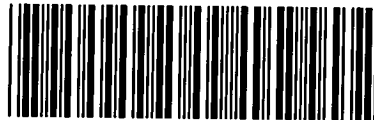


Company Registration No. SC048530 (Scotland)

**EDINBURGH SOLICITORS' PROPERTY CENTRE
LIMITED**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 2020**

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EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

COMPANY INFORMATION

Directors	A Fleming A Diamond P Hilton G Kerr A Pratt M Maloco K Mcluskey C Morgan
Secretary	B Spence
Company number	SC048530
Registered office	107 George Street Edinburgh EH2 3ES
Auditor	RSM UK Audit LLP Chartered Accountants First Floor, Quay 2 139 Fountainbridge Edinburgh EH3 9QG

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2020

The directors present their strategic report and financial statements for the year ended 31 May 2020.

Fair review of the business

For the first 9 months of the year our registration levels were 3% below the same period in the prior year. Our market share was consistent with 2019 which gave us comfort that whilst registration revenue was down by £110k this was being felt across the market. With the coronavirus pandemic leading to a national lockdown on 23rd March, our registration levels fell to nearly nothing due to the restrictions placed on the market. This has resulted in our overall revenue from registrations reducing by 22% (£743k) compared to 2019.

During the year we grew both our customer base and revenue from our BDP estate agency software. This was despite giving our customers a discount during the coronavirus pandemic to support them through the period that the market was effectively closed. Whilst these discounts remain in place until the end of 2020, we remain confident about the long-term prospects of the business.

Our service agreement with Altis Legal Limited ended during the year and the parties involved in the venture agreed to dissolve the company and continue their endeavors in the online conveyancing market separately. We are currently evaluating a variety of options for the future exploitation of the conveyancing software.

During the year we have undertaken an impairment review of all the investments we hold. The results of this review are shown in note 16 to the accounts.

The coronavirus pandemic impacted our revenue significantly in the last quarter of the year. To ensure that the business could continue we took some swift decisions in relation to our costs. We reduced our outdoor marketing spend and focused on online activity only; we did not print our weekly paper; and we took advantage of both the furlough scheme and the rates relief that the Westminster and Scottish governments provided to support businesses through the lockdown.

Principal risks and uncertainties

The main uncertainty our business faces is the level of activity in the property market as our pricing model continues to be on a 'per registration' basis. We monitor the market and our performance closely to allow us to react quickly to any changes which may impact us significantly.

We continue to see fluctuating annual results due to our reliance on revenue from property marketing. As noted below, we have updated our proposition and pricing accordingly and we believe this will stand us in good stead in the coming years.

Key performance indicators

Our market share is a key measure of our performance and we monitor this internally alongside our registration level analysis. During the year we achieved our area growth targets and held our market share in core areas.

The aim of our core diversification strategy is to reduce our reliance on registration income. This year, we saw 5% growth in turnover for ESPC Lettings despite being able to take on no new clients in the last quarter of the year. The percentage of turnover derived from the main revenue stream has remained at 64% in 2019/20.

Our key financial aims are to operate in surplus appropriate for a member-owned organisation and ensure that we have a liquidity ratio greater than 1. Whilst we ended the year with an operating loss of £225k for the year ended 31 May 2020, this was due to the impact of the national lockdown for the last quarter of the year and we have taken steps to ensure that our cost base is aligned with reduced revenues in the coming years. Our liquidity ratio was 2.6.

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

Going concern

As noted above, the coronavirus pandemic has had a significant impact on the business results for the year. To ensure that the business remains able to service our members we have adapted our offering and reduced our fixed cost base on a permanent basis.

With the national lockdown enforcing remote working for staff who could do so, we have taken the decision not to replace our office space when the lease ends early next year. We have undertaken a refurbishment of the 107 George Street premises to refresh the public facing elements and adapt the first floor to provide meeting room space to allow the home working teams to collaborate on an ad hoc basis.

During lockdown, with such limited activity in the market, we did not publish our weekly paper. Not only did this save on costs, the break allowed us to evaluate what our readers want from this marketing channel and we have now replaced the paper with a monthly magazine focused more on providing market commentary and property related content.

Since the market reopened at the end of June, we have seen unprecedented levels of activity from buyers and sellers alike. Our first quarter results are significantly ahead of the same period in the previous year. However we remain cautious, as the full effect of the pandemic on the economy will take some time to crystalize.

We have reviewed all our service offerings and with the changes noted above and other efficiencies we have made across the business we have now reduced our head count through both non-replacement of staff and redundancies. We believe that the changes we have made will minimise the impact on our business if market activity reduces for a prolonged period of time.

On behalf of the board



G Kerr
Director

Date: 24/11/2020

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2020

The directors present their annual report and financial statements for the year ended 31 May 2020.

Principal activities

The principal activity of the company and group continued to be the provision of any service which may assist solicitors in their business generally and, in particular, in selling residential property.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Fleming	
A Diamond	
C Forster	(Resigned 26 November 2019)
A Hartley	(Resigned 26 November 2019)
P Hilton	
G Kerr	
A Pratt	
S Calder	(Resigned 26 November 2019)
M Maloco	
K Mccluskey	
C Morgan	(Appointed 26 November 2019)

Results and dividends

The results for the year are set out on page 7.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



G Kerr
Director

Date: 24/11/2020

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

Opinion

We have audited the financial statements of Edinburgh Solicitors' Property Centre Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2020 which comprise the consolidated statement of income and retained earnings, the consolidated statement of financial position, the company statement of financial position, the consolidated 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 their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 31 May 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Other Information

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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

As explained more fully in the directors' responsibilities statement set out on page 4, 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

Claire Monaghan (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG
01/12/2020

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020 £	2019 £
Turnover	3	6,454,569	8,220,227
Other operating income	4	197,085	-
Staff costs	6	(2,192,514)	(2,508,203)
Depreciation and other amounts written off tangible and intangible fixed assets	9	(221,604)	(262,947)
Bad debts written off	5	(162,199)	-
Other operating expenses		(4,300,313)	(5,159,858)
Operating (loss)/profit	9	(224,976)	289,219
Share of results of associates and joint ventures		41,084	89,225
Other interest receivable and similar income	10	25,533	27,209
(Loss)/gain on disposal of associate or subsidiary		(41,084)	51,006
(Loss)/profit before taxation		(199,443)	456,659
Taxation	11	27,855	(42,836)
(Loss)/profit for the financial year	22	(171,588)	413,823
Retained earnings brought forward		3,351,555	2,937,732
Retained earnings carried forward		3,179,967	3,351,555

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MAY 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	12	224,859		252,679	
Other intangible assets	12	157,384		225,214	
Total intangible assets		382,243		477,893	
Tangible assets	13	227,050		315,607	
Investments	14	8,500		8,500	
		617,793		802,000	
Current assets					
Debtors	17	1,005,683		1,766,028	
Cash at bank and in hand		3,259,322		2,880,476	
		4,265,005		4,646,504	
Creditors: amounts falling due within one year	18	(1,583,863)		(1,936,151)	
Net current assets		2,681,142		2,710,353	
Total assets less current liabilities		3,298,935		3,512,353	
Provisions for liabilities	19	(118,968)		(160,798)	
Net assets		3,179,967		3,351,555	
Capital and reserves					
Profit and loss reserves	22	3,179,967		3,351,555	

The financial statements were approved by the board of directors and authorised for issue on 24/11/2020 and are signed on its behalf by:



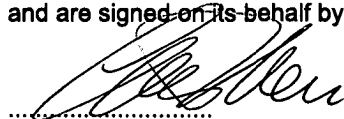
G Kerr
Director

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 MAY 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investments	14		10,000		10,000
			<u> </u>		<u> </u>
Capital and reserves					
Profit and loss reserves	22		10,000		10,000
			<u> </u>		<u> </u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £nil (2019: £nil).

The financial statements were approved by the board of directors and authorised for issue on 24/11/2020 and are signed on its behalf by:



G Kerr
Director

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	23	429,272		327,767	
Income taxes paid		(38,562)		-	
Net cash inflow from operating activities		390,710		327,767	
Investing activities					
Purchase of intangible assets		(43,964)		(44,115)	
Purchase of tangible fixed assets		(5,516)		(2,295)	
Proceeds on disposal of tangible fixed assets		12,083		4,691	
Purchase of subsidiaries		-		(301,442)	
Proceeds on disposal of subsidiaries		-		(44,440)	
Interest received		25,533		27,209	
Net cash used in investing activities		(11,864)		(360,392)	
Net increase/(decrease) in cash and cash equivalents		378,846		(32,625)	
Cash and cash equivalents at beginning of year		2,880,476		2,913,101	
Cash and cash equivalents at end of year		3,259,322		2,880,476	

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

Company Information

Edinburgh Solicitors' Property Centre Limited ("the company") is a private company limited by guarantee, and is registered, domiciled and incorporated in Scotland (SC048530). The registered office is 107 George Street, Edinburgh, Midlothian, EH2 3ES.

The group consists of Edinburgh Solicitors' Property Centre Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention modified to reflect fixed asset investments held at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

Basis of consolidation

The consolidated financial statements incorporate those of Edinburgh Solicitors' Property Centre Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries are consolidated using the purchase method and their results are incorporated from the date that control passes.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies (Continued)

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill.

Going concern

The Covid-19 pandemic resulted in the shutdown of the property market and significantly impacted our final quarter results and initial results in the post balance sheet period.

The directors have prepared detailed group cash flows covering at least a period of 12 months from the anticipated point of sign off of these financial statements, which have been revised to take account of Covid-19. The forecasts continue to show the group holding significant cash reserves.

As noted in the strategic report we have reviewed all our product and service offerings and along with other efficiencies we have made across the business we have reduced our head count through both non-replacement of staff and redundancies. The directors believe that the changes made will minimise the impact on the group if market activity reduces for a prolonged period of time.

Since the market reopened at the end of June, we have seen unprecedented levels of activity from buyers and sellers alike and our post year end trade to date is significantly ahead of the same period in the prior year.

The group manages cash flow on a treasury basis, reviewing cash flow requirements across the group and allocating funds accordingly with corresponding group balances recognised.

The directors with reference to the group cash flow forecast, the significant group cash reserves and current levels of trade, believe that the group and company has adequate resources to continue in operational existence for the foreseeable future. The directors acknowledge the ongoing pandemic as highlighted in the strategic report but do not believe this creates a material uncertainty and continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Property marketing revenue is recognised over the period when services are provided. The services are deemed to be being provided from the date a registration is made active to the date a property ceases to be marketed with the group. The average time to sell a property is reviewed bi-annually and this is considered a key judgement in note 2.

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies (Continued)

Property report income is recognised on provision of the home report service.

Membership and subscription fees are recognised over the period which the subscription covers.

Advertising and schedule income is recognised to the extent that the work has been completed in the period.

Property letting income is recognised in the period during which the management services are provided.

Commission income is recognised when the policy is approved and released by the relevant provider.

Other income consists of a number of items including income derived from management services agreements. All revenue of this nature is recognised in the period during which the services have been provided.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the net assets over which control was assumed. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite life and is amortised on a systematic basis over its expected useful life of 10 years.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Costs that are directly attributable to the development of new business application software and which are incurred during the period prior to the date that the software is placed into operational use, are capitalised. Capitalised development costs are carried at cost, less any identified impairment loss. Amortisation commences when the assets are ready for their intended use.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	1 - 5 years
Development costs	Not depreciated

The directors consider this to be the best estimate of the useful life of the assets.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10 years, or duration of lease if shorter
Fixtures and fittings	5 years
Computers	2 - 5 years
Motor vehicles	5 years

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies (Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Undertakings in which the group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

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

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity Instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries and associates that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies (Continued)

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Government grants

Income from government grants is presented within other operating income. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grant will be received.

Government grants receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Provisions

The directors feel it is appropriate to hold provisions in relation to onerous leases and dilapidations. The onerous lease provision is recognised for the expected future cost of meeting obligations arising from onerous leases, discounted to present value. A dilapidations provision is held for the expected costs to be incurred on the expiry of property leases.

Revenue recognition

ESPC's policy is to bi-annually review how revenue is recognised to account for the fact that at the time of receiving the revenue for registrations, there is still some work to be done on marketing the property in question. An amount is deferred to account for this, and the period it is released over takes into consideration the average period of time a property sale is likely to take given the state of the market at the time.

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Registrations	2,611,787	3,423,647
Advertising & schedule income	603,019	826,646
Member fees	115,927	100,057
Property reports	2,292,315	2,973,330
Other	372,977	439,511
Letting	343,516	326,118
Commissions	115,028	130,918
	<u>6,454,569</u>	<u>8,220,227</u>
	2020 £	2019 £
Other revenue		
Interest income	25,533	27,209
	<u>25,533</u>	<u>27,209</u>
	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	6,454,569	8,220,227
	<u>6,454,569</u>	<u>8,220,227</u>

4 Other operating income

During the year the group received support from the government under the Coronavirus Job Retention Scheme of £92,300 (2019: £nil). The scheme provides for the reimbursement of wages for employees who were placed on furlough leave.

Under the scheme the group applied for the reimbursement of up to 80% of employees' wage costs up to £2,500 per month for wages payable from 1 March 2020. The scheme was accessed by designating affected employees as furloughed or retained on paid leave of absence, notifying employees of these changes, submitting information about these employees and their earnings to HMRC.

Also included in other operating income is £104,785 received in relation to insurance claims in the year.

5 Exceptional costs	2020 £	2019 £
Bad debts written off	162,199	-
	<u>162,199</u>	<u>-</u>

The group wrote off balances due from related parties amounting to £162,199 (2019: £nil).

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

6 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Sales	3	3	-	-
Administration	63	70	-	-
	<u>66</u>	<u>73</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	1,903,751	2,180,638	-	-
Social security costs	164,551	193,640	-	-
Pension costs	124,212	133,925	-	-
	<u>2,192,514</u>	<u>2,508,203</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	290,160	293,220
Company pension contributions to defined contribution schemes	19,275	18,717
	<u>309,435</u>	<u>311,937</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	147,160	140,120
Company pension contributions to defined contribution schemes	12,300	11,650
	<u>159,460</u>	<u>151,770</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

8 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	2,100	2,000
Audit of the financial statements of the company's subsidiaries	17,375	16,550
	<u>19,475</u>	<u>18,550</u>

9 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	92,232	109,201
(Profit)/loss on disposal of tangible fixed assets	(10,242)	32,942
Amortisation of intangible assets	139,614	120,804
Operating lease charges	<u>315,289</u>	<u>312,305</u>

10 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	<u>25,533</u>	<u>27,209</u>
Disclosed on the income statement as follows:		
Other interest receivable and similar income	<u>25,533</u>	<u>27,209</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>25,533</u>	<u>27,209</u>

11 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	-	37,004
Adjustments in respect of prior periods	<u>1,558</u>	-
Total current tax	<u>1,558</u>	<u>37,004</u>

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

11 Taxation (Continued)

Deferred tax		
Origination and reversal of timing differences	(27,047)	5,832
Changes in tax rates	(1,720)	-
Adjustment in respect of prior periods	(646)	-
	<u>(29,413)</u>	<u>5,832</u>
Total deferred tax	<u>(29,413)</u>	<u>5,832</u>
Total tax (credit)/charge	<u>(27,855)</u>	<u>42,836</u>

The total tax (credit)/charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2020	2019
	£	£
(Loss)/profit before taxation	<u>(199,443)</u>	<u>456,659</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(37,894)	86,765
Tax effect of expenses that are not deductible in determining taxable profit	14,274	(13,779)
Tax effect of utilisation of tax losses not previously recognised	-	(15,872)
Adjustments in respect of prior years	1,558	-
Effect of change in corporation tax rate	(3,612)	-
Other permanent differences	-	13
Deferred tax adjustments in respect of prior years	(646)	-
Fixed asset differences	4,701	5,907
Other differences	-	(20,198)
Deferred tax not recognised	1,570	-
Associates results reported net of tax	(7,806)	-
	<u>(27,855)</u>	<u>42,836</u>
Taxation (credit)/charge	<u>(27,855)</u>	<u>42,836</u>

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

12 Intangible fixed assets

Group	Goodwill	Software	Development costs	Total
	£	£	£	£
Cost				
At 1 June 2019	278,179	2,025,171	-	2,303,350
Additions	-	-	43,964	43,964
Disposals	-	(16,093)	-	(16,093)
Transfers	-	29,600	(29,600)	-
At 31 May 2020	278,179	2,038,678	14,364	2,331,221
Amortisation and impairment				
At 1 June 2019	25,500	1,799,957	-	1,825,457
Amortisation charged for the year	27,820	111,794	-	139,614
Disposals	-	(16,093)	-	(16,093)
At 31 May 2020	53,320	1,895,658	-	1,948,978
Carrying amount				
At 31 May 2020	224,859	143,020	14,364	382,243
At 31 May 2019	252,679	225,214	-	477,893

The company had no intangible fixed assets at 31 May 2020 or 31 May 2019.

The amortisation of goodwill and software is recognised in profit or loss for the year and is included within 'depreciation and other amounts written off tangible and intangible fixed assets'.

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

13 Tangible fixed assets

Group	Leasehold improvements £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost					
At 1 June 2019	636,050	85,727	256,882	23,068	1,001,727
Additions	-	4,025	1,491	-	5,516
Disposals	(166,342)	(3,049)	-	(23,068)	(192,459)
At 31 May 2020	469,708	86,703	258,373	-	814,784
Depreciation and impairment					
At 1 June 2019	410,749	67,570	189,731	18,070	686,120
Depreciation charged in the year	40,154	12,555	36,063	3,460	92,232
Eliminated in respect of disposals	(166,066)	(3,022)	-	(21,530)	(190,618)
At 31 May 2020	284,837	77,103	225,794	-	587,734
Carrying amount					
At 31 May 2020	184,871	9,600	32,579	-	227,050
At 31 May 2019	225,301	18,157	67,151	4,998	315,607

The company had no tangible fixed assets at 31 May 2020 or 31 May 2019.

14 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	15	-	-	10,000	10,000
Unlisted investments		8,500	8,500	-	-
		8,500	8,500	10,000	10,000

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

15 Subsidiaries

Details of the company's subsidiaries at 31 May 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
ESPC (UK) Limited	107 George Street, Edinburgh, Midlothian, EH2 3ES	Provision of business services in respect of selling of residential property	Ordinary	100	0
MoveMachine Limited	107 George Street, Edinburgh, Midlothian, EH2 3ES	Production and marketing of property information reports	Ordinary	0	100
Solicitors Property Shops Limited	107 George Street, Edinburgh, Midlothian, EH2 3ES	Dormant	Ordinary	100	0
BDP Technology Ltd	107 George Street, Edinburgh, Midlothian, EH2 3ES	Business and domestic software development	Ordinary	0	100

All of the above named subsidiaries are included in these consolidated financial statements. BDP Technology Ltd and MoveMachine Limited are wholly owned subsidiaries of ESPC (UK) Limited.

By virtue of common control through Board representation, Glasgow Solicitors' Property Centre Limited was included in the consolidation up until the date control was surrendered. Control was in place up until 21 August 2018, when GSPC was put into liquidation. Glasgow Solicitors' Property Centre Limited's profit of £6,186 for the period to 21 August 2018 was included in the group accounts in the prior year.

A previously held dormant subsidiary, DCA Media Limited, was dissolved on 16 April 2019.

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

16 Associates

Details of associates at 31 May 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Altis Legal Ltd	90a George Street, Edinburgh, EH2 3DF	Online conveyancing platform	Ordinary	45.00	-

Altis Legal Ltd was previously a joint venture, with ESPC (UK) Limited holding 50% of the shares, until they amended their articles of association on 10 July 2018 and are now an associate. During the year the value of the investment was written off due to the dissolution agreement signed on 2 March 2020. No profit is expected to be received on the completion of the dissolution. As a result, an impairment of £41,084 was recognised.

17 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	548,636	1,073,244	-	-
Amounts owed by undertakings in which the company has a participating interest	-	24,183	-	-
Other debtors	46,923	131,951	-	-
Prepayments and accrued income	338,120	369,088	-	-
	<u>933,679</u>	<u>1,598,466</u>	<u>-</u>	<u>-</u>
Deferred tax asset (note 20)	58,283	30,090	-	-
	<u>991,962</u>	<u>1,628,556</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year:				
Amounts owed by undertakings in which the company has a participating interest	-	122,500	-	-
Deferred tax asset (note 20)	13,721	14,972	-	-
	<u>13,721</u>	<u>137,472</u>	<u>-</u>	<u>-</u>
Total debtors	<u>1,005,683</u>	<u>1,766,028</u>	<u>-</u>	<u>-</u>

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

18 Creditors: amounts falling due within one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Trade creditors	280,150	613,368	-	-
Corporation tax payable	-	37,004	-	-
Other taxation and social security	230,367	345,400	-	-
Accruals and deferred income	1,073,346	940,379	-	-
	<u>1,583,863</u>	<u>1,936,151</u>	<u>-</u>	<u>-</u>

There is a bond and floating charge by ESPC (UK) Limited over the whole of the assets of that company.

19 Provisions for liabilities

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Provision for dilapidations		90,347	114,406	-	-
Provision for onerous leases		-	15,300	-	-
		<u>90,347</u>	<u>129,706</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities	20	28,621	31,092	-	-
		<u>118,968</u>	<u>160,798</u>	<u>-</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

Group	Provision for dilapidations £	Provision for onerous leases £	Total £
At 1 June 2019	114,406	15,300	129,706
Additional provisions in the year	3,475	-	3,475
Utilisation of provision	(27,534)	(15,300)	(42,834)
At 31 May 2020	<u>90,347</u>	<u>-</u>	<u>90,347</u>

Dilapidations

A provision was made for the expected costs to be incurred on the expiry of property leases. During the year the provision was utilised in relation to leases ended on 31 August 2019 and 5 March 2020.

Onerous leases

A provision was recognised for the expected future costs of meeting obligations arising from onerous leases, discounted to present value. During the year the provision was utilised in relation to leases ended on 31 August 2019 and 5 March 2020.

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

20 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Group				
Accelerated capital allowances	28,621	31,092	13,721	14,972
Short term timing differences	-	-	58,283	30,090
	<u>28,621</u>	<u>31,092</u>	<u>72,004</u>	<u>45,062</u>

The company has no deferred tax assets or liabilities.

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability/(asset) at 1 June 2019	(13,970)	-
Credit to profit or loss	(29,413)	-
Liability/(asset) at 31 May 2020	<u>(43,383)</u>	<u>-</u>

The deferred tax asset of £72,004 (2019: £45,062) is expected to reverse within 12 months. Of this amount £13,721 relates to accelerated capital allowances and £58,283 relates to the group's pension, holiday pay and bonus accruals.

The deferred tax liability of £28,621 (2019: £31,092) relates to accelerated capital allowances, of which £10,039 is expected to reverse within 12 months.

21 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>124,212</u>	<u>133,925</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions totalling £17,490 (2019: £155) were payable to the fund at the year end and are included in creditors.

22 Reserves

Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

23 Cash generated from group operations

	2020 £	2019 £
(Loss)/profit for the year after tax	(171,588)	413,823
Adjustments for:		
Share of results of associates and joint ventures	(41,084)	(89,225)
Taxation (credited)/charged	(27,855)	42,836
Investment income	(25,533)	(27,209)
(Gain)/loss on disposal of tangible fixed assets	(10,242)	32,942
Loss/(gain) on disposal of business	41,084	(51,006)
Amortisation and impairment of intangible assets	139,614	120,804
Depreciation and impairment of tangible fixed assets	92,232	109,201
(Decrease) in provisions	(39,359)	(50,533)
Movements in working capital:		
Decrease/(increase) in debtors	787,287	(4,721)
(Decrease) in creditors	(315,284)	(169,145)
Cash generated from operations	429,272	327,767

24 Analysis of changes in net funds - group

	1 June 2019 £	Cash flows £	31 May 2020 £
Cash at bank and in hand	2,880,476	378,846	3,259,322

25 Operating lease commitments

Lessee

The company uses operating leases for properties.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	299,707	347,091	-	-
Between one and five years	804,071	936,491	-	-
In over five years	-	143,333	-	-
	<u>1,103,778</u>	<u>1,426,915</u>	<u>-</u>	<u>-</u>

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

26 Events after the reporting date

With the coronavirus pandemic continuing, following the year end we reviewed all our product and service offerings and have reinvigorated our marketing channels. Along with other efficiencies we have made across the business we have reduced our head count through both non-replacement of staff and redundancies. We believe that the changes we have made will minimize the impact on our business if market activity reduces for a prolonged period of time.

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, is as follows.

	2020 £	2019 £
Aggregate compensation	320,967	311,690

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Recharged expenses		Loans made to	
	2020 £	2019 £	2020 £	2019 £
Group				
Entities over which the entity has control, joint control or significant influence	61,033	132,280	-	90,000

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2019 Balance £
Group	
Entities over which the group has control, joint control or significant influence	146,683

The following amounts were recognised as an expense in the period in respect of bad and doubtful debts due from related parties:

	2020 £	2019 £
Group		
Entities over which the group has control, joint control or significant influence	162,199	-

Amounts due from related parties at the year end are unsecured and interest free.