for small and medium sized businesses are recognised within current tax.

Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit on initial recognition. Deferred tax assets and liabilities are calculated, without discounting, at tax rates and laws that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is foreseeable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are always provided for in full, deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

2.12 Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and impairment charges.

Depreciation is calculated to write off the cost of property, plant and equipment less the estimated residual value on a straight-line basis over the expected useful economic life of the assets concerned. Estimated residual values are revised annually.

The useful lives over which these assets are depreciated are:

- computer equipment – over 3 years
- motor vehicles – over 3 years
- fixtures and fittings – over 5 years

2.13 Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

2.14 Leases

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any to be borne by the lessee.

All other leases are treated as operating leases. Payments under operating lease agreements are recognised as an expense on a straight line basis over the period of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred. The Group does not act as a lessor.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand together with other short-term, highly liquid deposits which are not subject to any risk of changes in value.

2.16 Internally developed intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred and is only incurred in respect of the Group's software platform.

An internally generated intangible asset arising from the Group's development activity is recognised in the statement of financial position when the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- its 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.
- its 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.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The useful lives over which these assets are amortised are:

- computer software – straight line over 3 years
- capitalised software – straight line over 3 years

Amortisation is included within administrative expenses

2.17 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). See note 13 for details of these assets, arising on the acquisition of BFL Property Management Limited in the prior year (see note 1).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The useful lives over which these assets are amortised are:

- customer relationships – straight line over 5 years
- patents and trademarks – straight line over 18 months

2.18 Impairment

The carrying amount of the Group's assets including property, plant and equipment and intangibles is reviewed at each year end date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

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 the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss where it relates to an amount charged to profit or loss.

2.19 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. See note 22 for further details.

Financial assets

The Group has financial assets in the loans and receivables category. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition at fair value these are measured at amortised cost using the effective interest method, less provision for impairment. The Group's trade and other receivables fall into this category of financial instruments.

Invoice factoring arrangements

The Group utilises factoring services in relation to customer receivables and during the year changed provider. Under both arrangements, the Group does not retain significant risks and rewards with regard to those customer receivables, and therefore no receivables are recognised on the balance sheet under either arrangement. The Group does not have visibility of remaining outstanding customer balances. Due to differences in the commercial terms of the two agreements, under IAS 39 the fees payable in respect of our current partner are reflected in the income statement as invoice factoring charges, whereas the fees payable to the previous partner are shown within cost of sales.

Trade and other receivables are reviewed for impairment on an individual basis when they are past due at the year-end date or when objective evidence is received that a third party will default or that a receivable will be impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities and equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. The only equity instrument applicable to the Company is its issued share capital.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities at amortised cost'.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to foreign exchange rate risk via foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 22.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2.20 Share based payments

The Group operates an equity settled share option programme which allows employees and LPEs to acquire shares of the Company. The fair value of options granted is recognised as an income statement expense with a corresponding increase in equity. The fair value is measured using the Black-Scholes model at grant date. The expense is allocated over the vesting period of each tranche of options granted. The expense is calculated net of a churn assumption which reflects the best available estimate of the total number of share options expected to vest. A 5% increase or decrease in the churn assumption used in this financial year would have decreased or increased respectively in the share based payment charge by £220,000. The relevant deferred tax amount is calculated at each reporting date over the vesting period equivalent to the expected tax deduction on future exercise, and is recognised if appropriate (see deferred tax accounting policy note). Expense in respect of options granted to employees of subsidiaries of the Company is debited to the cost of investment of the subsidiary by which they are employed. An element of the share based payment cost of UK based employees who perform Group roles is allocated to and recharged to the overseas entities, on a similar basis to salary and other related cost.

2.21 Share based payments reserve

This comprises the cumulative share based payment charge recognised in profit or loss in relation to equity-settled options, net of transfers of charge on exercise of options to the profit and loss reserve.

There was an error in the brought forward share based payment reserve at both 1 May 2016 and 1 May 2017, with an equal and opposite compensating error in retained earnings at £975k. This error, which was due to the incorrect application of the vesting period of the options resulting in an understatement of the SBP expense recognised, has been restated. There was no impact on reported earnings or net assets.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. Information about significant areas of estimation and critical judgments that have the most significant impact on the financial statements are described in the following notes:

Estimates

3.1 Measurement of intangible assets

The Group recognises an intangible asset in respect of software developed in house (see "Judgements" section below). This software is a key part of the Group's operating model and value proposition. Management are required to estimate the time and related value attributable to the element of the development team that relates to developing intangible assets which meet the criteria for capitalisation in IAS 38. Because the amounts spent on the development team are material, a significant change in this estimate could have a significant effect on the value of costs capitalised. The impact of a change to this estimate could result, at the most extreme, in a – 2% or +5% change to administrative and establishment expenses for this year ended. Further details are included at note 13.

3.2 Measurement of deferred tax assets

The Group has potential deferred tax assets, principally in the form of tax losses and potential tax deductions relating to the exercise of share based payments, but deferred tax assets are only recognised to the extent it is probable that sufficient future taxable income will be available against which the losses and deductions can be utilised. The area of estimation in respect of deferred tax assets, therefore, relates to the uncertainty inherent in forecasting future taxable profits which is essentially is especially pronounced given the short history and high-growth situation of the Group, which is yet to produce an established track record of profitability. The relevant amount, that is, the deferred tax assets recognised, has been determined using forecasts of future taxable profits over a 2 year period and after applying a substantial reduction to sensitise for downside risk. If our view of future taxable profits were to change materially in future, either positively or negatively, then this could have a material impact on the income statement credit or charge. Depending on the length of the forecast period taken into account and the scale of the downside reduction applied, at the extreme the amount of the deferred tax asset could range from 0% to 100%. The deferred tax assets recognised in the balance sheet are expected to be recovered within 2 years. Preference has been given to recognising deferred tax assets relating to tax losses, rather than share scheme deductions, because the quantum of tax losses is fixed, where the quantum of future share scheme deductions is highly sensitive to the share price at the point of exercise and, therefore, less certain. Further details are included at note 9.

3.3 Share based payments

The Group has granted in the current and previous years share options, which represent a significant part of its overall remuneration strategy. The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of each option at grant is measured using the Black-Scholes model and once set is not revisited. In calculating the required income statement charge, management also make an estimate of the total number of options likely to vest, which is based on past experience. This assumption is re-assessed over the life of each option grant. If the pattern of behaviour of option holders were to vary significantly from past experience, then this could have a significant impact on the share based payment charge. The impact could be either a decrease or an increase. Further details are included at note 8.

3.4 Revenue recognition

The basis on which the Group recognises revenue in respect of its various activities is set out in the accounting policies note. Certain of the Group's activities involve providing services to customers over a period of time in exchange for a single fee. In these cases, management exercises judgement in estimating the proportion of the fee which relates to its activities at different stages of serving these customers and recognises revenue in accordance with the value of services provided. Were these estimates to change significantly, then a significant reassessment of revenue, either an increase or a decrease, might be required.

Judgments

3.5 Intangible assets

The Group recognises an intangible asset in respect of software developed in house. This software is a key part of the Group's operating model and value proposition. Because the Group's software engineers work on both value enhancing assets and on maintenance of existing systems, management are required to form a judgment as to what element of the cost of the development team relates to developing intangible assets which meet the criteria for capitalisation in IAS 38. Management make this judgement using internal management tools which track development projects. Because the amounts spent on the development team are material, a significant change in this judgement could have a significant effect on the value of costs capitalised. Further details are included at note 13.

3.6 Impairment

Determining whether goodwill, investments or intercompany balances are impaired requires an estimation of the value in use of the cash-generating units to which value has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and to apply a suitable discount rate in order to calculate present value. The assumptions and sensitivities applied by management in determining whether there is any impairment are set out in notes 13, 14 and 15.

3.7 Invoice factoring arrangements

The Group utilises factoring services and during the year changed provider. Management are required make a judgement as to whether the risks and rewards of the relevant receivables remain with the Group or transfer to the service provider under the terms of the arrangement, and therefore whether said receivables should be recognised by the Group under IAS 39. Because the amounts of the receivables are likely to be significant, a change in this judgement would result in a significant, equal increase to both current assets and current liabilities.

3.8 Underlying items

Non-underlying items are material items which arise from unusual non-recurring or non-trading events. They are disclosed separately in the Consolidated Income Statement where in the opinion of the Directors such disclosure is necessary in order to fairly present the results for the period.

Non-underlying items comprise:

a. Intangible amortisation
The amortisation of intangible assets arising from business combinations is non–cash in nature and, unlike other assets, is not expected to result in a future capital cost to the business in relation to replacement or renewal.

b. Share based payment
Share based payment is non–cash in nature and, unlike other assets, is not expected to result in a future cost to the business.

4. NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been applied early by the Group. Management anticipates that the following pronouncements relevant to the Group's operations will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement, once adopted by the EU:

- IFRS 16 Leases (effective 1 January 2019)
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective 1 January 2018)
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018)
- Annual improvements to IFRS 2014-2016 Cycle – Relating to IFRS 1 First time adoption of IFRS and IAS 28 Investment in associates and joint ventures (effective 1 January 2018)
- Annual improvements to IFRS 2014-2016 Cycle – Relating to IFRS 12 Disclosure of interest in other entities (effective 1 January 2018)
- IFRIC Interpretation 22 Foreign currency transactions and advance considerations (effective 1 January 2018)
- Amendments to IAS 40: Transfers of investment property (effective 1 January 2018).
- IFRS 9 Financial Instruments is effective for periods beginning on or after 1 January 2018. Management have assessed the main areas of relevance of accounting for financial instruments as far as they relate to the Group to be hedge accounting and derecognition of financial assets. Management do not anticipate any change in accounting on adoption of IFRS 9.
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018). For financial years commencing after 1 January 2018 IFRS 15 replaces the existing revenue recognition standard IAS 18. The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a contract based five step analysis of transactions to determine whether, how much and when revenue is recognised, this includes the matching of stand-alone selling prices to the satisfaction of performance obligations. The directors are currently assessing the impact on each of the Group's various revenue streams and have not yet quantified the impact of any adjustment. IFRS 15 includes a choice as to transitional adjustments on initial application and the directors have chosen to restate comparatives.

There are other standards in issue which are not considered applicable and are not expected to have an impact on the Group and have therefore not been included in the list above.

5. SEGMENTAL REPORTING

The Group trade is managed as a single division, providing services relating to the sale and letting of properties however management report to the Board using geographical segments. The financial information reviewed by the Board is materially the same as that reported under IFRS and falls under the three geographic locations it owns a Company in: UK, Australia and the US. During the year, no customer contributed 10% or more of the Group's revenues (2017: none).

The following is an analysis of the Group's revenue and results by reporting segment:

Year ended 30 April 2018	UK	AUSTRALIA	US	CONSOLIDATED
	£000	£000	£000	£000
Revenue	78,118	13,540	2,039	93,697
Cost of sales	(33,067)	(7,286)	(754)	(41,107)
Gross profit	45,051	6,254	1,285	52,590
Gross profit margin (%)	58%	46%	63%	56%
Administrative expenses	(19,487)	(7,306)	(8,402)	(35,195)
Marketing expenses	(21,388)	(11,355)	(9,400)	(42,143)
Operating profit/(loss)	4,176	(12,407)	(16,517)	(24,748)
Depreciation & amortisation	1,601	58	22	1,681
EBITDA	5,777	(12,349)	(16,495)	(23,067)
Share based payments	2,369	593	496	3,458
Adjusted EBITDA	8,146	(11,756)	(15,999)	(19,609)

Year ended 30 April 2017	UK	AUSTRALIA	US	CONSOLIDATED
	£'000	£'000	£'000	£'000
Revenue	43,188	3,518	-	46,706
Cost of sales	(18,946)	(1,911)	-	(20,857)
Gross profit	24,242	1,607	-	25,849
Gross profit margin (%)	56%	46%	0%	55%
Administrative expenses	(9,659)	(3,915)	(66)	(13,640)
Marketing expenses	(14,387)	(3,805)	(27)	(18,219)
Operating profit/(loss)	197	(6,114)	(93)	(6,010)
Depreciation & amortisation	551	16	-	567
EBITDA	747	(6,098)	(93)	(5,444)
Share based payments	917	-	-	917
Adjusted EBITDA	1,664	(6,098)	(93)	(4,527)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2.

Segment assets and liabilities by location	**2018**	2017
	£000	£000
NON CURRENT ASSETS		
UK	**29,469**	8,743
Australia	**139**	71
US	**90**	-
Consolidation adjustments	**(18,536)**	354
Total	**11,162**	9,168
TOTAL ASSETS		
UK	**203,486**	90,096
Australia	**2,735**	2,912
US	**3,020**	-
Consolidation adjustments	**(35,547)**	(7,645)
Total	**173,694**	85,363
TOTAL LIABILITIES		
UK	**13,015**	8,710
Australia	**10,569**	8,908
US	**11,547**	93
Consolidation adjustments	**(15,854)**	(7,755)
Total	**19,277**	9,956

6. LOSS FROM OPERATING ACTIVITIES

Loss from operating activities for the year has been arrived at after charging:

	2018 £000	2017 £000
Auditor's remuneration:		
Audit of group financial statements	**85**	51
Audit of subsidiaries	**17**	19
Audit related assurance services	**-**	2
Amounts received by auditors and their associates in respect of:		
Taxation compliance	**30**	21
Taxation advisory	**110**	4
Taxation legal services	**7**	-
Depreciation and other amounts written off PPE:		
Owned, in respect of continuing activities	**425**	167
Amortisation of development costs	**936**	370
Amortisation of software	**39**	3
Amortisation of other intangibles	**281**	27
Aggregate charge against income in respect of research & development costs not eligible for capitalisation	**759**	474
Rentals payable under plant and machinery operating leases	**55**	24
Leasehold property rentals	**569**	200

The aggregate charge in respect of research and development represents the total cost incurred during the year, less amounts capitalised in accordance with IAS 38: Intangible Assets.

7. STAFF COSTS

The average number of persons employed by the Group during the year was as follows:

	2018 £000	2017 £000
Sales & Marketing	**376**	181
Technical	**99**	42
Administration	**94**	16
	569	239

The aggregate payroll costs of the persons employed by the Group, including the directors, were as follows

	2018 £000	2017 £000
Wages and salaries	**18,936**	8,123
Social security	**1,771**	771
Pension	**71**	-
Share based payment charge	**2,458**	806
	23,236	9,700

The average number of persons employed by the Company during the year was as follows:

	2018 £000	2017 £000
Sales & Marketing	261	169
Technical	77	38
Administration	48	4
	386	211

The aggregate payroll costs of the persons employed by the Company, including the directors, were as follows

	2018 £000	2017 £000
Wages and salaries	9,149	6,322
Social security	1,166	613
Pension	71	-
Share based payment charge	1,404	806
	11,790	7,741

The following table provides details of remuneration paid to directors of the Company

	2018 £000	2017 £000
Salaries or fees, including bonus	477	365
Employers national insurance	59	56
Share based payment charge	651	179
	1,187	600

The highest paid director received remuneration of £811,000 (2017: £242,000) during the year.
No director had a material interest in any contract in relation to the business of the Group.
In addition to the 10 directors (2017: 5), 9 senior management (2017: 8) are also considered to be key management personnel.

The following table provides details of remuneration paid to key management personnel, being 19 individuals (2017: 13 individuals):

	2018 £000	2017 £000
Salaries or fees, including bonuses and employers national insurance	1,835	1,088
Share based payment charge	1,410	387
	3,245	1,475

The remuneration of the Directors for the years ended 2018 and 2017 was as follows:

2018	Salary & fees £000	Taxable benefits £000	Annual bonuses £000	Share based payments £000	Pension £000	Total £000
Executive directors						
M P D Bruce	150	-	-	38	-	188
J R Davies	199	-	-	612	-	811
N R Cartwright	38	-	-	1	-	39
A Blair	-	-	-	-	-	-
S Downing	-	-	-	-	-	-
A Wiele	-	-	-	-	-	-
M Wroe	-	-	-	-	-	-
Non- executive directors						
P R M Pindar	30	-	-	-	-	30
N S Discombe	30	-	-	-	-	30
W E Whitehorn	30	-	-	-	-	30
Total	**477**	**-**	**-**	**651**	**-**	**1,128**

2017	Salary & fees	Taxable benefits	Annual bonuses	Share based payments	Pension	Total
	£000	£000	£000	£000	£000	£000
Executive directors						
M P D Bruce	150	-	-	92	-	242
N R Cartwright	125	-	-	87	-	212
Non- executive directors						
P R M Pindar	30	-	-	-	-	30
N S Discombe	30	-	-	-	-	30
W E Whitehorn	30	-	-	-	-	30
Total	365	-	-	179	-	544

8. SHARE BASED PAYMENTS

The Company operates an HMRC approved executive management incentive plan (EMI), an employee share ownership plan (ESOP) and a licensee share option plan (LSOP).

The vesting conditions for schemes 1, 2 and 4 are based on length of service with 25% of the options vesting on or after the 12 month anniversary of the employee's start date and a further 6.25% vesting every three months thereafter so that options vest in full on the 48 month anniversary of the employee or licensee's start date.

The vesting conditions for schemes 6 to 13 are based on future service from the date of grant, with between 25% and 33% of the options vesting on or after either the 12 or 24 month anniversary of the grant, and a further vesting every three months thereafter so that options vest in full on the 48 month anniversary of the date of grant to the employee or the licensee.

The Company also operates an unapproved executive incentive plan (Scheme 5). The vesting conditions are based on length of service with 25% of the options vesting on or after the 12 month anniversary of the employee's start date and a further 6.25% vesting every three months thereafter so that options vest in full on the 48 month anniversary of the employee's start date.

Details of the total number of shares under option at the year end and conditions on qualification and exercise are set out below:

Grant date	Scheme No	Type of scheme	Employees/ Licensees entitled	Number of options outstanding	Performance conditions	Exercise Price	Earliest exercise date	Expiry date
09.01.2015	1	EMI	7	87,973	Length of service	£0.01	09.01.2015	09.01.2025
10.07.2015	2	EMI	6	441,326	Length of service	£0.13	10.07.2015	10.07.2025
10.08.2015	4	EMI	10	266,636	Length of service	£0.13	10.08.2015	10.08.2025
06.11.2015	5	EMI	5	3,524,076	Length of service	£0.01	06.11.2016	06.11.2026
29.06.2016	6	ESOP/LSOP	65	4,155,703	Length of service	£1.29	29.06.2017	29.06.2027
05.12.2016	7	ESOP/LSOP	175	2,851,744	Length of service	£1.25	05.12.2017	05.12.2027
04.01.2017	8	ESOP	3	1,450,000	Length of service	£1.40	04.01.2018	04.01.2028
05.03.2017	9	ESOP/LSOP	147	2,107,502	Length of service	£3.10	05.03.2018	05.03.2028
29.06.2017	10	ESOP/LSOP	2	1,400,000	Length of service	£3.05	29.06.2018	29.06.2028
06.09.2017	11	ESOP/LSOP	44	753,000	Length of service	£4.69	06.09.2018	06.09.2028
19.12.2017	12	ESOP/LSOP	93	2,460,000	Length of service	£3.79	19.12.2018	19.12.2028
05.03.2018	13	ESOP/LSOP	26	575,000	Length of service	£4.15	05.03.2019	05.03.2029

3,472,967 share options were exercised during the year (2017: 7,121,414). The number and weighted average exercise price of share options are as follows:

	Weighted average exercise price 2018	Number of options 2018	Weighted average exercise price 2017	Number of options 2017
Outstanding at start of period	**£1.04**	**19,715,516**	£0.04	14,256,430
Granted during the period	**£3.79**	**5,418,000**	£1.62	12,580,500
Exercised during the period	**£0.71**	**(3,472,967)**	£0.07	(7,121,414)
Lapsed during the period	**£1.60**	**(1,587,588)**	-	-
Outstanding at end of period	**£1.85**	**20,072,961**	£1.04	19,715,516
Exercisable at end of period	**£0.70**	**3,932,788**	£0.05	2,364,068

The weighted average share price at the date of exercise of options was £3.95.

The weighted average remaining contractual life of the options is 8.5 years (2017: 9.1 years).

Options outstanding at 30 April 2018 for schemes 1 and 5 have an exercise price of £0.01 (2017: £0.01). The weighted average remaining contractual life of the options is 7.5 years (2017: 8.4 years).

Options outstanding at 30 April 2018 for schemes 2 and 4 have an exercise price of £0.13 (2017: £0.13). The weighted average remaining contractual life of the options is 7.1 years (2017: 8.3 years).

Options outstanding at 30 April 2018 for scheme 6 have an exercise price of £1.29 (2017: £1.29). The weighted average remaining contractual life of the options is 8.2 years. (2017: 9.2 years).

Options outstanding at 30 April 2018 for scheme 7 have an exercise price of £1.25 (2017: £1.25). The weighted average remaining contractual life of the options is 8.6 years. (2017: 9.7 years).

Options outstanding at 30 April 2018 for scheme 8 have an exercise price of £1.40 (2017: £1.40). The weighted average remaining contractual life of the options is 8.7 years. (2017: 9.7 years).

Options outstanding at 30 April 2018 for scheme 9 have an exercise price of £3.10 (2017: £3.10). The weighted average remaining contractual life of the options is 8.9 years. (2017: 9.9 years).

Options outstanding at 30 April 2018 for scheme 10 have an exercise price of £3.05 (2017: not applicable). The weighted average remaining contractual life of the options is 9.2 years. (2017: not applicable).

Options outstanding at 30 April 2018 for scheme 11 have an exercise price of £4.69 (2017: not applicable). The weighted average remaining contractual life of the options is 9.4 years. (2017: not applicable).

Options outstanding at 30 April 2018 for scheme 12 have an exercise price of £3.76 (2017: not applicable). The weighted average remaining contractual life of the options is 9.6 years. (2017: not applicable).

Options outstanding at 30 April 2018 for scheme 13 have an exercise price of £4.15 (2017: not applicable). The weighted average remaining contractual life of the options is 9.8 years. (2017: not applicable).

Fair value assumptions of share based payments

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of fair value is measured using the Black-Scholes model. Details of the fair value of share options granted in the period and the prior period, together with the assumptions used in determining the fair value are summarised below.

The volatility assumption, measured at the standard deviation of expected share price movements, is based on a review of volatility used by listed companies in the same sector.

	30th April 2018	30th April 2017
Weighted average share price at the date of grant	**£4.08**	£1.62
Weighted average exercise price	**£3.78**	£1.62
Weighted average contractual life (years)	**10**	10
Weighted average expected volatility	**31.5%**	27.0%
Weighted average risk free interest rate	**1.5%**	1.5%
Total fair value of options granted (£000)	**£6,776**	£20,334

Charge to income statement

The charge to income statement, included within the administrative expenses, comprises:	2018 £000	2017 £000
Share-based payment charge	**3,458**	917

9. TAXATION

GROUP	2018 £000	2017 £000
Current tax (charge)/credit		
Current year	**(1,053)**	-
Adjustments in respect of prior years	**(242)**	
R&D tax credit relating to prior years	**306**	-
Total current tax	**(989)**	-
Deferred tax (charge)/credit		
Current year	**63**	1,201
Adjustments in respect of prior year	**39**	1,853
Total deferred tax	**102**	3,054
Total (charge)/credit for the year	**(887)**	3,054

Reconciliation of effective tax rate

The tax (charge)/credit for the period differs from the standard rate of corporation tax in the UK during the year of 19% (2017: 20%). The differences are explained below. The tax reconciliation for the prior year has been reanalysed to amalgamate certain items to give a better understanding of key factors affecting the tax position.

	2018 £000	2017 £000
Profit/(Loss) before taxation	**(26,179)**	(6,059)
Tax calculated at UK corporate tax rate (19%, 2017: 20%)	**4,974**	1,212
Effects of:		
Differences between UK and non-UK corporate tax rates	**1,743**	604
Non-deductible and non-taxable items	**(281)**	(181)
Utilisation of previously unrecognised deferred tax assets	**64**	192
Other changes in unrecognised deferred tax assets	**(7,335)**	1,227
Changes in tax rates	**(155)**	-
Deferred tax prior year adjustment	**39**	-
Current tax prior year adjustment	**(242)**	-
R&D tax credit relating to prior years	**306**	-
Total tax (charge) / credit for the year	**(887)**	3,054

UK:

The UK corporation tax rate for the year was 19%. A reduction in the rate to 17% from 1 April 2020 has been substantively enacted. Additionally, new legislation which will restrict the use of brought forward losses has been substantively enacted in the UK. Whilst it is not expected that this legislation will affect the ability to use brought forward UK tax losses, it may extend the period over which they can be utilised.

US:

Wide ranging new US tax legislation (Tax Cuts and Jobs Act) has been passed into law which includes various significant changes to the US corporate tax code. A principal measure is a reduction in the main rate of US corporate tax from 35% to 21%, effective from 1 January 2018.

Deferred tax assets / liabilities are measured at the rate at which they are expected to reverse or be used.

Tax included in changes in equity

GROUP	2018 £000	2017 £000
Deferred tax	-	-
Current tax	1,295	-
Total tax (charge) / credit	1,295	-

Deferred tax assets and liabilities		
Recognised deferred tax		
Assets	3,068	3,087
Liabilities	(142)	(244)
Net deferred tax asset	2,926	2,843

GROUP	ASSETS				LIABILITIES		
	Tax losses	Fixed asset timing differences	Other timing differences	Share based payments	Fixed asset timing differences	Other timing differences	Total
2018	£000	£000	£000	£000	£000	£000	£000
At 1 May	3,020	48	19	-	(244)	-	2,843
Included in the income statement	67	(48)	(19)	-	102	-	102
Currency variations	(19)	-	-	-	-	-	(19)
At 30 April	3,068	-	-	-	(142)	-	2,926

GROUP	ASSETS				LIABILITIES		
	Tax losses	Fixed asset timing differences	Other timing differences	Share based payments	Fixed asset timing differences	Other timing differences	Total
2017	£000	£000	£000	£000	£000	£000	£000
At 1 May	-	-	-	-	-	-	-
Acquisition of Subsidiaries	-	-	-	-	(211)	-	(211)
Included in the income statement	3,020	48	19	-	(33)	-	3,054
At 30 April	3,020	48	19	-	(244)	-	2,843

COMPANY	ASSETS				LIABILITIES		
	Tax losses	Fixed asset timing differences	Other timing differences	Share based payments	Fixed asset timing differences	Other timing differences	Total
2018	£000	£000	£000	£000	£000	£000	£000
At 1 May	2,836	38	19	-	-	-	2,893
Included in the income statement	57	(38)	(19)	-	-	-	-
At 30 April	**2,893**	**-**	**-**	**-**	**-**	**-**	**2,893**

COMPANY	ASSETS				LIABILITIES		
	Tax losses	Fixed asset timing differences	Other timing differences	Share based payments	Fixed asset timing differences	Other timing differences	Total
2017	£000	£000	£000	£000	£000	£000	£000
At 1 May	-	-	-	-	-	-	-
Included in the income statement	2,836	38	19	-	-	-	2,893
At 30 April	**2,836**	**38**	**19**	**-**	**-**	**-**	**2,893**

A proportion of the total potential deferred tax assets in the UK, Australia and the US have not been recognised due to insufficient certainty that there will be relevant profits available in the near future to utilise them. The unrecognised element of these deferred tax elements is given below.

The value of the future deduction for share based payments (options) is dependent on the share price at the point of exercise, therefore its value is highly uncertain. A significant proportion of the value of any future credit for the recognition or use of these unrecognised deferred tax assets would be taken to equity, rather than to the Income statement.

Unrecognised deferred tax assets

GROUP	2018 Gross Value £000	2018 Unrecognised Tax value £000	2017 Gross Value £000	2017 Unrecognised Tax value £000
Tax losses	**50,257**	**11,316**	19,846	4,189
Share based payments	**19,442**	**3,305**	17,774	3,199
Fixed asset timing differences	**520**	**90**	-	-
Other timing differences	**111**	**33**	-	-
	70,330	**14,744**	37,620	7,388

COMPANY	2018 Gross Value £000	2018 Unrecognised Tax value £000	2017 Gross Value £000	2017 Unrecognised Tax value £000
Tax losses	**18,214**	**3,096**	14,740	2,653
Share based payments	**19,442**	**3,305**	17,774	3,199
Fixed asset timing differences	**507**	**86**	-	-
Other timing differences	**-**	**-**	-	-
	38,163	**6,487**	32,514	5,852

10. LOSSES PER SHARE

	2018 Basic And Diluted	2017 Basic And Diluted
Loss £000	**(27,066)**	(3,005)
Weighted average number of shares	**273,072**	249,811
Loss per share (£)	**(0.10)**	(0.01)

Diluted loss per share is equal to the basic loss per share as a result of the Group recording a loss for the year, which cannot be diluted.

The table below reconciles the weighted average number of shares:

Weighted average number of shares 2017	249,811
Weighted average issue of new shares including from exercise of options	23,261
Weighted average number of shares 2018	**273,072**

11. FINANCE (EXPENSE)/INCOME AND OTHER CHARGES

	2018 £000	2017 £000
Interest income	**232**	55
Invoice factoring charges	**(1,724)**	-
Finance (expense)/income and other charges	**(1,492)**	55

12. PROPERTY, PLANT AND EQUIPMENT

GROUP	Computer equipment £000	Furniture & fittings £000	Motor vehicles £000	Total £000
Cost				
Balance at 1 May 2016	212	87	-	299
Additions	469	116	-	585
Acquired on acquisition of subsidiary	-	61	22	83
Disposals	(1)	-	-	(1)
Balance at 30 April 2017	680	264	22	966
Additions	490	271	-	761
Balance as 30 April 2018	**1,170**	**535**	**22**	**1,727**
Depreciation				
Balance at 1 May 2016	(69)	(12)	-	(81)
Charge for the year	(130)	(36)	(1)	(167)
Balance at 30 April 2017	(199)	(48)	(1)	(248)
Charge for the year	**(309)**	**(109)**	**(7)**	**(425)**
Balance as 30 April 2018	**(508)**	**(157)**	**(8)**	**(673)**
Net book value				
At 30 April 2018	**662**	**378**	**14**	**1,054**
At 30 April 2017	**481**	**216**	**21**	**718**

COMPANY	Computer equipment £000	Furniture & fittings £000	Total £000
Cost			
Balance at 1 May 2016	212	87	299
Additions	429	67	496
Disposals	(1)	-	(1)
Balance at 30 April 2017	640	154	794
Additions	282	210	492
Balance as 30 April 2018	**922**	**364**	**1,286**
Depreciation			
Balance at 1 May 2016	(69)	(13)	(82)
Charge for the year	(125)	(23)	(148)
Balance at 30 April 2017	(194)	(36)	(230)
Charge for the year	(263)	(50)	(313)
Balance as 30 April 2018	**(457)**	**(86)**	**(543)**
Net book value			
At 30 April 2018	**465**	**278**	**743**
At 30 April 2017	**446**	**118**	**564**

13. INTANGIBLE ASSETS

GROUP	Internally Generated Intangible £000	Capitalised Software £000	Patents And Trademark £000	Customer Relationships £000	Total £000
Cost					
Balance at 1 May 2016	514	-	-	-	514
Additions	-	195	-	-	195
Acquired on acquisition of subsidiary	-	-	100	1,071	1,171
Internally developed	1,422	-	-	-	1,422
Disposal	-	(2)	-	-	(2)
Balance at 30 April 2017	1,936	193	100	1,071	3,300
Addition	-	641	-	-	641
Disposals	-	-	-	-	-
Exchange movement	-	-	-	-	-
Internally developed	2,292	-	-	-	2,292
Balance at 30 April 2018	**4,228**	**834**	**100**	**1,071**	**6,233**
Amortisation					
Balance at 1 May 2016	(143)	-	-	-	(143)
Amortisation for the year	(370)	(3)	(6)	(21)	(400)
Balance at 30 April 2017	(513)	(3)	(6)	(21)	(543)
Amortisation for the year	(936)	(39)	(67)	(214)	(1,256)
Balance at 30 April 2018	(1,449)	(42)	(73)	(235)	(1,799)
Net carrying value					
Balance at 30 April 2018	**2,779**	**792**	**27**	**836**	**4,434**
Balance at 30 April 2017	**1,423**	**190**	**94**	**1,050**	**2,757**

The internally generated intangible asset relates to capitalised development costs in respect of the customer facing Purplebricks software platform.

Intangible assets are amortised over their useful economic lives. In the case of the internally developed intangible asset, amortisation is charged on a straight line basis over three years. The useful economic life of the brand names is 18 months and the customer relationships are 5 years. Capitalised software is amortised over three years on a straight line basis. The remaining useful lives of each asset are in keeping with the amortisation policy.

COMPANY	Internally Generated Intangible £000	Capitalised Software £000	Total £000
Cost			
Balance at 1 May 2016	514	194	708
Internally developed	1,422	-	1,422
Disposal	-	-	-
Balance at 30 April 2017	1,936	194	2,130
Addition	-	634	634
Internally developed	2,292	-	2,292
Balance at 30 April 2018	4,228	828	5,056
Amortisation			
Balance at 1 May 2016	(143)	-	(143)
Amortisation for the year	(370)	(3)	(373)
Balance at 30 April 2017	(513)	(3)	(516)
Amortisation for the year	(936)	(39)	(975)
Balance at 30 April 2018	(1,449)	(42)	(1,491)
Net carrying value			
Balance at 30 April 2018	**2,779**	**786**	**3,565**
Balance at 30 April 2017	1,423	191	1,614

14. GOODWILL

GROUP	£000
Cost	
At 1 May 2017 and 30 April 2018	2,606
Carrying amount	
At 30 April 2018	**2,606**
At 30 April 2017	2,606

On completion of acquisition and at the year end the goodwill was reviewed for impairment and the Group will test annually for impairment going forward. The recoverable amounts of the goodwill are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period.

The discount rate used was 15% and the growth rate used was 2% or less based on the Office for Budget Responsibility growth forecasts contained within the March 2017 economic and fiscal outlook. A 5% increase or decrease to any of the key assumptions would not have changed the impairment review conclusion.

The Group has conducted a sensitivity analysis on the impairment test of goodwill and the group of units carrying value. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 3 years and extrapolates cash flows for the following three years based on an estimated growth rate that does not exceed the average growth rate for the industry.

At the year end the fair value of goodwill was substantially in excess of its book value.

15. INVESTMENT IN SUBSIDIARIES

COMPANY	£000
Cost	
1 May 2017	3,574
Capital injected into subsidiaries	18,018
Share based payment charge in respect of employees of subsidiaries	558
At 30 April 2018	22,150
Carrying amount	
At 30 April 2018	**22,150**
At 30 April 2017	3,574

The Group consists of a Parent Company, Purplebricks Group plc, incorporated in the UK and a number of subsidiaries held directly by Purplebricks Group plc, which operate and are incorporated around the world.

During the year Company made capital injections into its subsidiaries in Australia and the US, reflective of the Group's long term financial commitment to our continuing overseas expansion whilst strengthening the local balance sheets.

The Group has conducted a sensitivity analysis on the impairment test of investments in subsidiaries and the group of units carrying value. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 3 years. Discounted cash flows are extrapolated for the following three years based on estimated growth rates that do not exceed the average growth rate for the industry, and discount rates of 12-14%.

At the year end the fair value of investments in subsidiaries was substantially in excess of its book value.

Information about the principal subsidiaries of the Group at the end of the reporting period is as follows:

Name	Place of incorporation	Proportion of ownership interest	Proportion of voting power held
BFL Property Management Limited	UK	100%	100%
Purplebricks Inc.	USA	100%	100%
Purplebricks Australia PTY Limited	Australia	100%	100%

16. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Trade and other receivables	**4,258**	2,641	**2,010**	2,341
Amount owned by group undertakings	**-**	-	**16,407**	7,363
Prepayments	**2,198**	1,326	**1,267**	653
Accrued income	**2,924**	898	**2,840**	888
	9,380	4,865	**22,524**	11,245

An element of trade receivables shown above are due when the earlier of certain events occur which could be longer than one month. At the balance sheet date this contingency does not facilitate quantification, however the maximum relevant value could be £1m due in a maximum of 5 months. All other trade and other receivables are short-term and due in less than one month. The amounts owed by group companies are repayable on demand. The directors consider that the carrying amount of trade receivables approximates to their fair value. All trade and other receivables have been reviewed for indications of impairment.

Of the total trade receivables shown above, no amounts (2017: £nil) are past due and none are impaired.

17. TRADE AND OTHER PAYABLES

Trade and other payables	GROUP		COMPANY	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Trade payables	**8,209**	3,573	**3,378**	2,471
Other taxation and social security	**2,038**	1,215	**1,988**	1,103
Amount owed to group undertakings	**-**	-	**-**	748
Accruals	**5,377**	2,513	**3,401**	2,115
	15,624	7,301	**8,767**	6,437
Deferred income	**3,467**	2,307	**2,743**	1,821
	19,091	9,608	**11,510**	8,258

All trade and other payables are short-term. The directors consider that the carrying amount of trade and other payables approximates to their fair value.

18. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into contracts for foreign exchange forwards in order to secure a protected AUS:GBP and USD:GBP exchange rate.

Trade and other payables	GROUP		COMPANY	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Foreign exchange forward contracts - carried at fair value through profit or loss				
Balance at start of period	**104**	-	**104**	-
Loss/(gain) in movement in fair value through profit or loss	**(60)**	104	**(60)**	104
Balance at end of period	**44**	104	**44**	104

Maturity analysis of foreign exchange forward contracts	GROUP		COMPANY	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Less than 1 year	**44**	104	**44**	104
	44	104	**44**	104

Further details of derivative financial instruments are provided in note 22.

19. SHARE CAPITAL

	Number	Nominal value	2018	2017
			£000	£000
Allotted, issued and fully paid:				
Class:				
Ordinary	301,843,009	£0.01	**3,019**	2,705
			3,019	2,705

During the year the Company issued a total of 31,342,098 shares of £0.01p each at par, for total consideration of £102,463,000. There were directly attributable costs associated with these issues of £650,000.

Axel Springer

On 26 March 2018 the Group announced a strategic investment of £125m by Axel Springer including proceeds from a subscription in new shares of approximately £100 million which would augment the Company's existing cash resources of £51.7 million (as at 28 February 2018) and allow Purplebricks to accelerate its strategic plans as follows: (i) An accelerated roll-out in the US; (ii) Entry into new geographic markets; and (iii) Fund technological innovation and expansion of Purplebricks' service offering.

20. SHARE PREMIUM

Allotted, issued and fully paid:	**£000**
Balance at 1 May 2016	25,887
Premium arising on issue of equity shares	50,223
Expenses of issue of equity shares	(1,209)
Balance at 30 April 2017	74,901
Premium arising on issue of equity shares	99,722
Cost of share issue	(650)
Premium arising on exercise of share options	2,427
Balance at 30 April 2018	**176,400**

21. RESERVES

Share based payment reserve

The share based payment reserve represents all current and prior period share based payment charges less the exercise of share options.

Retained earnings

Retained earnings includes all current and prior period retained profits and losses.

Share premium

The amount paid to the Company by shareholders, in cash or other consideration, over and above the nominal value of shares issued to them.

Foreign exchange reserve

The foreign exchange reserve records exchange differences arising from the translation of the financial statements of foreign operations. Upon disposal of foreign operations, the related accumulated exchange differences are recycled to the income statement.

22. FINANCIAL INSTRUMENTS

Capital risk management

Capital management objectives are to ensure the Company's ability to continue as a going concern and to provide a return to shareholders.

The capital structure of the Company currently consists of cash and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. The Company's Audit Committee reviews the capital structure as part of its risk analysis. As part of this review, the Committee considers the cost of capital and the risks associated with each class of capital.

The Company is not subject to externally imposed capital requirements.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables
- Derivative financial instruments

The Group held the following financial assets at each reporting date:

Loans and receivables

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Trade and other receivables:				
Current	**7,182**	3,539	**21,257**	10,592
Cash and cash equivalents	**152,846**	71,330	**149,684**	69,941
	160,028	74,869	**170,941**	80,533

Shortly after 30 April 2018 a total of £35m was transferred into a fixed term deposit account to be held until May 2019, and £15m was transferred into a fixed term deposit account to be held until February 2019.

The Group held the following financial liabilities at each reporting date:

Financial liabilities

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Held at amortised cost:				
Trade and other payables	**13,586**	6,086	**6,779**	5,334
	13,586	6,086	**6,779**	5,334
Held at fair value through profit or loss:				
Derivative financial instrument - foreign exchange forward contracts	**(44)**	104	**(44)**	104
	13,542	6,190	**6,735**	5,438

The derivative was designated as fair value through profit or loss on initial recognition.

Fair value of financial instruments

The fair value of the financial instruments set out above is not materially different from the book value.

It is the policy of the Group to enter into USD and AUD forward foreign exchange contracts to manage currency risk in relation to the Group's funding requirements for its US and Australian subsidiaries. Due to the low complexity of the derivative contracts, hedge accounting has not been applied and is not considered necessary.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During each of the reporting periods, there were no transfers between valuation levels

Fair Values	GROUP		COMPANY	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Financial liabilities				
Forward contract – Level 2	**44**	104	**44**	104

Financial risk management

The Group is exposed through its operations to the following financial risks:

- Liquidity risk
- Interest rate risk
- Credit risk
- Foreign currency risk

The Group's policies for financial risk management are outlined below.

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate cash reserves and by monitoring forecast and actual cash flows to ensure cash is available to meet financial liabilities as they fall due. Sufficient cash is retained in immediate access accounts whilst cash surplus to short term requirements is deposited in notice accounts and fixed term deposits. Liquidity risk is managed through regular senior review of performance versus an integrated profit and loss, balance sheet and cash flow model. Sensitivities are applied to this model to ensure the Company has early warning of any manifestation of liquidity risk and communicate any such risk to investors in a timely and accurate manner.

The following is an analysis of the contractual undiscounted cash flows payable under financial liabilities. The table includes principal only cash flows in respect of trade and other payables.

Trade and other payables	GROUP		COMPANY	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Trade payables and accruals due within one month	**11,718**	5,062	**6,576**	4,565
Trade payables and accruals due within three months	**3,906**	1,024	**2,192**	769
Trade and other payables	**15,622**	6,086	**8,768**	5,334

Interest rate sensitivity analysis

Interest rate risk is the risk that the value of the future cash flows of a financial instrument will fluctuate due to changes in market rates. At the year end date there was no material exposure to movement in interest rates as the Group has no borrowings or other financial assets or liabilities linked to interest rates.

Credit risk management

Sale of receivables

In order to manage both liquidity requirements and credit risk, the Company has a committed facility with a third party finance house, whereby customer receivables in respect of customers who utilise the Company's "pay later" option are sold immediately to the finance house. The receivables are sold at a discount to face value on non-recourse terms, and the discount retained by the finance house represents its fee for administering the collection of receivables. There are thresholds built into the facility agreement which allow the fee/discount to be revised upwards or downwards on a prospective only basis (i.e. in relation to the sale of receivables arising in the future) if actual credit and funding cost experience differs significantly from the initial assumptions that were used to set the fee.

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Company's credit risk is primarily attributable to its trade receivables. As discussed under "Sale of Receivables" above, credit risk is managed in the UK via a non-recourse receivable sale arrangement and a similar arrangement applies in Australia. In the US, at present the Group manages "pay later" receivables itself and has an excellent history with no significant trade receivables written off as irrecoverable, by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The Company has an excellent history with no material trade receivables written off as irrecoverable.

The credit risk on liquid funds is minimised because the counterparties are UK banks with high credit-ratings assigned by international credit-rating agencies.

Foreign currency risk management

A significant part of the Group's transactions are carried out in pound sterling (GBP). Exposures to currency exchange rates arise from the

Group's trading activity carried out by its overseas operations, which is primarily denominated in Australian dollars (AUD) and US dollars (USD) for the year ended 30 April 2018. The Company holds AUD and USD denominated loans with its Australian and US subsidiaries which are the result of funding planned, early stage losses and marketing expenses. The Group anticipates material losses in US dollars (USD) over the next two years as it starts operating in the US.

To mitigate the Group's exposure to foreign currency risk, planned non-GBP funding requirements in relation to its US and AUS subsidiaries are monitored and forward foreign exchange contracts are entered into in relation to those planned funding cashflows, in line with the Group's risk management policies.

The Group does not enter into forward exchange rate contracts to mitigate the exposure to foreign currency translation risk on the Group's AUD and USD loans. The loans carry a commercial rate of interest and are therefore not designated at fair value. Additionally, the Group does not hedge translation risk in relation to the financial statements of its overseas subsidiaries.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed in the table below. The sensitivity of the profit and equity in regards to the Group's financial assets and financial liabilities and the AUD/GBP and USD/GBP exchange rates is also disclosed.

This assumes a +/-9% change of the AUD/GBP rate and a +/ – 11% change of the USD/GBP rate for the year ended 30 April 2018. This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months.

30 April 2018	AUD $000	USD $000	AUD +/- 9% (£000)	US +/- 11% (£000)
Trade and other receivables	2,668	1,311	132	105
Cash and cash equivalents	2,064	1,881	102	150
Trade and other payables	(5,255)	(5,426)	(259)	(434)
Deferred income	(928)	(296)	(46)	(24)
	(1,451)	**(2,530)**	**(71)**	**(203)**

30 April 2017	AUD $000	USD $000	AUD +/- 9% (£000)	US +/- 11% (£000)
Trade and other receivables	1,220	-	64	-
Cash and cash equivalents	2,233	-	116	-
Trade and other payables	(2,268)	-	(118)	-
Deferred income	(838)	-	(44)	-
	347	-	18	-

If GBP had strengthened against the AUD by 9% then the net loss for the year would have reduced by £1,057,152.

If GBP has weakened against the AUD by 9% then the net loss for the year would have increased by £1,266,259.

If GBP had strengthened against the USD by 11% then the net loss for the year would have reduced by £1,024,474.

If GBP had weakened against the AUD by 9% then the net loss for the year would have increased by £1,277,715.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

23. RELATED PARTY TRANSACTIONS

The directors have taken the exemption from disclosing transactions with Group companies on the grounds that they are all wholly owned subsidiaries. Related party transactions occur as a result of funding provided to the wholly owned subsidiaries for the purposes of marketing and support from the UK.

Balances with subsidiary undertakings	**As at 30 April 2018**	As at 30 April 2017
	£000	£000
Trade Receivables		
Purplebricks Australia PTY Limited	**7,348**	7,297
Purplebricks Inc.	**8,550**	-
BFL Property Management Limited	**502**	65
	16,400	7,362
Trade Payables		
Purplebricks Australia PTY Limited	**-**	747
Purplebricks Inc.	**7,420**	-
BFL Property Management Limited	**502**	-
	7,922	747

Other related party transactions

Directors' remuneration and key management personnel disclosures can be found in note 7.

Michael Bruce sold 4,444,444 shares in the Company on 25 April 2018 at 360p per share during the current year (2017: none).

Neil Cartwright sold no shares in the Company in the current year (2017: sold 1,000,000 shares on 16 March 2017 at 300.00p per share).

Isabel Bruce sold no shares in the Company in the current financial year (2017: sold 3,666,667 Ordinary shares in the Company on 16 March 2017 at 300p per share).

Will Whitehorn sold no shares in the Company in the current financial year (2017: sold 250,000 Ordinary shares on 16 March 2017 at 300p per share).

Nicholas Discombe sold no shares in the Company in the current financial year (2017: sold 1,600,000 shares at 300p on 19 April 2017).

24 COMMITMENTS

Capital commitments, approved by the Board and existing at 30 April 2018 amounted to £nil (2017:£nil). Total commitments under noncancellable operating leases are as follows:

	2018		2017	
	Land And Buildings	**Other**	**Land And Buildings**	**Other**
	£000	£000	£000	£000
GROUP				
Payable:				
Within one year	**697**	**48**	380	19
In the second to fifth years	**1,349**	**43**	618	6
	2,046	**91**	998	25
COMPANY				
Payable:				
Within one year	**403**	**28**	206	19
In the second to fifth years	**1,009**	**23**	374	6
	1,412	**51**	580	25

Operating leases relate to land, buildings and other assets, such as IT equipment, used to support the operational requirements of the Company.

26. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party as no one investor has a majority shareholding.

27. POST BALANCE SHEET EVENT

On 2 July 2018, Purplebricks announced that it had entered into a conditional agreement to acquire DuProprio/ComFree ("DPCF") from Yellow Pages Digital & Media Solutions Limited, a subsidiary of Yellow Pages Limited, in a transaction that offers a-growth established platform for expansion into the Canadian real estate market. The enterprise value (on a cash free/debt free basis) of CAN$51 million, approximately £29.3 million, is payable in cash at closing, which is expected to occur on or before 6 July 2018, subject to customary adjustments. The valuation is attractive based on DPCF's strong market position in the Canadian real estate sector, impressive revenue growth since launch and its underlying profitability.

DPCF owns and operates one of Canada's leading commission-free real estate services brands. The acquisition by Purplebricks is expected to result in attractive growth opportunities including to grow market share in Canada, enhance customers experience through its market leading model and technology, start capitalising on an extensive buy-side revenue opportunity and introduce aspects of the Purplebricks business model to operate alongside the highly successful digital service offered by DPCF. Purplebricks is targeting an additional investment of up to £15m in DPCF's expansion across Canada over the next two years funded, as before, from the retained profits generated by the province of Quebec and supplemented from the cash reserves of Purplebricks.

DPCF will continue to operate under the existing brands of DuProprio in Quebec and ComFree outside of Quebec, although there will be a strategic opportunity to introduce the Purplebricks brand outside of Quebec in the future. DPCF will continue to be led by the existing highly experienced management team headed by CEO, Marco Dodier, Senior Vice President & CFO, Jean-Bruno Lessard, COO & Vice President Brokerage Operations, Lukas Lhotsky and Marie-Christine Blain, Vice President Legal Affairs and Compliance, who together have been with DPCF for a combined total of 33 years.

Purplebricks Group plc
Registered number 08047368
Cranmore Place, Cranmore Drive,
Shirley, Solihull,
West Midlands B90 4RZ
purplebricks.com