

Company Registration No. 03829468 (England and Wales)

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

COMPANY INFORMATION

Directors	O Saleh N Howell
Secretary	FirstPort Secretarial Limited
Company number	03829468
Registered office	Queensway House 11 Queensway New Milton Hampshire United Kingdom BH25 5NR
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place Charing Cross London England WC2N 6RH
Bankers	Royal Bank of Scotland 156 High Street Southampton Hampshire S014 2NP

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

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FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

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 the Drive Topco Limited Group (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:

O Saleh
N Howell

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. This is a qualifying third party indemnity provisions made for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Results and dividends

The results for the year are set out in the profit and loss account on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2018: £nil).

Future developments

In the first half of 2020, businesses around the UK have been impacted by COVID-19 and the UK government measures taken to slow the spread of the pandemic. The Board has carefully reviewed the impact of these events on the Company and the Group and has taken steps to navigate these unprecedented circumstances whilst ensuring that suitable customer service demands are met. COVID-19 is a non-adjusting post balance sheet event for the purposes of the year ended 31 December 2019 and has been considered within the Going Concern assessment in note 1.4. The Board continues to consider the Company and Group as a going concern.

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.

Going concern

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

Disabled persons

The Group's policy is to enable and support recruitment of disabled workers. Assistance with initial training is given and we adapt the workplace as appropriate.

Employee involvement

The Group's policy is to consult and discuss with employees, individually and collectively, on matters likely to affect employees' interests. Information on matters of concern to employees is given through news bulletins that seek to achieve a common awareness on the part of all employees, of all factors affecting the Group's performance.

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 2019

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



O Saleh

Director

30 June 2020

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, FirstPort Property Services Scotland Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Profit and loss account, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED (CONTINUED)

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.

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.



Diane Walmsley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 June 2020

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

PROFIT AND LOSS ACCOUNT

	Notes	2019 £	2018 £
Turnover	3	1,609,308	1,706,135
Administrative expenses		(1,292,176)	(1,357,339)
Exceptional items	4	-	(1,619,900)
Operating profit/(loss) and profit/(loss) before taxation	5	317,132	(1,271,104)
Tax credit on profit/(loss)	8	447	159
Profit/(loss) for the financial year		<u>317,579</u>	<u>(1,270,945)</u>

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

STATEMENT OF COMPREHENSIVE INCOME

	2019 £	2018 £
Profit/(loss) for the year	317,579	(1,270,945)
Other comprehensive income	-	-
Total comprehensive income/(expense) for the year	<u>317,579</u>	<u>(1,270,945)</u>

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	9		12,019		20,317
Current assets					
Debtors	10	1,226,709		964,357	
Cash at bank and in hand		341,392		355,259	
		1,568,101		1,319,616	
Creditors: amounts falling due within one year	11	(246,892)		(298,364)	
Net current assets			1,321,209		1,021,252
Total assets less current liabilities			1,333,228		1,041,569
Provisions for liabilities	13		-		(25,920)
Net assets			1,333,228		1,015,649
Capital and reserves					
Called up share capital	16		1		1
Profit and loss account			1,333,227		1,015,648
Total equity			1,333,228		1,015,649

The notes on pages 9 to 22 are an integral part of the financial statements.

The financial statements on pages 6 to 22 were approved by the board of directors and authorised for issue on 30 June 2020 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 2019

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2018	1	2,286,593	2,286,594
Year ended 31 December 2018			
Loss and total comprehensive expense for the year	-	(1,270,945)	(1,270,945)
Balance at 31 December 2018	1	1,015,648	1,015,649
Year ended 31 December 2019			
Profit and total comprehensive income for the year	-	317,579	317,579
Balance at 31 December 2019	1	1,333,227	1,333,228

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

General information

FirstPort Property Services Scotland Limited is a private company limited by shares incorporated in the United Kingdom and registered in England. 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.

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.

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

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

1 Accounting policies

(Continued)

1.4 Going Concern

The operations of the company are managed as part of the Drive Topco Limited Group ("Group"). The company is funded via the 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 the Directors 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.

As part of assessing the ability to continue as a going concern, the Group also considered the impact of the COVID-19 pandemic and any related potential economic downturn on its business. During this assessment, management conducted various scenario analysis with sufficient depth and duration, considering different levels of revenue reduction, working capital implications and mitigating actions available to management. Management created three scenarios which modelled the effect of incremental reductions to revenue and cost and the duration of its recovery to usual levels on the Group's results for the period up to the end of 2021. There are three revenue streams which management do not expect to be materially affected due to their nature, and hence have not been altered in the three scenarios. In each scenario, sufficient liquidity and headroom on the Group's covenant were demonstrated. Even though the COVID-19 pandemic has presented a high level of uncertainty to all businesses, FirstPort operates as a resilient business and has the capabilities to continue to operate for the foreseeable future and for at least the period of twelve months following the date of approval of these financial statements.

The Directors of the Company have received confirmation that Drive Topco Limited intends to provide financial support for a period of at least 12 months from the date of signing these financial statements. As with any company placing reliance on other Group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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.

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, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;

(ii) from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures of Drive Topco 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 Drive Topco Limited; and

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

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

(ii) Recharge of house managers' employment cost

Amounts collected from customer in relation to the employment of house managers and deputies to oversee individual developments managed by the Group are recognised as net of cost. The Group is considered to be an agent as it does not have exposure to significant risks and rewards associated with the rendering of this services.

1.7 Exceptional items

The company classifies certain non-recurring charges or credits in a financial year that are not part of the underlying trading business, that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide a fair view of the true financial performance of the company.

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 2019

1 Accounting policies

(Continued)

1.9 Taxation

Taxation credit 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 2019

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 2019

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, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

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 2019

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, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) 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 loans, loans from 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 receipts 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. Accounts payable 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.

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

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 judgement.

(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. There are no 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.

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

	2019 £	2018 £
Intercompany loan write off	-	(1,619,900)
	<u>-</u>	<u>(1,619,900)</u>
	<u>-</u>	<u>(1,619,900)</u>

In 2018, the exceptional charges related to the write off of intercompany loan balances with fellow group companies. There were no exceptional items in 2019.

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Operating profit/(loss) and profit/(loss) before tax

	2019	2018
	£	£
Operating profit/(loss) for the year is stated after charging:		
Depreciation of owned tangible fixed assets	8,298	7,850
Operating lease charges	49,579	39,525

The cost of auditing these financial statements for the year was £6,906 (2018: £6,615). These costs have been borne by Knight Square Limited.

There were no non-audit costs paid to Company's auditors in the year (2018: £nil).

6 Employees

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

	2019 Number	2018 Number
Office and management	13	14
House managers and reliefs	76	75
	89	89

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	432,929	434,908
Social security costs	39,492	40,007
Other pension costs	14,190	11,048
	486,611	485,963

The house managers oversee the 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 £1,029,161 (2018: £1,033,144) social security costs of £63,388 (2018: £64,445) and other pension costs of £28,759 (2018: £23,855).

7 Directors' remuneration

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

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

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

8 Tax on profit/(loss)

	2019 £	2018 £
Deferred tax		
Origination and reversal of timing differences	(447)	(178)
Changes in tax rates	-	19
Total deferred tax	<u>(447)</u>	<u>(159)</u>

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

	2019 £	2018 £
Profit/(loss) before taxation	<u>317,132</u>	<u>(1,271,104)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	60,255	(241,510)
Tax effect of expenses that are not deductible in determining taxable profit	-	307,780
Effect of change in corporation tax rate	53	19
Group relief	(78,408)	(87,582)
Transfer pricing	17,653	21,134
Taxation credit for the year	<u>(447)</u>	<u>(159)</u>

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Deferred tax balances at 31 December 2019 were measured at 17% (2018: 19%) 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 2019

9 Tangible assets

	Office fixtures and fittings £
Cost	
At 1 January 2019	133,937
At 31 December 2019	133,937
Accumulated depreciation	
At 1 January 2019	113,620
Depreciation charged in the year	8,298
At 31 December 2019	121,918
Carrying amount	
At 31 December 2019	12,019
At 31 December 2018	20,317

10 Debtors

	2019 £	2018 £
Trade debtors	3,375	6,130
Deferred tax asset (note 14)	2,348	1,901
Amounts owed by group undertakings	1,207,294	939,842
Other debtors	9,291	1,451
Prepayments and accrued income	4,401	15,033
	<u>1,226,709</u>	<u>964,357</u>

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

11 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,965	18,694
Amounts owed to group undertakings	30,000	30,000
Taxation and social security	40,989	71,270
Accruals and deferred income	173,938	178,400
	<u>246,892</u>	<u>298,364</u>

Amounts owed to 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 2019

12 Client monies

Residents' net cash balances held in client bank accounts with The Royal Bank of Scotland at 31 December 2019 were £6,399,839 (2018: £5,962,788). 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

	2019 £	2018 £
Development related provisions	-	25,920
		2019 £
Movements on provisions:		
At 1 January 2019		25,920
Additional provisions in the year		37,006
Reversal of provision		(22,921)
Utilisation of provision		(40,005)
At 31 December 2019		-

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.

Significant progress has been made in addressing these claims, and management has continued to assess any outstanding claims on their merits. In 2019, provision of £nil has been recognised at the year end (2018: £25,920).

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 2019 £	Assets 2018 £
Balances:		
Fixed asset timing differences	2,348	1,901

FIRSTPORT PROPERTY SERVICES SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Deferred taxation

(Continued)

	2019
Movements in the year:	£
Asset at 1 January 2019	1,901
Credited to profit and loss	447
	<u> </u>
Asset at 31 December 2019	<u>2,348</u>

The company has an unrecognised deferred tax asset of £nil (2018: £nil).

The net deferred tax asset expected to be utilised in 2020 is £nil (2019: £1,901). This primarily relates to the unwinding of timing differences on capital allowances.

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 £14,190 (2018: £11,048).

16 Called up share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
1 (2018: 1) share of £1 each	1	1
	<u> </u>	<u> </u>

The Ordinary shares carry one vote per share, the right to receive dividends and the right to a return of capital.

17 Contingent liabilities

The Company is party to a Group Debenture secured over all of its assets in favour of Lucid Trustee Services Limited as a Security Agent acting on behalf of Pemberton and National Westminster Bank PLC. The Borrower is FirstPort Limited, a fellow subsidiary company. The loan balance and accrued interest payable outstanding at the balance sheet date were £64,200k, excluding deferred financing costs and £1,022k respectively.

From time to time, bank accounts maintained for developments under management are overdrawn. At 31 December 2019 this amount was £nil (2018: £65). 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 2019

18 Operating lease commitments

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

	2019 £	2018 £
Within one year	39,091	43,433
Between one year and five years	144,104	145,126
In over five years	6,119	42,145
	<u>189,314</u>	<u>230,704</u>

19 Related party transactions

There are no transactions with related parties not wholly owned by the group headed by Drive Topco 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 Drive Topco Limited.

20 Events after the reporting date

In the first half of 2020, businesses around the UK have been impacted by COVID-19 and the UK government measures taken to slow the spread of the pandemic. The Board has carefully reviewed the impact of these events on the Company and the Group and has taken steps to navigate these unprecedented circumstances whilst ensuring that suitable customer service demands are met. COVID-19 is a non-adjusting post balance sheet event for the purposes of the year ended 31 December 2019 and has been considered within the Going Concern assessment in note 1.4. The Board continues to consider the Company and Group as a going concern.

21 Controlling party

The immediate parent undertaking is FirstPort Retirement Property Services Limited.

In the opinion of the directors, the ultimate controlling party is funds managed by Equistone Partners Europe Limited. Equistone Partners Europe Limited is registered in England and Wales.

Drive Topco Limited, a company registered in the United Kingdom under registration number 12043031, is the parent undertaking of the largest group of undertakings for which group financial statements are prepared. Knight Square Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2019.

The consolidated financial statements of Drive Topco Limited and Knight Square Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ or from the Company's registered office at Queensway House, 11 Queensway, New Milton, Hampshire, UK, BH25 5NR.