

Company Registration No. SC048530 (Scotland)

**EDINBURGH SOLICITORS' PROPERTY CENTRE  
LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MAY 2019**

**COMPANIES HOUSE  
EDINBURGH**

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# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A Fleming A Diamond C Forster A Hartley P Hilton G Kerr A Pratt S Calder M Maloco K Mcluskey
<b>Secretary</b>	B Spence
<b>Company number</b>	SC048530
<b>Registered office</b>	90a George Street Edinburgh EH2 3DF
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants First Floor, Quay 2 139 Fountainbridge Edinburgh EH3 9QG

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# **EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MAY 2019**

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The directors present their strategic report for the year ended 31 May 2019.

#### **Fair review of the business**

Whilst reported turnover from registrations decreased year on year, this is due to the inclusion of the GSPC registration income for the full year ended 31 May 2018 and only until 21 August 2018 within the year ended 31 May 2019. ESPC registration levels increased by 4% on the previous year which has led to a £127k increase in turnover from that income stream. The market as a whole has seen an increase in the number of properties coming to market and we are pleased to report that our market share in East Central Scotland has remained consistent with the 2018/19 year despite tough competition from independent agents.

We remain confident that our core diversification strategy will help reduce our reliance on our property marketing revenue in future years. A recent example of this is the growth of our revenue from lettings by 4%.

An area of concern over the past year has been the reduction in schedule design income. We are continuing to grow our revenue from our design consultancy services whilst looking to streamline our bespoke schedule offering. We have restructured our cost base in this area to ensure this meets the needs of the future business.

During the year we acquired the remaining 50% shareholding in BDP Technology Ltd from Barcroft Digital Limited. This has allowed us to invest in developer resource to upgrade the platform's reliability and continue to develop features that meet our customer's needs. We believe this investment in stability will allow the business to grow and become profitable.

We continue to provide services to Altis Legal Limited and have seen the customer base grow during the year albeit at a slower rate than anticipated. The company continues to report losses and is currently working on an updated business plan which will provide it with stability for the future.

During the year we have undertaken an impairment review of all the investments we hold. The results of this review are shown in note 12 to the accounts.

The key ESPC marketing messages remained the same this year and we were pleased to once again confirm that sellers will "get more with ESPC". We have seen more traffic than ever on ESPC.com during the year and the number of downloads and sessions on our app has grown significantly.

In the 17/18 financial year we introduced our 'deferred' product and we saw the number of firms using this product grow this year. This product allows members to pay the marketing fee on the sale of the property, withdrawal or after 6 months.

#### **Principal risks and uncertainties**

Due to our current pricing model being on a 'per registration' basis, the main uncertainty that we face continues to be the level of activity in the property market. We monitor the market and our performance closely to allow us to react quickly to any changes which may impact us significantly.

Through cost control, efficient working practices and our continued core diversification, we aim to reduce our reliance on good property market conditions in the coming years.

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

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### Key performance indicators

In addition to the registration volumes, a key measure of our performance is our market share in both core and non-core areas. We monitor this internally and are pleased to report that our market share has remained consistent over the year.

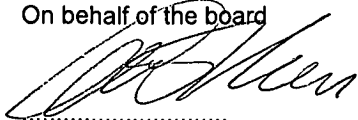
The impact of our core diversification strategy is being monitored closely. This year we saw 4% growth in turnover for ESPC Lettings, while ESPC Mortgages income remained consistent with the previous year. The growth in property marketing revenue this year means the percentage of turnover derived from the main revenue stream has increased to 42% in 2018/19 from 40% in 2017/18.

Our key financial aims are to operate in surplus appropriate for a member owned organisation and ensure that we continue to have a liquidity ratio greater than 1. The operating profit of the group for the year ended 31 May 2019 was £289,219.

### Future plans

Over the next year we plan to continue marketing the ESPC brand to allow us to remain relevant to buyers, sellers and solicitors. As well as using high impact marketing campaigns we will improve our technology offering. Continuing with our core diversification strategy we will strive to grow the non-core areas of our business in a sustainable manner.

On behalf of the board



G Kerr  
Director

Date: 26/11/19

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MAY 2019

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The directors present their annual report and financial statements for the year ended 31 May 2019.

#### Principal activities

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

#### Directors

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

A Fleming  
A Diamond  
C Forster  
A Hartley  
P Hilton  
G Kerr  
A Pratt  
S Calder  
M Maloco  
K Mcluskey

(Appointed 27 November 2018)

(Appointed 27 November 2018)

#### Results and dividends

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

#### Auditor

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

#### Statement of disclosure to auditor

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

On behalf of the board



G Kerr  
Director

Date: 26/11/19

# **EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 MAY 2019**

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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**

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## **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 2019 which comprise the consolidated statement of income and retained earnings, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

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

## **Other information**

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

## **Use of our report**

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

RSM UK Audit LLP

Claire Monaghan (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG  
13/12/19

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

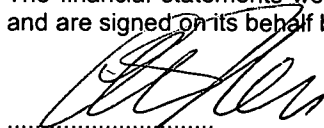
## CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MAY 2019

	Notes	2019 £	2018 £
<b>Turnover</b>	<b>3</b>	8,220,227	9,409,801
Staff costs	<b>4</b>	(2,508,203)	(2,865,422)
Depreciation and other amounts written off tangible and intangible fixed assets	<b>7</b>	(262,947)	(294,608)
Other operating expenses		(5,159,858)	(6,489,394)
<b>Operating profit/(loss)</b>	<b>7</b>	289,219	(239,623)
Share of results of associates and joint ventures		89,225	(138,273)
Other interest receivable and similar income	<b>8</b>	27,209	26,766
Other interest payable and similar expenses	<b>9</b>	-	(278)
Other gains and losses	<b>10</b>	-	(328,953)
Gain on disposal of group undertaking		51,006	-
<b>Profit/(loss) before taxation</b>		456,659	(680,361)
Taxation	<b>11</b>	(42,836)	36,326
<b>Profit/(loss) for the financial year</b>	<b>24</b>	413,823	(644,035)
Retained earnings brought forward		2,937,732	3,581,767
Retained earnings carried forward		3,351,555	2,937,732

**EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MAY 2019**

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Goodwill	13		252,679		-
Other intangible assets	13		225,214		50,358
Total intangible assets			477,893		50,358
Tangible assets	14		315,607		459,834
Investments	15		8,500		41,770
			802,000		551,962
<b>Current assets</b>					
Debtors	18	1,766,028		1,845,579	
Cash at bank and in hand		2,880,476		2,913,101	
		4,646,504		4,758,680	
<b>Creditors: amounts falling due within one year</b>					
	19	(1,936,151)		(2,158,506)	
<b>Net current assets</b>			2,710,353		2,600,174
<b>Total assets less current liabilities</b>			3,512,353		3,152,136
<b>Provisions for liabilities</b>	21		(160,798)		(214,404)
<b>Net assets</b>			3,351,555		2,937,732
<b>Capital and reserves</b>					
Profit and loss reserves	24		3,351,555		2,937,732

The financial statements were approved by the board of directors and authorised for issue on 26/01/19  
and are signed on its behalf by:



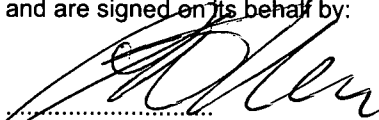
G Kerr  
Director

**EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 MAY 2019**

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Investments	15		10,000		10,000
			<u>          </u>		<u>          </u>
<b>Capital and reserves</b>					
Profit and loss reserves	24		10,000		10,000
			<u>          </u>		<u>          </u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £nil (2018: £nil).

The financial statements were approved by the board of directors and authorised for issue on 28/11/19 and are signed on its behalf by:



G Kerr  
Director

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MAY 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	25	327,767		(1,102,783)	
Interest paid		-		(278)	
Income taxes paid		-		(56,796)	
<b>Net cash inflow/(outflow) from operating activities</b>		<b>327,767</b>		<b>(1,159,857)</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(44,115)		(2,552)	
Proceeds on disposal of intangibles		-		444	
Purchase of tangible fixed assets		(2,295)		(52,562)	
Proceeds on disposal of tangible fixed assets		4,691		4,456	
Purchase of subsidiaries		(301,442)		-	
Proceeds on disposal of subsidiaries		(44,440)		-	
Proceeds on disposal of fixed asset investments		-		91,529	
Interest received		27,209		26,766	
<b>Net cash (used in)/generated from investing activities</b>		<b>(360,392)</b>		<b>68,081</b>	
<b>Net cash used in financing activities</b>		<b>-</b>		<b>-</b>	
<b>Net decrease in cash and cash equivalents</b>		<b>(32,625)</b>		<b>(1,091,776)</b>	
Cash and cash equivalents at beginning of year		2,913,101		4,004,877	
<b>Cash and cash equivalents at end of year</b>		<b>2,880,476</b>		<b>2,913,101</b>	

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

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### 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 90a George Street, Edinburgh, Midlothian, EH2 3DF.

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

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

#### Accounting convention

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

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

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

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

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

#### Basis of consolidation

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

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

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

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#### 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 or negative goodwill.

#### Going concern

At the time of approving the financial statements, the directors have a reasonable expectation 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 of accounting in preparing the financial statements.

#### Turnover

Property marketing revenue is recognised over the period which 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 us. The average time to sell a property is reviewed bi-annually and this is considered a key judgement in note 2.

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

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

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

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

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

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

#### Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the net assets over which control was assumed. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite life and is amortised on a systematic basis over its expected useful life, which was deemed to be 44 months with reference to the terms of the funding and management agreement in place with Glasgow Solicitors' Property Centre Limited. GSPC was put into administration following the year end and as a result goodwill has been fully amortised in the year to 31 May 2018.

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

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#### 1 Accounting policies (Continued)

##### **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.

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	3 years
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##### **Tangible fixed assets**

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

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

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

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

##### **Fixed asset investments**

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

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

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

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities. The group's share of the results, other comprehensive income and equity of jointly controlled entities are accounted for using the equity method.

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

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#### 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, amounts owed by group undertakings 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.

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

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#### 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.

##### ***Other financial liabilities***

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### ***Derecognition of financial liabilities***

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

##### ***Equity instruments***

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

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

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#### 1 Accounting policies (Continued)

##### **Taxation**

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

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

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

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

Deferred tax 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, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

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

##### **Provisions**

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

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

##### **Employee benefits**

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

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

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

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

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#### 1 Accounting policies (Continued)

##### **Retirement benefits**

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

##### **Leases**

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

#### 2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Critical judgements**

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

##### **Provisions**

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

##### **Revenue recognition**

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

##### **Impairment of investment**

The directors assess the value of the investment in the subsidiaries at each reporting date, considering future budgets and forecasts and the value of associated software which could be sold separately. Prior impairment losses are reversed as necessary.

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

#### 3 Turnover and other revenue

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

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Registrations	3,423,647	3,810,196
Advertising & schedule income	826,646	916,976
Member fees	100,057	151,792
Property reports	2,973,330	3,696,726
Other	439,511	391,358
Letting	326,118	313,852
Commissions	130,918	128,901
	<u>8,220,227</u>	<u>9,409,801</u>
	2019 £	2018 £
<b>Other revenue</b>		
Interest income	27,209	26,766
	<u>27,209</u>	<u>26,766</u>
	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	8,220,227	9,409,801
	<u>8,220,227</u>	<u>9,409,801</u>

#### 4 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Sales	3	3	-	-
Administration	70	87	-	-
	<u>73</u>	<u>90</u>	<u>-</u>	<u>-</u>

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

### 4 Employees (Continued)

Their aggregate remuneration comprised:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Wages and salaries	2,180,638	2,506,057	-	-
Social security costs	193,640	222,861	-	-
Pension costs	133,925	136,504	-	-
	<u>2,508,203</u>	<u>2,865,422</u>	<u>-</u>	<u>-</u>

### 5 Directors' remuneration

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	293,220	281,486
Company pension contributions to defined contribution schemes	18,717	17,759
	<u>311,937</u>	<u>299,245</u>

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	140,120	139,700
Company pension contributions to defined contribution schemes	11,650	11,350
	<u>151,770</u>	<u>151,050</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

### 6 Auditor's remuneration

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	2,000	1,820
Audit of the financial statements of the company's subsidiaries	16,550	17,320
	<u>18,550</u>	<u>19,140</u>
<b>For other services</b>		
All other non-audit services	14,975	11,680
	<u>14,975</u>	<u>11,680</u>

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

#### 7 Operating profit/(loss)

	2019 £	2018 £
Operating profit/(loss) for the year is stated after charging:		
Depreciation of owned tangible fixed assets	109,201	125,268
Loss on disposal of tangible fixed assets	32,942	8,786
Amortisation of intangible assets	120,804	91,961
Impairment of intangible assets	-	68,593
Operating lease charges	312,305	375,804
	<u>          </u>	<u>          </u>

#### 8 Interest receivable and similar income

	2019 £	2018 £
<b>Interest income</b>		
Interest on bank deposits	27,209	26,766
	<u>          </u>	<u>          </u>
Disclosed on the income statement as follows:		
Other interest receivable and similar income	27,209	26,766
	<u>          </u>	<u>          </u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	27,209	26,766
	<u>          </u>	<u>          </u>

#### 9 Interest payable and similar expenses

	2019 £	2018 £
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	-	278
	<u>          </u>	<u>          </u>
Disclosed on the income statement as follows:		
Other interest payable and similar expenses	-	278
	<u>          </u>	<u>          </u>

#### 10 Other gains and losses

	2019 £	2018 £
Gain on disposal of fixed asset investments	-	91,529
Other gains and losses	-	(420,482)
	<u>          </u>	<u>          </u>
	-	(328,953)
	<u>          </u>	<u>          </u>

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 11 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	37,004	-
Adjustments in respect of prior periods	-	454
Total current tax	37,004	454
<b>Deferred tax</b>		
Origination and reversal of timing differences	5,832	(35,886)
Adjustment in respect of prior periods	-	(894)
Total deferred tax	5,832	(36,780)
Total tax charge/(credit)	42,836	(36,326)

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

	2019 £	2018 £
Profit/(loss) before taxation	456,659	(680,361)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	86,765	(129,269)
Tax effect of expenses that are not deductible in determining taxable profit	(13,779)	192,848
Tax effect of income not taxable in determining taxable profit	-	(156,735)
Tax effect of utilisation of tax losses not previously recognised	(15,872)	53,585
Adjustments in respect of prior years	-	465
Other permanent differences	13	82
Deferred tax adjustments in respect of prior years	-	2,856
Fixed asset differences	5,907	3,861
Other differences	(20,198)	(4,019)
Taxation charge/(credit)	42,836	(36,326)

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

#### 12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2019 £	2018 £
In respect of:			
Goodwill	13	-	68,593
Joint ventures	15	-	420,482
Recognised in:			
Administrative expenses		-	68,593
Other gains and losses		-	420,482

#### 13 Intangible fixed assets

Group	Goodwill £	Software £	Total £
<b>Cost</b>			
At 1 June 2018	158,845	1,755,011	1,913,856
Additions	-	44,115	44,115
Additions - business combinations	278,179	226,045	504,224
Disposals	(158,845)	-	(158,845)
At 31 May 2019	278,179	2,025,171	2,303,350
<b>Amortisation and impairment</b>			
At 1 June 2018	158,845	1,704,653	1,863,498
Amortisation charged for the year	25,500	95,304	120,804
Disposals	(158,845)	-	(158,845)
At 31 May 2019	25,500	1,799,957	1,825,457
<b>Carrying amount</b>			
At 31 May 2019	252,679	225,214	477,893
At 31 May 2018	-	50,358	50,358

The company had no intangible fixed assets at 31 May 2019 or 31 May 2018.

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

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

#### 14 Tangible fixed assets

Group	Leasehold improvements	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 June 2018	677,480	104,395	255,487	23,068	1,060,430
Additions	-	900	1,395	-	2,295
Business combinations	-	-	312	-	312
Disposals	(41,430)	(19,568)	(312)	-	(61,310)
At 31 May 2019	636,050	85,727	256,882	23,068	1,001,727
<b>Depreciation and impairment</b>					
At 1 June 2018	379,644	65,640	141,854	13,458	600,596
Depreciation charged in the year	42,794	13,860	47,935	4,612	109,201
Eliminated in respect of disposals	(11,689)	(11,930)	(58)	-	(23,677)
At 31 May 2019	410,749	67,570	189,731	18,070	686,120
<b>Carrying amount</b>					
At 31 May 2019	225,301	18,157	67,151	4,998	315,607
At 31 May 2018	297,836	38,755	113,633	9,610	459,834

The company had no tangible fixed assets at 31 May 2019 or 31 May 2018.

#### 15 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	16	-	-	10,000	10,000
Investments in joint ventures		-	33,270	-	-
Unlisted investments		8,500	8,500	-	-
		8,500	41,770	10,000	10,000

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

#### 15 Fixed asset investments (Continued)

##### Movements in fixed asset investments Group

	Shares in group undertakings and participating interests £	Other investments other than loans £	Total £
<b>Cost or valuation</b>			
At 1 June 2018	453,752	8,500	462,252
Share of losses retained by participating interests	93,573	-	93,573
Disposals	(279,681)	-	(279,681)
At 31 May 2019	267,644	8,500	276,144
<b>Impairment</b>			
At 1 June 2018	420,482	-	420,482
Disposals	(152,838)	-	(152,838)
At 31 May 2019	267,644	-	267,644
<b>Carrying amount</b>			
At 31 May 2019	-	8,500	8,500
At 31 May 2018	33,270	8,500	41,770

##### Movements in fixed asset investments Company

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 June 2018 and 31 May 2019	10,000
<b>Carrying amount</b>	
At 31 May 2019	10,000
At 31 May 2018	10,000

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

#### 16 Subsidiaries

Details of the company's subsidiaries at 31 May 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
ESPC (UK) Limited	90a George Street, Edinburgh, Midlothian, EH2 3DF	Provision of business services in respect of selling of residential property	Ordinary	100	
MoveMachine Limited	90a George Street, Edinburgh, Midlothian, EH2 3DF	Production and marketing of property information reports	Ordinary		100
Solicitors Property Shops Limited	90a George Street, Edinburgh, Midlothian, EH2 3DF	Dormant	Ordinary	100	
BDP Technology Ltd	90a George Street, Edinburgh, Midlothian, EH2 3DF	Business and domestic software development	Ordinary		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. BDP Technology Ltd was previously a joint venture until ESPC (UK) acquired the remaining 50% share capital on 9 July 2018.

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

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

#### 17 Associates

Details of associates at 31 May 2019 are as follows:

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

Altis Legal Ltd was previously a joint venture, with ESPC (UK) Limited holding 50% of the shares, until they amended their articles of association on 10 July 2018 and are now an associate.

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 18 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
<b>Amounts falling due within one year:</b>				
Trade debtors	1,073,244	1,118,777	-	-
Amounts owed by undertakings in which the company has a participating interest	24,183	52,755	-	-
Other debtors	131,951	124,861	-	-
Prepayments and accrued income	369,088	432,719	-	-
	<u>1,598,466</u>	<u>1,729,112</u>	<u>-</u>	<u>-</u>
Deferred tax asset (note 22)	30,090	53,967	-	-
	<u>1,628,556</u>	<u>1,783,079</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by undertakings in which the company has a participating interest	122,500	62,500	-	-
Deferred tax asset (note 22)	14,972	-	-	-
	<u>137,472</u>	<u>62,500</u>	<u>-</u>	<u>-</u>
<b>Total debtors</b>	<u>1,766,028</u>	<u>1,845,579</u>	<u>-</u>	<u>-</u>

### 19 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade creditors	613,368	714,532	-	-
Corporation tax payable	37,004	-	-	-
Other taxation and social security	345,400	372,074	-	-
Other creditors	-	5,027	-	-
Accruals and deferred income	940,379	1,066,873	-	-
	<u>1,936,151</u>	<u>2,158,506</u>	<u>-</u>	<u>-</u>

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

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 20 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	1,232,335	1,217,770	n/a	n/a
Equity instruments measured at cost less impairment	8,500	41,770	n/a	n/a
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	1,309,067	1,524,080	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

### 21 Provisions for liabilities

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Provision for dilapidations		114,406	107,537	-	-
Provision for onerous leases		15,300	72,702	-	-
		129,706	180,239	-	-
Deferred tax liabilities	22	31,092	34,165	-	-
		160,798	214,404	-	-

Movements on provisions apart from deferred tax liabilities:

Group	Provision for dilapidations £	Provision for onerous leases £	Total £
At 1 June 2018	107,537	72,702	180,239
Additional provisions in the year	6,869	-	6,869
Utilisation of provision	-	(57,402)	(57,402)
At 31 May 2019	114,406	15,300	129,706

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

A provision is recognised for the expected future costs of meeting obligations arising from onerous leases, discounted to present value.

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

#### 22 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
<b>Group</b>				
Accelerated capital allowances	31,092	34,165	14,972	-
Tax losses	-	-	-	24,655
Short term timing differences	-	-	30,090	29,312
	<u>31,092</u>	<u>34,165</u>	<u>45,062</u>	<u>53,967</u>

The company has no deferred tax assets or liabilities.

	Group 2019 £	Company 2019 £
<b>Movements in the year:</b>		
Liability/(asset) at 1 June 2018	(19,802)	-
Charge to profit or loss	5,832	-
Liability/(asset) at 31 May 2019	<u>(13,970)</u>	<u>-</u>

The deferred tax asset of £45,062 (2018: £53,967) is expected to reverse within 12 months. Of this amount £14,972 relates to accelerated capital allowances and £30,090 relates to the group's pension and holiday pay accruals.

The deferred tax liability of £31,092 (2018: £34,165) relates to accelerated capital allowances, of which £20,641 is expected to reverse within 12 months.

#### 23 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>133,925</u>	<u>136,504</u>

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

#### 24 Reserves

##### Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

#### 25 Cash generated from group operations

	2019 £	2018 £
Profit/(loss) for the year after tax	413,823	(644,035)
Adjustments for:		
Share of results of associates and joint ventures	(89,225)	138,273
Taxation charged/(credited)	42,836	(36,326)
Finance costs	-	278
Investment income	(27,209)	(26,766)
Loss on disposal of tangible fixed assets	32,942	8,786
Gain on disposal of group undertaking	(51,006)	-
Amortisation and impairment of intangible assets	120,804	160,554
Depreciation and impairment of tangible fixed assets	109,201	125,268
Gain on sale of investments	-	(91,529)
Other gains and losses	-	420,482
(Decrease) in provisions	(50,533)	(31,979)
Movements in working capital:		
(Increase) in debtors	(4,721)	(755,916)
(Decrease) in creditors	(169,145)	(369,873)
<b>Cash generated from/(absorbed by) operations</b>	<b>327,767</b>	<b>(1,102,783)</b>

#### 26 Operating lease commitments

##### Lessee

The company uses operating leases for properties.

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	347,091	386,966	-	-
Between one and five years	936,491	1,068,582	-	-
In over five years	143,333	358,333	-	-
	<u>1,426,915</u>	<u>1,813,881</u>	<u>-</u>	<u>-</u>

# EDINBURGH SOLICITORS' PROPERTY CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

#### 27 Related party transactions

##### Remuneration of key management personnel

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

	2019 £	2018 £
Aggregate compensation	311,690	318,451

##### Transactions with related parties

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

	Recharged expenses		Loans made to	
	2019	2018	2019	2018
	£	£	£	£
<b>Group</b>				
Entities over which the entity has control, joint control or significant influence	132,280	660,277	90,000	62,500

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2019 Balance £	2018 Balance £
<b>Group</b>		
Entities over which the group has control, joint control or significant influence	146,683	115,255

Amounts due from related parties at the year end are unsecured and interest free, other than a balance of £122,500 which attracts interest at a rate of 3.5% per annum.