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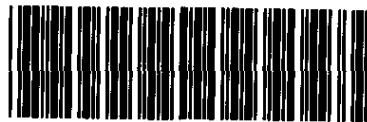
Company Registration No. SC373580

**LOMOND PROPERTY LETTINGS
LIMITED**

Annual Report and Financial Statements

For the year ended 31 December 2019

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LOMOND PROPERTY LETTINGS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2019**

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LOMOND PROPERTY LETTINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Stuart Pender
Kirsty Pender
Robert Hamilton
Roger Lane-Smith
Ivor Dickinson (Resigned 15 November 2019)
Michael Groves (Resigned 29 November 2019)
Peter Flockhart (Resigned 19 December 2020)
Bruce Evans (Resigned 19 November 2019)
Martin Elliott (Appointed 18 December 2020)
David Linley (Appointed 18 December 2020)

COMPANY SECRETARY

Robert Hamilton

REGISTERED OFFICE

Orchard Brae House
30 Queensferry Road
Edinburgh
Scotland
EH4 2HS

BANKERS

Bank of Scotland
The Mound
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EH1 1YZ

SOLICITORS

Dickson Minto W.S.
16 Charlotte Square
Edinburgh
EH2 4DF

INDEPENDENT AUDITOR

BDO LLP
Citypoint
65 Haymarket Terrace
Edinburgh
EH12 5HD

LOMOND PROPERTY LETTINGS LIMITED

STRATEGIC REPORT

For the year ended 31 December 2019

The directors of Lomond Property Lettings Limited ("the Company") present the annual report and the audited financial statements of the Company and its subsidiaries (together "the LPLL Group") for the year ended 31 December 2019.

The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006. This strategic report has been prepared for the LPLL Group headed by the Company and seeks to give emphasis to those matters which are significant to that Group.

ACTIVITIES AND BUSINESS REVIEW

Principal activity

During 2019 the LPLL Group focused on developing its property management capability in the face of economic challenges arising from the uncertainty from the ongoing Brexit negotiations which impacted confidence in the property market together with the removal of a material revenue stream with the introduction of the Tenant Fees Act banning tenant fees across all tenancies in England and Wales from July. Both impacted the Group's trading performance and whilst the leadership team continued to look for attractive acquisition opportunities, the focus has been on continuing to build capability, driving new revenue streams and rolling out new operating systems.

The key achievement in 2019 was the completion of the roll out of the Reapit system with all group trading companies now fully operational. The system represents a material investment and is transformational for the group delivering improvements in our service capability to landlords and tenants whilst also creating a more robust and resilient operating platform to support the growth strategy. The platform allows a consistent client service approach across the Group and we believe is critical to creating the platform to recommence the acquisition strategy in the future.

The business continues to enjoy market leading positions across the United Kingdom in Aberdeen, Edinburgh, Birmingham, Manchester and Brighton providing property management services including estate agency, residential property letting, property maintenance surveying, land and new homes, mortgage advice.

Our core sales and lettings business operates from 20 locations across the country across 6 different brands with local management providing a client relationship focused service.

Key performance indicators (KPIs)

With the investment and completion of roll out across the Group of the new operating system, the Board's ability to source and interpret the business performance has increased significantly. The LPLL Group undertakes a regular structured review of the performance via weekly KPI calls, monthly executive board meetings and a quarterly deep dive on performance with local management. Revenue, costs and cash flow performance are monitored against detailed local budget with whilst management are focused on KPIs to manage performance across the regions including:

Occupied Management Estate – the number of properties which occupied and managed by the Group decreased by 11% to 9,965 units (2018 : 11,084)

Total Letting income – income generated from letting related activities increased to £13,308k (2018 : £11,512k)

Estate Agency Sales – income generated from Estate Agency activity decreased to £4,208k (2018 : £4,954k)

Estate Agency Pipeline – the pipeline of estate agency sales had fallen to £1,186k (2018 : £1,283k).

Additional metrics are monitored on a regional basis by the local teams with particular focus on branch profitability, average market rents, average sales fees & volumes, monthly letting activity and landlord fees.

The directors reviewed the goodwill on the balance sheet at 31 December 2019 and concluded that an impairment of £6,433k was required across the LPLL Group. These are deemed to be specific market related issues and the assertion regarding a useful economic life of 20 years across the rest of the Group remains valid.

FINANCIAL PERFORMANCE

The LPLL Group's financial performance is presented in the consolidated statement of comprehensive income on page 10. The directors confirm no dividends were proposed or paid in the year (2018: £Nil) and that the loss of £6,619k (2018: £2,899k) for the financial year has been transferred to reserves.

At the year end, net liabilities were £6,398k (2018: Asset of £221k).

The results of the LPLL Group reflect the ongoing headwinds facing the UK economy which has a direct impact on the residential property market which has seen a decline in the volume of transactions in the period. Additionally the

LOMOND PROPERTY LETTINGS LIMITED

STRATEGIC REPORT

For the year ended 31 December 2019

impact of the tenant fee ban was felt in the second half of the year and whilst new revenue lines have been introduced to mitigate this lost income, these will only start to make a material impact moving into 2020. As a result, it was disappointing but not unexpected that income for the current year reduced to £22,211k (2018: £23,080k) and EBITDA (calculated by taking the operating profit and adding back interest, depreciation, amortisation, impairment of goodwill and tax) fell to £3,114k (2018: £3,652k). The decrease in net interest costs of £1,448k (2018: £1,458k) reflecting the increased borrowing in the Group as the shareholders supported the business through the challenging period, combined with depreciation and amortisation of £1,832k (2018: £2,171k) resulted in an increase in the LPLL Group losses to £6,619k (2018: £2,899k). During the year the LPLL Group made payments in relation to contractual deferred consideration for acquisitions made in previous years totalling £1,254k (2018 : £1,346k) and a tax charge of £158k (2018 : £168k). Other than one small residual deferred consideration payment due in Q1 2020, all material liabilities in respect of historic transactions have been settled.

PRINCIPAL RISKS AND UNCERTAINTIES

Letting Market risk

The LPLL Group operates in the Private Rental Sector ("PRS") and, therefore, responds to developments in that sector. The PRS is significant and is a market that has grown strongly over recent years and is forecast to continue to grow with the United Kingdom housing gap and fall in owner occupation supporting growth in the sector.

The current residential asset management market is highly fragmented both in terms of the number of agents and businesses offering a professional and comprehensive proposition to private and institutional investors. The LPLL Group's ability to continue to consolidate in that market is reliant on having developed a professional acquisition and integration model to consolidate in the sector and to professionalise the service and broaden the offering to both private and institutional landlords.

Furthermore, the Group relies upon a stable landlord base as a core element of revenue. There are a number of headwinds facing UK residential landlords including increased property taxes and greater regulation, however the sector remains an attractive long-term UK investment asset given the growing move to rental properties, with limited supply driving attractive rents. The Lomond Group comprises high quality regional operators who are experienced in operating in changing market conditions and reacting to meet new risks. It is the Board's view that continued regulation is positive to protect both landlords and tenants and the Group's focus on high quality customer service, investment in operating systems and a track record of retaining high quality staff ensures the business is well positioned to benefit in an evolving market.

The estate agency market is cyclical and is currently at a historic low level of transactions due to the economic uncertainty and reduced confidence in the UK property market. Estate Agency is a material part of the Lomond business model and relies on transaction volumes to drive profitability. The Directors are monitoring estate agency pipelines as a key KPI and responding to short term movements by ensuring the cost base can be flexed to meet market conditions. This includes reducing branch footprint and adjusting the payroll cost to be more flexible and performance related whilst retaining the ability to benefit from a future cyclical upturn. The Board believes that the medium term opportunity remains attractive and with greater certainty following the Election result in December, look forward to benefiting from more stable market conditions

Liquidity and cash flow risk

The LPLL Group manages liquidity and cash flow risk by generating funds from its core activities and by having access to funding enabled by the banking facilities and inter-company loans provided by the wider overall Group, headed by Lomond Capital Partnership LLP, of which the Company is a subsidiary. The wider overall Group continues to develop and invest in its central finance function to ensure control over its liquidity and cash flow risk. This has included the completion of the roll out of the new Group wide operating system improving the management and forecasting via greater direct central control. The Board continues to enjoy the support of its funding partners and is subject to regular review of cash flow forecasting and KPIs which are critical to ensuring satisfactory liquidity and compliance with banking covenants.

Credit risk

The LPLL Group manages the risk of loss owing to failure of customers or counterparties to meet payment obligations by effective monitoring and review against agreed credit limits. A credit risk assessment of the customer or counterparty is undertaken prior to approval of credit risk exposure. The introduction of the Group wide operating system has also allowed a consistent approach to reviewing tenant default and as a result has made continued improvement in debtor management processes.

LOMOND PROPERTY LETTINGS LIMITED

STRATEGIC REPORT

For the year ended 31 December 2019

Financial risk

Financial risk is managed through a monthly cycle of local and central reporting using appropriate financial and operational key performance indicators.

At an LPLL Group level the Board monitors performance against its turnover and EBITDA whilst operationally the key performance metric is properties under management:

- Turnover decreased to £22,211k from £23,080k in 2018
- EBITDA decreased to £3,114k from £3,652k in 2018
- Properties under management decreased from 11,084 (2018) to 9,965 (2019). The majority of this reduction results from the database cleansing exercise undertaken as a result of the roll out of the Groupwide operating system which significantly improves the ability to analysis the underlying performance of the business and property database driving efficiencies and improved customer service. The core underlying estate continues to be relatively stable and performing in line with the wider market.

GOING CONCERN

The LPLL Group was sold to Chianti Bidco Ltd on 19 December 2020 which is funded by new equity investment from Lloyds Development Capital ("LDC") and debt funds managed by LGT Capital Partners. The transaction brings together the LPLL Group with Linley and Simpson to create a nationwide property management and lettings business, trading as 'The Lomond Group'.

Trading forecasts and projections have been aggregated for The Lomond Group, for the purposes of supporting the directors' going concern assertion. Certain directors are common to all entities within the new group and consequently have appropriate oversight of financial position which LPLL Group is now part of. With the injection of funds following the transaction, Chianti Bidco Ltd is now well capitalised with additional funds available to support the acquisition strategy. Chianti Bidco Ltd forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level and terms of its current and future debt facilities, cash generated from trading operations for a period extending to at least twelve months from the date of approval of these financial statements.

Covid severely impacted the trading environment in FY20 however the letting sectors has continued to show how robust the market is in the UK. The LPLL Group has delivered a resilient trading performance and with access to various Government schemes including the Job Retention Scheme and Retail, Leisure and Hospitality grants has maintained a positive cash position throughout the pandemic. The directors have run a number of sensitivities based on certain assumptions around the continued restricted trading environment through lockdown and also further economic slowdown for an extended period. The bottom case represented a scenario with average rents down compared with prior year with no recovery; sales prices down in each of the next 3 years; arrears increasing; and sales volumes reducing in 2021 and 2022. The Directors are comfortable that sufficient headroom is available in the new debt facilities to support the going concern sign off.

The directors of Chianti Bidco Ltd, as holders of the facilities, have confirmed financial support in writing for a period of 12 months from the date of approval of the financial statements.

POST BALANCE SHEET EVENTS

The Lomond Capital Group completed the sale of its trading subsidiaries on December 19, 2020 to Chianti Bidco Ltd, established with funding from LDC, a UK based private equity investor. The acquisition will see the merger of the Lomond businesses with Linley and Simpson, an existing LDC investment based in Yorkshire. The transaction combines two market leading agency businesses with experienced management teams and results in national operator with considerable financial resources to continue the strategy of investing in high quality customer service whilst accelerating the acquisition plan to consolidate the UK property letting and sales market.

In December 2019 a novel strain of coronavirus 'COVID-19' presented and in the first quarter of 2020 the World Health Organisation declared COVID-19 as a global pandemic. The pandemic has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses. As the extent of the outbreak of COVID-19 was not known until post year end, the outbreak is being treated as a non-adjusting post balance sheet event.

LOMOND PROPERTY LETTINGS LIMITED

STRATEGIC REPORT

For the year ended 31 December 2019

FUTURE DEVELOPMENTS

Lomond Property Lettings Limited will continue to act as the entity holding the central costs for the extended The Lomond Group.

Approved by the Board and signed on its behalf by:



Martin Elliott
Director
31 March 2021

LOMOND PROPERTY LETTINGS LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2019

The strategic report includes the activities and business review, financial performance, principal risks and uncertainties, going concern, post balance sheet events and future developments report.

DIRECTORS

The names of the members of the Board of Directors who served through the year and up to the date of this report are listed on page 1.

DIRECTORS' INDEMNITIES

In terms of section 236 of the Companies Act 2006, all directors have been granted qualifying third-party indemnity provisions by the Group.

EMPLOYMENT OF DISABLED PERSONS

The Group's policy is that disabled persons are considered for employment and subsequent training, career development and promotion based on merit. If members of staff become disabled, it is the Group's policy, wherever possible, to retain them in their existing jobs or to re-deploy them in suitable alternative duties.

EMPLOYEE CONSULTATION

The Group values the input of its employees and actively seeks opportunities to engage with staff at all levels, inviting them to contribute to on-going dialogue and activities to improve the Group for the benefit of its staff and the business as a whole.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual 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 Group and Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Group and Company and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

LOMOND PROPERTY LETTINGS LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2019

DISCLOSURE OF INFORMATION TO AUDITOR

In the case of the individuals who are directors of the Company at the date when this report is approved:

- so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Group and Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

INDEPENDENT AUDITOR

BDO LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



Martin Elliott
Director
31 March 2021

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LOMOND PROPERTY LETTINGS LIMITED

Opinion

We have audited the financial statements of Lomond Property Lettings Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 December 2019 which comprise consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statement of changes in equity, consolidated statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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 group or parent 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.

Other information

The directors are responsible for the other information. The other information comprises the strategic report and directors' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LOMOND PROPERTY LETTINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and director's report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Edinburgh, UK
Date: 31 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

LOMOND PROPERTY LETTINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

		2019	2018
	Note	£'000	£'000
Continuing operations			
TURNOVER	3	22,211	23,080
Cost of sales		(1,039)	(1,671)
GROSS PROFIT		21,172	21,409
Administrative expenses		(26,354)	(22,889)
Other operating income		31	-
OPERATING LOSS	5	(5,151)	(1,480)
Interest receivable and similar income	6	64	38
Interest payable and similar charges	7	(1,512)	(1,496)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(6,599)	(2,938)
Tax on loss on ordinary activities	8	(20)	39
LOSS FOR THE FINANCIAL YEAR		(6,619)	(2,899)
Loss and total comprehensive loss for the financial year attributable to:			
- Owners of the parent		(7,007)	(2,879)
- Non-controlling interests		388	(20)
		(6,619)	(2,899)

The accompanying notes form an integral part of these financial statements.

LOMOND PROPERTY LETTINGS LIMITED

CONSOLIDATED AND COMPANY BALANCE SHEETS

As at 31 December 2019

		Group		Company	
	Note	2019 £'000	2018 £'000	2019 £'000	2018 £'000
FIXED ASSETS					
Intangible assets	9	17,145	25,139	-	-
Tangible assets	10	409	590	8	10
Investments	11	27	27	19,043	19,761
		<u>17,581</u>	<u>25,756</u>	<u>19,051</u>	<u>19,771</u>
CURRENT ASSETS					
Stock		2	1	-	-
Debtors	12	2,808	2,681	4,983	4,329
Investments - restricted	13	4,685	4,435	-	-
Cash at bank and in hand		921	846	132	177
Restricted client funds	14	9,176	9,756	-	-
		<u>17,592</u>	<u>17,719</u>	<u>5,115</u>	<u>4,506</u>
CREDITORS: amounts falling due within one year	15	<u>(41,551)</u>	<u>(43,118)</u>	<u>(30,957)</u>	<u>(29,030)</u>
NET CURRENT LIABILITIES		<u>(23,959)</u>	<u>(25,399)</u>	<u>(25,842)</u>	<u>(24,524)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(6,378)</u>	<u>357</u>	<u>(6,791)</u>	<u>(4,753)</u>
CREDITORS: amounts falling due after more than one year	16	(7)	(119)	-	-
PROVISIONS FOR LIABILITIES	17	<u>(13)</u>	<u>(17)</u>	<u>-</u>	<u>-</u>
NET (LIABILITIES)/ASSETS		<u>(6,398)</u>	<u>221</u>	<u>(6,791)</u>	<u>(4,753)</u>
CAPITAL AND RESERVES					
Called up share capital	18	6,109	6,109	6,109	6,109
Share premium account		41	41	41	41
Retained deficit		<u>(14,670)</u>	<u>(7,663)</u>	<u>(12,941)</u>	<u>(10,903)</u>
SHAREHOLDER'S DEFICIT		<u>(8,520)</u>	<u>(1,513)</u>	<u>(6,791)</u>	<u>(4,753)</u>
Non-controlling interests		<u>2,122</u>	<u>1,734</u>	<u>-</u>	<u>-</u>
TOTAL CAPITAL EMPLOYED		<u>(6,398)</u>	<u>221</u>	<u>(6,791)</u>	<u>(4,753)</u>

The accompanying notes form an integral part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company statement of comprehensive income. The loss of the Company for the year was £2,038k (2018: £4,151k).

The financial statements of Lomond Property Lettings Limited, company registration number SC373580, were approved and authorised for issue by the Board of Directors on 31 March 2021 and signed on its behalf by:



Martin Elliott
Director

LOMOND PROPERTY LETTINGS LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

As at 31 December 2019

	Note	Group		Company	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Called up share capital					
At 1 January and 31 December	18	6,109	6,109	6,109	6,109
Share premium account					
At 1 January and 31 December	18	41	41	41	41
Retained deficit	18				
At 1 January		(7,663)	(4,784)	(10,903)	(6,752)
Loss for the financial year		(7,007)	(2,879)	(2,038)	(4,151)
At 31 December		(14,670)	(7,663)	(12,941)	(10,903)
Shareholder's deficit at 31 December		<u>(8,520)</u>	<u>(1,513)</u>	<u>(6,791)</u>	<u>(4,753)</u>
Non-controlling interests					
At 1 January		1,734	1,754	-	-
Profit/(loss) for the financial year		388	(20)	-	-
At 31 December		<u>2,122</u>	<u>1,734</u>	<u>-</u>	<u>-</u>
Total capital employed at 31 December		<u>(6,398)</u>	<u>221</u>	<u>(6,791)</u>	<u>(4,753)</u>

The accompanying notes form an integral part of these financial statements.

LOMOND PROPERTY LETTINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019 £'000	2018 £'000
Loss on ordinary activities after tax	(6,619)	(2,899)
Adjustments for:		
Depreciation of tangible assets	240	448
Amortisation of intangible assets	1,592	1,723
Gain on sale of tangible assets	(37)	(10)
Impairment of goodwill	6,433	2,727
Net interest expense	1,448	1,458
Utilisation of provisions	(4)	(13)
Working capital movements:		
- Decrease in stock	1	2
- Increase in debtors	(379)	(606)
- (Decrease)/increase in creditors	(1,544)	1,861
Cash flows generated from operating activities before tax	1,131	4,691
Income taxes paid	(158)	(167)
Net cash flows generated from operating activities	973	4,524
Cash flow from investing activities		
Purchase of subsidiary undertakings, trade and assets of companies (net of cash acquired)	-	(494)
Deferred consideration paid	(1,254)	(1,346)
Purchase of tangible assets	(66)	(144)
Proceeds from disposal of tangible assets	28	65
Interest received	64	38
Net cash used in investing activities	(1,228)	(1,881)
Cash flow from financing activities		
Interest paid	(75)	(120)
New hire purchase agreements	-	69
Repayment of obligations under hire purchase agreements	(175)	(161)
Net cash used in financing activities	(250)	(212)
Net (decrease)/increase in cash and cash equivalents	(505)	2,431
Cash and cash equivalents at 1 January	10,602	8,171
Cash and cash equivalents at 31 December	10,097	10,602
Cash and cash equivalents consist of:		
Cash at bank and in hand	921	846
Restricted client funds	9,176	9,756
	10,097	10,602

The accompanying notes form an integral part of these financial statements.

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. 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 in the current and preceding financial year, unless otherwise stated.

a) General information and basis of accounting

The Company is a private company limited by shares and is incorporated in Scotland, UK. The address of the registered office of the Group and Company and the Company's registration number are given on page 1. The nature of the Group and Company's operations and their principal activities are set out in the strategic report on page 2.

The financial statements are prepared in accordance with the provisions of FRS 102 and the Companies Act 2006. There have been no material departures from the standard.

The Group's financial statements are presented in Sterling which is the functional currency of the Group. The level of rounding is to the nearest £1,000 sterling.

b) Basis of consolidation

The Group consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2019. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. The results of subsidiaries sold or acquired are consolidated for the periods from or to the date on which control passed. When control of a subsidiary is lost, the gain or loss is recognised in the consolidated statement of comprehensive income.

Business combinations are accounted for under the acquisition method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given and liabilities incurred or assumed in exchange for control of the acquiree plus costs directly attributable to the business combination. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Any minority interests are recognised on acquisition as the percentage share of share capital not purchased by the Group. At each year end the minority interests receive a share of the profit or loss based on their percentage shareholding.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Prestige Property Management Limited (company registration number SC145324), Alba Residential Limited (company registration number SC212098), Bon Accord Leasing Limited (company registration number SC249409), K.W.A.D Property Managers Limited (company registration number SC213624), Thornley Groves (Sale) Limited (company registration number 03010497), Thornley Groves (NW) Limited (company registration number 03462809), Yvonne Moir Property Services Limited (company registration number SC246541), Vitalspace Manchester Limited (company registration number 08067491), Shepherd Gilmore Properties Limited (company registration number 03296278), Click-Let Limited (company registration number SC245187), Lomond Maintenance (Birmingham) Limited (company number registration 10773610), Lomond Maintenance (Manchester) Limited (company registration number 10773658), Marwood Homes Limited (company registration number 04988668), Lettingplaces Limited (company registration number 03935233), Wolf's Limited (company registration number 04365152), Wolf's Property Sales Limited (company registration number 08109738), John Shepherd New Homes Limited (company registration number 03852134), Barlow Costley Limited (company registration number 06362081), Greenfend Limited (company registration number 05117752) and Brand Vaughan Limited (company registration number 05976765), all subsidiaries of the Group, have taken advantage of the exemption from the requirement to prepare individual financial statements in relation to dormant subsidiary companies contained in section 394A of the Companies Act 2006.

The Company has provided a parent company guarantee and therefore the following subsidiaries have taken advantage of the exemption from the requirement to be audited relating to subsidiary companies contained in section 479A of the Companies Act 2006: Lomond Mortgages Limited (company registration number SC390469), Mountview Investments Limited (company registration number SC151792), Mountview Property (Scotland) Limited (company registration number SC476925), Managed Space Limited (company registration number SC250257), Bonndave Limited (company registration number SC138755), Lomond Maintenance Limited (company registration number SC428376), Thornley Groves Limited (company registration number 02674298), John Shepherd Lettings Limited (company registration number 06841027), John Shepherd Estate

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Agents Ltd (company registration number 09704507), Thornley Groves Estate Agents Limited, (company registration number 07072190), Hallmark Residential Sales & Lettings Limited (company registration number 06163378), HBJ 381 Limited (company registration number SC180420), Cambridge Brand Vaughan Limited (company registration number 09467584) and Bonetts Estate Agents Limited (company registration number 02465069).

c) Going concern

The LPLL Group was sold to Chianti Bidco Ltd on 19 December 2020 which is funded by new equity investment from Lloyds Development Capital ("LDC") and debt funds managed by LGT Capital Partners. The transaction brings together the LPLL Group with Linley and Simpson to create a nationwide property management and lettings business.

Trading forecasts and projections have been aggregated for the new overall Lomond Group for the purposes of supporting the directors' going concern assertion. Certain directors are common to all entities within the new group and consequently have appropriate oversight of financial position which LPLL Group is now part of. With the injection of funds following the transaction, Chianti Bidco Ltd is now well capitalised with additional funds available to support the acquisition strategy. Chianti Bidco Ltd forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level and terms of its current and future debt facilities, cash generated from trading operations for a period extending to at least twelve months from the date of approval of these financial statements.

Covid severely impacted the trading environment in FY20 however the letting sectors has continued to show how robust the market is in the UK. The LPLL Group has delivered a resilient trading performance and with access to various Government schemes including the Job Retention Scheme and Retail, Leisure and Hospitality grants has maintained a positive cash position throughout the pandemic. The directors have run a number of sensitivities based on certain assumptions around the continued restricted trading environment through lockdown and also further economic slowdown for an extended period and are comfortable that sufficient headroom is available in the new debt facilities and have concluded that the group will be able to meet all its liabilities as they fall due for a period of at least 12 months from approval and therefore consider the going concern basis to be appropriate.

The directors of Chianti Bidco Ltd, as holders of the facilities, have confirmed financial support in writing for a period of 12 months from the date of approval of the financial statements.

d) Turnover

Turnover, which arises in the United Kingdom, is attributable to the Group's principal activities and is stated net of VAT and trade discounts. Revenue from fees and commission is recognised on an accruals basis.

Estate agency revenue is recognised when there is a legally binding contract.

Other operating income represents rental income receivable during the year and is recognised over the period in respect of which the rent is due.

e) Employee benefits

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.

Defined contribution pension schemes

The Group makes contributions to defined contribution pension schemes for eligible employees. Contributions payable are charged to profit or loss in the period they are payable. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

f) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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 the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and that are expected to apply to the reversal of the timing difference.

g) Intangible assets

Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Management contracts

Management contracts are included at cost and depreciated in equal annual instalments over a period of 6 years which is their estimated useful economic life. Provision is made for any impairment.

Website and rebranding costs

The external costs incurred in relation to the rebrand and website build is capitalised and written off on a straight line basis over its useful economic life, which is 5 years. Provision is made for any impairment.

h) Investments

Investments in Group undertakings are held at cost less provision for impairment. At each balance sheet date, the investments are reviewed for any indication that they should be impaired. If it is concluded that there is an impairment the loss is recognised immediately in the profit or loss.

i) Tangible assets

Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold property improvements	10% - 15% per annum (straight line basis)
Plant, equipment and vehicles	5% - 33% per annum (straight line basis)

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

j) Impairment of intangible and tangible fixed assets

At each balance sheet date fixed assets are reviewed to determine whether there is any indication that the asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

k) Financial instruments

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

Basic financial instruments, including trade and other debtors, investments in loan note deposits, trade and other payables and cash and bank balances are initially recognised at transaction price and are subsequently measured at amortised cost using the effective interest method less any impairment.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Impairment of financial assets

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 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.

m) Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and reward of ownership of the asset are transferred to another party or control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

n) Leases

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and depreciated over their estimated useful lives. The capital elements of future hire purchase obligations are recorded as liabilities, while interest elements are charged to profit or loss over the period of the contracts to produce a periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged to profit or loss on a straight line basis over the lease term.

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

o) Provisions

Provisions are recognised when the Group 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.

p) 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 represented by restricted client funds.

q) Restricted client funds

In Scotland, cash balances, including monies received from tenants and landlords in respect of rents paid by tenants and monies paid by landlords in advance of maintenance work being completed on their property, are held in separate bank accounts and are restricted from the Group's business cash.

Deposits received on behalf of landlords from tenants under property management contracts are held in separate client bank accounts and are restricted from the Group's business cash. The deposits are then registered with a tenant deposit scheme. Once registered the monies are passed across to the deposit scheme and are not held on the Group's balance sheet.

In England, cash balances, including deposits received on behalf of landlords from tenants under property management contracts and other monies received from tenants for rents paid by tenants and monies paid by landlords in advance of maintenance work being completed on their property, are held in separate bank accounts and are restricted from the Group's business cash.

Restricted current asset investments consist of client monies placed on deposit for a term of less than 12 months.

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

In the application of the Group'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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of fixed assets

At each balance sheet date fixed assets, being tangible and intangible fixed assets, are reviewed to determine whether there is any indication that the asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Amortisation rates

The directors review the useful economic life annually to determine if the rate used is appropriate by considering key factors such as changes in the Group's operating market and environment, Group strategy and future market demand, with any necessary amendments made as appropriate.

Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost, such as trade debtors, 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 is recognised in profit or loss.

Impairment of investments

At each balance sheet date investments are reviewed to determine whether there is any indication that the investment should be impaired. If there is an indication of possible impairment the estimated value is compared with the carrying amount. If the estimated value is lower, the carrying amount is reduced and an impairment loss is recognised in profit or loss.

Deferred tax

The Group has an unrecognised deferred tax asset of £207k (2018: £341k) in respect of unrelieved tax losses and £Nil (2018: £Nil) in respect of other timing differences which have not been recognised in the financial statements on the basis that there is insufficient evidence to suggest there will be suitable taxable profits to enable the deferred tax asset to be realised in the foreseeable future.

3. TURNOVER

	2019 £'000	2018 £'000
Group		
Management fees	14,153	13,983
Estate agency fees	4,223	5,348
Insurance and mortgages	560	544
Maintenance	3,246	3,162
Commissions	29	43
	<u>22,211</u>	<u>23,080</u>

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

4. EMPLOYEES AND DIRECTORS

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

	Group 2019 No	Group 2018 No	Company 2019 No	Company 2018 No
Lettings and estate agency	299	333	-	-
Maintenance	33	19	-	-
Administration	15	17	15	10
Directors of subsidiaries	5	2	-	-
Directors	8	8	8	8
	<u>360</u>	<u>379</u>	<u>23</u>	<u>18</u>

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Their aggregate remuneration comprised:				
Wages and salaries	9,638	9,900	734	587
Social security costs	886	921	78	66
Pension costs	356	480	36	92
	<u>10,880</u>	<u>11,301</u>	<u>848</u>	<u>745</u>

The Group makes contributions to defined contribution pension schemes for eligible employees. The pension charge represents contributions payable by the Group to these schemes. Contributions of £56k were outstanding at 31 December 2019 (2018: £40k).

Directors' remuneration

The directors of the Company do not receive remuneration for specific services provided to the Company (2018: £nil).

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

5. OPERATING LOSS

	2019 £'000	2018 £'000
Operating loss is arrived at after charging:		
Operating lease rentals	1,371	1,285
Gain on sale of tangible assets	(37)	(10)
Depreciation	240	448
Amortisation of intangible assets	1,592	1,723
Impairment of intangible assets	6,433	2,729
	<u> </u>	<u> </u>
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the parent company and the Group's annual financial statements	78	61
	<u> </u>	<u> </u>
Total audit fees	78	61
	<u> </u>	<u> </u>
Fees payable to the Company's auditor and its associates for other services:		
- Advisory	4	-
- Tax compliance services	10	40
	<u> </u>	<u> </u>
Total non-audit fees	14	40
	<u> </u>	<u> </u>
Total amount payable to the Group's auditor	92	101
	<u> </u>	<u> </u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £'000	2018 £'000
Bank interest	64	38
	<u> </u>	<u> </u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £'000	2018 £'000
Hire purchase interest	19	36
Intercompany interest	1,437	1,375
Other interest and similar charges	56	85
	<u> </u>	<u> </u>
	1,512	1,496
	<u> </u>	<u> </u>

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

8. TAXATION

The tax charge on the loss on ordinary activities for the year was as follows:

	2019 £'000	2018 £'000
<i>Current tax</i>		
UK corporation tax at 19% (2018: 19%)	-	2
Adjustment in respect of prior periods	24	(28)
Total current tax charge/(credit)	24	(26)
<i>Deferred tax</i>		
Origination and reversal of timing differences	(24)	(14)
Effect of changes in tax rates	20	1
Total deferred tax	(4)	(13)
Total tax charge/(credit) on loss for the year	20	(39)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2019 £'000	2018 £'000
Loss on ordinary activities before tax	(6,599)	(2,938)
Tax on loss on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	(1,254)	(558)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	500	393
Income not taxable	(191)	(790)
Fixed asset timing differences	1,255	641
Movements in unrecognised deferred tax	(127)	(5)
Adjustments to brought forward values	-	535
Losses eliminated	104	-
Effect of change in tax rate	(12)	2
Adjustments to tax charge in respect of prior years	43	(27)
Effects of Group relief	(275)	(230)
Other tax adjustments	(23)	-
Tax charge/(credit) for the year	20	(39)

Finance Act (No.2) 2015 provided for a corporation tax rate of 19% from 1 April 2017, and Finance Act 2016 provided for a further reduction in the corporation tax rate to 17% from 1 April 2020. FRS 102 requires the Company to measure deferred tax using the tax rates that are expected to apply to the reversal of the timing differences, and the Company has applied a corporation tax rate of 17 % when calculating its deferred tax assets and liabilities as at 31 December 2019.

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

9. INTANGIBLE ASSETS

Group	Management contracts £'000	Goodwill £'000	Website and rebranding costs £'000	Total £'000
Cost				
At 1 January 2019	157	36,123	46	36,326
Additions	-	31	-	31
At 31 December 2019	157	36,154	46	36,357
Amortisation				
At 1 January 2019	157	10,990	40	11,187
Charge for the year	-	1,588	4	1,592
Impairment	-	6,431	2	6,433
At 31 December 2019	157	19,009	46	19,212
Net book value				
At 31 December 2019	-	17,145	-	17,145
At 31 December 2018	-	25,133	6	25,139

Other intangible assets include websites for both Edinburgh lettings and estate agency and rebranding of the Edinburgh and Aberdeen based businesses undertaken in 2014.

The impairment of goodwill relates to the reduction in the original consideration agreed for the purchase of Raeburn Christie Clark & Wallace Limited, Mountview Investments Limited, Thornley Groves Limited and Wolff Lettings Limited.

Company

The Company had no intangible assets at 31 December 2019 (2018: £nil).

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

10. TANGIBLE ASSETS

Group	Leasehold property improvements £'000	Plant, equipment & vehicles £'000	Total £'000
Cost			
At 1 January 2019	522	695	1,217
Additions	11	55	66
Disposals	-	(582)	(582)
At 31 December 2019	533	168	701
Depreciation			
At 1 January 2019	178	449	627
Charge for the year	78	162	240
Disposals	-	(575)	(575)
At 31 December 2019	256	36	292
Net book value			
At 31 December 2019	277	132	409
At 31 December 2018	344	246	590

The net book value of assets held under finance leases included in leasehold property improvements and plant, equipment and vehicles is £240k (2018: £352k). The depreciation charge for the year for assets held under finance leases is £82k (2018: £102k).

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

10. TANGIBLE ASSETS (continued)

Company

	Total £'000
Computer equipment	
Cost	
At 1 January 2019	21
Additions	2
At 31 December 2019	<u>23</u>
Depreciation	
At 1 January 2019	11
Charge for the year	4
At 31 December 2019	<u>15</u>
Net book value	
At 31 December 2019	<u>8</u>
At 31 December 2018	<u>10</u>

11. INVESTMENTS

Group

The Group's investments of £27k (2018: £27k) represent loan note deposits held by the Company's subsidiaries Thornley Groves Limited, Cambridge Brand Vaughan Limited and John Shepherd Estate Agents Limited.

Company

	Total £'000
Investments in subsidiaries	
Cost	
At 1 January 2019	23,462
Additions	22
At 31 December 2019	<u>23,484</u>
Accumulated impairment	
At 1 January 2019	3,701
Charge for the year	740
At 31 December 2019	<u>4,441</u>
Net book value	
At 31 December 2019	<u>19,043</u>
At 31 December 2018	<u>19,761</u>

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

11. INVESTMENTS (continued)

Subsidiary undertakings

At 31 December 2019 the Company had interests in the following subsidiaries:

Subsidiaries	Type of shares held	Proportion held (%)	Country of incorporation	Nature of business
Lomond Maintenance Limited*^	Ordinary	100%	United Kingdom	Property maintenance
Prestige Property Management Limited*^	Ordinary	100%	United Kingdom	Non-trading
Alba Residential Limited*^	Ordinary	100%	United Kingdom	Non-trading
Bondsave Limited^	Ordinary	100%	United Kingdom	Property management services
Thornley Groves Limited * β	Ordinary	75%	United Kingdom	Property management services
Hallmark Residential Sales & Lettings Limited* β	Ordinary	75%	United Kingdom	Non-Trading
Mountview Investments Limited^	Ordinary	93%	United Kingdom	Property management services
Managed Space Limited *^	Ordinary	93%	United Kingdom	Property maintenance
Mountview Property (Scotland) Limited*^	Ordinary	93%	United Kingdom	Property management services
John Shepherd Lettings Limited Ω	Ordinary	80%	United Kingdom	Property management services
Marwood Homes Limited* Ω	Ordinary	80%	United Kingdom	Non-trading
Wolf's Limited* Ω	Ordinary	80%	United Kingdom	Non-trading
Shepherd Gilmour Properties Limited* β	Ordinary	75%	United Kingdom	Non-trading
Barlow Costley Limited* β	Ordinary	75%	United Kingdom	Non-trading
Lomond Mortgages Limited^	Ordinary	100%	United Kingdom	Mortgage advice services
Vitalspace Manchester Limited* β	Ordinary	75%	United Kingdom	Non-trading
Thornley Groves Estate Agents Limited β	Ordinary	75%	United Kingdom	Intermediate holding company
Thornley Groves (Sale) Limited* β	Ordinary	75%	United Kingdom	Non-trading
Thornley Groves (NW) Limited* β	Ordinary	75%	United Kingdom	Non-trading
HBJ 381 Limited^	Ordinary	100%	United Kingdom	Intermediate holding company
Bon Accord Leasing Limited*^	Ordinary	93%	United Kingdom	Non-trading
Yvonne Moir Property Services Limited*^	Ordinary	93%	United Kingdom	Non-trading

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

11. INVESTMENTS (continued)

Subsidiary undertakings (continued)

Subsidiaries	Type of shares held	Proportion held (%)	Country of incorporation	Nature of business
K.W.A.D Property Managers Limited [^]	Ordinary	93%	United Kingdom	Non-trading
John Shepherd Estate Agents Limited Ω	Ordinary	80%	United Kingdom	Estate agency
Lettingplaces Limited [*] Ω	Ordinary	80%	United Kingdom	Non-trading
Click-Let Limited [^]	Ordinary	100%	United Kingdom	Non-trading
Wolf's Property Sales Limited [*] Ω	Ordinary	80%	United Kingdom	Non-trading
John Shepherd New Homes Limited [*] Ω	Ordinary	80%	United Kingdom	Non-trading
Cambridge Brand Vaughan Limited \sim	Ordinary	80%	United Kingdom	Property management services
Brand Vaughan Limited [*] \sim	Ordinary	80%	United Kingdom	Non-trading
Greenfend Limited [*] \sim	Ordinary	80%	United Kingdom	Non-trading
Bonett's Estate Agents Limited [*] \sim	Ordinary	80%	United Kingdom	Non-trading
Lomond Maintenance (Birmingham) Limited [*] Ω	Ordinary	80%	United Kingdom	Non-trading
Lomond Maintenance (Manchester) Limited [*] β	Ordinary	75%	United Kingdom	Non-trading

*Investments in these companies are held indirectly through subsidiary undertakings incorporated in the United Kingdom.

[^] The registered address of the company is Orchard Brae House, 30 Queensferry Road, Edinburgh, Scotland, EH4 2HS.

β The registered address of the company is 16-18 Lloyd Street, Altrincham, England, WA14 2DE.

Ω The registered address of the company is 33 Colmore Row, Birmingham, England, B3 2BS.

\sim The registered address of the company is 117-118 Western Road, Hove, England, BN3 1DB

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

12. DEBTORS

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade debtors	1,500	1,496	1	5
Amounts due from Group undertakings	114	114	4,972	4,308
Corporation tax recoverable	125	-	-	-
Other debtors	411	438	-	-
Prepayments	648	620	-	3
VAT recoverable	10	13	10	13
	<u>2,808</u>	<u>2,681</u>	<u>4,983</u>	<u>4,329</u>

Trade debtors are stated after provisions for impairment throughout the Group of £128k (2018: £22k).

The amounts due from Group undertakings earn interest at 6% per annum.

13. INVESTMENTS

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Fixed term cash deposits of client funds (restricted)	<u>4,685</u>	<u>4,435</u>	<u>-</u>	<u>-</u>

Fixed term cash deposits are measured at amortised cost and relate to deposits received on behalf of landlords from tenants under property management contracts for the Group's lettings business based in England. Such monies are held in separate client bank accounts and are restricted from the Group's business cash. The fixed term cash deposits have an original maturity of less than 12 months. The interest rate on average was 0.93% (2018: 1.6%).

14. RESTRICTED CLIENT FUNDS

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Restricted client funds	<u>9,176</u>	<u>9,756</u>	<u>-</u>	<u>-</u>

Included within restricted client cash balances are deposits received on behalf of landlords from tenants under property management contracts. Such monies are held in separate client bank accounts and are restricted from the Group's business cash. The deposits are then registered with tenant deposit schemes. In relation to Scotland, once registered the monies are passed across to the deposit scheme and are not held on the balance sheet.

In England, the monies are retained on the balance sheet once they are registered with a deposit scheme.

Also held within the restricted cash balances, in separate client bank accounts, are other monies received from tenants in respect of rents paid by tenants and monies paid by landlords in advance of maintenance work being completed on their property.

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Hire purchase (note 16)	117	179	-	-
Amounts owed to clients	13,861	14,191	-	-
Trade creditors	745	812	89	67
Amounts due to Group undertakings	24,760	24,525	30,807	27,913
Corporation tax	-	9	-	-
Other taxes and social security	935	1,036	33	24
Other creditors	9	85	-	54
Accruals and deferred income	979	884	28	972
Deferred consideration	145	1,397	-	-
	<u>41,551</u>	<u>43,118</u>	<u>30,957</u>	<u>29,030</u>

The amounts due to Group undertakings accrues interest of 6% per annum.

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

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Amounts falling due between one and five years:				
Hire purchase liability	<u>7</u>	<u>119</u>	<u>-</u>	<u>-</u>

The Group had the following future minimum lease payments under non-cancellable hire purchase contracts for each of the following periods:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Not later than one year	123	213	-	-
Later than one year and not later than five years	<u>7</u>	<u>113</u>	<u>-</u>	<u>-</u>
Total gross payments	130	326	-	-
Less: finance charges	<u>(6)</u>	<u>(28)</u>	<u>-</u>	<u>-</u>
Carrying amount of liability	<u>124</u>	<u>298</u>	<u>-</u>	<u>-</u>

The hire purchase contracts relate to motor vehicles and property improvements. Hire purchase liabilities are secured by the related assets held under hire purchase contracts (see note 10). The lease agreements generally include fixed lease payments and a purchase option at the end of the lease term.

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

17. PROVISIONS FOR LIABILITIES

	Deferred tax	
	£'000	
Group		
At 1 January 2019		17
Deferred tax charged to statement of comprehensive income		(4)
		<u>13</u>
At 31 December 2019		<u>13</u>
Deferred tax		
Deferred tax is provided as follows:		
	2019	2018
	£'000	£'000
Group		
Accelerated capital allowances	19	32
Other timing differences	(2)	(1)
Tax losses available	(4)	(34)
Capital gains	-	20
	<u>13</u>	<u>17</u>
Deferred tax (assets)		
Recoverable within 12 months	(6)	(35)
	<u></u>	<u></u>
Deferred tax liabilities		
Payable within 12 months	19	52
	<u></u>	<u></u>

The Group has an unrecognised deferred tax asset of £207k (2018: £341k) in respect of unrelieved tax losses and £Nil (2018: £Nil) in respect of other timing differences which have not been recognised in the financial statements on the basis that there is insufficient evidence to suggest there will be suitable taxable profits to enable the deferred tax asset to be realised in the foreseeable future.

Company

The Company had no provisions at 31 December 2019 (2018: £nil).

18. CAPITAL AND RESERVES

	2019	2018
	£'000	£'000
Called up share capital - Group and Company		
Called up allotted and fully paid		
108,598 'A' Ordinary shares of £1 each	109	109
Called up allotted and unpaid		
6,000,000 'Z' Ordinary shares of £1 each	6,000	6,000
	<u>6,109</u>	<u>6,109</u>

The 'A' and 'Z' Ordinary shares have no right to fixed income. The 'A' Ordinary shares have restricted right to capital, based on the thresholds in the Company's articles. There are no voting rights attached to the 'A' Ordinary shares.

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

18. CAPITAL AND RESERVES (continued)

Reserves

Retained deficit

The retained deficit represents cumulative profits and losses, net of dividends paid and other adjustments.

Share capital

Called up share capital represents the nominal value of the shares issued.

Share premium

The share premium account represents the premium on issue of equity shares, net of any issue costs.

19. FINANCIAL INSTRUMENTS

	Note	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Financial assets measured at amortised cost:					
- Investments	11	27	27	19,043	19,761
- Trade debtors	12	1,500	1,496	1	5
- Amounts owed by Group undertakings	12	114	114	4,972	4,308
- Other debtors	12	411	438	-	-
- Cash at bank and in hand		921	846	132	177
- Restricted client funds	14	9,176	9,756	-	-
- Investments in fixed term deposits	13	4,685	4,435	-	-
		<u>16,834</u>	<u>17,112</u>	<u>24,148</u>	<u>24,251</u>
Financial liabilities measured at amortised cost:					
- Hire purchase	15,16	124	298	-	-
- Amounts owed to clients	15	13,861	14,191	-	-
- Trade creditors	15	745	812	89	67
- Other creditors	15	9	85	-	54
- Accruals	15	979	571	28	22
- Deferred consideration	15	145	1,397	-	950
- Amounts due to Group undertakings	15	24,760	24,525	30,807	27,913
		<u>40,623</u>	<u>41,879</u>	<u>30,924</u>	<u>29,006</u>

20. FINANCIAL COMMITMENTS

The Group and Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Payments due:				
Not later than one year	969	1,016	4	4
Later than one year and not later than five years	1,821	2,450	1	5
Later than five years	186	342	-	-
	<u>2,976</u>	<u>3,808</u>	<u>5</u>	<u>9</u>

LOMOND PROPERTY LETTINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

21. CONTINGENT LIABILITIES

The Company is a party to a cross guarantee arrangement with certain other Group companies in respect of bank borrowings. Total bank borrowings of the Lomond Capital Limited Group as at 31 December 2019 were £17,790k (2018: £19,060k).

22. RELATED PARTY TRANSACTIONS

The Group paid rent of £92k for two offices in the current year to a company partially owned by a director of the Group (2018: £90k). £1k was outstanding at 31 December 2019 in relation to these transactions (2018: £nil).

In the prior year a subsidiary of the group, Lomond Maintenance Limited, carried out refurbishment work for a director of the group totalling £21k. £Nil was outstanding at 31 December 2019 (2018: £21k) in relation to this transaction.

The key management personnel of the Group is considered to be the directors (see note 4 for details of directors' remuneration including social security and pensions). The directors received £29k (2018: £30k) for specific services provided to the Group. Directors are also members of Lomond Capital Partnership LLP and are remunerated as members of the partnership.

Other than the transactions disclosed above, the Group and Company's other related party transactions in the current and prior year were with other companies wholly owned within the Group, from which the Group and Company are exempt from disclosing.

23. NET DEBT RECONCILIATION

	1 January 2019 £'000	Cash Flows £'000	31 December 2019 £'000
Cash at bank and in hand	846	75	921
Obligations under finance leases	(298)	174	(124)
	<u>548</u>	<u>249</u>	<u>797</u>

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank and in hand.

24. ULTIMATE CONTROLLING PARTY

The Company's immediate parent undertaking is Lomond Capital No. 2 Limited, a Company incorporated in the UK and registered in Scotland, and the ultimate controlling party is considered to be Lomond Capital Partnership LLP.

The results of the Group and Company are consolidated in the financial statements of Lomond Capital Limited and Lomond Capital Partnership LLP which are the smallest and largest entities respectively consolidating the results of the Group and Company. Copies of the consolidated financial statements may be obtained from Companies House, 4th Floor, Edinburgh Quay, 139 Fountainbridge, Edinburgh, EH3 9FF.

25. POST BALANCE SHEET EVENTS

The Lomond Capital Group completed the sales of its trading subsidiaries on December 19, 2020 to Chianti Bidco Ltd, established with funding from LDC, a UK based private equity investor. The acquisition will see the merger of the Lomond businesses with Linley and Simpson, an existing LDC investment based in Yorkshire. The transaction combines two market leading agency businesses with experienced management teams and results in national operator with considerable financial resources to continue the strategy of investing in high quality customer service whilst accelerating the acquisition plan to consolidate the UK property letting and sales market.

In December 2019 a novel strain of coronavirus 'COVID-19' presented and in the first quarter of 2020 the World Health Organisation declared COVID-19 as a global pandemic. The pandemic has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses. As the extent of the outbreak of COVID-19 was not known until post year end, the outbreak is being treated as a non-adjusting post balance sheet event.