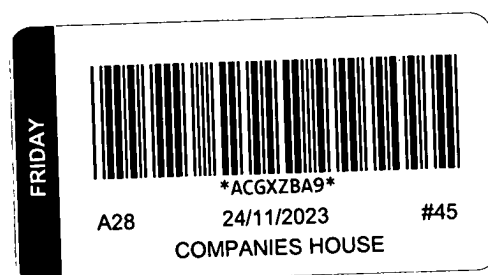


**SDL Surveying Limited (Registered number: 02411812)**

**Strategic Report, Report of the Directors and  
Audited Financial Statements for the year ended 31 March 2023  
For  
SDL Surveying Limited**



**SDL Surveying Limited (Registered number: 02411812)**

**Contents of the Financial Statements  
For the Year Ended 31 March 2023**

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**SDL Surveying Limited (Registered number: 02411812)**

**Company Information  
for the Year Ended 31 March 2023**

<b>DIRECTORS:</b>	G P Brewster I J Fergusson S P Jackson C J Webber A C Baker G P Smith H L Walker
<b>SECRETARY:</b>	Sarah Tuck
<b>REGISTERED OFFICE:</b>	3-4 Regan Way Chetwynd Business Park Chilwell Nottingham Nottinghamshire NG9 6RZ
<b>REGISTERED NUMBER:</b>	02411812 (England and Wales)
<b>AUDITOR:</b>	BDO LLP Water Court 116-118 Canal Street Nottingham NG1 7HF

**Strategic Report  
for the Year Ended 31 March 2023**

**Review of the Business**

Going to the market as SDL Surveying (or “SDL”), we are one of the UK’s largest independent providers of mortgage valuations working with many of major mainstream lenders. We currently manage c216k valuations per annum which equates to a market share approaching 16% and were named the best Surveyor / Valuer at the Mortgages Strategy awards (2021); highly commended as the Best Surveying Service at the Moneyfacts Awards in 2023 (2022 commended); with Simon Jackson being voted Best Business Leader: Surveying at the British Mortgage Awards (2023).

We combine traditional physical inspections with more innovative data informed desktop valuations and, having invested in significant back office capabilities in both bookings and post valuation audit, we provide lenders with a truly differentiated service led offering. Additionally, we also provide end consumers with extensive value added surveys which move significantly beyond typical lender valuations.

We were an early pioneer of a business model which enables us to operate through a network of external and internal surveyors, maintaining flexible capacity whilst ensuring maximum geographical coverage. As well as increasing the reach of our external network, we have continued to invest in in-house surveying capability and now have over 124 employed surveyors. We are particularly proud of our training initiatives which support young people to qualify and move into this exciting profession.

SDL has its own software development team and has benefited from investment in industry-leading technology over several years. Using a mix of third party and bespoke applications, our core platform enables us to enhance the utilisation of front line capacity and deliver significant back office and booking efficiencies. Our iPad based products incorporate a desktop proposition and, more recently, enhanced home survey reporting. This has resulted in SDL Surveying being recognised for delivery of a best-in-class service to UK Lenders and reducing the time to complete valuations. We continue to top supplier service league tables, with a service strategy and product innovation which consistently generates increased volume commitments from several major lenders.

Up to September 2022 SDL benefitted from strong “post COVID” market dynamics; with growth being further supported by the summer 2021 launch of a new desktop proposition for a major high street lender. Revenue during the first half of the year increased by 5% to £14.7m (FY22: £14.0m).

Unsurprisingly, volumes since September 2022 were significantly challenged by political / economic events and the mini budget – resulting in second half turnover falling by 28% to £10.6m (FY22: £14.8m). This short term “market shock” resulted in a loss for the second half of FY23 which offset the positive result of the first half, resulting in a loss for the year as a whole. However, during this period, the business took the opportunity to focus on capturing internal efficiencies (including the improved utilisation of internal surveyor capacity). Having been further supported by the recent award of allocation increases on two of its major contracts, these initiatives have helped to deliver a return to profitability during early FY24 which is expected to continue to FY25.

**Strategic Report  
for the Year Ended 31 March 2023 (continued)**

**Review of the Business (continued)**

Our investment in Desktop protects us against any longer-term market drift towards increased digital penetration, with additional investment being geared to supporting growth in our home survey proposition. Looking forward we have been investing in our surveyors to ensure they are appropriately positioned to meet future environmental demands, which will impact both housing stock and lender decisions as the UK continues to move towards its carbon reduction goals.

Unlike the aftermath of the economic shocks of 2007/2008, the current housing market is not restricted by the ability of banks to lend. However, economic and recessionary pressures prevail and interest rates are likely to remain higher than they have been for a number of years (albeit the market sentiment is that they have already peaked and are likely to fall over the next 12-18 months). Against this backdrop, the Board expects housing transactions to be lower than the long term trend of 1.2m transactions for the next 2 years but would be disappointed if they fell to the sub 1.0 million levels experienced following the global financial crisis. Towards the end of 2025, the expectation is for a return to the natural long term average of 1.2 million transactions pa.

SDL carefully manages its operational infrastructure against anticipated volumes and, as a result of its primary strategy to deliver a best in class Panel Management capability, it has a proven ability to grow market share through new contract wins and increased surveying allocations which in turn enable it to maintain activity levels through periods of short term market contraction. Service delivery remains key to our proposition, with the average time to complete a valuation of 5 days. Where they are provided, SDL Surveying continues to perform strongly in all the Lender service league tables.

SDL's net assets were reduced as a result of the loss incurred during the second half of FY23 and a decision to make an exceptional provision against a handful of valuations which were completed a number of years ago. As at 31 March 2023, the Company had net assets of £0.3m.

**Principal Risks and Uncertainties**

SDL's revenues and profits are substantially dependent on the volume of housing transactions in the UK residential property market. During recent years, the property and mortgage markets have been relatively stable, but remain cyclical and subject to changes in consumer confidence.

SDL maintains its focus on retaining key customer relationships through high levels of customer service, which enables it to compete successfully in a difficult market.

- The performance of the housing market is closely tied to the performance of the UK economy. With a challenged UK economy, and increased interest rates, there is an expectation that housing could be depressed (in terms of both transactional volume and house prices) for the next 2 years.
- SDL has demonstrated its ability to respond throughout a global pandemic and it continues to remain vigilant over its cost base and cash generation to ensure they remain appropriate in a market which may suffer a short term contraction. Furthermore, it continues to develop its product proposition so that it is well placed to continue to maintain its market presence in the industry in which it operates.

**SDL Surveying Limited (Registered number: 02411812)**

**Strategic Report  
for the Year Ended 31 March 2023 (continued)**

**Principal Risks and Uncertainties (continued)**

- It is important to remember that re-mortgage activity has historically represented almost 50% of total mortgage lending. The rapidly changing interest rate environment is a natural stimulant to this activity and, despite a reduced level of house moves, SDL will benefit from this increase in activity.
- SDL is a part of a Group where bank borrowings are subject to certain covenants which are dependent on trading performance and cash generation. Additionally, the Group has variable rate debt which exposes it to some interest rate risk.
- The Group board has always maintained a close dialogue with its bankers and, where necessary agreed any variations to banking terms with them in advance. Since the balance sheet date the Group completed a re-financing transaction with its existing bankers to provide an extended debt facility which is more appropriate to its needs.
- A proportion of the exposure on any paid interest has been mitigated through treasury instruments.

**Financial KPIs and Other KPIs**

	<b>FY23</b>	<b>FY22</b>
Total Managed Volumes	216,146	259,758**
Turnover	£25.2m	£28.7m
EBITDA before Exceptionals	(£1.0m)	£1.7m
EBITDA margin	(4.1%)	5.9%
Estimated Market Share	16%	14%

\*\* Within the FY22 accounts, these volumes were originally stated to exclude corporate allocations. As these allocations are actively managed by SDL, they are now included as a part of the KPI metric.

**ON BEHALF OF THE BOARD:**

  
Simon Jackson (Oct 18, 2023 13:46 GMT+1)

.....  
S P Jackson - Director

Date: 18 October 2023

**SDL Surveying Limited (Registered number: 02411812)**

**Report of the Directors  
for the Year Ended 31 March 2023**

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2023 (2022: £Nil).

**FUTURE DEVELOPMENTS**

We continue in our strategy to grow the business through increased allocations and market share gains, principally driven by our best-in-class service delivery and investment in supporting technology.

**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

G P Brewster  
I J Fergusson  
S P Jackson  
C J Webber

The following directors were appointed:

A C Baker was appointed on 1 May 2023  
G P Smith was appointed on 1 May 2023  
H L Walker was appointed on 1 May 2023

**RESULTS**

The Loss for the year, after taxation, amounted to £2,076k (2022: Profit of £587k)

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**AUDITOR**

Pursuant to Section 487 of the Company Act 2006, the auditor will be deemed to be appointed and BDO LLP will therefore commence office.

**ON BEHALF OF THE BOARD:**

*Simon Jackson*

Simon Jackson (Oct 18, 2023 13:46 GMT+1)

S P Jackson - Director

Date: 18 October 2023

**Statement of Directors' Responsibilities  
for the Year Ended 31 March 2023**

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

Company law requires the directors to prepare financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**Independent Auditors' Report to the members of SDL Surveying Limited  
for the Year ended 31 March 2023**

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its 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.

We have audited the financial statements of SDL Surveying Limited ("the Company") for the year ended 31 March 2023 which comprise Profit and Loss Account and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

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

**Independent Auditors' Report to the members of SDL Surveying Limited  
for the Year ended 31 March 2023 (continued)**

**Other information (continued)**

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

We have nothing to report in this regard.

**Other Companies Act 2006 reporting**

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

**Responsibilities of Directors**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance,

**Independent Auditors' Report to the members of SDL Surveying Limited  
for the Year ended 31 March 2023 (continued)**

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

but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

To identify and assess the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company based on our understanding and sector experience and discussions with management. The most significant considerations for the Company are the Companies Act 2006, corporate taxes and VAT.
- We enquired of management and Audit Committee and obtained and reviewed relevant supporting documentation including correspondence with the relevant authorities, concerning the Company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Based on our understanding of the environment and assessment of the incentive and opportunity for fraud or material misstatement arising in respect of non-compliance with laws and regulations, we carried out procedures including but not limited to:

- We reviewed correspondence with the relevant authorities to identify any irregularities or instances of noncompliance with laws and regulations. We corroborated our enquiries of management through our review of board minutes.
- We tested the appropriateness of accounting journals, including those relating to adjustments made in the preparation of the financial statements. We obtained access to the nominal ledger system to the complete population of all journals in the year to identify and substantively test any which we considered were indicative of management override.

**Independent Auditors' Report to the members of SDL Surveying Limited  
for the Year ended 31 March 2023 (continued)**

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

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


- We reviewed the Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We considered the total unadjusted audit differences for indications of bias or deliberate misstatement.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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

DocuSigned by:  
  
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Gareth Singleton (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Nottingham, UK  
18 October 2023

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

**SDL Surveying Limited (Registered number: 02411812)**

**Profit and Loss Account and Other Comprehensive Income  
for the Year ended 31 March 2023**

		2023	2022
	Notes	£'000	£'000
<b>TURNOVER</b>	4	<b>25,178</b>	28,659
Cost of sales		<u>(16,482)</u>	<u>(17,991)</u>
<b>GROSS PROFIT</b>		<b>8,696</b>	10,668
Administrative expenses		(11,270)	(10,042)
Other operating income	5	<u>123</u>	<u>166</u>
<b>OPERATING (LOSS) / PROFIT</b>	10	<u><b>(2,451)</b></u>	<u>792</u>
<b>Analysed as:</b>			
<b>EBITDA before Exceptional items</b>		<b>(1,033)</b>	1,705
Depreciation & Amortisation		<u>(1,018)</u>	<u>(902)</u>
Exceptional items	7	<u>(400)</u>	<u>(11)</u>
<b>OPERATING (LOSS) / PROFIT</b>	10	<u><b>(2,451)</b></u>	<u>792</u>
Profit on sale of fixed assets		-	5
Interest receivable	8	4	40
Interest payable and similar expenses	9	<u>(83)</u>	<u>(81)</u>
<b>(LOSS) / PROFIT BEFORE TAX</b>		<b>(2,530)</b>	756
Tax on (loss) / profit	11	<u>454</u>	<u>(169)</u>
<b>(LOSS) / PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>(2,076)</b></u>	<u>587</u>
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR</b>		<u><b>(2,076)</b></u>	<u>587</u>

**SDL Surveying Limited (Registered number: 02411812)**

**Statement of Financial Position  
31 March 2023**

		<b>2023</b>		<b>2022</b>	
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>FIXED ASSETS</b>					
Intangible Assets	13		1,269		928
Tangible Assets	14		1,501		1,840
Investments	15		203		203
			<u>2,973</u>		<u>2,971</u>
<b>CURRENT ASSETS</b>					
Debtors	16	3,605		3,914	
Cash at bank and in hand		<u>1,420</u>		<u>2,564</u>	
		<u>5,025</u>		<u>6,478</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	17	<u>(5,930)</u>		<u>(5,558)</u>	
<b>NET CURRENT (LIABILITIES) / ASSETS</b>			<u>(905)</u>		<u>920</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>2,068</b>		<b>3,891</b>
<b>CREDITORS</b>					
Amounts falling due after more than one year	18		(972)		(1,225)
<b>PROVISIONS FOR LIABILITIES</b>	20		(761)		(255)
<b>NET ASSETS</b>			<u><u>335</u></u>		<u><u>2,411</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		10		10
Share premium	22		2,500		2,500
Merger reserve	22		(12,240)		(12,240)
Retained earnings	22		<u>10,065</u>		<u>12,141</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><u>335</u></u>		<u><u>2,411</u></u>

The financial statements were approved by the Board of Directors on 18 October 2023 and were signed on its behalf by:

*Simon Jackson*

Simon Jackson (Oct 18, 2023 13:46 GMT+1)

S P Jackson – Director

**SDL Surveying Limited (Registered number: 02411812)**

**Statement of Changes in Equity  
for the Year Ended 31 March 2023**

	<b>Called up share capital</b>	<b>Retained earnings</b>	<b>Share premium</b>	<b>Merger reserve</b>	<b>Total equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April 2021</b>	10	11,554	2,500	(12,240)	1,824
Profit for the year and other comprehensive income	-	587	-	-	587
<b>Balance at 31 March 2022</b>	10	12,141	2,500	(12,240)	2,411
Loss for the year and other comprehensive loss	-	(2,076)	-	-	(2,076)
<b>Balance at 31 March 2023</b>	<b>10</b>	<b>10,065</b>	<b>2,500</b>	<b>(12,240)</b>	<b>335</b>

**Notes to the Financial Statements  
for the Year Ended 31 March 2023**

**1. STATUTORY INFORMATION**

SDL Surveying Limited (the "Company") is a private company, limited by shares, registered in England and Wales. The registered number is 02411812 and the registered address is 3&4 Regan Way, Chilwell, Nottingham, NG9 6RZ.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, Mortgage and Surveying Services Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Mortgage and Surveying Services Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from its registered office.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- cash flow statement and related notes;
- certain disclosures regarding revenue;
- certain disclosures regarding leases;
- comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of Mortgage and Surveying Services Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;



**Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023**

**2. ACCOUNTING POLICIES (continued)**

**Basis of preparation (continued)**

- certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

There are no new or amended standards becoming applicable in the near future which will have a material effect on these financial statements. Management will continue to assess the impact of new and amended Standards and Interpretations on an ongoing basis.

**Going Concern**

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future.

The Company is a part of a Group which is headed by Mortgage and Surveying Services Limited ("MSS") and funded by external bank debt and shareholder loan notes which are detailed in note 18 of the consolidated accounts of MSS. Since these loans have guarantees across all companies within the Group, the Going Concern assessment of the Company is consistent with that of the Group of which it is a part.

Before exceptional items, the Group delivered an EBITDA profit before exceptional items for the year ended 31 March 2023 of £11.1m (FY22: £12.3m). This marginal reduction in underlying EBITDA is as a result of specific interest rate uncertainties created following the mini budget in September 2022, the Directors do not believe it reflects a significant medium term deterioration in either the Group's prospects, or those of the markets in which it operates.

For the year ended 31 March 2023 the Group also generated cash from operating activities, after exceptional items, of £8.9m (FY22: £10.4m) which provided headroom against its contractual financing cash flow requirements of £3.4m (FY22: £5.1m).

The Directors acknowledge the loss for the year within the Company itself. In the period since the mini budget of September 2022, the Company has both taken actions to increase the utilisation of internal surveyors and secured additional contractual allocations of volume from some of its major clients. At the date of signing the Company's trading performance remains in line with its annual budget, consequently the Directors remain confident that it is on course return to a positive EBITDA position during the current financial year.

As highlighted in note 30 in the consolidated accounts of MSS, on 14 September 2023 all bank borrowing facilities of the Group were replaced with new facilities with final repayment dates which have been extended to 31 December 2025. Furthermore the redemption date on loans due to BGF and other shareholders were also extended to 18 January 2026. As a result of these new facilities, the Group's contractual financing cash

**Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023**

**2. ACCOUNTING POLICIES (continued)**

**Going concern (continued)**

flow requirements until December 2025 will remain largely in line with those which it had throughout the year ended 31 March 2023. The positive impact of these re-financing transactions on the short term liabilities and balance sheet of the business has been disclosed on the face of the balance sheet and in notes 18 and 19 of the consolidated accounts of MSS.

To support their going concern assessment, and the appropriateness of the new borrowing terms, the Directors have considered the trading and cash requirements of the Group for the period to 31 December 2025 being more than 12 months from the date the financial statements have been approved. The assessment has used the rolling trading and cash flow forecasts for the period to 31 March 2026. Headroom against revised borrowing covenants has been considered in the light of potential downside sensitivity scenarios, that could reasonably be foreseen. This assessment includes the impact on the market for the Group's products should there be a period of reduced demand for house moves arising from interest rate increases. The assessment has demonstrated the Group continues to generate cash from trading operations throughout the going concern period.

Based on the forecasts prepared; current trading (which at the date of signing remains in line with forecasts and budgets); the covenant headroom in the forecasts; and the Group's undrawn RCF facility the Directors continue to believe it remains appropriate to prepare these accounts on the going concern basis.

**Turnover**

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Turnover comprises panel management fees and administration charges, and survey fees exclusive of value added tax. The Company recognises survey and panel management fees at the point the survey has been completed and the report provided to the customer.

**Tangible Fixed Assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

**Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023**

**2. ACCOUNTING POLICIES (continued)**

**Tangible Fixed Assets (continued)**

Depreciation is provided on the following basis:

Motor vehicles – 25% straight line

Fixtures and fittings – 25% straight line

Right-of-use assets – straight line over the term of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account and Other Comprehensive Income.

**Financial Instruments**

**(a) Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**(b) Classification and subsequent measurement**

**Financial assets**

**Classification**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

**Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023**

**2. ACCOUNTING POLICIES (continued)**

**Financial Instruments (continued)**

**Financial assets (continued)**

**Classification (continued)**

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are accounted for in accordance with IFRS 9.

**Subsequent measurement and gains and losses**

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Financial liabilities and equity**

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

**Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023**

**2. ACCOUNTING POLICIES (continued)**

**Financial Instruments (continued)**

- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**Intra-group financial instruments**

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

**(c) Impairment**

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the

**Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023**

**2. ACCOUNTING POLICIES (continued)**

**Financial Instruments (continued)**

**Financial liabilities and equity (continued)**

company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**Write-offs**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

**Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss account and Other Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

**Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023**

**2. ACCOUNTING POLICIES (continued)**

**Taxation (continued)**

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

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

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

**Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**Employee benefit costs**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

**Interest payable**

Interest payable is charged to the Profit and Loss Account and Other Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023**

**2. ACCOUNTING POLICIES (continued)**

**Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**IFRS 16: Leases**

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*As a lessee*

The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and



**Notes to the Financial Statements (continued)**  
**for the Year Ended 31 March 2023**

**2. ACCOUNTING POLICIES (continued)**

**IFRS 16: Leases (continued)**

*As a lessee (continued)*

- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'creditors' in the statement of financial position.

*Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets (assets with a value of less than £5,000) and short-term leases (i.e., leases of 12 months or less). The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Non-derivative financial instruments**

**Trade and other debtors**

Trade and other debtors are recognised initially at fair value. Subsequently to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment loss.

Short term debtors are measured at transaction price, less impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. Trade and other creditors

Trade and other creditors are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

**Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023**

**2. ACCOUNTING POLICIES (continued)**

**Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In recognising the lease liability on new leases in the year the Directors have had to make certain assumptions in respect of the value. In particular they have estimated the interest rate implicit in the lease to be between 7% and 7.5%. If this interest rate was increased by 1% for all leases the value of the asset and liability would reduce by £33,188.

As a part of its ongoing operations, SDL occasionally receives claims and complaints from clients and property owners. The Company carries RICS compliant professional indemnity insurance with an appropriate level of excess, to cover its primary liability in relation to work delivered through its in-house surveyors and any secondary liability in the event a panel or network firm, or their insurer, fails to respond to settled claims in relation to work they have delivered having been instructed via SDL as panel manager. As a part of its relationship with its insurers, the Company records all claims and complaints as they are received (on a 'claims made' basis) regardless of their size, validity or ultimate ownership of the primary liability. In the vast majority of instances, once facts are established and communicated, claims and complaints are either not pursued by claimants or, less frequently, a small conditional or goodwill settlement is made. Such settlements are common in the industry, and the Company carries an appropriate provision for them.

Larger claims typically only result in settlement a number of years after the original claim or complaint is received. They are by their nature very few in number and slow moving, with an incidence (both volume and value) which is difficult to predict. As a result of its operational control process, which includes the checking of network and panel members insurance status, the Company can go several years without having a liability to pay a larger settlement. Given their highly uncertain nature, SDL does not make a provision for any future claims which may or may not arise. However, it regularly reviews its record of claims and complaints and makes a specific provision (based on the maturity of claims, any evolution in case law and the estimated cost of its contribution) in instances where professional advice suggests a claim looks likely to result in a future liability. During the current financial year there have been several claims where settlement has become probable within the next 12 months, resulting in the creation of a £400k specific provision during the year.

**Notes to the Financial Statements (continued)**  
**for the Year Ended 31 March 2023**

**4. TURNOVER**

The following is a description of the principal activities from which the Company generates its revenue in line with IFRS 15. For further detail on the accounting policy see note 2.

- Panel management and survey fees: The Company recognises fees at the point the survey has been completed and the report provided to the customer. Cash is received from commercial customers on terms which are normal for this type of transaction.
- Administration fees: The Company recognises revenue once the survey it relates to has been completed with cash being received on normal commercial terms.

All turnover was generated in the United Kingdom.

	2023	2022
	£'000	£'000
Panel management and survey fees	23,582	26,604
Administration fees	1,596	2,055
	<u>25,178</u>	<u>28,659</u>

**5. OTHER OPERATING INCOME**

	2023	2022
	£'000	£'000
Provision of management services	123	166
	<u>123</u>	<u>166</u>

**6. EMPLOYEES AND DIRECTORS**

	2023	2022
	£'000	£'000
Wages and salaries	13,688	13,770
Social security costs	1,916	1,540
Other pension costs	365	387
	<u>15,969</u>	<u>15,697</u>

The average number of employees during the year was as follows:

	2023	2022
Administrative	<u>290</u>	<u>287</u>

Total director's remuneration for the year was:

	2023	2022
	£'000	£'000
Wages and Salaries	535	474
Social security costs	71	63
Short term benefits	6	-
Other pension costs	20	19
	<u>632</u>	<u>556</u>

**Notes to the Financial Statements (continued)**  
**for the Year Ended 31 March 2023**

**6. EMPLOYEES AND DIRECTORS (continued)**

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration for qualifying services	<b>316</b>	279
Short term benefits	<b>5</b>	-
Company pension contributions to defined contribution schemes	<b>13</b>	12
	<b><u>334</u></b>	<b><u>291</u></b>

**7. EXCEPTIONAL COSTS**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Historical claims provision costs	<b>400</b>	-
Fees	<b>-</b>	11
	<b><u>400</u></b>	<b><u>11</u></b>

During the current financial year, a provision for specific exceptional claims relating to property surveys conducted a number of years previously has been created on the basis it has become probable they may result in some form of financial settlement.

**8. INTEREST RECEIVABLE**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable	<b>4</b>	40
	<b><u>4</u></b>	<b><u>40</u></b>

**9. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Interest on Lease liabilities	<b>70</b>	80
Other interest	<b>1</b>	-
Hire Purchase interest payable	<b>12</b>	1
	<b><u>83</u></b>	<b><u>81</u></b>

**Notes to the Financial Statements (continued)**  
for the Year Ended 31 March 2023

**10. OPERATING (LOSS) / PROFIT BEFORE TAXATION**

Operating (loss) / profit for the period is stated after charging the following items:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation and amortisation	<b>1,018</b>	838
Profit on asset disposals (FY23 inc in administrative expenses)	<b>(30)</b>	(5)
Expenses related to short-term leases	<b>49</b>	64
Expenses related to low-value assets	<b>65</b>	61
Defined contribution pension cost	<b>365</b>	387

**11. TAXATION**

**Analysis of tax (credit) / expense**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<i>Current tax:</i>		
Tax	-	113
Group relief payable / (receivable)	<b>(572)</b>	-
Adjustments for prior year	<b>(12)</b>	26
Total current tax	<b><u>(584)</u></b>	<u>139</u>
<i>Deferred tax:</i>		
Origination and reversal of temporary difference	<b>119</b>	36
Adjustment for prior year	<b>11</b>	(23)
Effect of tax rate change	-	17
Total deferred tax	<b><u>130</u></b>	<u>30</u>
Total tax (credit) / expense in Profit and Loss Account and Other Comprehensive Income	<b><u>(454)</u></b>	<u>169</u>

Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023

11. TAXATION (continued)

Factors affecting the tax (credit) / expense

The tax assessed for the year is lower (2022: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2023 £'000	2022 £'000
(Loss) / profit before income tax	<u>(2,530)</u>	<u>756</u>
(Loss) / profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 – 19%)	(481)	144
Effects of:		
Fixed asset differences	-	(2)
Expenses not deductible for tax purposes	(3)	17
R&D expenditure credits	-	(10)
Group relief surrendered	574	-
(Receipt) for group relief	(572)	-
Adjustments to tax charge in respect of previous periods	(12)	26
Adjustments to tax charge in respect of previous periods- deferred tax	11	(23)
Remeasurement of deferred tax for changes in tax rates	29	17
Tax (credit)/ expense	<u>(454)</u>	<u>169</u>

UK corporation rate of 25% (effective 1 April 2023) was announced on 5 March 2021 and substantively enacted on 10 June 2021. This will increase the company's future current tax charge accordingly the deferred tax liability at 31 March 2023 has been calculated at 25%.

12. AUDITORS' REMUNERATION

	2023 £'000	2022 £'000
Fees payable to the Company's auditor for the audit of the Company's financial statements	<u>48</u>	<u>47</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent Company.

Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023

**13. INTANGIBLE ASSETS**

	Software Development £'000
<b>COST</b>	
At 1 April 2022	2,598
Additions	649
At 31 March 2023	<u>3,247</u>
<b>AMORTISATION</b>	
At 1 April 2022	1,670
Amortisation for the year	308
At 31 March 2023	<u>1,978</u>
<b>NET BOOK VALUE</b>	
At 31 March 2023	1,269
At 31 March 2022	928

**14. TANGIBLE ASSETS**

	Fixtures and fittings £'000	Right-of-use assets £'000	Totals £'000
<b>COST</b>			
At 1 April 2022	782	2,410	3,192
Additions	57	323	380
Disposal	(69)	-	(69)
At 31 March 2023	<u>770</u>	<u>2,733</u>	<u>3,503</u>
<b>DEPRECIATION</b>			
At 1 April 2022	478	874	1,352
Depreciation for the year	131	578	709
Disposal	(59)	-	(59)
At 31 March 2023	<u>550</u>	<u>1,452</u>	<u>2,002</u>
<b>NET BOOK VALUE</b>			
At 31 March 2023	220	1,281	1,501
At 31 March 2022	304	1,536	1,840

For further disclosure of right-of-use assets refer to note 19.

Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023

15. INVESTMENTS

	Shares in group undertakings £'000	Investment in associate £'000	Total £'000
<b>COST AND NET BOOK VALUE</b>			
At 31 March 2022 and 2023	<u>200</u>	<u>3</u>	<u>203</u>

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Subsidiary:** JV Limited

Registered office: 3 & 4 Regan Way, Chilwell, Nottingham, NG9 6RZ

Nature of business: Dormant

	% holding
Class of shares	
Ordinary	100
	<b>2023</b>
	<b>£'000</b>
Aggregate capital and reserves	<u>200</u>

**Associated company:** Sesame Bankhall Valuations Services Limited

Registered office: Wellington Row, York, YO90 1WR

Nature of business: Panel management

	% holding
Class of shares	
Ordinary	25.00
	<b>31 Dec 22</b>
	<b>£'000</b>
Aggregate capital and reserves	<u>898</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Trade debtors	2,371	3,016
Amounts owed by group undertakings	382	103
Other debtors	103	50
Corporation tax	79	-
Prepayments	670	745
	<u>3,605</u>	<u>3,914</u>

All amounts owed by group undertakings are interest free and repayable on demand.



Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023	2022
	£'000	£'000
Lease liabilities	469	509
Trade creditors	1,380	2,166
Other creditors	82	-
Amounts owed to group undertakings	1,880	201
Corporation tax	-	32
Social security and other taxes	416	517
VAT	579	727
Accruals and deferred income	1,124	1,406
	<u>5,930</u>	<u>5,558</u>

Amounts owed to group undertakings are interest free and repayable on demand.

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2023	2022
	£'000	£'000
Lease liabilities	866	1,067
HP liabilities	106	158
	<u>972</u>	<u>1,225</u>

**19. LEASING AGREEMENTS**

A breakdown of Right-of-use assets is provided below:

	Land and buildings	Motor vehicles	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Balance at 31 March 2022	783	621	132	1,536
Additions to right-of-use assets	28	202	93	323
Depreciation charge for the year	(93)	(385)	(100)	(578)
Balance at 31 March 2023	<u>718</u>	<u>438</u>	<u>125</u>	<u>1,281</u>

*Amounts recognised in profit or loss*

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2023	2022
	£'000	£'000
Interest expense on lease liabilities	70	80
Expenses relating to short-term leases	49	64
Expenses relating to leases of low-value assets, excluding those of a short-term nature	65	61

Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023

**20. PROVISION FOR LIABILITIES**

	Deferred tax £'000	Claims Provisions £'000	Total £'000
Balance at 1 April 2022	105	150	255
Increase in the year (note 11 and note 7)	130	400	530
Utilised in the year	-	(24)	(24)
Balance at 31 March 2023	235	526	761

The deferred tax liability is attributable to the following:

	2023 £'000	2022 £'000
Accelerated capital allowances	235	105

Claims provisions include a normal provision with respect to general conditional claims on properties which have been valued, together with an exceptional provision in relation to a limited number of historical surveys where more significant valuation issues appear to be increasingly likely to result in some form of financial settlement.

**21. CALLED UP SHARE CAPITAL**

<i>Allotted, issued and fully paid:</i>			2023	2022
Number	Class	Nominal value	£'000	£'000
10,001	Ordinary shares	£1	10	10

**22. RESERVES**

*Share premium:* The share premium account is used to record the aggregate amount or value of premium paid when the Company's shares are issued at a premium.

*Merger reserve:* This relates to the acquisition of trade and assets of JV Limited.

*Retained Earnings:* This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

**23. RELATED PARTY DISCLOSURES**

Sesame Bankhall Valuation Services Limited is an associated company with some common directors. J&E Shepherd Partnership has partners who have an interest in J&E Nominees Limited, a shareholder in Mortgage and Surveying Services Limited which is the Company's ultimate parent company. Transactions with these Related Parties are summarised below:

Notes to the Financial Statements (continued)  
for the Year Ended 31 March 2023

**23. RELATED PARTY DISCLOSURES (continued)**

	2023 £'000	2022 £'000
<b>Sesame Bankhall Valuations Services Limited</b>		
Panel management charges	1,596	2,056
Sales	8,606	10,522
Management recharges	88	118
Amount due from related party	1,206	1,318
<b>J&amp;E Shepherd Partnership</b>		
Management charges made	(102)	(139)
Panel fees charged from J&E	(251)	(173)
Management charges received	11	5
Amount due from related party	(92)	(72)
<b>J&amp;E Nominees Limited</b>		
Management charges made	(120)	(129)
Amount due from related party	<u>(36)</u>	<u>(35)</u>

The Company has taken advantage of the relief available under FRS101.8(k) in respect of the Related Party Disclosure and does not disclose transactions with wholly owned entities that are fellow group companies.

**24. ULTIMATE CONTROLLING PARTY**

The Company is a subsidiary undertaking of Mortgage and Surveying Services Limited. The results of the Company are included in the financial statements of Mortgage and Surveying Services Limited, incorporated in England and Wales. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from 3 – 4 Regan Way, Chilwell, Nottingham, NG9 6RZ. In the opinion of the directors of Mortgage and Surveying Services Limited there is no ultimate controlling party.

**25. PENSION COMMITMENTS**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £364,992 (2022: £386,910). Contributions totalling £82,488 (2022: £nil) were payable to the fund at the balance sheet date.