

Registered number: 04851694

**THE DISPUTE SERVICE LIMITED**

**(A company limited by guarantee)**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**



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**THE DISPUTE SERVICE LIMITED**  
**(A company limited by guarantee)**

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**COMPANY INFORMATION**

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<b>Directors</b>	Royal Institution of Chartered Surveyors Propertymark Limited Residential Landlords Association Limited Mark Allan Prof. Thomas Martin Partington CBE QC Stephen Harriott Jodi Berg OBE Nicholas Hankey David Cox
<b>Company secretary</b>	Nicholas Hankey ACA ACMA CA(SA)
<b>Registered number</b>	04851694
<b>Registered office</b>	West Wing First Floor The Maylands Building 200 Maylands Avenue Hemel Hempstead Hertfordshire HP2 7TG
<b>Independent auditors</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU

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**THE DISPUTE SERVICE LIMITED**  
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**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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## **Introduction**

The principal activities of the Group are to provide tenancy deposit protection and alternative dispute resolution services to the private rented sector.

## **Business review**

The Dispute Service Limited is an independent, not for profit, company limited by guarantee established in 2003 to resolve tenancy deposit disputes and offer tenancy deposit protection in the private rented sector. The company directly operates the Tenancy Deposit Scheme (TDS), under a service concession agreement from the government to run an insurance based tenancy deposit scheme in England and Wales under the provisions of the Housing Act 2004 (as amended).

In addition, in April 2016 the company launched TDS Custodial allowing landlords and agents to protect deposits in a custodial based scheme through TDS, giving an opportunity to the Company to increase market share and minimise loss of business to alternative schemes.

There are two subsidiaries in the group. SafeDeposits Scotland Limited has operated a custodial scheme in Scotland since 2 July 2012 and Tenancy Deposit Scheme Northern Ireland Limited has operated a custodial scheme and insurance based scheme in Northern Ireland since 1 April 2013.

The company continues to raise standards in customer service and following the reassessment for the government backed customer service excellence award, was awarded further compliant plus points. The company has also been awarded the BSi certification: Customer Satisfaction Complaints Handling ISO 10002:2004.

With the aim of increasing customer service standards, TDS has held the Customer Service Accreditation since 2012.

In addition to these accreditations, TDS was the 63rd Best Not-for-Profit Organisation to work for in 2019 in the Sunday Times survey. TDS was shortlisted for a number of industry awards and TDS Northern Ireland won one ESTA Awards for being the best in sector supplier in April 2018.

The company has continued to achieve high levels of satisfaction from its members and customers and the senior management team are regular contributors to the policy debate on tenancy deposit protection across the UK.

The company continues to provide finance, treasury, IT support, adjudication and administrative services to SafeDeposits Scotland Limited and TDS Northern Ireland Limited. SafeDeposits Scotland Limited runs a custodial tenancy deposit scheme in Scotland, while Tenancy Deposit Scheme Northern Ireland Limited operates a custodial and insured tenancy deposit scheme in Northern Ireland.

TDS' offices in Hemel Hempstead were destroyed by fire on Wednesday 9th January 2019. The company invoked its well tested Disaster Recovery plan and all services were being fully delivered within 21 hours of the fire and all systems were fully up and running by the close of business on Friday 11th January. It is a great credit to all colleagues at TDS that showed resilience and fortitude after the fire, committed to keep the company going and delivering great customer service. TDS has operated from temporary accommodation and moved to new offices in August 2019.

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**Principal risks and uncertainties**

**Credit risk**

The company experiences two different types of credit risk:

- 1 Due to the inability of members to pay their subscription fees.
- 2 Due to the inability or unwillingness of members to submit disputed deposit amounts to be issued after adjudication upon the relevant disputes.

The risk due to the inability of members to pay their subscription fees is minimised in the following ways:

- members must be of good standing of and remain members of an approved body such as Propertymark, RICS, Safeagent, UKALA or the Law Society;
- a strict policy of credit control is operated so that in the event of non- payment members have their ability to register tenancy deposits for protection on the website restricted; and
- landlord members pay on registration of individual deposits.

The risk due to the failure of members to submit disputed deposit amounts is minimised through the use of shared information between The Dispute Service Limited and the approved bodies, and an insurance policy that insures The Dispute Service Limited against non-payment of disputed deposits and the liquidation of members who have outstanding deposits payable to tenants at the end of a tenancy.

**Price risk**

The two costs which the company would be most susceptible to price risk are the cost of staff and the cost of insurance in the event that members are unable to pay protected deposit amounts to the company due to liquidation. However, staff costs are limited to the use of permanent staff rather than temporary so that costs only fluctuate from contracted rate at the discretion of management. Insurance costs are agreed on an annual basis and included in the annual budget to ensure that these are taken in to consideration when calculating the membership fee basis.

**Liquidity risk**

In order to minimise liquidity risk a budget for each financial year is calculated which is then approved by the board. Performance against budget is monitored each month enabling management to make decisions based on the company's performance as a whole and to observe and act upon emerging trends. In addition, the performance of individual departments is reported upon and monthly meetings held between the financial accountant and the budget holders in order to ensure that individual budget holders are aware of the expenditure of their department and any variations to budget. Any overspends are authorised in advance with budget holders. The company also ensures that it budgets carefully in order to maintain sufficient reserves to cover the annual costs of running the company if it were to receive no income.

The budget is reviewed during the year. The Board and management team regularly review the assumptions and look at scenarios to ensure that the company does not lose money.

In order to minimise liquidity risk a portion of the SafeDeposits Scotland Limited and the custodial scheme of Tenancy Deposit Scheme Northern Ireland Limited's client accounts are held in an instant access client monies account. Cash is invested at various maturities to mirror the expected repayment requirements of the scheme.

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**Cashflow risk**

In order to prevent cash flow issues, the company maintains a high level of funds in interest bearing accounts that allow immediate transfers if required, in addition to funds held in fixed rate bonds.

**Technology risk**

TDS delivers its core services for the group via websites fronting databases provided by three suppliers. The company has recently embarked on commissioning a new system to provide the services on one platform. Like any technology company TDS is vulnerable to risks such as:

- TDS being a victim of a concerted hacking attempt; impersonation or other fraudulent use to extract data or to bring the scheme into disrepute.
- Data Protection breach that results in a large fine and bad publicity
- Disaster affecting business continuity (IT and physical office)
- Internal fraud or sabotage
- New computer system implementation fails

In order to mitigate these risks, the Technology department follows good practice and has regular controls such as penetration testing; dummy runs of the disaster recovery plan (which this year was tested successfully for real after the fire); documented project procedures and staff police checks.

**Interest rate risk**

SafeDeposits Scotland Limited, the custodial scheme operated by Tenancy Deposit Scheme Northern Ireland Limited and TDS Custodial invest the tenancy deposits lodged with them by landlords and agents in order to earn interest to cover its operating expenses and the cost of the alternative dispute resolution service.

With good management and by investing funds to match the expected repayment profile of the deposits; the company has secured good interest rates despite the still relatively low interest rates prevailing. The Directors are aware of the risk that, when the current investments mature, the prevailing rates may be lower with the consequence that the company's income will be reduced. The effect of this reduction had been projected in the Business Plans and is monitored by the Directors.

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**Financial key performance indicators**

The company must meet certain KPIs in terms of its contract with the Ministry for Housing and Local Government. These include speed of answering telephone calls, availability of website, and time limits for key parts of the dispute resolution process. Throughout the year under review these were all met or exceeded and in each month the company obtained bonus points under its service concession agreement for exceeding most of the targets.

The company also monitors its financial performance against budgets as outlined above. The key factors are revenue, recoverability of membership debt and the surplus for the period.


SafeDeposits Scotland Limited must meet KPIs in terms of its licence with the Scottish Government. The company also monitors the number and value of deposits held and its financial performance against budgets. The key factors are interest received and administration expenses. All KPIs were met.

Tenancy Deposit Scheme Northern Ireland Limited must meet KPIs in terms of its licence with the Northern Ireland Executive. The company also monitors the number and value of deposits held and its financial performance against budgets. The key factors are interest, deposit protection fee revenue and administration expenses. The company also monitors the number and value of deposits held and its financial performance against budgets. All KPIs were met.

**Financial analysis**

The company reduced its charges to members in recent years and increased the discounts available for those members who posed a lesser risk to the work of the company. The decrease in revenue has been partially offset by the success of the TDS for Landlords scheme, giving an increase in turnover of 2.19%. As a not for profit group the focus in recent years has been to build up meaningful reserves to underpin the group's financial viability. The group now makes donations to the TDS Charitable Foundation for funding for projects designed to increase education about landlord and tenants' rights and obligations.

This report was approved by the board on 11 September 2019 and signed on its behalf.



**Nicholas Hankey**  
Director

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**THE DISPUTE SERVICE LIMITED**  
**(A company limited by guarantee)**

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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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The directors present their report and the consolidated financial statements for the year ended 31 March 2019.

**Directors' responsibilities statement**

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

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The profit for the year, after taxation, amounted to £829,589 (2018: £603,601).

The Dispute Service Limited single entity profit for the year before taxation, amounted to £430,423 (2018: £250,010).

The SafeDeposits Scotland Limited profit for the year before taxation, amounted to £503,880 (2018: £424,057).

Tenancy Deposit Scheme Northern Ireland's profit for the year, before taxation, amounted to £14,651 (2018: loss £35,899).

TDS has provided working capital for Tenancy Deposit Scheme Northern Ireland by provision of a loan and confirms that the loan can be repaid out of future cash surpluses.

**Going concern**

As at the date of signing these financial statements, the group and company are in the process of renegotiating their major contract with the Department for Communities and Local Government for the insured scheme part of the business. This contract contributed £6,475,693 of the revenue activity in the group for the period. It is expected that the tender process and the award of the contract will be concluded by January 2020. Since the outcome of the negotiation is uncertain, there is a material uncertainty that may cast doubt on the company and group's ability to continue as a going concern.



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**THE DISPUTE SERVICE LIMITED**  
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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**Directors**

The directors who served during the year were:

Royal Institution of Chartered Surveyors  
Propertymark Limited  
Residential Landlords Association Limited  
Mark Allan  
Prof. Thomas Martin Partington CBE QC  
Stephen Harriott  
Jodi Berg OBE  
Nicholas Hankey  
David Cox

**Future developments**

The company is looking at opportunities in areas where the skills and processes of the business can be utilised.

**Post balance sheet events**

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

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

**Auditors**

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11 September 2019 and signed on its behalf.



**Nicholas Hankey**  
Director

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DISPUTE SERVICE LIMITED

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### Opinion

We have audited the financial statements of The Dispute Service Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Balance sheets, the Consolidated and Company Statement of changes in equity, 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 Financial Reporting Standard 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 March 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 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.

### Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the group and company is in the process of renegotiating their major revenue contract with the Department for Communities and Local Government. This contract contributes to the majority of the trading revenue of the group and company. As a result, and as stated in note 2.3, the uncertain outcome of this contract negotiation indicates that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### 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 Auditors' 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.

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(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DISPUTE SERVICE LIMITED  
(CONTINUED)**

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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 the audit:

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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

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

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DISPUTE SERVICE LIMITED  
(CONTINUED)**

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**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement on page 5, 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 Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' 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 Auditors' 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.

*Grant Thornton UK LLP*

Wendy Russell  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Milton Keynes

Date: *13th September 2019*

**THE DISPUTE SERVICE LIMITED**  
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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	4	9,331,699	8,738,938
Cost of sales		(1,176,895)	(1,192,716)
<b>Gross profit</b>		<b>8,154,804</b>	<b>7,546,222</b>
Administrative expenses		(7,760,498)	(7,001,031)
Other operating income	5	366,891	-
<b>Operating profit</b>	6	<b>761,197</b>	<b>545,191</b>
Interest receivable and similar income	10	96,837	92,974
<b>Profit before taxation</b>		<b>858,034</b>	<b>638,165</b>
Tax on profit	11	(28,445)	(34,564)
<b>Profit for the financial year</b>		<b>829,589</b>	<b>603,601</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent Company		829,589	603,601
		<b>829,589</b>	<b>603,601</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2019 (2018: £Nil).

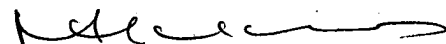
The notes on pages 15 to 34 form part of these financial statements.

**THE DISPUTE SERVICE LIMITED**  
(A company limited by guarantee)  
REGISTERED NUMBER:04851694

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	13	1,350,849	1,068,205
Tangible assets	14	167,808	275,672
Investments	15	869,046	-
		<u>2,387,703</u>	<u>1,343,877</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	16	-	750,000
Debtors: amounts falling due within one year	16	7,455,146	6,803,127
Cash at bank and in hand	17	6,848,726	6,773,265
		<u>14,303,872</u>	<u>14,326,392</u>
Creditors: amounts falling due within one year	18	(8,633,626)	(8,463,826)
<b>Net current assets</b>		<u>5,670,246</u>	<u>5,862,566</u>
<b>Total assets less current liabilities</b>		<u>8,057,949</u>	<u>7,206,443</u>
<b>Provisions for liabilities</b>			
Deferred taxation	20	(183,075)	(161,158)
		<u>(183,075)</u>	<u>(161,158)</u>
<b>Net assets</b>		<u><u>7,874,874</u></u>	<u><u>7,045,285</u></u>
<b>Capital and reserves</b>			
Profit and loss account	21	7,874,874	7,045,285
		<u><u>7,874,874</u></u>	<u><u>7,045,285</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 September 2019



**Nicholas Hankey**  
Director

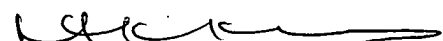
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**THE DISPUTE SERVICE LIMITED**  
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REGISTERED NUMBER: 04851694

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	13	1,350,849	1,068,205
Tangible assets	14	146,684	253,448
Investments	15	869,047	1
		<u>2,366,580</u>	<u>1,321,654</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	16	400,000	1,150,000
Debtors: amounts falling due within one year	16	6,826,533	6,372,065
Cash at bank and in hand	17	6,071,688	6,210,797
		<u>13,298,221</u>	<u>13,732,862</u>
Creditors: amounts falling due within one year	18	(8,431,735)	(8,253,175)
<b>Net current assets</b>		<u>4,866,486</u>	<u>5,479,687</u>
<b>Total assets less current liabilities</b>		<u>7,233,066</u>	<u>6,801,341</u>
<b>Provisions for liabilities</b>			
Deferred taxation	20	(187,683)	(164,626)
		<u>(187,683)</u>	<u>(164,626)</u>
<b>Net assets</b>		<u><u>7,045,383</u></u>	<u><u>6,636,715</u></u>
<b>Capital and reserves</b>			
Profit and loss account	21	7,045,383	6,636,715
		<u><u>7,045,383</u></u>	<u><u>6,636,715</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 September 2019



**Nicholas Hankey**  
Director

The notes on pages 15 to 34 form part of these financial statements.

**THE DISPUTE SERVICE LIMITED**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

	Profit and loss account £	Total reserves £
<b>At 1 April 2017</b>	6,441,684	6,441,684
<b>Comprehensive income for the year</b>		
Profit for the year	603,601	603,601
<b>At 1 April 2018</b>	7,045,285	7,045,285
<b>Comprehensive income for the year</b>		
Profit for the year	829,589	829,589
<b>At 31 March 2019</b>	7,874,874	7,874,874

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

	Profit and loss account £	Total reserves £
<b>At 1 April 2017</b>	6,340,074	6,340,074
<b>Comprehensive income for the year</b>		
Profit for the year	296,641	296,641
<b>At 1 April 2018</b>	6,636,715	6,636,715
<b>Comprehensive income for the year</b>		
Profit for the year	408,668	408,668
<b>At 31 March 2019</b>	7,045,383	7,045,383

The notes on pages 15 to 34 form part of these financial statements.



**THE DISPUTE SERVICE LIMITED**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	829,589	603,601
<b>Adjustments for:</b>		
Amortisation of intangible assets	425,657	208,772
Depreciation of tangible assets	131,172	108,942
Loss on disposal of tangible assets	142,004	-
Fair value adjustment	(118,997)	-
Interest received	(96,837)	(269,816)
Taxation charge	28,445	34,564
Increase in debtors	(656,590)	(1,551,687)
Increase in creditors	193,714	555,821
Corporation tax paid	(25,920)	(70,548)
<b>Net cash generated from operating activities</b>	<b>852,237</b>	<b>(380,351)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(708,301)	(161,793)
Purchase of tangible fixed assets	(165,312)	(81,858)
Interest received	96,837	269,816
<b>Net cash from investing activities</b>	<b>(776,776)</b>	<b>26,165</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>75,461</b>	<b>(354,186)</b>
Cash and cash equivalents at beginning of year	6,773,265	7,127,451
<b>Cash and cash equivalents at the end of year</b>	<b>6,848,726</b>	<b>6,773,265</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	6,848,726	6,773,265
	<b>6,848,726</b>	<b>6,773,265</b>

The notes on pages 15 to 34 form part of these financial statements.

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**THE DISPUTE SERVICE LIMITED**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**1. General information**

The Dispute Service Limited is a company limited by guarantee and incorporated and registered in England and Wales. Details of the registered address are given on the Company Information page. The principal activity is shown in the Strategic report.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The financial statements consolidate the accounts of The Dispute Service Limited, Tenancy Deposit Scheme Northern Ireland Limited and SafeDeposits Scotland Limited. Profits or losses on intra-group transactions are eliminated in full. As a consolidated Statement of comprehensive income is published, a separate Statement of comprehensive income for the parent company is not presented with the group financial statements as permitted by section 408 of the Companies Act 2006.

The Dispute Service Limited has the ability to hold the majority vote at general meetings of the SafeDeposits Scotland Limited Board. This constitutes control and therefore consolidated financial statements have been produced.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

**2.3 Going concern**

As at the date of signing these financial statements, the group and company are in the process of renegotiating their major contract with the Department for Communities and Local Government for the insured scheme part of the business. This contract contributed £6,475,693 of the revenue activity in the group for the period. It is expected that the tender process and the award of the contract will be concluded by January 2020. Since the outcome of the negotiation is uncertain, there is a material uncertainty that may cast doubt on the company and group's ability to continue as a going concern.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

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

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

**2.5 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets comprise of software only. This is deemed to have a useful economic life of 7 years.

**2.6 Associates and joint ventures**

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

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**THE DISPUTE SERVICE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.7 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.

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.

Depreciation is provided on the following basis:

Motor vehicles	- 33% on cost
Fixtures & fittings	- 20% on cost
Computer equipment	- 33% - 50% on cost
Improvement to property	- 15% on cost

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 Consolidated statement of comprehensive income.

**2.8 Debtors**

Short term debtors are measured at transaction price, less any 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.

**2.9 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.10 Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

**2.11 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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**THE DISPUTE SERVICE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.12 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.13 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees in TDS and TDSNI. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.14 Valuation of investments**

Investments in subsidiaries are valued at cost less provision for impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

**2.15 Interest income**

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.16 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of 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 balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 balance sheet date.

**2.17 Disputed deposits**

Disputed deposits held on behalf of the parties concerned are excluded from bank and cash balances on the balance sheet.

**2.18 Tenancy deposits**

Tenancy deposits held by custodial schemes operated by the subsidiaries are held on behalf of the parties concerned and are excluded from the cash balances on the balance sheet.

**2.19 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

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**THE DISPUTE SERVICE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

**Revenue recognition**

**Deposit protection and dispute resolution income**

The Company receives an upfront payment from a landlord which covers both deposit protection and dispute resolution. This covers the services over the life of the lease regardless of its length. Management is therefore required to assess the period over which this revenue is recognised as the provision of service occurs over time. Based on historical data, the average length of tenancies is one year and therefore management consider it appropriate to recognise this income on a straight line basis over this period of time. The average length of tenancies is reviewed on an annual basis.

The deposit protection represents a commitment to make payments to tenants due to landlord default and is generally recognised and measured when it is probable that the Company will be required to transfer economic benefits in settlement. This requires an assessment to be made at the year-end in respect of the number of deposits that have been protected and the proportion of those that TDS considers likely to require payments to the tenants to be made due to landlord default. In determining the estimate management review historical data in respect of previous payments and also consider the impact of on-going disputes between landlords and tenants which they are aware of.

**Convertible loan note**

The company issued a convertible loan note for the amount of £750,000 to a start-up business in March 2018. The instrument accrued interest at a rate of 7.5% which was payable in the event that the instrument was redeemed for cash.

In March 2019, the instrument was converted into shares and subsequently the investment fair valued at year end.

**4. Turnover**

The whole of the turnover is attributable to the principal activity.

All turnover arose within the United Kingdom.

Turnover has been restated due to the reclassification of interest received on custodial cash deposits from interest receivable in a subsidiary undertaking, Tenancy Deposit Scheme Northern Ireland Limited, as this is considered part of the subsidiary's trading activities.

**5. Other operating income**

	2019 £	2018 £
Insurance proceeds	366,891	-



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**6. Operating profit**

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	131,172	108,939
Amortisation of intangible assets, including goodwill	425,657	208,772
Other operating lease rentals	289,525	148,030
	<u>846,354</u>	<u>465,741</u>

**7. Auditors' remuneration**

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	48,710	38,630
Fees payable to the Group's auditor and its associates in respect of other services relating to taxation	11,385	10,985
	<u>60,095</u>	<u>49,615</u>

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	4,063,875	3,697,836
Social security costs	384,973	348,258
Cost of defined contribution scheme	259,280	252,101
	<u>4,708,128</u>	<u>4,298,195</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Administration	126	127
	<u>126</u>	<u>127</u>

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**THE DISPUTE SERVICE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**9. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	356,070	331,388
Company contributions to defined contribution pension schemes	39,422	46,590
	<u>395,492</u>	<u>377,978</u>

During the year retirement benefits were accruing to 2 directors (2018: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £162,266 (2018: £145,836).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18,220 (2018: £25,803).

Employers national insurance totalling £40,808 (2018: £37,698) was incurred during the year in addition to the above emoluments.

**10. Interest receivable**

	2019 £	2018 £
Other interest receivable	<u>96,837</u>	<u>92,974</u>

Other interest receivable has been restated due to the reclassification of interest received on custodial cash deposits on custodial cash deposits to turnover in the subsidiary undertaking, Tenancy Deposit Scheme Northern Ireland Limited, as this is considered part of the subsidiary's trading activities.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Taxation:**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	123,228	148,342
Adjustments in respect of previous periods	(116,700)	(118,979)
	<u>6,528</u>	<u>29,363</u>
<b>Total current tax</b>	<u><u>6,528</u></u>	<u><u>29,363</u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	13,066	(14,434)
Adjustments in respect of prior periods	8,851	19,635
	<u>21,917</u>	<u>5,201</u>
<b>Total deferred tax</b>	<u><u>21,917</u></u>	<u><u>5,201</u></u>
<b>Taxation on profit on ordinary activities</b>	<u><u>28,445</u></u>	<u><u>34,564</u></u>

**THE DISPUTE SERVICE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - *lower than*) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>858,034</u>	<u>638,165</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	163,027	121,251
<b>Effects of:</b>		
Fixed asset differences	(3,925)	1,099
Expenses not deductible for tax purposes	3,462	3,561
Adjustments to tax charge in respect of prior periods	(107,849)	(118,976)
Chargeable losses	(4,811)	-
Adjustments in changing deferred taxation rates	(1,461)	2,380
Non-taxable income	(22,719)	18,999
Deferred tax not recognised	649	6,250
Other movements	2,072	-
<b>Total tax charge for the year</b>	<u><u>28,445</u></u>	<u><u>34,564</u></u>

**Factors that may affect future tax charges**

The main rate of UK corporation tax will to 17% from 1 April 2020. These changes have been substantively enacted at the balance sheet date. Temporary difference have been measured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

**12. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £408,668 (2018: £296,641).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**13. Intangible assets**

**Group and Company**

	<b>Software £</b>
<b>Cost</b>	
At 1 April 2018	1,577,863
Additions	708,301
	<hr/>
At 31 March 2019	2,286,164
	<hr/>
<b>Amortisation</b>	
At 1 April 2018	509,658
Charge for the year	425,657
	<hr/>
At 31 March 2019	935,315
	<hr/>
<b>Net book value</b>	
At 31 March 2019	1,350,849
	<hr/> <hr/>
At 31 March 2018	1,068,205
	<hr/> <hr/>

**THE DISPUTE SERVICE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**14. Tangible fixed assets**

**Group**

	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Improvement to property £	Total £
<b>Cost or valuation</b>					
At 1 April 2018	5,750	192,287	374,517	282,772	855,326
Additions	-	11,538	153,774	-	165,312
Disposals	(5,750)	(116,725)	(224,883)	(282,772)	(630,130)
At 31 March 2019	-	87,100	303,408	-	390,508
<b>Depreciation</b>					
At 1 April 2018	3,833	159,977	251,273	164,571	579,654
Charge for the year on owned assets	958	19,446	88,522	22,246	131,172
Disposals	(4,791)	(103,504)	(193,014)	(186,817)	(488,126)
At 31 March 2019	-	75,919	146,781	-	222,700
<b>Net book value</b>					
At 31 March 2019	-	11,181	156,627	-	167,808
At 31 March 2018	1,917	32,310	123,244	118,201	275,672

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**14. Tangible fixed assets (continued)**

**Company**

	Fixtures & fittings £	Computer equipment £	Improvement to property £	Total £
<b>Cost or valuation</b>				
At 1 April 2018	116,725	335,464	282,772	734,961
Additions	300	142,977	-	143,277
Disposals	(116,725)	(224,883)	(282,772)	(624,380)
At 31 March 2019	300	253,558	-	253,858
<b>Depreciation</b>				
At 1 April 2018	97,733	219,209	164,571	481,513
Charge for the year on owned assets	5,771	80,979	22,246	108,996
Disposals	(103,504)	(193,014)	(186,817)	(483,335)
At 31 March 2019	-	107,174	-	107,174
<b>Net book value</b>				
At 31 March 2019	300	146,384	-	146,684
At 31 March 2018	18,992	116,255	118,201	253,448

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**15. Fixed asset investments**

**Group**

	Investments in associates £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
Additions	49	750,000	750,049
Movement in fair value	-	118,997	118,997
At 31 March 2019	<u>49</u>	<u>868,997</u>	<u>869,046</u>

**Company**

	Investments in subsidiary companies £	Investments in associates £	Unlisted investments £	Total £
<b>Cost or valuation</b>				
At 1 April 2018	1	-	-	1
Additions	-	49	750,000	750,049
Movement in fair value	-	-	118,997	118,997
At 31 March 2019	<u>1</u>	<u>49</u>	<u>868,997</u>	<u>869,047</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Fixed asset investments (continued)**

At 31 March 2019, the Company held more than 20% of the allotted share capital of the following:

Name	Registered office	Principal activity	Class of shares	Holding
Tenancy Deposit Scheme Northern Ireland Limited	England	Deposit protection services	Ordinary	100%
Money Shield Ltd	England	Activities of membership organisation	Ordinary	49%

The aggregate of the share capital and reserves as at 31 March 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Tenancy Deposit Scheme Northern Ireland Limited	(498,323)	14,651
Money Shield Ltd	(62,739)	(62,839)

**16. Debtors**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	400,000	400,000
Other debtors	-	750,000	-	750,000
	<u>-</u>	<u>750,000</u>	<u>400,000</u>	<u>1,150,000</u>

Amounts owed by group undertakings represent loan balances which are subject to interest.

Other debtors represent the convertible loan subscribed to in the period. Further disclosure is included in note 3.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**16. Debtors (continued)**

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
<b>Due within one year</b>				
Trade debtors	5,611,105	5,616,372	5,604,450	5,606,482
Amounts owed by group undertakings	-	-	226,364	211,969
Other debtors	1,359,139	693,316	668,929	189,786
Prepayments and accrued income	484,902	493,439	326,790	363,828
	<u>7,455,146</u>	<u>6,803,127</u>	<u>6,826,533</u>	<u>6,372,065</u>

Amounts owed by group undertakings represent trading balances which are repayable on demand under normal trading terms and not subject to interest.

**17. Cash and cash equivalents**

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Cash at bank and in hand	<u>6,848,726</u>	<u>6,773,265</u>	<u>6,071,688</u>	<u>6,210,797</u>

**18. Creditors: Amounts falling due within one year**

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Trade creditors	231,861	277,660	222,057	269,068
Corporation tax	11,034	30,427	-	-
Other taxation and social security	1,048,033	1,071,373	1,048,033	1,071,373
Other creditors	544	21,534	544	20,379
Accruals and deferred income	7,342,154	7,062,832	7,161,101	6,892,355
	<u>8,633,626</u>	<u>8,463,826</u>	<u>8,431,735</u>	<u>8,253,175</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**19. Financial instruments**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	6,848,727	6,773,265	6,812,026	6,210,797
Financial assets that are debt instruments measured at amortised cost	7,087,340	6,394,847	6,474,821	5,954,463
	<u>13,936,067</u>	<u>13,168,112</u>	<u>13,286,847</u>	<u>12,165,260</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(1,535,768)	(1,422,639)	(1,416,361)	(1,312,256)

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

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**20. Deferred taxation**

**Group**

	2019 £	2018 £
At beginning of year	(161,158)	(155,957)
Charged to profit or loss	(21,917)	(5,201)
<b>At end of year</b>	<b>(183,075)</b>	<b>(161,158)</b>

**Company**

	2019 £	2018 £
At beginning of year	(164,626)	(157,024)
Charged to profit or loss	(23,057)	(7,602)
<b>At end of year</b>	<b>(187,683)</b>	<b>(164,626)</b>

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	(182,919)	(164,622)	(187,527)	(168,090)
Short term timing differences	(156)	3,464	(156)	3,464
	<b>(183,075)</b>	<b>(161,158)</b>	<b>(187,683)</b>	<b>(164,626)</b>

**21. Reserves**

**Profit & loss account**

Profit and Loss account contains all current year and prior year profits and losses.

**22. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £259,280 (2018: £252,101). Contributions totalling £916 (2018: £20,379 payable) were receivable from the fund at the balance sheet date.

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**23. Commitments under operating leases**

At 31 March 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	26,996	181,216	7,209	164,002
Later than 1 year and not later than 5 years	291,267	568,219	197,204	563,022
Later than 5 years	-	816,667	-	816,667
	<u>318,263</u>	<u>1,566,102</u>	<u>204,413</u>	<u>1,543,691</u>

**24. Dispute and tenancy deposits held**

SafeDeposits Scotland Limited and Tenancy Deposit Scheme Northern Ireland hold tenancy deposits on behalf of their customers on a custodial basis. The companies do not have legal title of these bank balances and therefore these are held off balance sheet. The bank balance and corresponding liability at 31 March 2019 totalled £108,929,525 (2018: £100,376,870).

The Dispute Service Limited and Tenancy Deposit Scheme Northern Ireland Limited hold disputed tenancy deposits on behalf of their members. The companies do not have legal title of these bank balances and therefore these are held off balance sheet. The bank balance and corresponding liability at 31 March 2019 totalled £4,078,137 (2018: £3,573,906).

The Dispute Service Limited hold custodial deposits on behalf of their members. The company does not have legal title of these bank balances and therefore these are held off balance sheet. The bank balance and corresponding liability at 31 March 2019 totalled £72,209,249 (2018: £38,985,011).

**25. Related party transactions**

**Transactions with Key Management Personnel**

It is the opinion of the directors that there are no members of Key Management Personnel other than the directors. Details of remuneration paid to directors during the year are given in note 8. There were no other transactions with directors.

**Transactions with other related parties**

During the year, the Group purchased goods and services from Propertymark Limited amounting to £10,920 (2018: £9,914), and the Group recharged to Propertymark Limited £7,059 (2018: £9,322), from which £817 (2018: £1,156) is recoverable at the year end and from Residential Landlords Association (RLA) of £38,596 (2018: £32,397), from which £313 (2018: £Nil) were outstanding at year end. Propertymark Limited and RLA are related parties by virtue of their directorships of TDS.

The Company has taken advantage of the exemptions available under FRS102 Section 33, paragraph 33.1A in disclosing related parties transactions with its subsidiaries.