

Company Registration No. 03829468 (England and Wales)

**FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	O Saleh N Howell
<b>Secretary</b>	O Saleh
<b>Company number</b>	03829468
<b>Registered office</b>	Queensway House 11 Queensway New Milton Hampshire United Kingdom BH25 5NR
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 10 Bricket Road St Albans Herts AL1 3JX
<b>Bankers</b>	Royal Bank of Scotland 12 High Street Southampton Hampshire S014 2BF

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# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

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# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## DIRECTORS' REPORT

***FOR THE YEAR ENDED 31 DECEMBER 2015***

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The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

### **Principal activities**

The principal activity of the company is the provision of residential property management and related services within the UK. The company forms part of the FirstPort division of Knight Square Holdings Limited (the "Group").

### **Directors**

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

J E Entwistle  
O Saleh  
N Howell

(Resigned 19 February 2015)

### **Results and dividends**

The results for the year are set out in the profit and loss account on page 5.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2014: £nil).

### **Going concern**

Refer to the accounting policies (note 1.4) for a review of going concern.

### **Future developments**

During 2016/2017 we will continue to focus on sustaining excellent customer service, well-trained teams and introducing technological innovation to support our property managers and expanding into new growth areas of operation.

### **Directors' insurance**

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

### **Strategic report**

Advantage has been taken under section 414B of the Companies' Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from the requirement to prepare a strategic report.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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### Statement of directors' responsibilities

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

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

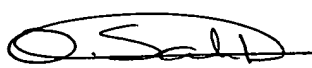
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure of information to auditors

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

On behalf of the board



O Saleh

Director

22 August 2016

# **FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED**

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## **Report on the financial statements**

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### **Our opinion**

In our opinion, FirstPort Property Services Scotland Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its 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.

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### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED (CONTINUED)

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#### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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### Responsibilities for the financial statements and the audit

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#### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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#### What an audit of financial statements involves

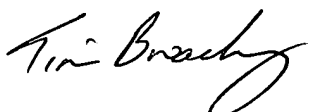
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Tim Broadway (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
22 August 2016

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# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

### PROFIT AND LOSS ACCOUNT

	Note	2015 £	2014 £
Turnover	3	1,620,761	1,574,619
Administrative expenses		(1,307,259)	(1,016,773)
Exceptional items	4	(4,428)	(10,244)
<b>Operating profit</b>	5	309,074	547,602
Interest receivable and similar income		755	4,206
<b>Profit on ordinary activities before taxation</b>		309,829	551,808
Tax on profit on ordinary activities	8	22	(658)
<b>Profit for the financial year</b>		309,851	551,150

The profit and loss account has been prepared on the basis that all operations are continuing operations.

### STATEMENT OF COMPREHENSIVE INCOME

	2015 £	2014 £
Profit for the financial year	309,851	551,150
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	309,851	551,150



# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

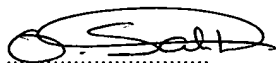
## BALANCE SHEET

AS AT 31 DECEMBER 2015

	Note	2015 £	£	2014 £	£
<b>Fixed assets</b>					
Tangible assets	9		8		1,045
<b>Current assets</b>					
Debtors	10	2,244,074		1,773,250	
Cash at bank and in hand		142,499		91,764	
		2,386,573		1,865,014	
<b>Creditors: amounts falling due within one year</b>	11	(549,399)		(317,728)	
Net current assets			1,837,174		1,547,286
<b>Total assets less current liabilities</b>			1,837,182		1,548,331
<b>Provisions for liabilities</b>	13		(56,600)		(77,600)
<b>Net assets</b>			1,780,582		1,470,731
<b>Capital and reserves</b>					
Called up share capital	16		1		1
Profit and loss account			1,780,581		1,470,730
<b>Total equity - wholly attributable to the owners of the parent</b>			1,780,582		1,470,731

The notes on pages 8 to 21 are an integral part of the financial statements.

The financial statements on pages 5 to 21 were approved by the board of directors and authorised for issue on 22.08.2016 and are signed on its behalf by:



O Saleh  
Director

Company Registration No. 03829468

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## STATEMENT OF CHANGES IN EQUITY

*FOR THE YEAR ENDED 31 DECEMBER 2015*

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	Called up share capital £	Profit and loss account £	Total equity £
<b>Balance at 1 January 2014</b>	1	919,580	919,581
<b>Year ended 31 December 2014:</b>			
Total comprehensive income for the year	-	551,150	551,150
<b>Balance at 31 December 2014</b>	1	1,470,730	1,470,731
<b>Year ended 31 December 2015:</b>			
Total comprehensive income for the year	-	309,851	309,851
<b>Balance at 31 December 2015</b>	1	1,780,581	1,780,582

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# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1 Accounting policies

#### General information

FirstPort Property Services Scotland Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Queensway House, 11 Queensway, New Milton, Hampshire, United Kingdom, BH25 5NR.

The company provides residential property management and related services within the UK.

#### 1.1 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### 1.2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 for the first time in these financial statements.

#### 1.3 Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

#### 1.4 Going Concern

The company is funded via the Knight Square group's bank facilities and therefore manages its day-to-day working capital requirements in line with the Group's facilities. The ability of the group to service its debt obligations is critical to the ongoing trading of the business and we have considered the key factors that could have an impact on trading and whether an adverse change in these factors could affect our ability to meet our liabilities. The group has a considerable number of on-going management contracts and accordingly the forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least the period of twelve months following the date of approval of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1 Accounting policies

(Continued)

#### 1.5 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. The company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows required under FRS 102 paragraph 3.17(d), on the basis that it is a qualifying entity and a consolidated statement of cash flows is included in the consolidated financial statements of the company's ultimate parent, Knight Square Holdings Limited, which includes any cash flows of the company;

(ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information, to the extent required, is provided in the consolidated financial statement disclosures of Knight Square Holdings Limited;

(iii) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7, as the information is provided in the consolidated financial statement disclosures of Knight Square Holdings Limited; and

(iv) from disclosing related party transactions, required under FRS 102 paragraph 33.9, on the basis that Knight Square Holdings Limited has control, joint control or significant influence over both the company and the related entities.

#### 1.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of discounts and rebates allowed by the company and value added taxes.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement in or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the type of revenue have been met as described below.

##### (i) Residential property management services

Fees for residential property management services, including maintenance, are recognised as the company's obligations under the applicable contracts are delivered to the customer which is typically on a straight line basis over the period of the contract.

#### 1.7 Exceptional items

The company classifies certain non-recurring charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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### **1 Accounting policies**

**(Continued)**

#### **1.8 Employee benefits**

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

##### **(i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. An accrual is recognised at the balance sheet date for any material remaining obligations to employees.

##### **(ii) Defined contribution pension plans**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are payable in accordance with the rules of the scheme. Amounts due but not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### **(iii) Annual bonus plan**

The Group operates annual bonus plans for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1 Accounting policies

(Continued)

#### 1.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case the related tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred tax assets and liabilities are not discounted.

##### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is also recognised in relation to assets and liabilities acquired in a business combination where the amount that will be deducted or assessed for tax differs to the fair value at which the asset or liability is recognised on acquisition in the financial statements. The tax base of an asset or liability is determined based on the expected manner of recovery.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax assets and liabilities arise from income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an ability and intention to settle the balances at the same time.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1 Accounting policies

(Continued)

#### 1.10 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Office fixtures and fittings	Straight line over 3 to 5 years
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The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account and included in other operating income.

#### 1.11 Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. All of the company's arrangements are operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1 Accounting policies

(Continued)

#### 1.12 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

#### 1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts.

#### 1.14 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Provisions are measured based on the company's best estimate at the reporting date of the expenditures expected to be required to settle the obligation discounted to the present value, where material.



# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1 Accounting policies

(Continued)

#### 1.15 Financial instruments

The company has elected to adopt Section 11 and Section 12 of FRS 102 to all of its financial instruments.

##### (i) Financial assets

Basic financial assets, including trade and other receivables, and cash and bank balances, are initially recognised at transaction price. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment with any impairment being charged to profit and loss. If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party.

##### (ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank and shareholder loans, amounts owed to fellow Group companies and bank overdrafts, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### (iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### (iv) Client monies held

The property management services performed by the company include services provided to residential management companies and which involve arranging and holding cash from levies and charges paid by residents to the residential management companies. The cash held at any point in time is held under Statutory Trust as set out in the Landlord & Tenant Act 1987. Accordingly, the company does not include these cash balances in its balance sheet.

#### 1.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

#### 1.17 Related parties

The company discloses transactions with related parties not wholly owned by Knight Square Holdings Limited. It does not disclose transactions with other group companies wholly owned by Knight Square Holdings Limited.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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### 2 Critical accounting judgements and estimation uncertainty

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### (a) Critical accounting judgements in applying the company's accounting policies

There are no areas within the financial statements where management has been required to apply a critical judgment.

#### (b) Key accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### (i) Development related provisions

The company manages a large number of residential property developments, which give rise to some disputes and claims by customers under the management contracts that govern them. These claims can take many years to emerge, so management considers it appropriate to recognise a provision. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

### 3 Turnover

The company's turnover is all derived from its principal activity in the UK, that being residential property management services.

### 4 Exceptional items

	2015 £	2014 £
Restructuring costs	4,428	10,244

Exceptional charges relate to business review and improvement costs, legal fees and other costs including redundancy and other staff related costs associated with the restructuring of the Knight Square Holdings Limited group of companies.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 5 Operating profit

	2015	2014
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	1,037	1,199
Operating lease charges	72,636	100,576

The cost of auditing these financial statements for the year was £4,300 (2014: £7,370). These costs have been borne by Knight Square Limited.

There were no non-audit costs in the year (2014: £nil).

### 6 Employees

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

	2015 Number	2014 Number
Office and management	18	19
House managers and reliefs	72	73
	90	92

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	501,384	497,582
Social security costs	49,288	49,856
Other pension costs	13,039	12,519
	563,711	559,957

House managers are employed by the company to oversee individual developments managed by the company. The employment cost of house managers is not included in the above table as these costs are recharged at cost to the developments managed by the company and therefore are not a cost to the company on account of the company being an agent for this transaction. These amounted to wages and salary costs of £1,023,504 (2014: £1,044,117) social security costs of £55,489 (2014: £95,863) and other pension costs of £10,637 (2014: £16,320)

### 7 Directors' remuneration

The directors are remunerated by FirstPort Limited as their services to the company are merely incidental to their employment in other FirstPort divisional companies. Details of the directors' remuneration can be found in the accounts of FirstPort Limited.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 8 Tax on profit on ordinary activities

	2015 £	2014 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	-
Total current tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(278)	707
Changes in tax rates	256	(49)
Total deferred tax	(22)	658
Total tax (credit) / charge for the year	(22)	658

The (credit) / charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2015 £	2014 £
Profit on ordinary activities before taxation	309,829	551,808
Expected tax charge based on a corporation tax rate of 20.25% (2014: 21.50%)	62,740	118,639
Non deductible expenses	156	504
Effect of changes in tax rates and laws	256	(87)
Group relief	(80,163)	(100,420)
Transfer pricing adjustment	16,989	(17,978)
Total tax (credit) / charge for the year	(22)	658

From 1 April 2015, the UK corporation tax rate reduced from 21% to 20%. In October 2015, the UK corporation tax rate for the financial year commencing 1 April 2017 was set at 19% and for the financial year commencing on 1 April 2020 was set at 18%. Deferred tax balances at 31 December 2015 were measured at 20% (2014: 20.25%) for items that are expected to be charged or credited to the profit and loss account in the next financial year.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 9 Tangible assets

#### Office fixtures and fittings

	£
<b>Cost</b>	
At 1 January 2015	97,402
At 31 December 2015	97,402
<b>Accumulated depreciation</b>	
At 1 January 2015	96,357
Depreciation charged in the year	1,037
At 31 December 2015	97,394
<b>Carrying amount</b>	
At 31 December 2015	8
At 31 December 2014	1,045

### 10 Debtors

	2015 £	2014 £
Trade debtors	46,337	14,176
Deferred tax asset (note 14)	4,793	4,771
Amounts due from fellow group undertakings	2,170,947	1,730,907
Other debtors	972	-
Prepayments and accrued income	21,025	23,396
	<u>2,244,074</u>	<u>1,773,250</u>

Amounts due from Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

	2015 £	2014 £
Trade creditors	14,775	11,662
Amounts due to fellow group undertakings	250,311	63,115
Taxation and social security	33,853	33,256
Other creditors	58,577	34,646
Accruals and deferred income	191,883	175,049
	<u>549,399</u>	<u>317,728</u>

Amounts due to fellow Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 12 Client monies

Residents' net cash balances held in client bank accounts with The Royal Bank of Scotland at 31 December 2015 were £4,346,788 (2014: £4,150,277). The client bank accounts are held by way of Statutory Trust on behalf of the properties managed and are not available to the company.

### 13 Provisions for liabilities

	2015 £	2014 £
Development related provisions	<u>56,600</u>	<u>77,600</u>

Movements on provisions:

	£
At 1 January 2015	77,600
Utilisation of provision	(21,000)
At 31 December 2015	<u>56,600</u>

The company manages a large number of residential property developments, which give rise to some disputes and claims by customers under the management contracts that govern them. These claims can take many years to emerge, so management considers it appropriate to recognise a provision. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Whilst significant progress has been made in addressing these claims, and management continue to assess them on their merits, a provision of £56,600 has been recognised at the year end (2014: £77,600). This is expected to be utilised over a period of up to five years, with an estimated £21,000 (2014: £21,000) expected to be settled within the next financial year.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2015 £	Assets 2014 £
<b>Balances:</b>		
Fixed asset timing differences	2,475	4,771
Other timing differences	2,318	-
	<u>4,793</u>	<u>4,771</u>

The company has an unrecognised deferred tax asset of £nil (2014: £nil).

The net deferred tax asset expected to be utilised in 2016 is £4,793. This primarily relates to the unwinding of timing differences on capital allowances and other short term adjustments.

### 15 Retirement benefit schemes

#### Defined contribution schemes

The company operates a defined contribution scheme for all qualifying employees.

The charge to profit and loss in respect of the defined contribution scheme was £13,039 (2014: £12,519).

### 16 Share capital

	2015 £	2014 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 (2014: 1) share of £1 each	<u>1</u>	<u>1</u>

### 17 Contingent liabilities

The company is party to a composite mortgage debenture secured over all of its assets in favour of the Royal Bank of Scotland. The borrower is Knight Square Limited, a fellow group company. The loan balance and deferred interest payable outstanding in the books of Knight Square Limited at the balance sheet date was £29,500,000 (2014: £33,315,000) and £94,485 (2014: £200,438) respectively.

A number of bank accounts maintained for developments under management were overdrawn at 31 December 2015 amounting to £772 (2014: £24,867). The group has given unlimited guarantees on these amounts in the event of default.

# FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 18 Operating lease commitments

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

	2015	2014
	£	£
Within one year	52,020	46,274
Between two and five years	36,310	67,988
	<u>88,330</u>	<u>114,262</u>

### 19 Controlling party

The immediate parent undertaking is FirstPort Retirement Property Services Limited.

The ultimate parent undertaking and controlling party of the company is Knight Square Holdings Limited, a company registered in England and Wales under registration number 07925023 which is the smallest and largest group for which group financials are prepared and are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

### 20 Related party transactions

There are no transactions with related parties not wholly owned by the group headed by Knight Square Holdings Limited.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned by the group headed by Knight Square Holdings Limited.

### 21 Transition to FRS 102

This is the first year that the company has presented its financial statements under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014.

The details of the basis of preparation, accounting policies applied and the qualifying exemptions utilised are included in note 1.

The transition to FRS 102 has had no effect on the profit and loss account, net assets or equity.