

Company Registration No. SC175211 (Scotland)

DIRECT LETTINGS (SCOTLAND) LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020
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DIRECT LETTINGS (SCOTLAND) LIMITED

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Balance sheet | 1 |
| Notes to the financial statements | 2 - 7 |

DIRECT LETTINGS (SCOTLAND) LIMITED

BALANCE SHEET

AS AT 30 NOVEMBER 2020

| | | 2020 | | 2019 as restated | |
|-------------------------------------------------------|-------|------------------|------------------|---------------------|------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 4 | | 1,351 | | 2,746 |
| Current assets | | | | | |
| Debtors | 5 | 106,372 | | 31,499 | |
| Cash at bank and in hand | | 89,758 | | 77,504 | |
| | | <u>196,130</u> | | <u>109,003</u> | |
| Creditors: amounts falling due within one year | 6 | <u>(538,112)</u> | | <u>(569,069)</u> | |
| Net current liabilities | | | (341,982) | | (460,066) |
| Net liabilities | | | <u>(340,631)</u> | | <u>(457,320)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 7 | | 2 | | 2 |
| Profit and loss reserves | | | (340,633) | | (457,322) |
| Total equity | | | <u>(340,631)</u> | | <u>(457,320)</u> |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 30 November 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 30/11/21 and are signed on its behalf by:


.....
Mr I Fergusson
Director

Company Registration No. SC175211

DIRECT LETTINGS (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

Company information

Direct Lettings (Scotland) Limited is a private company limited by shares incorporated in Scotland. The registered office is 110 Commercial Street, Dundee, DD1 2AJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Prior period error

A loan provided by shareholders for the acquisition of a book of business in 2014 was not recognised within the financial statements. As such an adjustment has been made to the comparatives presented to bring in the intangible asset and a loan for the same amount totalling £430k. The Directors believe the appropriate useful life of the goodwill is 3 years and as such this would have been fully amortised prior to 2019 and therefore the full £430k is debited to the opening profit and loss reserve.

1.3 Going concern

At 30 November 2020 the company has net current liabilities of £341,982. The partnership of J&E Shepherd intends to continue to support the company in meeting its obligations as they fall due, and as such the Directors believe it is appropriate to prepare these financial statements on a going concern basis.

1.4 Turnover

Turnover represents property management fees, which are recognised on an accruals basis, net of VAT.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-------------------|---------|
| Intangible assets | 3 years |
|-------------------|---------|

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

DIRECT LETTINGS (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|--------------------------------|------------------------|
| Fixtures, fittings & equipment | - 25% reducing balance |
| Motor vehicles | - 25% reducing balance |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

DIRECT LETTINGS (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and shareholder loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

DIRECT LETTINGS (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 12 (2019 - 14).

DIRECT LETTINGS (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

3 Intangible fixed assets

| | Intangible assets as restated £ |
|-----------------------------------------|------------------------------------------|
| Cost | |
| At 1 December 2019 and 30 November 2020 | 430,000 |
| Amortisation and impairment | |
| At 1 December 2019 and 30 November 2020 | 430,000 |
| Carrying amount | |
| At 30 November 2020 | - |
| At 30 November 2019 | - |

4 Tangible fixed assets

| | Plant and machinery etc £ |
|------------------------------------|------------------------------------|
| Cost | |
| At 1 December 2019 | 11,616 |
| Disposals | (2,179) |
| At 30 November 2020 | 9,437 |
| Depreciation and impairment | |
| At 1 December 2019 | 8,870 |
| Depreciation charged in the year | 450 |
| Eliminated in respect of disposals | (1,234) |
| At 30 November 2020 | 8,086 |
| Carrying amount | |
| At 30 November 2020 | 1,351 |
| At 30 November 2019 | 2,746 |

5 Debtors

| | 2020 £ | 2019 £ |
|---------------------------------------------|----------------|---------------|
| Amounts falling due within one year: | | |
| Trade debtors | 90,899 | 20,745 |
| Other debtors | 15,473 | 10,754 |
| | <u>106,372</u> | <u>31,499</u> |

DIRECT LETTINGS (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

6 Creditors: amounts falling due within one year

| | 2020 | 2019 |
|------------------------------------|----------------|------------------|
| | £ | as restated £ |
| Shareholder loan | 424,888 | 517,623 |
| Corporation tax | 31,414 | 1,083 |
| Other taxation and social security | - | 18,786 |
| Other creditors | 81,810 | 31,577 |
| | <u>538,112</u> | <u>569,069</u> |

The shareholder loan represents advances from J&E Shepherd, a partnership of which directors and shareholders G P Brewster and I Fergusson are members. There are no fixed repayment terms or interest accrued.

7 Called up share capital

| | 2020 | 2019 |
|-----------------------------------------------------|----------|----------|
| | £ | £ |
| Ordinary share capital Issued and not fully paid | | |
| 211 Ordinary shares of 1p each | 2 | 2 |
| | <u>2</u> | <u>2</u> |

8 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

There is a balance due to J & E Shepherd, a partnership in which two of the directors are members, of £424,888 (2019: £517,623). During the year net repayments of £92,735 (2019: £120,018) were made. The loan is unsecured, interest free and has no fixed terms of repayment.

9 Control

There is no ultimate controlling party.