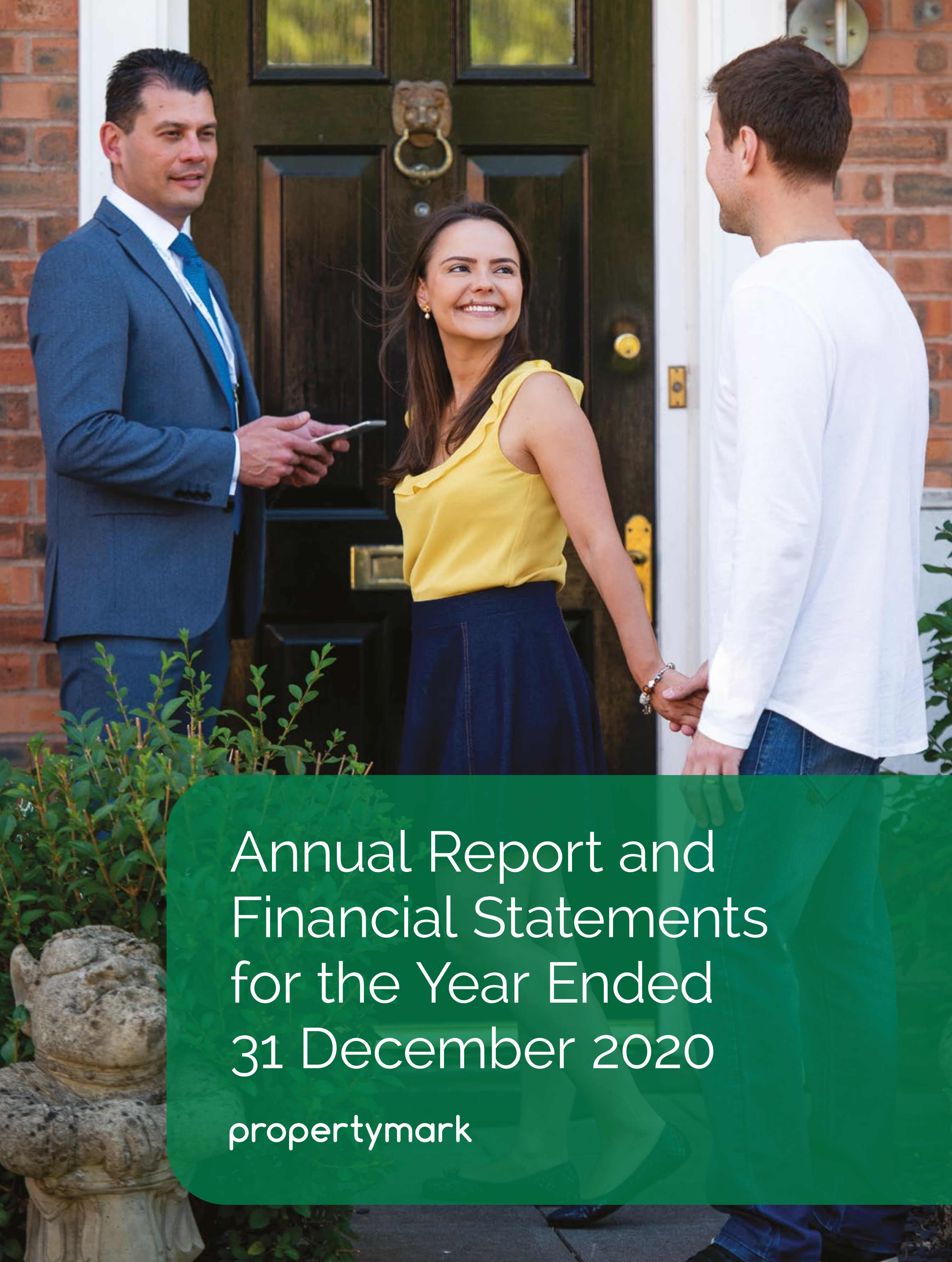


Annual Report and Financial Statements for the Year Ended 31 December 2020

propertymark

COMPANY INFORMATION

DIRECTORS

V J Bannister
N Emerson
K L Griffin
N A Heathcote
J Paul
R L Selwyn
S E Wilkinson

REGISTERED NUMBER 00897907

REGISTERED OFFICE

Arbon House
6 Tournament Court
Edgehill Drive
Warwick
Warwickshire
CV34 6LG

INDEPENDENT AUDITOR

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

CONTENTS

EXECUTIVE CHAIR'S FOREWORD

2020 has been an unprecedented year but Propertymark has been by members' side throughout, providing the guidance that our valued members need, and giving a voice to sector issues in the media and with Governments across the UK.

I stepped into the role of Executive Chair at the end of 2020, having served as Non Executive Director on the main Propertymark Board and I want to thank my predecessor Christopher Hamer for the contribution he made during the 4 years he was in post.

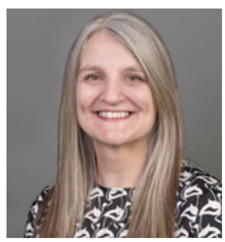
During 2020 the Propertymark Board developed a new vision and member focussed strategy. Our vision is to professionalise the whole of the UK property sector. We will achieve that by being the leading professional body for property agents, upholding recognised industry standards, providing modern qualifications, delivering valued membership benefits and being the leading industry voice to drive positive change. Propertymark is the trusted UK brand which places members at the heart of everything we do.

Moving forward we will deliver operationally under four key strategic pillars.

Valued Membership Services
Recognised Industry Standards
Being the Recognised Industry Voice
Future Proofing Propertymark

We have already made significant progress in bringing this strategy to fruition for example we have kicked off the Membership Proposition Review and created a new Industry Steering Group to gather feedback from our both members and non-members to ensure we are providing a service which truly meets our member's needs. There are other areas of significant investment we are undertaking which will be phased throughout both 2021 and 2022.

There is no doubt that 2020 delivered significant challenges to both our people and our members. Despite the disruption through Covid-19 I am proud to say that both Propertymark and the sector kept the public safe, remained resilient and is now dealing with a buoyant property market across all disciplines.



Nicky Heathcote
Executive Chair

CEO'S FOREWORD

As a longstanding member of ARLA Propertymark, NAEA Propertymark and NAEA Commercial, and a member of the main Propertymark Board, I was subsequently asked to take on the role of CEO in February 2021.

During 2020 it is fair to say the organisation went through a lot of change which was widely reported on. I believe we now have a steady ship which is committed to transparency, and we are now building upon the successes of last year.

These successes include providing members with unparalleled levels of guidance during the Covid-19 pandemic and extensive lobbying work undertaken with all UK Governments which resulted in some real policy wins including:

- The Expansion of Business Rate relief to include Sales and Lettings estimated to directly save our members in excess of £200,000,000.
- The amendment of the furlough scheme eligibility criteria to include commission payments resulting in a considerable uplift for many individuals.
- The housing market reopening earlier than other sectors to allow people to move home and for socially distanced property viewings to take place.

We saw over 6000 individuals register and commence studies towards Propertymark Ofqual accredited qualifications. Going forward, following considerable capital investment in a new CRM and remote invigilation system, these figures should continue to rise as we introduce a state-of-the-art system to facilitate remote learning and qualification capabilities.

During the period, the usage of our already popular member legal and HR help lines saw considerable increase in demand which outstripped provision. This led to an injection of additional investment to enhance the capabilities of this important members support service.

Whilst membership dropped by 2%, that was understandable given the financial uncertainty members faced at that time, however as an organisation we remain in a healthy financial position having made a surplus of over £795k. Cash and bank have increased to £4.4m providing a strong financial base for us to not only invest in future proofing Propertymark but also to invest in more services and further enhanced support for our members.

Work on key improvement areas will continue through the coming year and I want to highlight that our significant progress to date, is due to the enormous efforts of the Propertymark staff who are delivering individual threads of a huge improvement programme, transforming the organisation, identifying opportunities, and collaborating with our dedicated advisory boards and Regional Executives.

There is much more to do, and I look forward to keeping members regularly updated on our progress.

My focus now and for the future remain in three key areas:

Reputation, Stability and Results

Nathan Emerson
CEO, Propertymark

AGENDA FOR THE FOURTEENTH PROPERTYMARK ANNUAL GENERAL MEETING, 11AM 30 JUNE 2021

1. Welcome
2. Opening remarks
3. Minutes of the Annual General Meeting held on 1 July 2020
4. Election results for Propertymark Vice Presidents
5. Presidential speeches
6. Financial update and approval of the annual accounts
7. Appointment of auditors
8. Any other business

PROPERTYMARK AGM REPORT

MINUTES OF THE THIRTEENTH ANNUAL GENERAL MEETING, 1 JULY 2020

Minutes of a Propertymark Annual General Meeting, held Wednesday 1 July 2020 at 14:30 via Microsoft Teams

IN ATTENDANCE

Christopher J. Hamer (CJH) – Executive Chairman of the Propertymark Board
Kate Hawkins (KH) – Head of Finance
Simon Thompson (ST) – Mi-Voice
Ralph Jackson – Lansons
Rimmi Shah – Lansons

1. WELCOME

CJH welcomed members to the Thirteenth Annual General Meeting. CJH acknowledged that this was an unusual method of delivering the AGM but this was due to the current circumstances making it impossible to hold the meeting in a face-to-face arena. CJH confirmed that members had access to all relevant papers in advance of the meeting and had been provided the opportunity to vote.

2. CHAIRMAN'S OPENING ADDRESS

CJH acknowledged the impact of the COVID-19 pandemic and the uncertainty of the long-term effect. Propertymark was well placed to support members: working alongside government departments, appearing in the media, providing interviews to press and maintaining an emphasis on training and qualifications in order to enable members to be equipped to face future challenges.

Due to the pandemic diverting government attention, regulation of the industry had been put on temporary hold, however, Propertymark continued to look at how best it could achieve Designated Regulatory Body status, with HM Treasury indicating that it did not want to splinter regulation in the sector. This meant that members would be able to see supervision for AML obligations, regulatory approval and a provision of recognised qualifications all provided by Propertymark.

Preparing for regulation remained a major strategic priority for Propertymark. During 2019, four strategic priorities were defined: Prepare for Regulation; Enhance Membership Services; Increase Consumer Awareness and Future Proof the Organisation.

Propertymark had seen a 3% increase in membership numbers, taking the total number of members to over 17,500. It was not yet clear whether the pandemic would affect the figures, however, there was currently no evidence to suggest that there would be any dramatic decline in membership numbers. This would continue to be monitored closely.

During 2019, Propertymark held well over 100 events, regional meetings and masterclasses, totalling over 12,000 attendees. In addition to this were the two main NAEA and ARLA Conferences. Further support to members came with the introduction of Accountant's Report Health Checks, the tenant fees toolkit and the provision of member helplines for both ARLA and NAEA.

Propertymark Inspire was officially launched in June 2019; a bespoke offering specifically designed to help Principles, Partners and Directors from non-competing territories work closely together under the guidance of industry consultant and Propertymark Board member, Nathan Emerson.

The last year had seen an increase in interest and take-up of Propertymark qualifications, with over 2000 property professionals achieving full qualification in 2019 and over 6700 registering.

Propertymark Qualifications had undertaken an extensive research programme with learners, training providers and corporate customers, as well as members and non-members of Propertymark, alongside regular surveys, to assess customer satisfaction and provide a valuable insight.

Propertymark Qualifications had launched its Apprenticeship End Point Assessment service for Junior Estate Agents, with over 110 apprentices currently on the programme.

The Arbon Trust had launched a new initiative to award 50 educational grants to Propertymark members wishing to study for a Level 3 qualification (Level 6 in Scotland). Propertymark members had been invited to apply by 30 June 2020 and the successful applicants would be notified during July 2020.

Under normal circumstances, the new Presidential appointments would be announced at the AGM, with the new Presidents giving an address, followed by the Presidential Ball in the evening. However, due to the current circumstances, the current NAEA President, Lauren Scott, and ARLA President, Phil Keddie, had agreed to extend their term in office until September 2020.

CJH congratulated the outgoing Presidents on their individual successes while in office, particularly noting Lauren's enthusiasm in supporting the President's Charity, raising over £60,000 for Centre Point by organising the Great Agent Sleepout.

On behalf of the Propertymark Board, CJH thanked staff at Arbon House, who had continued to show commitment and diligence to their roles and the future direction of Propertymark.

3. MINUTES OF THE TWELFTH ANNUAL GENERAL MEETING

The minutes of the Twelfth Annual General Meeting were circulated to members in advance of the meeting and no comments or questions relating to the minutes had been received. Therefore, CJH declared the minutes a true and accurate record of that meeting.

4. ELECTION RESULTS

The election had been independently administered by Mi-Voice and Simon Thompson, Director of Mi-Voice, joined the meeting to announce the results of the two contested Propertymark Board Director positions for ARLA Propertymark.

The successful candidates were **John Paul** and **Richard Selwyn**.

5. FINANCIAL UPDATE

Kate Hawkins, Head of Finance was pleased to report that all audit obligations had been completed, despite the challenges of remote working.

The consolidated group accounts for the year ended 31 December 2019, which had been audited by Grant Thornton, contained three companies: Propertymark Ltd, Propertymark Qualifications Ltd and Money Shield Ltd. Money Shield was a new company into the group in 2019 but was now fully operational.

The audit work for 2019 had been undertaken in April and May 2020 and there were no outstanding audit issues, all work had been completed and the accounts had been reviewed and signed off by both Grant Thornton and the

Directors. This followed a full review process where the auditors had reported all of their findings to the Directors.

There were no qualifications or outstanding control points resulting from the audit and, once adopted, the accounts were ready for filling at Companies House.

The audit report showed that there had been considerable improvements in financial processes and controls from 2018 to 2019 and no significant weaknesses had been highlighted.

The permanent finance team had been recruited and developed, ensuring a strong and stable platform for finance functions, ensuring company resources were used effectively for members and providing value for money.

Kate presented the consolidated group accounts for the year ended 31 December 2019.

- Membership numbers had seen a strong growth of 3%, year on year.
- Cash at bank and in hand had decreased by £190k, driven primarily by the investment into the new IT system. The cash in the organisation remained solid at c.£3.9m, providing Propertymark a strong foundation on which to conduct its business.
- A surplus of £224k had been recorded in 2019, compared to the prior year surplus of £962k. The 2018 surplus was unusually high due to strong sales and the unwinding of deferred income from past years.
- Net assets had increased from prior years and now stood at £3.6m. Some of this was being invested into a new customer relationship management system to enable the organisation to operate more effectively and improve the member experience.
- Turnover had decreased from the prior year, due to the unwinding of deferred income, however, on a like for like basis, income had increased by 4.5% following a strong growth in membership numbers.
- Cost of sales had increased by £729k, driven most significantly by an increase in the cost of CMP.
- Administration costs had decreased by 700k.
- The increase in other operating income of £347k was due to an uplift in CMP income caused by increased pricing, which followed on from increased costs of the insurance scheme.
- The only material addition to fixed assets had been the investments into the new IT system. This was reflected in the tangible asset line.
- Debtors had grown by £162k during the year, following on from strong sales growth.
- Creditors had increased by £492k. This was driven by an increase in deferred income following sales growth.

- The provision line had reduced by £392k. In 2018, a provision had been allocated in the accounts which constituted the best estimate of the likely exposure to HMRC resulting from the review of historic indirect tax procedures and compliance. Propertymark had agreed and paid a voluntary disclosure to HMRC in 2019. The remaining provision related to any potential CMP claims and any interest penalties that might arise from HMRC.

- These factors contributed to a growth in net assets of £224k.

- Propertymark Ltd was driving the overall surplus for the year, with a positive contribution of £343k.

- Propertymark Qualifications Ltd had recorded a small loss of £105k in 2019 due to a realignment of costs to reflect the total running costs of the organisation more accurately. Propertymark Qualifications had strong reserves with which to absorb that cost.

- Money Shield Ltd made a small loss of £15k, however, its main trading activity commenced in April 2019, so the 2019 accounts did not reflect a full year of income and it could be expected that the loss position could turn to a profit in 2020.

Due to the extraordinary circumstances, it was not possible for Propertymark to conduct a live vote on approval of the accounts. Instead, members had the opportunity to express their voting preference online. Simon Thompson from Mi-Voice announced the results.

Resolution One – To approve the annual report of the auditors and accounts, together with the Board annual report for the year ended 31 December 2019.

Votes in favour – 384
Votes against – 3
Abstentions – 102

CJH declared the accounts of the year ended 31 December 2019 approved.

6. APPOINTMENT OF AUDITORS

Over the past two years, Propertymark had engaged the services of Grant Thornton to audit its accounts. Following a regular review of those services, it had been concluded that Propertymark would be best served by Haysmacintyre. Simon Thompson announced the result.

Resolution Two – To approve Haysmacintyre LLP, registered auditor and chartered accountants, as the auditors of Propertymark for the coming year and to authorise the Board to set their remuneration. Proposed by CJH and seconded by Helen Herniman, non-Executive Director of the Propertymark Board.

Votes in favour – 388
Votes against – 6
Abstentions – 99

CJH declared that Haysmacintyre were engaged for the coming year as auditors of the Propertymark accounts.

7. PUBLIC RELATIONS AND COMMUNICATIONS UPDATE

Ralph Jackson and Rimmi Shah from Lansons presented a video on PR activity.

8. ANY OTHER BUSINESS

There was no other business to discuss.

CJH declared the Thirteenth Annual General Meeting of Propertymark closed at 15:03.

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their Strategic Report of the company and the group for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

Propertymark is the leading professional body for property agents, with 17,200 memberships, our practising agents help people to buy, sell and rent their homes every day.

Launched in February 2017, Propertymark combined five different associations (ARLA, NAEA, NAVA, ICBA and APIP) under a single brand. This brought together professional agents from across the property sector including lettings, sales, auctioneers, valuers, commercial and inventories.

Our core objectives are to uphold recognised industry standards, provide valued membership benefits and be the leading industry voice.

Propertymark sets high professional standards for its members through adherence to a Code of Conduct and Rules, including maintaining client money accounts and obligatory Client Money Protection cover where relevant. Members must also afford consumers access for resolution of disputes through one of the Approved Redress Schemes.

The drive to improve standards is also achieved through the provision of Propertymark Qualifications which offers a range of formal Ofqual recognised accreditations at different levels. We also deliver industry-leading training programs and enforce mandatory Continuing Professional Development.

Propertymark provides a continuous source of guidance, advice and research through a comprehensive program of workshops, conferences and events. Our expanding series of webinars, blogs, factsheets and integrated regional networks support all the professional disciplines within our membership regardless of their size.

The gathering of in-depth research and industry insight enables Propertymark to advocate and lobby on behalf of our members across the UK nations, making us one of the leading voices within the property sector and a go to organisation for Government on policy issues. This involves liaising closely with those Government departments that have responsibilities for the Housing sector or where their remit touch on member business, including the Ministry for Housing Communities and Local Government (MHCLG), HM Treasury and HM Revenue and Customs.

Direct communication is also maintained with the National Trading Standards Estate and Letting Agents Team which has an overall compliance responsibility within the sector. In addition there is further active participation in industry groups and working parties. This demonstrates that Propertymark is a credible and influential voice which drives positive change and protects members through explaining Government direction, assessing the potential impact of emerging legislation and enabling members to prepare in advance of market developments. In essence,

Propertymark places members at the heart of everything we do.

OPERATIONAL REVIEW

The 2020 operating year has been dominated by the impact of the Coronavirus (COVID-19) pandemic. As the first lockdown was implemented, our main aim was to keep our staff, our members and the public safe. Staying open for business was a key priority so that we could continue our work in supporting our members and actively help them navigate the evolving government guidance and legislation, enabling them to stay compliant and keep the nation safe.

Propertymark worked tirelessly to ensure as many staff as possible had the right equipment to facilitate working from home, which in turn considerably reduced the organisation's need to use the Government's Job Retention Scheme and furlough staff. A newly formed COVID Committee also ensured the appropriate risk assessments were in place and that staff health and well-being was being supported and monitored effectively.

As with many businesses across the globe, we swiftly adapted our ways of working by moving all our meetings, courses and guidance into a virtual environment. Propertymark created additional webinars and fact sheets around understanding and implementing Government COVID-19 guidance. This was in addition to the support we gave in relation to Government's existing legislative program and was provided to members and nonmembers as we felt our response to the pandemic should be inclusive and help support the sector as a whole in these unprecedented times.

Propertymark used its influence to change Government's thinking on a number of our member's key issues including:

- Expansion of Business Rates Relief to include Sales and Letting agents, estimated to save in excess of £200,000,000;
- The amendment of the furlough scheme eligibility criteria to include commission payments for agents; and
- The housing market reopening earlier than other sectors to allow people to move home and for socially distance property viewings to take place.

During that period, Propertymark also delivered training of 3,700 participants through small group sessions across 248 dates via a new virtual learning environment and our webinars received in excess of 42,000 views.

Propertymark's examination centres were forced to close during the period which affected our ability to award qualifications, however people within the property sector were still keen to learn and develop which saw the organisation register 6,661 agents who commenced studying towards Propertymark qualifications, with a further 111 apprentices registered for the Junior Estate Agent Standard end point assessment scheme.

During 2020, Propertymark has continued to develop the new ARCA IT system and website, however due to the impact of the pandemic, this project has been seriously compromised in terms of both deliverability and the overall cost of the project. It is now anticipated this will launch mid-2021. Once operational, members will directly benefit from an improved membership gateway, giving access to a member dashboard which allows the user to tailor their individual membership experience. It will greatly enhance the organisation's performance management, member engagement and payment gateways.

As a major aspect of our support to members, Propertymark provides helplines to enable robust and focused advice and answers to those individual members contacting the facility. With the constantly changing environment for lettings and additional COVID-19 impacts varying across the UK nations in areas such as evictions, it is perhaps not surprising that the lettings helpline is busier than that for sales. It received and dealt with 21,000 calls during 2020 representing a 210% increase since it was introduced with a wide range of issues being responded to.

KEY PERFORMANCE INDICATORS

Membership numbers decreased this year by 2% to 17,200 (2019:17,569), a strong performance with the backdrop of uncertainty in the market. Surplus for the group pre-tax was £780k compared to the 2019 result of £226k. Turnover, measured on a like for like basis, has decreased by 7% reflective of reduced face to face events in a Covid-19 environment. The turnover was £7,012k and cost of sales £1,921k. Administrative expenses for the group was £4,366k (2019: £4,669k) and have decreased due to a drop in expenditure relating to the provision of face to face member events. Cash and bank have increased to £4,380k (2019: £3,900k) providing a strong financially sustainable for future support to our members. Net assets £4,367k (2019: £3,572k) have increased as a result of the current year surplus of £795k.

PRINCIPAL RISKS AND UNCERTAINTIES

It is anticipated that the surplus generated will be utilised in support of the Covid initiatives already undertaken by the group to support members though the pandemic and provides towards our ongoing investment in reforming and improving member support services.

The environment for the nation and for all businesses across the globe has changed beyond any previous experience. Ramifications of the COVID-19 virus will continue to have a significant impact for some time to come.

During the pandemic, the property sector has remained resilient compared to many other sectors, mainly due to Government initiatives and proactive interventions such as the Stamp Duty Land Tax Relief. However businesses have needed to considerably adapt and it is likely this will continue to be an evolving landscape. It is unknown how the economy will react once the various government initiatives have ceased and what impact that may have on the housing market.

Propertymark membership numbers have remained relatively static and consequently income from membership fees has been fairly consistent. However, given the uncertainties ahead, we cannot be complacent and must ensure we are delivering a relevant membership offering and truly putting members at the heart of everything we do. It is for this reason we have set up a Membership Proposition Review, with a supporting Industry Steering Group, to help us understand our members needs so that we can enhance our offering and aid growth in membership numbers.

Whilst each UK government has published their road map to lifting restrictions, there remains uncertainly and the potential for further lockdown and restrictions which may hamper our ability to reintroduce face to face meetings and conferences across the UK. Propertymark is mitigating the cost risk by taking a cautious approach and only committing to a 3 month rolling program of events going forward, and keeping a hybrid of physical and virtual presence. We are also carefully monitoring our preplanned ARLA conference which is due to take place in December.

Differing approaches to lettings legislation in the devolved administrations have added to the complexity of the rules agents have to understand and adhere to. Aside from COVID-19, the potential consequences of these factors make the horizon unclear but Propertymark will attempt to mitigate that lack of clarity by assessing the risks as the environment develops and will continue to liaise with all UK governments and influence their thinking. It remains uncertain as to when the Regulation of Property Agents regime will be established and whilst that will, for some agents, be a change in approach to conducting business, Propertymark is well equipped to play a significant role in any future regulatory regime.

Propertymark has already identified the need for its qualifications offering to be modernised, this was further highlighted when our physical examination centers needed to be closed due to COVID-19. Moving forward it is imperative that we provide more digital and remote qualification services so we remain the provider of choice in this ever competitive market. As a first step, Propertymark Qualifications will be investing in a new remote invigilation and integrated CRM system during 2021.

Health and well-being has been identified as a key issue for the work force across the UK as a result of prolonged home working and national lockdowns. To mitigate any potential risk, we will continue to provide support to our people and our members and be heavily supportive of related charities.

During the period access and usage of the member legal and HR help lines has seen a considerable increase in volume and complexity which we believe will continue. These help lines are seen as considerable benefits and a contributor to driving membership. We are therefore enhancing the amount of resource available and injecting additional investment into the services.

STRATEGIC REVIEW AND FUTURE PROSPECTS

Following an annual review of our strategy Propertymark has set out its new mission and vision statements and strategic intent.

Mission: The professional body for property agents, upholding recognised industry standards, providing modern qualifications, valued membership benefits and being the leading industry voice to drive positive change. Propertymark is a trusted UK brand which places members at the heart of everything we do.

Vision: Professionalise the whole of the UK property sector.

STRATEGIC INTENT

The Board of Propertymark, predominantly made up of member-elected agents, is under no illusion of the importance that the housing market plays to the economy and as such what our vital members do collectively for society. UK Governments have also shown how fundamental the property market is over the last year by making it one of the very first sectors to be given a green light during lockdown when so many others on our high streets remained closed.

Whilst the housing sector's contribution is clear and profound, the context in which it sits is both complex and dynamic and is at the forefront of economic troughs and peaks that can be tricky to navigate. Take the commercial market for example, which has been among the hardest hit by the pandemic. Retailers have been forced to shut and many business leaders are reviewing their longer-term requirements as office workers prefer not to return to a five-day commute. This is driving commercial landlords to reassess their portfolios, which in turn is giving rise to opportunities for developers to invest in property conversions and creating future residential sales and lettings. Taking just one property within even this basic scenario, can potentially lead to property agents across a number of disciplines interacting and supporting the chain of events. These agents, commercial, valuers, auctioneers, sales, letting and inventories, are all valuable members of Propertymark.

We know how important it is that we understand the challenges and opportunities within the marketplace. It is in that context that we are setting out the future direction for Propertymark.

Propertymark is a professional body, that has members at the heart of everything it does. An organisation that has members who aspire to reach recognised industry standards and is the provider of choice for qualifications. One which provides membership benefits that are relevant to both individual agents and to businesses, where members' voices are not only heard but carrying real influence across all the UK nations and which provides platforms and opportunities to share knowledge both locally and nationally.

We are already well advanced in bringing this strategy to life and are focused on four key pillars which are completely centred around our members.

Valued Membership Service: We know that the needs of our members is constantly evolving. The property sector has positively embraced technology and new ways of working. Our expanding program of webinars, blogs, factsheets and integrated regional networks provide a continuous source of information and guidance, but we must ensure our members are able to access these through the channels they use on a daily basis.

Propertymark needs to stay relevant to members and genuinely listen to their needs. That is why we have created a cross disciplined Industry Steering Group to carry through a full review of our membership proposition and are asking all members to contribute. Propertymark will value the contribution of all the professional disciplines within our membership no matter how big or small. Through this work we aim to understand and support the members' needs by tailoring our services and products for both individual agents and the organisations they work for.

Being the Recognised Industry Voice: Being THE industry voice is built on a bedrock of membership engagement and feedback. By aggregating what we learn, we are able to provide a credible and influential voice to demonstrate how our members are impacted by the constantly changing legislative and political landscape. Gathering and sharing data, evidence and insight from within the industry and on the ground, has enabled Propertymark to persuade UK governments to make tangible changes that impact and benefit the sector and most importantly our members. For example, achieving business rate relief during the pandemic has equated to saving £200,000,000 for our members across the country. This will remain an integral part of our work and we will look to work in partnership with others to further increase the reach and influence we carry.

Recognised Industry Standards: Members tell Propertymark that they strive to reach the highest standards and want consumers to be able to differentiate between them and rogue agents. Industry standards are a clear competitive differentiator as well as a pathway for career progression and commitment to continued learning and development. By providing a strong and recognisable symbol of professionalism, underpinned by a robust Code of Practice and a modern qualification offer, Propertymark will continue to support members seeking to gain an accreditation and raise industry standards. It is also very clear in the intent for Propertymark to play a key role in the future regulatory structure, whenever that comes about.

Future Proofing Propertymark: Propertymark must be agile and adapt to the market in which it operates. That is why we are investing in enhancing our systems and digital technologies to ensure we have the right infrastructure in place to serve members going forward. It is also important we look after our people, particularly in these unprecedented times, and that we foster a culture of openness and transparency as the organisation moves forward.

CORPORATE GOVERNANCE

The group currently has a Senior Management Team made up of a Chief Executive, Head of Operations, Head of Finance, Chief Policy Officer, Head of Qualifications and Head of Marketing & Communications.

The Propertymark Board currently meets once per month and consists of the Chairman, three member elected Directors from the sales division, three member elected Directors from the lettings division and two independent Non-Executive Directors appointed after open competition.

Over the last three years an Audit Risk and Remuneration Committee has supported the Board, moving forward this will be replaced by a newly established Audit & Risk Committee and Nomination & Remuneration Committee. These committees will each be chaired by one of the Non-Executive Directors.

This report was approved by the board on 18 May 2021 and signed on its behalf.

N. Heathcote

N A Heathcote, Director

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 to enable them to ensure that the 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 surplus for the year, after taxation and minority interests, amounted to £795,420 (2019 - £231,035).

No dividends will be distributed for the year ended 31 December 2020 (2019: £Nil).

DIRECTORS

The directors who served during the year were:

V J Bannister
N Emerson
K L Griffin
N A Heathcote
J Paul (appointed 14 July 2020)
R L Selwyn (appointed 14 July 2020)
S E Wilkinson
H R Herniman (resigned 22 February 2021)
T J Balcon (appointed 23 September 2020, resigned 15 February 2021)
C J Hamer (resigned 31 October 2020)
N Madan (resigned 17 March 2020)
P E Savage (resigned 17 March 2020)

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has provided qualifying third party indemnity provisions in respect of the board of directors which were in force during the year and at the date of this report.

MATTERS COVERED IN THE STRATEGIC REPORT

The strategic review and future prospects, principal risks and uncertainties, and the financial key performance indicators are included in the Group Strategic Report.

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.

This report was approved by the board on 18 May 2021 and signed on its behalf.

N. Heathcote

N A Heathcote, Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROPERTYMARK LTD

OPINION

We have audited the financial statements of Propertymark Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, 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 December 2020 and of the Group's surplus 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The 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.

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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent Company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 18, 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 Group financial statements.

AUDITORS' RESPONSIBILITIES FOR IDENTIFYING IRREGULARITIES

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to company law applicable in England and Wales, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, tax legislation regarding payroll, VAT and corporation tax..

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates including the CMP provision.

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.

Haysmacintyre LLP

Ian Daniels (Senior Statutory Auditor)
for and on behalf of
Haysmacintyre LLP

Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

19 May 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	7,011,966	7,577,365
Cost of sales		(1,921,224)	(2,890,012)
GROSS SURPLUS		5,090,742	4,687,353
Administrative expenses		(4,365,719)	(4,668,623)
Other operating income	5	44,424	185,031
OPERATING SURPLUS	6	769,447	203,761
Interest receivable and similar income	10	10,056	22,457
SURPLUS BEFORE TAXATION		779,503	226,218
Tax on surplus	11	15,917	(2,540)
SURPLUS FOR THE FINANCIAL YEAR		795,420	223,678
SURPLUS FOR THE YEAR ATTRIBUTABLE TO:			
Non-controlling interests		27,181	(7,357)
Owners of the parent company		768,239	231,035
		795,420	223,678

There was no other comprehensive income for 2020 (2019:£NIL).
The notes on pages 35 to 51 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 £		2019 £	
FIXED ASSETS					
Intangible assets	12		719,705		422,191
Tangible assets	13		1,697,818		1,770,302
			2,417,523		2,192,493
CURRENT ASSETS					
Debtors: amounts falling due within one year	15	1,279,262		1,353,686	
Cash at bank and in hand	16	4,380,406		3,900,217	
		5,659,668		5,253,903	
Creditors: amounts falling due within one year	17	(3,470,186)		(3,569,503)	
NET CURRENT ASSETS			2,189,482		1,684,400
TOTAL ASSETS LESS CURRENT LIABILITIES			4,607,005		3,876,893
PROVISIONSFORLIABILITIES					
Other provisions	18	(239,563)		(304,871)	
			(239,563)		(304,871)
NET ASSETS			4,367,442		3,572,022
RESERVES					
Profit and loss account	19		4,381,378		3,613,139
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY			4,381,378		3,613,139
Non-controlling interests			(13,936)		(41,117)
			4,367,442		3,572,022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 CONTINUED

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 May 2021.

N. Heathcote

N A Heathcote, Director

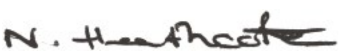
The notes on pages 35 to 51 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 £		2019 £	
FIXED ASSETS					
Intangible assets	12		719,705		422,191
Tangible assets	13		1,697,818		1,770,302
			2,417,523		2,192,493
CURRENT ASSETS					
Debtors: amounts falling due within one year	15	1,315,816		1,125,771	
Cash at bank and in hand	16	1,864,867		3,588,156	
		3,180,683		4,713,927	
Creditors: amounts falling due within one year	17	(3,309,807)		(5,462,079)	
NET CURRENT LIABILITIES			(129,124)		(748,152)
TOTAL ASSETS LESS CURRENT LIABILITIES			2,288,399		1,444,341
PROVISIONSFORLIABILITIES					
Other provisions	18	(239,563)		(304,871)	
			(239,563)		(304,871)
NET ASSETS EXCLUDING PENSION ASSET			2,048,836		1,139,470
NET ASSETS			2,048,836		1,139,470
RESERVES					
Profit and loss account			2,048,836		1,139,470
			2,048,836		1,139,470

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 CONTINUED

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 May 2021.



N A Heathcote

The notes on pages 35 to 51 form part of these financial statements.

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 company made a surplus of £909,366 (2019: £343,449) during the year.

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

	Profit and loss account £	Non-controlling interests £	Total equity £
At 1 January 2020	3,613,139	(41,117)	3,572,022
COMPREHENSIVE INCOME FOR THE YEAR			
Surplus/(deficit) for the year	768,239	27,181	795,420
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	768,239	27,181	795,420
AT 31 DECEMBER 2020	4,381,378	(13,936)	4,367,442

The notes on pages 35 to 51 form part of these financial statements.

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

	Profit and loss account £	Non-controlling interests £	Total equity £
At 1 January 2019	3,382,104	(33,760)	3,348,344
COMPREHENSIVE INCOME FOR THE YEAR			
Surplus/(deficit) for the year	231,035	(7,357)	223,678
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	231,035	(7,357)	223,678
AT 31 DECEMBER 2019	3,613,139	(41,117)	3,572,022

The notes on pages 35 to 51 form part of these financial statements.

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

	Profit and loss account £	Total equity £
At 1 January 2020	1,139,470	1,139,470
COMPREHENSIVE INCOME FOR THE YEAR		
Surplus for the year	909,366	909,366
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	909,366	909,366
AT 31 DECEMBER 2020	2,048,836	2,048,836

The notes on pages 35 to 51 form part of these financial statements.

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

	Profit and loss account £	Total equity £
At 1 January 2019	796,021	796,021
COMPREHENSIVE INCOME FOR THE YEAR		
Surplus for the year	343,449	343,449
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	343,449	343,449
AT 31 DECEMBER 2019	1,139,470	1,139,470

The notes on pages 35 to 51 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the financial year	795,420	223,678
ADJUSTMENTS FOR:		
Depreciation of tangible assets	85,347	82,168
Government grants	(44,424)	-
Interest received	(10,056)	(22,457)
Taxation charge	(15,917)	2,540
Decrease/(increase) in debtors	74,421	(163,806)
(Decrease)/increase in creditors	(98,064)	528,527
(Decrease) in provisions	(65,308)	(391,535)
Corporation tax received/(paid)	14,667	(31,018)
NET CASH GENERATED FROM OPERATING ACTIVITIES	736,086	228,097
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	(297,514)	(422,191)
Purchase of tangible fixed assets	(12,863)	(12,417)
Government grants received	44,424	-
Interest received	10,056	22,457
NET CASH FROM INVESTING ACTIVITIES	(255,897)	(412,151)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	480,189	(184,054)
Cash and cash equivalents at beginning of year	3,900,217	4,084,271
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	4,380,406	3,900,217
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	4,380,406	3,900,217
	4,380,406	3,900,217

The notes on pages 35 to 51 form part of these financial statements.

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2020

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	3,900,217	480,189	4,380,406
	3,900,217	480,189	4,380,406

The notes on pages 35 to 51 form part of these financial statements.

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

1. GENERAL INFORMATION

Propertymark Ltd is a private company limited by guarantee and incorporated in England and Wales. Its registered head office is located at Arbon House, 6 Tournament Court, Edgehill Drive, Warwick, Warwickshire, CV34 6LG.

The principal activity of the company and group are detailed in the group strategic report.

The financial statements are presented in Sterling ("£").

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 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 consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the group owns less than 50% of the voting power of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for the entity as a subsidiary and recognises a non-controlling interest.

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

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the can be reliably measured. Turnover 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 is recognised:

Membership fees are included in the Statement of Comprehensive Income, in the period to which they relate. Advanced payments in respect of membership fees are deferred and recognised over the course of the membership term.

Education and training, publications, seminars and events along with all other income (including entrance fees, conferences and events, CPD training and book sales) are recognised in the Statement of Comprehensive Income in the period in which the services or goods are provided.

Client money protection (CMP) income is in relation to fees received from customers in order to demonstrate that they are Propertymark Protected. This is accounted for in the period to which they relate.

2.4 Going concern

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic review and future prospects section of the Group Strategic report.

After reviewing the group's forecasts and projections for the period ending 30 June 2022, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.5 Other operating income

Government grant income relates to the Coronavirus Job Retention Scheme (CJRS) and is recognised as receivable in line with the period that the relevant expense has been incurred.

2.6 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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows: Software development - 3-10 years

Amortisation is charged on intangible assets at the point in which it is classified as available for use.

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

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:

Leasehold property - 2% or 10%
Fixtures and fittings - 25%

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 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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.

2.10 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.

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

2.11 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in 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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

2.12 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.

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

2.13 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.

2.14 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. 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 payment obligations.

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

2.15 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.16 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 Statement of Financial Position 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 Statement of Financial Position.

2.17 Taxation

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 reporting date in the countries where the company and the Group operate and generate income.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- 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 reporting date.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Client Money Protection (CMP) provision:

A provision is made in respect of management's best estimate of the likely exposure in relation to client money protection.

Provision for indirect and other taxes:

Management have recognised a provision representing their best estimate, of the likely exposure resulting from a review of historical indirect tax procedures and compliance.

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

4. TURNOVER

An analysis of turnover by class of business is as follows:	2020 £	2019 Restated £
Membership fees	3,877,984	3,523,454
Education and training	1,085,499	1,539,615
Publications	36,984	109,577
Seminars and events	339,448	998,318
Client money protection income	1,628,887	1,335,296
Other	43,164	71,105
	7,011,966	7,577,365

All turnover arose within the United Kingdom.

Client money protection income has been reclassifed from other operating income to turnover in the year ended 31 December 2020 which has resulted in notes 4 and 5 being restated.

5. OTHER OPERATING INCOME

	2020 £	2019 Restated £
Government grants	44,424	-
Insurance claims receivable	-	185,031
	44,424	185,031

6. OPERATING SURPLUS

The operating surplus is stated after charging:	2020 £	2019 £
Depreciation of tangible fixed assets	85,347	82,169
Other operating lease rentals	89,639	85,918

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

7. AUDITOR'S REMUNERATION

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**19,500**	26,000
Fees payable to the Group's auditor and its associates for the audit of the Subsidiaries annual financial statements	**10,000**	15,000
	29,500	41,000
FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:		
Taxation compliance services	**5,500**	7,100
Taxation advisory	**12,600**	68,017
Other accounting services	**11,800**	3,000
	29,900	78,117

8. EMPLOYEES

Staff costs were as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	**2,255,828**	2,015,969	**2,255,828**	2,015,969
Social security costs	**231,273**	193,738	**231,273**	193,738
Cost of defined contribution scheme	**86,340**	77,112	**86,340**	77,112
	2,573,441	2,286,819	**2,573,441**	2,286,819

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

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Administration	**65**	61	**65**	61

During the year, a total of key management personnel compensation of £570,399 (2019: £536,969) was paid.

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

9. DIRECTORS' REMUNERATION

	2020 £	2019 £
Remuneration	181,595	26,000
	181,595	26,000

The increase is in relation to the Chair and CEO roles becoming director positions and executive activities provided by member elected directors.

10. INTEREST RECEIVABLE

	2020 £	2019 £
Other interest receivable	10,056	22,457
	10,056	22,457

11. TAXATION

	2020 £	2019 £
CORPORATION TAX		
Current tax on surplus for the year	(15,917)	2,540
	(15,917)	2,540
TOTAL CURRENT TAX	(15,917)	2,540
DEFERRED TAX		
TOTAL DEFERRED TAX	-	-
TAXATION ON SURPLUS ON ORDINARY ACTIVITIES	(15,917)	2,540

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

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	2020 £	2019 £
Profit on ordinary activities before tax	779,503	226,321
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	148,106	43,001
EFFECTS OF:		
Tax refund	(15,917)	-
Expenses not deductible for tax purposes	24,628	11,920
Income not taxable	(187,334)	(79,714)
Deferred tax not recognised	14,600	22,786
Other differences leading to an increase in the tax charge	-	4,547
TOTAL TAX CHARGE FOR THE YEAR	(15,917)	2,540

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

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

12. INTANGIBLE ASSETS

Group and Company	Software development £
COST	
At 1 January 2020	422,191
Additions	297,514
At 31 December 2020	719,705
NET BOOK VALUE	
At 31 December 2020	719,705
At 31 December 2019	422,191

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

13. TANGIBLE FIXED ASSETS

Group and Company	Leasehold property £	Fixtures and fittings £	Total £
COST			
At 1 January 2020	2,583,238	164,603	2,747,841
Additions	-	12,863	12,863
At 31 December 2020	2,583,238	177,466	2,760,704
DEPRECIATION			
At 1 January 2020	912,175	65,364	977,539
Charge for the year	42,840	42,507	85,347
At 31 December 2020	955,015	107,871	1,062,886
NET BOOK VALUE			
At 31 December 2020	1,628,223	69,595	1,697,818
At 31 December 2019	1,671,063	99,239	1,770,302

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

14. FIXED ASSET INVESTMENTS

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Propertymark Qualifications Ltd	Limited by guarantee	100%	Awarding body
Money Shield Ltd	Ordinary	51%	Client money protection

Propertymark Ltd has been the sole member of its subsidiary company Propertymark Qualifications Limited, a company limited by guarantee, since incorporation in November 2006, and as such hold no share capital.

In the event of winding up, every member of the company undertakes to contribute to the assets of the company such an amount as may be required not exceeding £10.

Joint venture

Propertymark Limited holds a 50% interest in the voting rights of The Dispute Service Limited, however is not entitled to receive financial benefit as a result of its holding and as such there is no impact on the consolidated results of Propertymark Limited.

15. DEBTORS

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Trade debtors	**859,886**	909,890	**776,833**	805,213
Amounts owed by group undertakings	-	-	**258,141**	-
Other debtors	**87,979**	64,767	**84,789**	64,867
Prepayments and accrued income	**331,397**	379,029	**196,053**	255,691
	1,279,262	1,353,686	**1,315,816**	1,125,771

Amounts owed by group undertakings are unsecured, not subject to interest and are repayable on demand.

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

16. CASH AND CASH EQUIVALENTS

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Cash at bank and in hand	**4,380,406**	3,900,217	**1,864,867**	3,588,156
	4,380,406	3,900,217	**1,864,867**	3,588,156

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Trade creditors	**113,953**	138,898	**113,953**	138,898
Amounts owed to group undertakings	**-**	-	**-**	2,150,473
Corporation tax	**-**	1,250	**-**	1,250
Other taxation and social security	**83,000**	46,953	**83,000**	33,378
Other creditors	**11,588**	3,735	**7,589**	1,033
Accruals and deferred income	**3,261,645**	3,378,667	**3,105,265**	3,137,047
	3,470,186	3,569,503	**3,309,807**	5,462,079

Amounts owed to group undertakings are unsecured, not subject to interest and are repayable on demand.

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

18. PROVISIONS

Group

	Provision for indirect and other taxes £	CMP provision £	Total £
At 1 January 2020	172,979	131,892	304,871
Utilised in the year	122,865	40,000	162,865
Utilised in the year	(172,979)	(55,197)	(228,176)
AT 31 DECEMBER 2020	122,865	116,695	239,560

Company

	Provision for indirect and other taxes £	CMP provision £	Total £
At 1 January 2020	172,979	131,892	304,871
Utilised in the year	122,865	40,000	162,865
Utilised in the year	(172,979)	(55,197)	(228,176)
AT 31 DECEMBER 2020	122,865	116,695	239,560

Management continue to recognise a provision representing their best estimate, of the likely exposure resulting from a review of historical indirect tax procedures and compliance.

A provision is made by management representing their best estimate, of any potential pay-out of claims from members of the CMP scheme.

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

19. RESERVES

Profit and loss account

The profit and loss account includes all current and prior year retained surpluses and deficits.

20. COMPANY STATUS

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £10 towards the assets of the company in the event of liquidation.

21. CAPITAL COMMITMENTS

At 31 December 2020 the Group and company had capital commitments as follows:	Group 2020 £	Group 2019 £
Contracted for but not provided in these financial statements	**67,740**	251,431
	67,740	251,431

These costs relate to contractual obligations associated with development of a new IT system as capitalised within intangible assets.

22. PENSION COMMITMENTS

The group operates defined contributions pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the group to the fund and amounted to £78,142 (2019: £77,112). No contributions were receivable from (2019: £171) the fund at the balance sheet date.

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

23.COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020 the Group and the Company had future minimum lease payments due under noncancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Not later than 1 year	**75,954**	81,294	**75,954**	81,294
Later than 1 year and not later than 5 years	**85,940**	37,365	**85,940**	37,365
	161,894	118,659	**161,894**	118,659

24.RELATED PARTY TRANSACTIONS

During the year, N Emerson, a director of the company, provided consultancy services amounting to £26,400 (2019: £17,050).

There were no other related party transactions noted in the year.

25.CONTROLLING PARTY

The group is controlled by its board of directors as shown in the directors' report.

propertymark

Arbon House
6 Tournament Court
Edgehill Drive
Warwick CV34 6LG

01926 496 800
help@propertymark.co.uk
propertymark.co.uk