

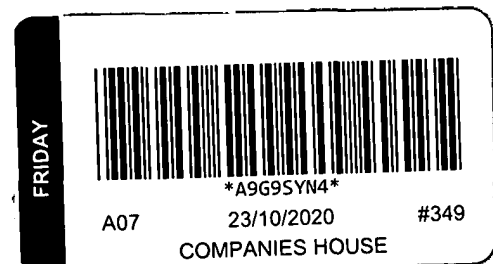
Registered number: 04851694

THE DISPUTE SERVICE LIMITED

(A company limited by guarantee)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020



THE DISPUTE SERVICE LIMITED
(A company limited by guarantee)

COMPANY INFORMATION

Directors	Royal Institution of Chartered Surveyors Propertymark Limited Mark Allan Prof. Thomas Martin Partington CBE QC Stephen Harriott Nicholas Hankey David Cox (resigned 3 August 2020) Paula Quigley (appointed 19 November 2019) Anda Gregory (appointed 19 November 2019) National Residential Landlords Association (appointed 1 April 2020) Jodi Berg OBE (resigned 1 April 2020) Residential Landlords Association (resigned 1 April 2020)
Company secretary	Nicholas Hankey
Registered number	04851694
Registered office	West Wing First Floor The Maylands Building 200 Maylands Avenue Hemel Hempstead Hertfordshire HP2 7TG
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU

THE DISPUTE SERVICE LIMITED
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THE DISPUTE SERVICE LIMITED
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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

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). The company was awarded an extension of its insurance backed tenancy deposit scheme contract to 31st March 2023 by the Ministry of Housing, Communities and Local Government in September 2020. This brings the contract in line with the custodial tenancy deposit scheme contract.

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 Customer Service Accreditation award (held since 2012), was awarded further compliant plus points in September 2020. SafeDeposits Scotland Limited was awarded the customer service excellence award for the first time in July 2020 with four compliant plus points. The Company has also been re-awarded the BSI certification: Customer Satisfaction Complaints Handling ISO 10002:2004.

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 Limited won an ESTA Award for being the best in sector supplier in July 2020.

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.

THE DISPUTE SERVICE LIMITED
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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

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. This policy was tested during Covid-19 lockdown; 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, which are expected to increase in 2021/22 due to the wider economic effects of the Covid-19 lockdown, 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 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 company weathered the Covid-19 lockdown with adequate cash.

THE DISPUTE SERVICE LIMITED
(A company limited by guarantee)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Liquidity risk (continued)

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 schemes of The Dispute Service Limited and Tenancy Deposit Scheme Northern Ireland Limited's client accounts are held in an instant access client monies account. The remainder of the cash is invested at various maturities to mirror the expected repayment requirements of the scheme.

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. This policy was adequate for cash demands against the scheme during the Covid-19 lockdown.

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 last year was tested successfully for real after the fire); documented project procedures and staff police checks.

Interest rate risk

SafeDeposits Scotland Limited, the custodial schemes 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 due to the effect of the Covid-19 crisis, 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.

THE DISPUTE SERVICE LIMITED
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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Financial key performance indicators

The Group must meet certain KPIs in terms of its contract with the Ministry for Housing and Local Government, the Scottish Government and the Northern Ireland Department for Communities. 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 Group 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.

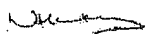
Tenancy Deposit Scheme Northern Ireland Limited must meet KPIs in terms of its licence with the Northern Ireland Executive. The Group also monitors the number and value of deposits held and its financial performance against budgets. The key factors are interest, deposit protection fee revenue and administration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

Financial analysis

The Tenancy Deposit Scheme 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 9.1%. 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.

This report was approved by the board on 20/10/2020

and signed on its behalf.



Nicholas Hankey
Director

THE DISPUTE SERVICE LIMITED
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the consolidated financial statements for the year ended 31 March 2020.

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 judgements 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 £578,280 (2019 - £829,589).

The Dispute Service Limited single entity profit for the year before taxation, amounted to £394,464 (2019: £339,503).

The SafeDeposits Scotland Limited profit for the year before taxation, amounted to £410,874 (2019: £503,880).

Tenancy Deposit Scheme Northern Ireland's profit for the year, before taxation, amounted to £11,249 (2019: £14,651).

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.

THE DISPUTE SERVICE LIMITED
(A company limited by guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Going concern

The Company was awarded an extension of its insurance backed tenancy deposit scheme contract to 31 March 2023 by the Ministry of Housing, Communities and Local Government in September 2020. This brings the contract in line with the custodial tenancy deposit scheme contract. The company is confident that in the 2022 tender process it will be awarded contracts to continue operating. At present the company's ability to continue as a going concern is not affected and further consideration of the impact of Covid-19 has been included below.

Covid-19

The directors have reviewed the prospects of the Group and prepared forecasts for the period to 31 March 2022. Despite various risks posed by the effect of the lockdown from March to May to the private rented sector the company has emerged in good shape. Cash balances are higher than expected, agent members have paid fees on time, protections have returned to their expected level and there have been no liquidity issues with the custodial scheme.

The main threats going forward are the current low level of interest rates being paid on the custodial scheme deposits invested, but investments have been secured at good rates for the longer term and there has been an increase in insurance premiums in 2021/22 due to the fallout in the rest of the economy due to the lockdown.

On this basis, and having reviewed detailed forecasts and associated sensitivity analysis, even under the unprecedented level of uncertainty presented by the COVID-19 lockdown, the directors believe that the business can continue as a going concern for at least 12 months from the date of approval of the financial statements.

Directors

The directors who served during the year were:

Royal Institution of Chartered Surveyors
Propertymark Limited
Mark Allan
Prof. Thomas Martin Partington CBE QC
Stephen Harriott
Nicholas Hankey
David Cox (resigned 3 August 2020)
Paula Quigley (appointed 19 November 2019)
Anda Gregory (appointed 19 November 2019)
Jodi Berg OBE (resigned 1 April 2020)
Residential Landlords Association (resigned 1 April 2020)

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.

THE DISPUTE SERVICE LIMITED
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Disclosure of information to auditors

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

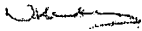
- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the 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 20/10/2020

and signed on its behalf.



Nicholas Hankey
Director

THE DISPUTE SERVICE LIMITED
(A company limited by guarantee)



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

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 2020, 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 analysis of net debt, 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 2020 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 the 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's or the parent Company's future prospects and performance.

- ⁵ Covid-19 and Brexit are amongst the most significant economic events faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's or the parent Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Group and the parent Company associated with these particular events.

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

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the Group's or the parent Company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Group's or the parent Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditors' report is not a guarantee that the Group and the parent Company will continue in operation.

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.

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.

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

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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out 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.

THE DISPUTE SERVICE LIMITED
(A company limited by guarantee)



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

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. 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.

A stylized signature or stamp that reads "Grant Thornton UK LLP".

Gareth Norris FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
Date: 20/10/2020

THE DISPUTE SERVICE LIMITED
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Turnover	4	10,182,464	9,331,699
Cost of sales		(1,184,173)	(1,176,895)
Gross profit		8,998,291	8,154,804
Administrative expenses		(8,784,136)	(7,879,495)
Other operating income	5	287,774	366,891
Fair value movements		217,661	118,997
Operating profit	6	719,590	761,197
Interest receivable and similar income	10	96,997	96,837
Profit before taxation		816,587	858,034
Tax on profit	11	(238,307)	(28,445)
Profit for the financial year		578,280	829,589
Profit for the year attributable to:			
Owners of the parent Company		578,280	829,589
		578,280	829,589

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2020 (2019: £Nil).

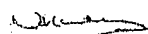
The notes on pages 18 to 37 form part of these financial statements.

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

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	1,788,334	1,350,849
Tangible assets	14	610,117	167,808
Investments	15	1,086,707	869,046
		<u>3,485,158</u>	<u>2,387,703</u>
Current assets			
Debtors: amounts falling due within one year	16	8,421,200	7,455,146
Cash at bank and in hand	17	6,037,697	6,848,726
		<u>14,458,897</u>	<u>14,303,872</u>
Creditors: amounts falling due within one year	18	(9,232,805)	(8,633,626)
Net current assets		<u>5,226,092</u>	<u>5,670,246</u>
Total assets less current liabilities		<u>8,711,250</u>	<u>8,057,949</u>
Provisions for liabilities			
Deferred taxation	20	(258,096)	(183,075)
		<u>(258,096)</u>	<u>(183,075)</u>
Net assets		<u><u>8,453,154</u></u>	<u><u>7,874,874</u></u>
Capital and reserves			
Profit and loss account	21	8,453,154	7,874,874
		<u><u>8,453,154</u></u>	<u><u>7,874,874</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20/10/2020



Nicholas Hankey
Director

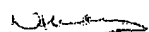
The notes on pages 18 to 37 form part of these financial statements.

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

COMPANY BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	1,788,334	1,350,849
Tangible assets	14	577,213	146,684
Investments	15	1,086,708	869,047
		<u>3,452,255</u>	<u>2,366,580</u>
Current assets			
Debtors: amounts falling due after more than one year	16	370,000	400,000
Debtors: amounts falling due within one year	16	7,426,982	6,826,533
Cash at bank and in hand	17	5,243,921	6,071,688
		<u>13,040,903</u>	<u>13,298,221</u>
Creditors: amounts falling due within one year	18	(8,955,830)	(8,431,735)
Net current assets		<u>4,085,073</u>	<u>4,866,486</u>
Total assets less current liabilities		<u>7,537,328</u>	<u>7,233,066</u>
Provisions for liabilities			
Deferred taxation	20	(257,670)	(187,683)
		<u>(257,670)</u>	<u>(187,683)</u>
Net assets		<u><u>7,279,658</u></u>	<u><u>7,045,383</u></u>
Capital and reserves			
Profit and loss account	21	7,279,658	7,045,383
		<u><u>7,279,658</u></u>	<u><u>7,045,383</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20/10/2020



Nicholas Hankey
Director

The notes on pages 18 to 37 form part of these financial statements.

THE DISPUTE SERVICE LIMITED
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Profit and loss account £	Total reserves £
At 1 April 2018	7,045,285	7,045,285
Comprehensive income for the year		
Profit for the year	829,589	829,589
At 1 April 2019	7,874,874	7,874,874
Comprehensive income for the year		
Profit for the year	578,280	578,280
At 31 March 2020	<u>8,453,154</u>	<u>8,453,154</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Profit and loss account £	Total reserves £
At 1 April 2017	6,636,715	6,636,715
Comprehensive income for the year		
Profit for the year	408,668	408,668
At 1 April 2019	7,045,383	7,045,383
Comprehensive income for the year		
Profit for the year	234,275	234,275
At 31 March 2020	<u>7,279,658</u>	<u>7,279,658</u>

The notes on pages 18 to 37 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 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	578,280	829,589
Adjustments for:		
Amortisation of intangible assets	722,977	425,657
Depreciation of tangible assets	178,229	131,172
Loss on disposal of tangible assets	634	142,004
Fair value adjustment	(217,661)	(118,997)
Interest received	(96,997)	(96,837)
Taxation charge	238,307	28,445
(Increase) in debtors	(966,055)	(656,590)
Increase in creditors	544,575	193,714
Corporation tax paid	(108,682)	(25,920)
Net cash generated from operating activities	873,607	852,237
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,160,461)	(708,301)
Purchase of tangible fixed assets	(621,172)	(165,312)
Interest received	96,997	96,837
Net cash used in investing activities	(1,684,636)	(776,776)
Net (decrease)/increase in cash and cash equivalents	(811,029)	75,461
Cash and cash equivalents at beginning of year	6,848,726	6,773,265
Cash and cash equivalents at the end of year	6,037,697	6,848,726
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,037,697	6,848,726
	6,037,697	6,848,726

The notes on pages 18 to 37 form part of these financial statements.

THE DISPUTE SERVICE LIMITED
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CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2020

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	6,848,726	(811,029)	6,037,697
	<u>6,848,726</u>	<u>(811,029)</u>	<u>6,037,697</u>

The notes on pages 18 to 37 form part of these financial statements.

THE DISPUTE SERVICE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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 judgement 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.

The Company has taken advantage of the disclosure exemption permitted by Section 1.11 of FRS 102 from the requirement to prepare a Company statement of cash flows, by virtue of the fact that consolidated financial statements are prepared.

THE DISPUTE SERVICE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.3 Going concern

The companies in the TDS operate prudent treasury policies to ensure that deposits can be repaid. The minimum cash per the policy was increased by delaying longer term investments in April and May 2020 and was adequate to meet the schemes' obligations during that period. Investments have been secured at good interest rates for the long and medium term, securing the income of the schemes.

The Group's cash flow has been in line with previous years, despite the Covid-19 lockdown. Expenses of the group can be met from the current cash balance.

On this basis, even under the unprecedented level of uncertainty presented by the Covid-19 lockdown, the directors are confident that the business will continue as a going concern for at least twelve months from the date of approval of these financial statements. The Group has therefore adopted the going concern basis of accounting in preparing these financial statements.

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. Amortisation is accelerated on existing assets if the useful economic life is reduced due to replacement of old software.

THE DISPUTE SERVICE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.6 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

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.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

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:

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.

THE DISPUTE SERVICE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

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.

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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

THE DISPUTE SERVICE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

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.

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.

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.

THE DISPUTE SERVICE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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 as the group does not have legal title of these bank balances and therefore these are held off balance sheet (see note 24).

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 as the group does not have legal title of these bank balances and therefore these are held off balance sheet (see note 24).

THE DISPUTE SERVICE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

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.

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

Revenue recognition

Deposit protection and dispute resolution income

The Group 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.

THE DISPUTE SERVICE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

4. Turnover

	2020 £	2019 £
Deposit protection fees	6,827,525	6,610,327
Interest received on custodial cash deposits	3,354,939	2,721,372
	<u>10,182,464</u>	<u>9,331,699</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £	2019 £
Insurance proceeds	124,224	366,891
Sundry income	81,452	-
R&D expenditure credit	82,098	-
	<u>287,774</u>	<u>366,891</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	178,229	131,172
Amortisation of intangible assets, including goodwill	722,976	425,657
Other operating lease rentals	<u>228,869</u>	<u>289,525</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

7. Auditors' remuneration

	2020	2019
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	54,500	48,710
Fees payable to the Group's auditor and its associates in respect of other services relating to taxation	11,720	11,385
	<u>66,220</u>	<u>60,100</u>

8. Employees

	2020	2019
	£	£
Wages and salaries	3,977,166	4,063,875
Social security costs	404,214	384,973
Cost of defined contribution scheme	288,107	259,280
	<u>4,669,487</u>	<u>4,708,128</u>

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

	2020	2019
	No.	No.
Administration	133	126
	<u>133</u>	<u>126</u>

THE DISPUTE SERVICE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	357,687	356,070
Company contributions to defined contribution pension schemes	40,307	39,422
	<u>397,994</u>	<u>395,492</u>

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £164,642 (2019 - £162,266).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £26,144 (2019 - £18,220).

The directors are those classed as key management personnel as noted in note 25.

10. Interest receivable

	2020 £	2019 £
Other interest receivable	96,997	96,837

THE DISPUTE SERVICE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	74,782	123,228
Adjustments in respect of previous periods	88,504	(116,700)
	<u>163,286</u>	<u>6,528</u>
Total current tax	<u>163,286</u>	<u>6,528</u>
Deferred tax		
Origination and reversal of timing differences	55,947	13,066
Adjustments in respect of prior periods	19,074	8,851
Total deferred tax	<u>75,021</u>	<u>21,917</u>
Taxation on profit on ordinary activities	<u>238,307</u>	<u>28,445</u>

THE DISPUTE SERVICE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	816,587	858,034
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	155,152	163,027
Effects of:		
Fixed asset differences	3,014	(3,925)
Expenses not deductible for tax purposes	3,093	3,462
Adjustments to tax charge in respect of prior periods	109,186	(107,849)
Chargeable losses	3,157	(4,811)
Adjustments in changing deferred taxation rates	16,303	(1,461)
Non-taxable income	(41,356)	(22,719)
R&D expenditure credits	(15,599)	-
Deferred tax not recognised	5,357	649
Other movements	-	2,072
Total tax charge for the year	238,307	28,445

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

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 £234,275 (2019 - £408,668).

THE DISPUTE SERVICE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

13. Intangible assets

Group and Company

	Software £
Cost	
At 1 April 2019	2,286,164
Additions	1,160,461
At 31 March 2020	<u>3,446,625</u>
Amortisation	
At 1 April 2019	935,315
Charge for the year	722,976
At 31 March 2020	<u>1,658,291</u>
Net book value	
At 31 March 2020	<u><u>1,788,334</u></u>
At 31 March 2019	<u><u>1,350,849</u></u>

THE DISPUTE SERVICE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

14. Tangible fixed assets

Group

	Fixtures & fittings £	Computer equipment £	Improvement to property £	Total £
Cost or valuation				
At 1 April 2019	87,100	303,408	-	390,508
Additions	128,160	259,055	233,957	621,172
Disposals	-	(2,808)	-	(2,808)
At 31 March 2020	<u>215,260</u>	<u>559,655</u>	<u>233,957</u>	<u>1,008,872</u>
Depreciation				
At 1 April 2019	75,919	146,781	-	222,700
Charge for the year on owned assets	18,569	143,798	15,862	178,229
Disposals	-	(2,174)	-	(2,174)
At 31 March 2020	<u>94,488</u>	<u>288,405</u>	<u>15,862</u>	<u>398,755</u>
Net book value				
At 31 March 2020	<u><u>120,772</u></u>	<u><u>271,250</u></u>	<u><u>218,095</u></u>	<u><u>610,117</u></u>
At 31 March 2019	<u><u>11,181</u></u>	<u><u>156,627</u></u>	<u><u>-</u></u>	<u><u>167,808</u></u>

THE DISPUTE SERVICE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

14. Tangible fixed assets (continued)

Company

	Fixtures & fittings £	Computer equipment £	Improvement to property £	Total £
Cost or valuation				
At 1 April 2019	300	253,558	-	253,858
Additions	125,735	228,941	233,957	588,633
Disposals	-	(874)	-	(874)
At 31 March 2020	<u>126,035</u>	<u>481,625</u>	<u>233,957</u>	<u>841,617</u>
Depreciation				
At 1 April 2019	-	107,174	-	107,174
Charge for the year on owned assets	13,588	128,020	15,862	157,470
Disposals	-	(240)	-	(240)
At 31 March 2020	<u>13,588</u>	<u>234,954</u>	<u>15,862</u>	<u>264,404</u>
Net book value				
At 31 March 2020	<u>112,447</u>	<u>246,671</u>	<u>218,095</u>	<u>577,213</u>
At 31 March 2019	<u>300</u>	<u>146,384</u>	<u>-</u>	<u>146,684</u>

THE DISPUTE SERVICE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

15. Fixed asset investments

Group

	Investments in associates £	Unlisted investments £	Total £
Cost or valuation			
At 1 April 2019	49	868,997	869,046
Revaluations	-	217,661	217,661
At 31 March 2020	<u>49</u>	<u>1,086,658</u>	<u>1,086,707</u>

Company

	Investments in subsidiary companies £	Investments in associates £	Unlisted investments £	Total £
Cost or valuation				
At 1 April 2019	1	49	868,997	869,047
Revaluations	-	-	217,661	217,661
At 31 March 2020	<u>1</u>	<u>49</u>	<u>1,086,658</u>	<u>1,086,708</u>

At 31 March 2020, 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	Northern Ireland	Deposit protection services	Ordinary	100%
SafeDeposits Scotland Limited	Scotland	Deposit protection services	Ordinary	100%
Money Shield Ltd	England	Activities of membership organisation	Ordinary	49%

The Dispute Service Limited has the majority in members' meetings of the SafeDeposit Scotland Limited Board, this constitutes control.

THE DISPUTE SERVICE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

16. Debtors

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Amounts owed by group undertakings	-	-	370,000	<i>400,000</i>

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

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Trade debtors	6,037,015	<i>5,611,105</i>	6,030,343	<i>5,604,450</i>
Amounts owed by group undertakings	-	-	247,009	<i>226,364</i>
Other debtors	689,328	<i>589,992</i>	689,778	<i>668,929</i>
Prepayments and accrued income	1,694,857	<i>1,254,049</i>	459,852	<i>326,790</i>
	8,421,200	<i>7,455,146</i>	7,426,982	<i>6,826,533</i>

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

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Cash at bank and in hand	6,037,697	<i>6,848,726</i>	5,243,921	<i>6,071,688</i>

18. Creditors: Amounts falling due within one year

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Trade creditors	396,705	<i>231,861</i>	386,165	<i>222,057</i>
Corporation tax	65,639	<i>11,034</i>	-	-
Other taxation and social security	1,095,881	<i>1,048,033</i>	1,095,881	<i>1,048,033</i>
Other creditors	160	<i>544</i>	160	<i>544</i>
Accruals and deferred income	7,674,420	<i>7,342,154</i>	7,473,624	<i>7,161,101</i>
	9,232,805	<i>8,633,626</i>	8,955,830	<i>8,431,735</i>

THE DISPUTE SERVICE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

19. Financial instruments

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Financial assets				
Financial assets measured at fair value through profit or loss	6,037,697	<i>6,848,726</i>	5,243,921	<i>6,071,688</i>

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

20. Deferred taxation

Group

	2020 £	<i>2019 £</i>
At beginning of year	(183,075)	<i>(161,158)</i>
Charged to profit or loss	(75,021)	<i>(21,917)</i>
At end of year	(258,096)	<i>(183,075)</i>

Company

	2020 £	<i>2019 £</i>
At beginning of year	(187,683)	<i>(164,626)</i>
Charged to profit or loss	(69,987)	<i>(23,057)</i>
At end of year	(257,670)	<i>(187,683)</i>

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Accelerated capital allowances	(303,146)	<i>(182,919)</i>	(302,720)	<i>(187,527)</i>
Short term timing differences	45,050	<i>(156)</i>	45,050	<i>(156)</i>
	(258,096)	<i>(183,075)</i>	(257,670)	<i>(187,683)</i>

THE DISPUTE SERVICE LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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 defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in an independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £288,107 (2019: £259,280). Contributions totalling £Nil (2019: £916) were receivable from the funds at the balance sheet date.

23. Commitments under operating leases

At 31 March 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Not later than 1 year	175,216	26,996	141,926	7,209
Later than 1 year and not later than 5 years	1,213,673	291,267	1,132,298	197,204
Later than 5 years	605,232	-	605,232	-
	<u>1,994,121</u>	<u>318,263</u>	<u>1,879,456</u>	<u>204,413</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 2020 totalled £122,336,765 (2019: £108,929,525).

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 2020 totalled £3,493,445 (2019: £4,078,137).

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 2020 totalled £118,577,779 (2019: £72,209,249).

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

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 9. 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 £8,410 (2019: £10,920), and the Group recharged to Propertymark Limited £9,023 (2019: £7,059), from which £1,193 (2019: £817) is recoverable at the year end and from Residential Landlords Association (RLA) of £29,753 (2019: £38,596), from which £2,495 (2019: £313) was owed to TDS at the year end. Propertymark Limited and RLA are related parties by virtue of their directorships of TDS.

During the year, the Group made sales to Global Property Ventures Limited (trading name - ZeroDeposits) of £120,721, from which £24,144 is recoverable at the year end. Global Property Ventures Limited is a related party by virtue of common directorships and its associated investment.

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