Company Registration No. SC048530 (Scotland)

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

COMPANY INFORMATION

Directors	B Cook A Diamond A Fleming P Hilton M Maloco K Mcluskey C Morgan P Sturrock
Secretary	B Spence
Company number	SC048530
Registered office	107 George Street Edinburgh EH2 3ES
Auditor	RSM UK Audit LLP Chartered Accountants Third Floor 2 Semple Street Edinburgh EH3 8BL

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2022

The directors present their strategic report and financial statements for the year ended 31 May 2022.

Fair review of the business

During the year ended 31 May 2022 we saw property registration numbers return to pre pandemic levels which meant an 11% reduction on the prior year. Our revenue from this income stream only dropped 8% as we completed a full year of our new pricing model. The number of Home Reports ordered through our platform reduced by 14% this year in a similar trend to registrations.

We continue to improve our marketing channels and this year we launched updates to the homepage on espc.com as well as reintroducing our in person expert advice sessions at our Property Information Centre. We also updated the layout and design of the ESPC Magazine which has been well received by the public.

As part of our coronavirus response package we provided discounted subscription rates to our estate agency software customers from April 2020. These returned to the standard rates in April 2021 which is the main driver of our increase in revenue from this area of the business. We are pleased to have maintained good relationships with our customers throughout the year and have returned a modest profit. We have undertaken an impairment review of all the investments we hold, including BDP and the results of this review are shown in note 14 to the accounts.

We have generated additional revenue in the year from our lettings business and our commission revenue has remained consistent in comparison to previous years.

Our costs have been managed and controlled throughout the year to ensure that we are in a position to invest our resources in marketing and technology – two key areas of our business. The ESPC team are critical to the success of the business and we are grateful for the efforts of all those involved.

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. We continue to review and update our proposition and pricing accordingly and we believe this will stand us in good stead in the coming years. Our fixed costs have been brought to a level that we believe is sustainable in a low transaction volume market and we have a number of revenue streams that are not directly linked to transaction volumes. As noted below we have built up cash reserves which can be used to allow us to continue investing in marketing the business.

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 held our market share in core areas.

The aim of our core diversification strategy is to reduce our reliance on registration income. The percentage of turnover derived from the main revenue stream has decreased to 64% in 2021/22. This is in line with expectation as the significant increase in registration revenue had increased this figure to an unusually high level in the prior year.

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. We have achieved both aims this financial year. To protect our cash reserves against rising inflation we moved a portion of the cash into an investment portfolio in April 2022. Following a tender process we appointed an investment advisor and we have selected a low risk strategy from their proposal to match our risk appetite. The results of the portfolio during the year are shown in note 10 to the accounts.

Going concern

We continue to operate in profit and have built up cash reserves which we believe are sufficient to see us through the period of uncertainty ahead.

On behalf of the board

Andrew Diamond

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A Diamond
Director

Date: 02/12/22

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2022

The directors present their annual report and financial statements for the year ended 31 May 2022.

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.

Results and dividends
The results for the year are set out on page 8.

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

B Cook	(Appointed 1 January 2022)
A Diamond	
A Fleming	
P Hilton	
M Maloco	
K Mcluskey	
C Morgan	
A Pratt	(Resigned 30 November 2021)
P Sturrock	(Appointed 1 October 2021)

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

Andrew Diamond
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A Diamond
Director

Date: 02/12/22

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2022

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 2022 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 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 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 or the directors' report.

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

- adequate accounting records have not been kept 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls and the recognition of income, with the exception of registration fee, home report and subscription income, as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business and testing a sample of other income to source documentation including cut-off procedures.

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

Use of our report

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

Claire Monaghan

Claire Monaghan (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL
02/12/22

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MAY 2022

	Notes	2022 £	2021 £
Turnover	3	6,750,149	7,452,720
Other operating income	4	4,164	95,053
Staff costs	5	(1,913,715)	(1,939,686)
Depreciation and other amounts written off tangible and intangible fixed assets	9	(161,971)	(201,918)
Other operating expenses		(4,035,236)	(4,533,933)
Operating profit	9	643,391	872,236
Other interest receivable and similar income	8	5,893	10,732
Other gains and losses	10	(8,261)	-
Profit before taxation		641,023	882,968
Taxation	11	(129,430)	(157,319)
Profit for the financial year	21	511,593	725,649
Retained earnings brought forward		3,905,616	3,179,967
Retained earnings carried forward		4,417,209	3,905,616

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Goodwill	12		169,223		197,041
Other intangible assets	12		32,961		84,755
Total intangible assets			202,184		281,796
Tangible assets	13		302,657		362,950
Investments	14		723,028		8,500
			1,227,869		653,246
Current assets					
Debtors	16	1,087,576		1,012,632	
Cash at bank and in hand		3,820,544		3,875,257	
		4,908,120		4,887,889	
Creditors: amounts falling due within one year	17	(1,621,371)		(1,539,380)	
Net current assets			3,286,749		3,348,509
Total assets less current liabilities			4,514,618		4,001,755
Provisions for liabilities	18		(97,409)		(96,139)
Net assets			4,417,209		3,905,616
Capital and reserves					
Profit and loss reserves	21		4,417,209		3,905,616

The financial statements were approved by the board of directors and authorised for issue on 02/12/22 and are signed on its behalf by:

Andrew Diamond

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A Diamond

Director

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Investments	14		10,000		10,000
Capital and reserves					
Profit and loss reserves	21		10,000		10,000

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 (2021: £nil).

The financial statements were approved by the board of directors and authorised for issue on 02/12/22 and are signed on its behalf by:

Andrew Diamond

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A Diamond

Director

EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Cash flows from operating activities					
Cash generated from operations	22		780,966		842,574
Income taxes paid			(96,717)		-
Net cash inflow from operating activities			684,249		842,574
Investing activities					
Purchase of intangible assets		-		(12,000)	
Proceeds on disposal of intangibles		3,000		-	
Purchase of tangible fixed assets		(26,962)		(227,070)	
Proceeds on disposal of tangible fixed assets		1,896		1,699	
Purchase of investments		(722,789)		-	
Interest received		5,893		10,732	
Net cash used in investing activities			(738,962)		(226,639)
Net (decrease)/increase in cash and cash equivalents			(54,713)		615,935
Cash and cash equivalents at beginning of year			3,875,257		3,259,322
Cash and cash equivalents at end of year			3,820,544		3,875,257

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. 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.

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 directors have prepared detailed group forecasts which show that the group will remain profitable and continue to hold significant cash reserves. The group manages cash flow on a treasury basis, review cash flow requirements across the group and allocating funds accordingly with corresponding group balances recognised.

Whilst the group remains vulnerable to fluctuations in the market, the directors believe that the changes made to the business in the year will minimise the impact on the business if market activity reduces for a prolonged period of time.

The directors, with reference to the group forecasts, 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. Thus, the directors continue to adopt the going concern basis in preparing the financial statements. In making their assessment, the directors have considered a period of at least 12 months from the date of approval of 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.

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.

1 Accounting policies (Continued)

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 and transfer to software costs.

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

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

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
Listed investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in the profit and loss accounts for the year. Transaction costs are expensed as incurred.

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.

1 Accounting policies (Continued)

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.

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.

1 Accounting policies (Continued)

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.

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.

1 Accounting policies (Continued)

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.

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.

1 Accounting policies (Continued)

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.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

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.

The directors do not consider there to be any judgements which are critical to the financial statements.

3 Turnover and other revenue

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

	2022	2021
	£	£
Turnover analysed by class of business		
Registrations	2,701,501	2,936,179
Advertising & schedule income	257,023	359,257
Member fees	122,153	119,039
Property reports	2,812,497	3,296,975
Other	360,533	270,311
Letting	371,564	344,682
Commissions	124,878	126,277
	6,750,149	7,452,720

3 Turnover and other revenue (Continued)

	2022	2021
	£	£
Other revenue		
Interest income	5,893	10,732
Grants received	4,164	95,053

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	6,750,149	7,452,720

4 Other operating income

During the year the group received support from the government under the Coronavirus Job Retention Scheme of £4,164 (2021: £95,053). 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.

5 Employees

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

	Group 2022	2021	Company 2022	2021
	Number	Number	Number	Number
Sales	2	3	-	-
Administration	42	46	-	-
Total	44	49	-	-

Their aggregate remuneration comprised:

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Wages and salaries	1,677,235	1,705,049	-	-
Social security costs	134,369	126,695	-	-
Pension costs	102,111	107,942	-	-
	1,913,715	1,939,686	-	-

6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	332,402	298,831
Company pension contributions to defined contribution schemes	20,900	20,250
	353,302	319,081

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

	2022	2021
	£	£
Remuneration for qualifying services	158,000	147,760
Company pension contributions to defined contribution schemes	13,100	12,300

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021: 2).

7 Auditor's remuneration

	2022	2021
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	2,400	2,160
Audit of the financial statements of the company's subsidiaries	19,650	17,890
	22,050	20,050

8 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	5,893	10,732

Disclosed on the income statement as follows:

	2022	2021
Other interest receivable and similar income	5,893	10,732

Investment income includes the following:

	2022	2021
Interest on financial assets not measured at fair value through profit or loss	5,893	10,732

9 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(4,164)	(95,053)
Depreciation of owned tangible fixed assets	85,443	91,812
(Profit)/loss on disposal of tangible fixed assets	(84)	223
Amortisation of intangible assets	76,612	109,883
Operating lease charges	207,329	262,556

10 Other gains and losses

	2022	2021
	£	£
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	(8,261)	-

11 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	133,906	109,796
Adjustments in respect of prior periods	(13,079)	-
Total current tax	120,827	109,796
Deferred tax		
Origination and reversal of timing differences	(8,217)	56,522
Changes in tax rates	-	(9,279)
Adjustment in respect of prior periods	16,820	280
Total deferred tax	8,603	47,523
Total tax charge	129,430	157,319

11 Taxation (Continued)

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

	2022	2021
	£	£
Profit before taxation	641,023	882,968
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	121,794	167,764
Tax effect of expenses that are not deductible in determining taxable profit	1,048	3,982
Adjustments in respect of prior years	3,741	280
Effect of change in corporation tax rate	639	-
Fixed asset differences	(467)	2,272
Other differences	(2,611)	993
Deferred tax not recognised	5,286	(17,972)
Taxation charge	129,430	157,319

12 Intangible fixed assets

Group	Goodwill	Software	Total
	£	£	£
Cost			
At 1 June 2021	278,179	1,593,591	1,871,770
Disposals	-	(3,000)	(3,000)
At 31 May 2022	278,179	1,590,591	1,868,770
Amortisation and impairment			
At 1 June 2021	81,138	1,508,836	1,589,974
Amortisation charged for the year	27,818	48,794	76,612
At 31 May 2022	108,956	1,557,630	1,666,586
Carrying amount			
At 31 May 2022	169,223	32,961	202,184
At 31 May 2021	197,041	84,755	281,796

The company had no intangible fixed assets at 31 May 2022 or 31 May 2021.

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'.

13 Tangible fixed assets

Group	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 June 2021	501,933	29,130	345,620	876,683
Additions	1,286	1,560	24,116	26,962
Disposals	-	-	(62,551)	(62,551)
At 31 May 2022	503,219	30,690	307,185	841,094
Depreciation and impairment				
At 1 June 2021	245,475	21,258	247,000	513,733
Depreciation charged in the year	69,891	2,527	13,025	85,443
Eliminated in respect of disposals	1,286	-	(62,025)	(60,739)
At 31 May 2022	316,652	23,785	198,000	538,437
Carrying amount				
At 31 May 2022	186,567	6,905	109,185	302,657
At 31 May 2021	256,458	7,872	98,620	362,950

The company had no tangible fixed assets at 31 May 2022 or 31 May 2021.

14 Fixed asset investments

		Group		Company	
		2022	2021	2022	2021
	Notes	£	£	£	£
Investments in subsidiaries	15	-	-	10,000	10,000
Listed investments		714,528	-	-	-
Unlisted investments		8,500	8,500	-	-
		723,028	8,500	10,000	10,000
Listed investments carrying amount		714,528	-	-	-

14 Fixed asset investments (Continued)

Movements in fixed asset investments
Group

	Investments other than loans
	£
Cost or valuation	
At 1 June 2021	8,500
Additions	722,789
Valuation changes	(8,261)
At 31 May 2022	723,028
Carrying amount	
At 31 May 2022	723,028
At 31 May 2021	8,500

Movements in fixed asset investments
Company

	Shares in group undertakings
	£
Cost or valuation	
At 1 June 2021 and 31 May 2022	10,000
Carrying amount	
At 31 May 2022	10,000
At 31 May 2021	10,000

15 Subsidiaries

Details of the company's subsidiaries at 31 May 2022 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, EH2 3ES	Provision of business services in respect of selling of residential property	Ordinary	100	0
MoveMachine Limited	107 George Street, Edinburgh, EH2 3ES	Production and marketing of property information reports	Ordinary	0	100
Solicitors Property Shops Limited	107 George Street, Edinburgh, EH2 3ES	Dormant	Ordinary	100	0
BDP Technology Ltd	107 George Street, Edinburgh, 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.

16 Debtors

	Group 2022	2021	Company 2022	2021
Amounts falling due within one year:	£	£	£	£
Trade debtors	620,126	674,743	-	-
Other debtors	132,899	132,039	-	-
Prepayments and accrued income	303,445	166,881	-	-
	1,056,470	973,663	-	-
Deferred tax asset (note 19)	18,966	24,165	-	-
	1,075,436	997,828	-	-
Amounts falling due after more than one year:				
Deferred tax asset (note 19)	12,140	14,804	-	-
Total debtors	1,087,576	1,012,632	-	-

17 Creditors: amounts falling due within one year

	Group 2022 £	2021 £	Company 2022 £	2021 £
Trade creditors	431,080	349,211	-	-
Corporation tax payable	133,906	109,796	-	-
Other taxation and social security	307,090	323,859	-	-
Accruals and deferred income	749,295	756,514	-	-
	1,621,371	1,539,380	-	-

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

18 Provisions for liabilities

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Provision for dilapidations		53,560	53,030	-	-
Deferred tax liabilities	19	43,849	43,109	-	-
		97,409	96;139	-	-

Movements on provisions apart from deferred tax liabilities:

Group	**Provision for dilapidations £**
At 1 June 2021	53,030
Additional provisions in the year	530
At 31 May 2022	53,560

Dilapidations
A provision was made for the expected costs to be incurred on the expiry of property leases.

19 Deferred taxation

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

Group	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Accelerated capital allowances	43,849	43,109	12,140	14,804
Tax losses	-	-	-	5,199
Short term timing differences	-	-	18,966	18,966
	43,849	43,109	31,106	38,969

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2022 £	Company 2022 £
Liability at 1 June 2021	4,140	-
Charge to profit or loss	8,603	-
Liability at 31 May 2022	12,743	-

The deferred tax asset of £31,106 (2021: £38,969) relates to accelerated capital allowances, tax losses and the group's pension, holiday pay and bonus accruals. £18,966 of the deferred tax asset is expected to reverse within 12 months.

20 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	102,111	107,942

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 £nil (2021: £16,415) were payable to the fund at the year end and are included in creditors.

21 Reserves

Profit and loss reserves
Cumulative profit and loss net of distribution to owners.

22 Cash generated from group operations

	2022	2021
	£	£
Profit for the year after tax	511,593	725,649
Adjustments for:		
Taxation charged	129,430	157,319
Investment income	(5,893)	(10,732)
(Gain)/loss on disposal of tangible fixed assets	(84)	223
Amortisation and impairment of intangible assets	76,612	109,883
Depreciation and impairment of tangible fixed assets	85,443	91,812
Other gains and losses	8,261	-
Increase/(decrease) in provisions	530	(37,317)
Movements in working capital:		
Increase in debtors	(82,807)	(39,984)
Increase/(decrease) in creditors	57,881	(154,279)
Cash generated from operations	780,966	842,574

23 Analysis of changes in net funds - group

	1 June 2021	Cash flows	31 May 2022
	£	£	£
Cash at bank and in hand	3,875,257	(54,713)	3,820,544

24 Operating lease commitments

Lessee

The group 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		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	224,767	226,176	-	-
Between one and five years	361,276	585,321	-	-
	586,043	811,497	-	-

25 Related party transactions

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

	2022	2021
	£	£
Aggregate compensation	347,054	309,296