

SDL Lettings Management Limited
Report of the Directors and
Audited Financial Statements for the Year Ended 31 March 2019



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for the Year Ended 31 March 2019**

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SDL Lettings Management Limited

**Company Information
for the Year Ended 31 March 2019**

DIRECTORS:

C J Anderton
R M Clifford
P R Gratton
E A Gratton
J A Hickling
S P Jackson
P Staley
A M Deller
P J Lindley

SECRETARY:

C S Staley

REGISTERED OFFICE:

3-4 Regan Way
Chetwynd Business Park Chilwell
Nottingham
Nottinghamshire
NG9 6RZ

REGISTERED NUMBER:

07470745 (England and Wales)

AUDITORS:

KPMG
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

**Report of the Directors
for the Year Ended 31 March 2019**

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

REVIEW OF BUSINESS

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

C J Anderton
R M Clifford
P R Gratton
E A Gratton
J A Hickling
S P Jackson
P Staley
A M Deller – appointed 17 April 2019
P J Lindley- appointed 10 September 2019

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The director at the time when this Director's Report is approved has confirmed that:

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

AUDITOR

The auditor, KPMG, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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

PRINCIPAL RISK AND UNCERTAINTIES

The UK's decision to leave the European Union resulted in increased uncertainty for consumers and this has contributed to a slowdown in growth of the private rented sector. The directors expect this to continue until such time as more clarity around the impact of Brexit emerges.

ON BEHALF OF THE BOARD:



.....
C J Anderton - Director

Date: 24/12/19

**Statement of Directors' Responsibilities
for the Year Ended 31 March 2019**

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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of SDL Lettings Management Limited

Opinion

We have audited the financial statements of SDL Lettings Management Limited (the 'company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The Impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

Independent Auditor's Report to the Members of SDL Lettings Management Limited

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

Director's Report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' reports;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion the report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

**Independent Auditor's Report to the Members of
SDL Lettings Management Limited**

The purpose of our audit work and to whom we owe our responsibility

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Louise De Lucchi (Senior Statutory Auditor)
for and on behalf of KPMG
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

Date: 24/12/19

**Statement of Comprehensive Income
for the Year Ended 31 March 2019**

	Notes	2019 £	2018 £
TURNOVER	3	1,865,383	1,079,320
Depreciation and amortisation		(36,057)	(12,588)
Administrative expenses		<u>(2,557,105)</u>	<u>(1,587,494)</u>
OPERATING LOSS		(727,779)	(520,762)
Income from shares in group undertakings		<u>542,694</u>	<u>397,593</u>
		(185,085)	(123,169)
Interest payable and similar expenses	5	<u>(76,264)</u>	<u>(44,466)</u>
LOSS BEFORE TAXATION	6	(261,349)	(167,635)
Tax on loss	8	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		(261,349)	(167,635)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u><u>(261,349)</u></u>	<u><u>(167,635)</u></u>

The notes form part of these financial statements

Statement of Financial Position
31 March 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	10	22,286	58,010
Tangible assets	11	4,665	-
Investments	12	<u>2</u>	<u>2</u>
		26,953	58,012
CURRENT ASSETS			
Debtors	13	667,177	356,911
Cash in hand		<u>41,925</u>	<u>56,835</u>
		709,102	413,746
CREDITORS			
Amounts falling due within one year	14	<u>(458,988)</u>	<u>(399,162)</u>
NET CURRENT ASSETS		<u>250,114</u>	<u>14,584</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		277,067	72,596
CREDITORS			
Amounts falling due after more than one year	15	<u>(1,521,749)</u>	<u>(1,055,929)</u>
NET LIABILITIES		<u>(1,244,682)</u>	<u>(983,333)</u>
CAPITAL AND RESERVES			
Called up share capital	16	200	200
Share premium		36,150	36,150
Retained earnings		<u>(1,281,032)</u>	<u>(1,019,683)</u>
SHAREHOLDERS' DEFICIT		<u>(1,244,682)</u>	<u>(983,333)</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 24TH DECEMBER 2019 and were signed on its behalf by:



C J Anderton - Director

**Statement of Changes in Equity
for the Year Ended 31 March 2019**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 April 2017	200	(852,048)	36,150	(815,698)
Changes in equity				
Total comprehensive expense	<u>-</u>	<u>(167,635)</u>	<u>-</u>	<u>(167,635)</u>
Balance at 31 March 2018	<u>200</u>	<u>(1,019,683)</u>	<u>36,150</u>	<u>(983,333)</u>
Changes in equity				
Total comprehensive expense	<u>-</u>	<u>(261,349)</u>	<u>-</u>	<u>(261,349)</u>
Balance at 31 March 2019	<u>200</u>	<u>(1,281,032)</u>	<u>36,150</u>	<u>(1,244,682)</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 March 2019**

1. STATUTORY INFORMATION

SDL Lettings Management Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Going concern

Notwithstanding net liabilities of £1,244,682 as at 31 March 2019 and a loss for the year then ended of £261,349, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, SDL Property Services Group Limited, to meet its liabilities as they fall due for that period.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES – continued

Those forecasts are dependent on SDL Property Services Group Limited not seeking repayment of the amounts currently due to the group, which at 31 March 2019 amounted to £1,626,061, and providing additional financial support during that period. SDL Property Services Group Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. 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.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Turnover comprises property management fees exclusive of value added tax. Fees are recognised over the period that they relate to as the management service provided to the customer. In the comparative period property management fees were recognised in respect of services provided to customers when rent had been collected from a tenant.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings - 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Impairment excluding stocks and deferred tax assets

Policy applicable from 1 April 2018

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are accounted for in accordance with IFRS 9.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

(iv) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Financial assets (including trade and other debtors) Applicable pre 1 April 2018

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to group of CGU's that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis

An impairment loss in respect of goodwill is not reversed.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES - continued

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Intangible assets

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

Amortisation is provided on the following bases:

Development expenditure- 20% Straight line

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that the will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. ACCOUNTING POLICIES – continued

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Non-derivative financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequently to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment loss

Short term debtors are measured at transaction price, less impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Trade and other creditors

Trade and other creditors are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

IFRS 9 Financial Instruments

The Company has adopted IFRS 9 with a date of initial application of 1 April 2018. The requirements of IFRS 9 represent a change from IAS 39 Financial Instruments. However the adoption of IFRS 9 does not present a significant or material impact to these statutory financial statements.

Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 16 Leases (effective date 1 January 2019).

3. TURNOVER

The following is a description of the principal activities from which the Company generates its revenue in line with IFRS 15. For further detail on the accounting policy for the current year please see note 2.

The company generates all its revenue from commission on organisation of financial products at the inception of the product to which it relates as this is considered to be the point at which the performance obligation is satisfied. Cash is received in the week following recognition.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

3. TURNOVER (Continued)

All turnover was generated in the United Kingdom. There is no deferred or accrued income on either the opening or closing balance sheet.

4. EMPLOYEES AND DIRECTORS

All employee related costs are now incurred by SDL Group Services, a fellow subsidiary. There are no employees in 2019 (2018:7) in line with the change of accounting policy for the current year see note 8 for more detail.

Due to the change in accounting policy Directors costs are now disclosed in SDL Group Services Limited, a fellow subsidiary.

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Interest payable on intragroup loans	<u>76,264</u>	<u>44,466</u>

6. LOSS BEFORE TAXATION

The loss before taxation is stated after charging:

	2019	2018
	£	£
Depreciation - owned assets	333	-
Computer software amortisation	35,724	12,588
Defined contribution pension cost	<u>36,301</u>	<u>8,387</u>

7. AUDITOR'S REMUNERATION

The Company paid £Nil (2018: £Nil) to its auditor in respect of the audit of the financial statements. Audit remuneration for the year has been incurred by SDL Group Services, a fellow subsidiary of SDL Property Services Group Limited. Of that amount £15,000 (2018: £14,500) related to the Company.

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

8. TAXATION

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 March 2019 nor for the year ended 31 March 2018.

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Loss before income tax	<u>(261,349)</u>	<u>(167,635)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(49,656)	(31,851)
Effects of:		
Expenses not deductible for tax purposes	4,784	3,353
Capital allowances for year in excess of depreciation	-	(3,175)
Group income	(61,743)	(65,550)
Group relief surrendered	106,945	97,223
Change in Deferred tax rate	185	-
Deferred tax not recognised	1,573	-
Fixed asset differences	<u>(2,088)</u>	<u>-</u>
Tax expense	<u>-</u>	<u>-</u>

From 1 April 2017, the main rate of corporation tax was reduced to 19%. Further reduction to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 March 2019 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

Deferred tax in respect of losses carried forward has not been recognised as there is insufficient certainty over their recoverability. At the year end losses not provided for totalled £594,931 (2018: £594,931).

9. CHANGE IN ACCOUNTING POLICY

All employee costs are paid by SDL Group Services Limited, a fellow subsidiary of the Company. Directors costs are not allocated across the group. This will create a variance with prior year signed financial statements whereby employee and director costs were incurred directly by the Company. The amount related to employee and directors' costs are recognised as a recharge between the Company and SDL Group Services Limited.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

10. INTANGIBLE FIXED ASSETS

	Development Expenditure £
COST	
At 1 April 2018	
and 31 March 2019	<u>102,008</u>
AMORTISATION	
At 1 April 2018	43,998
Charge for year	<u>35,724</u>
At 31 March 2019	<u>79,722</u>
NET BOOK VALUE	
At 31 March 2019	<u>22,286</u>
At 31 March 2018	<u>58,010</u>

11. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
Additions	<u>4,998</u>
At 31 March 2019	<u>4,998</u>
DEPRECIATION	
Charge for year	<u>333</u>
At 31 March 2019	<u>333</u>
NET BOOK VALUE	
At 31 March 2019	<u>4,665</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

12. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2018 and 31 March 2019	<u>2</u>
NET BOOK VALUE	
At 31 March 2019	<u>2</u>
At 31 March 2018	<u>2</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Direct Lettings GP Limited

Registered office: 3&4 Regan Way, Chilwell, Nottingham, NG9 6RZ

Nature of business: Consulting for letting agencies

	%
Class of shares:	holding
Ordinary	100.00

Central Lettings Solutions UK PRS GP Limited

Registered office: 44 Esplanade, St Helier, Jersey, JE4 9WG

Nature of business: Consultancy for lettings agencies

	%
Class of shares:	holding
Ordinary	100.00

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	132,575	26,367
Amounts owed by group undertakings	6,468	17,344
Other debtors	<u>528,134</u>	<u>313,200</u>
	<u>667,177</u>	<u>356,911</u>

Amounts owed by group undertakings were interest free and repayable on demand.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	38,081	55,976
Amounts owed to group undertakings	104,312	201,004
VAT	31,632	13,380
Accrued expenses	<u>284,963</u>	<u>128,802</u>
	<u>458,988</u>	<u>399,162</u>

Amounts owed to group undertakings were interest free and repayable on demand.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Amounts owed to group undertakings	<u>1,521,749</u>	<u>1,055,929</u>

The amounts owed to group undertakings is a loan from SDL Property Group Services Limited which is due on 31 March 2021 and accrues interest at 6% per annum.

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:	£	£
200	Ordinary shares	£1	<u>200</u>	<u>200</u>

17. ULTIMATE CONTROLLING PARTY

The company is a subsidiary undertaking of SDL Property Services Group Limited, which is also considered to be the ultimate controlling party. The results of the Company are included in the financial statements of SDL Property Services Group Limited, incorporated in England & Wales. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from 3-4 Regan Way, Chilwell, Nottingham, NG9 6RZ.

18. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £36,301 (2018 £8,387). Contributions totalling £Nil (2018 - £Nil) were payable to the fund at the balance sheet date.