

Company Registration No. 02061041 (England and Wales)

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

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# FIRSTPORT PROPERTY SERVICES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	O Saleh N Howell
<b>Secretary</b>	FirstPort Secretarial Limited
<b>Company number</b>	02061041
<b>Registered office</b>	Queensway House 11 Queensway New Milton Hampshire United Kingdom BH25 5NR
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place Charing Cross London England WC2N 6RH
<b>Bankers</b>	Royal Bank of Scotland 156 High Street Southampton Hampshire S014 2NP

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# FIRSTPORT PROPERTY SERVICES LIMITED

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# FIRSTPORT PROPERTY SERVICES LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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FirstPort, of which FirstPort Property Services Limited is a substantial part, is the UK's largest residential property services business with a vision to be the UK's leading residential property services business, addressing the challenges of managing complex shared residential developments through high quality professional services. FirstPort is a division of Knight Square Holdings Limited. On 6 September 2019, Equistone Partners acquired the majority shareholding in the Knight Square Holdings Limited Group. The newly formed group under our new investors is referred to as Drive Topco Group ("Group"). Refer to note 16 for details on the controlling party.

## Business Review

FirstPort Property Services Limited is our open market brand with a portfolio of small to medium sized developments covering all of the UK, with a clear service delivery model to ensure consistently high standards wherever the business operates.

The company seeks to achieve its vision by having well trained and motivated staff with a desire to deliver excellent service, leading to highly satisfied customers, and therefore delivering excellent returns to investors. Since 2015 FirstPort has pursued the goal to deliver this 'leading' aspiration, to ensure consistently high customer service and so generate enhanced growth prospects.

FirstPort has in place measures to define, train, and monitor service on every site through what is known as 'Four Pillars':

- Strong health and safety;
- High site standards;
- Great customer communications; and
- Healthy estate finances.

The Four Pillars service standards are designed to ensure consistency of customer experiences across all developments. The standards are communicated to all staff, measured for each development, and incentives are in place to improve development scores. The same standards are expected of our contractors and supply chain with whom the Company seeks to form good relationships.

Service delivery on sites is backed by effective support functions each of which have their own direct impact on improved customer service. FirstPort operate these support processes efficiently, adopting innovations from process improvement, staff training and development, and technology.

FirstPort has developed an efficient and scalable cost base. As part of the service turnaround, the Company has reduced its costs whilst investing in value added activity. Investment in people skills, process design, and technology has led to a highly efficient and scalable cost base that places FirstPort in a strong position to convert revenue growth into EBITDA growth and improve EBITDA margins.

Operational Key Performance Indicators	2019	2018
Number of developments	1,285	1,121
Retention rates	96.4%	95.2%

## Financial highlights

	2019	2018
Turnover (£'000)	16,313	15,873
EBITDA* (£'000)	3,227	3,564
EBITDA %	19.78%	22.45%
Cash at bank and in hand (£'000)	808	1,853
Net assets (£'000)	6,379	3,019

\*EBITDA is defined as profit before interest, tax, depreciation and amortisation and excludes one off exceptional items as disclosed in note 4.

# **FIRSTPORT PROPERTY SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Business Review (continued)**

#### **Financial performance**

Revenue for the year was £16.3m, 3% higher than the prior year (2018: £15.9m) as a result of increases in management fee price and number of developments managed. Trading conditions in the property market were steady during the year enabling high retention rates of 96.4% to be achieved, a slight increase of 1.2 percentage points. After total administrative costs of £13.1m (2018: £12.4m), the Company returned an EBITDA of £3.2m (2018: £3.5m). The decrease in EBITDA is due to additional management recharges from the parent company, FirstPort Limited.

#### **Financial position**

Net assets increased to £6.4m (2018: £3.0m) mainly due to an increase in amounts owed by group undertakings from £4.1m to £9.0m. This is offset by a decrease in cash at bank and in hand to £0.8m (2018: £1.9m).

#### **Future developments**

FirstPort experienced a transformational year in 2019. The business successfully re-financed and welcomed new investors, Equistone Partners Europe Limited, to build on its solid platform and benefit from the changing dynamics of the residential property market. FirstPort can now look forward to further innovating its service offering with our customers, clients, suppliers and people to define new approaches and processes.

Our core principles remain unchanged, and we stand by our customer-centric approach that has helped us grow organically and acquisitively. However, we will be seeking to improve service further, and investment in innovation and our people will be key to our success. In 2019, we were proud to allocate significant funds to commence this journey.

Another proud moment of 2019 was the successful acquisition and integration of Barratt Residential Asset Management Limited (BRAM). Having built strong relationships with the Barratt group we were pleased to acquire BRAM on the 16 March 2019, bringing to our group a wealth of property management experience and a number of large and complex sites in and around the London region. Barratt continue to expect high service standards from their property managers and we were delighted that our standards and service offerings met their requirements. This, along with previous acquisitions, have helped us capture learnings and skills with a core team to support future successful acquisitions.

FirstPort is well positioned to achieve continued growth, with a strong order book, pipeline, continually growing industry network, increasing brand recognition, and significantly improved brand reputation. The board are committed to transforming its technology and processes, and to empowering its people to deliver a truly market-leading service.

FirstPort is in a strong position to successfully meet evolving customer expectations, client demands, differentiate itself over competitors, and meet any future regulatory expectations for managing agents. As we navigate through the recent COVID-19 events, the business is showing its resilient characteristics and is expected to emerge in good shape.

#### **Events after the balance sheet date**

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

# **FIRSTPORT PROPERTY SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Corporate Social Responsibility**

The Group recognises the importance of the way in which its portfolio companies operate and understands that our business operations must be carried out with consideration for the safety and well-being of our people, customers, business partners and the local communities in which they exist and with whom they interact.

#### **Health and Safety**

The Group takes its obligations for safety at its office, operational, and development sites very seriously, along with the risks to staff travelling between locations. These obligations extend to staff, residents, visitors, contractors, and members of the public. The risk is mitigated by having a robust health and safety culture with a safety risk register, actions to eliminate or mitigate risks where possible, and monitoring and reporting of accidents and near misses.

We are committed to ensuring staff, customers, members of the public, and anyone who interacts with the Group remain safe and well. Safe working practices are a constant focus for all our teams and we invest in safety training.

Although the pace and impact of the Covid-19 is impossible to predict with accuracy, we recognise we look after 196,000 homes nationwide as a Group. Across the country, FirstPort are and will be working hard to take real care of homes and our customers.

#### **Employees**

We recognise that our people play the leading role in our service delivery and in our customers' and clients' experiences of doing business with FirstPort.

The Group operates an active equal opportunities policy and we pride ourselves on our diverse workforce. Our success is a result of our employees working together with different competencies and skills, educational backgrounds, ethnicity, religious beliefs and physical abilities, and we judge performance without prejudice or discrimination.

All colleagues are welcomed and supported, and our robust equal opportunity and diversity policies make sure this is a consistent experience for all employees across our business. We support our employees' health and wellbeing through our Employee Assistance Programme and have trained 40 colleagues as Mental Health First Aiders in 2019.

The Group's policy is to enable and support recruitment of disabled workers. Assistance with initial training is given and we adapt the workplace as appropriate. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

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

We have continued to invest in our people. We have a comprehensive e-learning platform, in-house classroom-based courses including our proprietary Concierge Academy, and a mentor/mentee programme to help all of our employees learn new skills and progress their careers at FirstPort. We support our employees to pursue relevant professional qualifications, particularly with the IRPM, and we run bespoke leadership programmes with Ashridge University.

We welcomed our fourth graduate scheme intake in September 2019, giving eight graduates the opportunity to become residential property managers at the end of their 12-month programme. All of our 2018-19 graduates are now working in operational roles across the business.

# **FIRSTPORT PROPERTY SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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Our commitment to supporting our employees has been recognised by the Top Employers Institute who have accredited FirstPort for the second consecutive year as one of the UK's Top Employers. We are one of only 82 companies to receive this prestigious certification, and the only residential property manager to have achieved this.

### **Ethical standards and principles**

Ethics and transparency are the cornerstones of our corporate principles. We have strong corporate policies and safeguards in place and a history of abiding by and promoting high ethical standards. All employees are responsible for adhering to the business practices that follow both the letter and the spirit of the law, as well as our Code of Conduct that reflects the highest standards of corporate and individual behaviour.

### **Environmental and social responsibility**

We have a responsibility to positively affect the quality of life of our employees, their families and the wider communities in which we operate. We continue to support and encourage everyone who is involved with both local and national charities and welfare initiatives.

Following an employee vote to select our charity partner FirstPort has partnered with Centrepoint, a leading youth homelessness charity, since December 2018. In the first year we raised over £52,000 for Centrepoint and held more than 65 different fundraising events and activities with employees, customers and clients all getting involved.

We have continued our commitment to reducing our business' carbon footprint, and work is in progress to embed further our environmental, social and corporate responsibilities into our culture. This will be done through a framework that will play an integral role in decision-making when procuring third party services for customers. We are working with Business in the Community (BITC) and are beginning the processes to achieve our Carbon Trust award and ISO 4001.

# FIRSTPORT PROPERTY SERVICES LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### Principal Risks & Uncertainties

Risk	Risk Description	Mitigation
Health and safety ("H&S")	The risk of breaches of H&S standards resulting in injuries, environmental damage or physical damage to property leading to financial penalties, reputational damage and delays to site related activities	<ul style="list-style-type: none"> <li>Dedicated H&amp;S team under the guidance of skilled H&amp;S Director</li> <li>Robust H&amp;S culture with safety risk register</li> </ul>
Contract retention	The risk associated to the dependency on key client/customer contracts and the loss of contracts	<ul style="list-style-type: none"> <li>Delivery of high-quality customer service under standardised 'four pillars' approach</li> <li>Maintaining a regular dialogue with individual and business customers.</li> <li>Commitment to the principles set out in its Customer Charter</li> </ul>
Reputation	The risk of damage to brand name or reputation either through our people, our behaviours, or third parties acting on our behalf	<ul style="list-style-type: none"> <li>Improvement in customer service and clear complaints processes reduce the risk of issues escalating</li> <li>Monitoring and responding to customer feedback on employees and third party supplier services</li> <li>Whistle-blower hotline</li> </ul>
Economic risks and changes in market dynamics	Failure to respond effectively to developments in the broader economy, competition and other market or fiscal dynamics, including Brexit and COVID-19	<ul style="list-style-type: none"> <li>Resilient UK based business model</li> <li>Significant experience and expertise in chosen markets</li> <li>Frequent review of competition</li> <li>Market insight and intelligence</li> </ul>
Financial management	Failure to maintain appropriate financial controls throughout the business, including the management of debt covenants, credit risk, fraud risk and taxation	<ul style="list-style-type: none"> <li>Experienced finance team</li> <li>Financial control environment</li> <li>Close monitoring of financial performance, debt covenants and credit risk by senior management</li> <li>Board oversight of financial performance</li> </ul>
Systems dependence and business continuity	The risk associated with the non-delivery and future-proofing of our technology, including the potential impact of business interruption through systems and facilities	<ul style="list-style-type: none"> <li>Investment in appropriate technology and staff</li> <li>IT governance structure</li> <li>IT resilience and disaster recovery plans designed to restore service</li> <li>Business continuity plan for each business operational office</li> <li>Cyber security accreditation</li> </ul>



# FIRSTPORT PROPERTY SERVICES LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### Principal Risks & Uncertainties (continued)

Risk	Risk Description	Mitigation
Legal and regulatory compliance	The risk of failing to comply with relevant laws, regulations and Standards including AML, CCO, Gender Pay Reporting and Modern Slavery	<ul style="list-style-type: none"><li>• Employment of qualified advisors both internally and externally who report regularly to the Board about all significant legislative changes in the UK</li><li>• Development of internal policies and procedures to ensure adequate capture of legal and regulatory compliance issues</li><li>• Maintenance of risk register for all current regulatory issues</li><li>• Training programmes for staff</li></ul>
People Risk	The risk that we fail to attract and retain high calibre employees in order to deliver on all aspects of our strategy	<ul style="list-style-type: none"><li>• HR strategy encompassing recruitment, reward, retention, talent development and performance management</li><li>• Succession planning for middle and senior management</li><li>• Regular review of top talent in the organisation regardless of level by all executive members</li></ul>
Data protection and privacy risk	The risk of the loss or misuse of customer or employee data	<ul style="list-style-type: none"><li>• Information security policies encompassing data protection</li><li>• Investment in appropriate technology and staff</li><li>• General data protection regulation (GDPR) steering committee</li><li>• Breach register and ICO registration</li></ul>

# **FIRSTPORT PROPERTY SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Governance and risk management**

#### **The Board and management team**

FirstPort Property Services Limited has a board comprising of two directors and is ultimately owned and controlled by Drive Topco Limited ("Group"). The Group has policies in place that are applicable and adhered to by the company.

The company's board meets approximately ten times per annum. Health and safety performance, any accidents, and lessons from any near-miss events are reviewed and considered at Board meetings.

#### **Internal control and risk management**

The Group's approach to internal audit is to agree a risk framework which is reviewed at Board meetings along with mitigating strategies and the latest status of the risks. The Group also maintains and monitors a set of detailed policy documents across all areas of operations. Key areas in which such policies exist include health and safety, procurement, finance and governance (including competition and bribery). The Group utilises the support of external experts to conduct ad hoc reviews of specific areas of the business that the Board considers may prevent risk to the shareholder.

#### **External audit**

PricewaterhouseCoopers LLP act as external auditors of the company. The performance of the auditors is overseen by the Audit Committee of the Group.

#### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of credit, liquidity and cash flow risk. The company has in place robust controls that seek to limit the adverse effects in the financial performance of the company by monitoring potential financial risks to which the company is subject.

The company has a large base of UK residential customers which reduces the concentration of credit risk. Where we transact with corporate customers, credit control teams exist with strict processes being operated to manage and mitigate the risk of non-payment of charges.

The company is part of the Drive Topco Limited group's cash management and forecasting processes which are in place to manage cash flow and liquidity within the existing Group financing arrangements.

### **Approval of Strategic Report**

This Annual Report comprises a strategic report for the company which has been drawn up and presented in accordance with, and in reliance upon, applicable English company law, in particular Chapter 4A of the Companies Act 2006, and the liabilities of the directors in connection with this report shall be subject to the limitations and restrictions provided by such law.

Approved by the Board of Directors and signed on behalf of the Board.



O Saleh  
**Director**

30 June 2020

# **FIRSTPORT PROPERTY SERVICES LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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

### **Principal activities**

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

### **Directors**

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

O Saleh  
N Howell

### **Directors' insurance**

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company. This is a qualifying third party indemnity provisions made for the benefit of its directors during the year. These provisions remain in force at the reporting date.

### **Results and dividends**

The results for the year are set out in the profit and loss account on page 13.

No ordinary dividends were paid (2018: £3m). The directors do not recommend payment of a final dividend (2018: £nil).

### **Employees**

Information on employees is included in the Strategic report on pages 3 and 4.

### **Future developments**

The future developments of the business are discussed in the Strategic report on page 2.

### **Financial risk management**

Information on financial risk management is included in the Strategic report on page 7.

### **Going concern**

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

# FIRSTPORT PROPERTY SERVICES LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Statement of directors' responsibilities in respect of the financial statements

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

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

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

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### Directors' confirmations

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

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

On behalf of the board



O Saleh

Director

30 June 2020

# FIRSTPORT PROPERTY SERVICES LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF FIRSTPORT PROPERTY SERVICES LIMITED

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#### Report on the audit of the financial statements

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##### **Opinion**

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

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

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

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##### **Basis for opinion**

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

##### *Independence*

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

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##### **Conclusions relating to going concern**

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

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

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

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# FIRSTPORT PROPERTY SERVICES LIMITED

## INDEPENDENT AUDITORS' REPORT

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

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

#### **Strategic Report and Directors' Report**

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 year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### *Auditors' responsibilities for the audit of the financial statements*

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

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

##### *Use of this report*

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

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# FIRSTPORT PROPERTY SERVICES LIMITED

## INDEPENDENT AUDITORS' REPORT

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

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#### Other required reporting

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##### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



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

# FIRSTPORT PROPERTY SERVICES LIMITED

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

### PROFIT AND LOSS ACCOUNT

	Note	2019 £	2018 £
Turnover	3	16,312,977	15,873,416
Administrative expenses		(13,086,038)	(12,356,703)
Exceptional items	4	-	(9,771,664)
<b>Operating profit/(loss) and profit/(loss) before taxation</b>	5	3,226,939	(6,254,951)
Interest payable and similar expenses		(7,904)	-
<b>Profit/(loss) before taxation</b>		3,219,035	(6,254,951)
Tax on profit/(loss)	8	140,459	(215,289)
<b>Profit/(loss) for the financial year</b>		3,359,494	(6,470,240)

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

### STATEMENT OF COMPREHENSIVE INCOME

	2019 £	2018 £
Profit/(loss) for the year	3,359,494	(6,470,240)
Other comprehensive income	-	-
<b>Total comprehensive income/(loss) for the year</b>	3,359,494	(6,470,240)



# FIRSTPORT PROPERTY SERVICES LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	2019 £	£	2018 £	£
<b>Current assets</b>					
Debtors	9	10,169,298		5,308,337	
Cash at bank and in hand		808,337		1,853,468	
		<u>10,977,635</u>		<u>7,161,805</u>	
<b>Creditors: amounts falling due within one year</b>	11	(4,405,862)		(4,003,384)	
Net current assets			6,571,773		3,158,421
<b>Provisions for liabilities</b>	12		(192,801)		(138,943)
<b>Net assets</b>			<u>6,378,972</u>		<u>3,019,478</u>
<b>Capital and reserves</b>					
Called up share capital	15		100		100
Profit and loss account			6,378,872		3,019,378
<b>Total equity</b>			<u>6,378,972</u>		<u>3,019,478</u>

The notes on pages 16 to 29 are an integral part of the financial statements.

The financial statements on pages 13 to 29 were approved by the board of directors and authorised for issue on 30 June 2020 and are signed on its behalf by:



O Saleh  
Director

Company Registration No. 02061041

# FIRSTPORT PROPERTY SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Profit and loss account £	Total equity £
<b>Balance at 1 January 2018</b>	100	12,489,618	12,489,718
<b>Year ended 31 December 2018</b>			
Total comprehensive expense for the year	-	(6,470,240)	(6,470,240)
Dividends	-	(3,000,000)	(3,000,000)
<b>Balance at 31 December 2018</b>	100	3,019,378	3,019,478
<b>Year ended 31 December 2019</b>			
Total comprehensive income for the year	-	3,359,494	3,359,494
<b>Balance at 31 December 2019</b>	100	6,378,872	6,378,972

# FIRSTPORT PROPERTY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **General information**

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

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

#### **1.1 Statement of compliance**

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

#### **1.2 Summary of significant accounting policies**

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

These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **1.3 Basis of preparation**

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

# FIRSTPORT PROPERTY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.4 Going concern

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

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

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

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

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

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

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

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

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

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

# FIRSTPORT PROPERTY SERVICES LIMITED

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

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### 1 Accounting policies

(Continued)

#### 1.6 Revenue recognition

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

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

(i) Residential property management services

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

(ii) Recharge of house managers' employment cost

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

#### 1.7 Exceptional items

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

#### 1.8 Employee benefits

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

(i) Short term benefits

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

(ii) Defined contribution pension plans

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

(iii) Annual bonus plan

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

# FIRSTPORT PROPERTY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

##### 1.9 Taxation

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

Current or deferred tax assets and liabilities are not discounted.

##### (i) Current tax

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

##### (ii) Deferred tax

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

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

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

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

##### 1.10 Leased assets

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

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

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

# FIRSTPORT PROPERTY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

**(Continued)**

#### **1.11 Impairment of non-financial assets**

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

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

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

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

#### **1.12 Cash and cash equivalents**

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

#### **1.13 Provisions**

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

# FIRSTPORT PROPERTY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

##### 1.14 Financial instruments

The company has elected to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

###### (i) Financial assets

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

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

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

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party.

###### (ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and bank overdrafts, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

###### (iii) Offsetting

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

###### (iv) Client monies held

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

##### 1.15 Share Capital

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



# FIRSTPORT PROPERTY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.16 Related parties

The company discloses transactions with related parties not wholly owned by Drive Topco Limited. It does not disclose transactions with other group companies wholly owned by Drive Topco Limited.

### 2 Critical accounting judgements and estimation uncertainty

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

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

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

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

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

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

##### (i) Development related provisions

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

### 3 Turnover

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

### 4 Exceptional items

	2019 £	2018 £
Intercompany loan write off	-	(9,771,664)
	<u>-</u>	<u>(9,771,664)</u>

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

# FIRSTPORT PROPERTY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 5 Operating profit/(loss) and profit/(loss) before taxation

	2019	2018
	£	£
Operating profit for the year is stated after charging:		
Depreciation of tangible assets	-	46,893
Operating lease charges	238,787	448,693
	<u>238,787</u>	<u>448,693</u>

The cost of auditing these financial statements for the year was £14,961 (2018: £14,330). These costs have been borne by FirstPort Limited.

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

#### 6 Employees

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

	2019	2018
	Number	Number
Office and management	218	169
House managers and relief	456	438
	<u>674</u>	<u>607</u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	7,260,180	5,716,118
Social security costs	646,505	514,606
Other pension costs	230,859	141,958
	<u>8,137,544</u>	<u>6,372,682</u>

The house managers oversee individual developments managed by the company. The employment cost of house managers is not included in the above table as these costs are recharged at cost to the developments managed by the company and therefore are not a cost to the company on account of the company being an agent for this transaction. These amounted to wages and salary costs of £10,853,069 (2018: £10,137,159) social security costs of £985,798 (2018: £948,968) and other pension costs of £279,707 (2018: £192,531).

# FIRSTPORT PROPERTY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 7 Directors' remuneration

	2019 £	2018 £
Aggregate emoluments	-	35,707
	<u>-</u>	<u>35,707</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to nil (2018: nil).

There were no directors (2018: one director) paid by the company. The remaining directors are remunerated by FirstPort Limited and Drive Bidco Limited as their services to the company are merely incidental to their employment in other divisional companies. Details of the directors' remuneration can be found in the financial statements of FirstPort Limited and Drive Bidco Limited.

# FIRSTPORT PROPERTY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 8 Tax on profit/(loss)

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profit for the current year	-	169,626
Adjustments in respect of prior periods	(169,626)	16,915
<b>Total current tax</b>	<b>(169,626)</b>	<b>186,541</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	32,598	32,235
Effects of changes in tax rates and laws	(3,431)	(3,393)
Adjustments in respect of prior periods	-	(94)
<b>Total deferred tax</b>	<b>29,167</b>	<b>28,748</b>
<b>Total tax (credit)/charge for the year</b>	<b>(140,459)</b>	<b>215,289</b>

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

	2019 £	2018 £
Profit/(loss) before taxation	3,219,035	(6,254,951)
Expected tax charge based on a corporation tax rate of 19% (2018: 19%)	611,617	(1,188,441)
Non deductible expenses	-	1,856,615
Adjustments in respect of prior periods	(169,626)	16,821
Effect of changes in tax rates and laws	(3,431)	(3,390)
Group relief	(600,316)	(532,425)
Depreciation on assets not qualifying for tax allowances	-	1,009
Transfer pricing adjustments	21,297	65,100
<b>Total tax (credit)/charge for the year</b>	<b>(140,459)</b>	<b>215,289</b>

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

Deferred tax balances at 31 December 2019 were measured at 17% (2018: 17%) for items that are expected to be charged or credited to the profit and loss account in the next financial year.

# FIRSTPORT PROPERTY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 Debtors

	2019 £	2018 £
Trade debtors	755,885	531,235
Deferred tax asset (note 13)	161,276	190,443
Amounts owed by group undertakings	9,048,262	4,056,029
Other debtors	47,782	382,253
Prepayments and accrued income	156,093	148,377
	<u>10,169,298</u>	<u>5,308,337</u>

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

### 10 Client monies

Residents' net cash balances held in client bank accounts with The Royal Bank of Scotland at 31 December 2019 were £80,259,428 (2018: £78,940,876). The client bank accounts are held by way of Statutory Trust on behalf of the properties managed and are not available to the company.

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

	2019 £	2018 £
Trade creditors	7,751	-
Amounts owed to group undertakings	2,920,661	2,525,044
Corporation tax	-	156,529
Other taxation and social security	1,465,349	1,280,877
Other creditors	-	5,064
Accruals and deferred income	12,101	35,870
	<u>4,405,862</u>	<u>4,003,384</u>

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

# FIRSTPORT PROPERTY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 12 Provisions for liabilities

	2019 £	2018 £
Development related provisions	192,801	138,943
Movements on provisions:		£
At 1 January 2019		138,943
Additional provisions in the year		564,352
Release of provision		(33,415)
Utilisation of provision		(477,079)
At 31 December 2019		192,801

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

Whilst significant progress has been made in addressing these claims, and management continue to assess them on their merits, a provision of £192,801 has been recognised at the year end (2018: £138,943). This is expected to be fully utilised within the next financial year (2018: £138,943).

#### 13 Deferred taxation

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

	Asset 2019 £	Asset 2018 £
Fixed asset timing differences	161,276	190,443
Movements in the year:		2019 £
Asset at 1 January 2019		190,443
Charge to profit and loss		(29,167)
Asset at 31 December 2019		161,276

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

The net deferred tax asset expected to be credited in 2020 is £24,041 (2019: £nil).

# FIRSTPORT PROPERTY SERVICES LIMITED

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

### 14 Retirement benefit schemes

#### Defined contribution schemes

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

The charge to profit and loss in respect of the defined contributon scheme was £230,859 (2018: £141,958).

### 15 Called up share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100 (2018: 100) shares of £1 each	100	100

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

### 16 Contingent liabilities

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

A number of bank accounts maintained for developments under management were overdrawn at 31 December 2019 amounting to £1,424 (2018: £1,171). The group has given unlimited guarantees on these amounts in the event of default.

### 17 Operating lease commitments

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

	2019 £	2018 £
Within one year	36,290	285,135
Between two and five years	2,109	37,844
	<u>38,399</u>	<u>322,979</u>

The costs of the above leases are borne by FirstPort Property Services Limited's parent company, FirstPort Limited, and are recovered through a general management fee recharge.

# **FIRSTPORT PROPERTY SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **18 Related party transactions**

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

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

### **19 Controlling party**

The immediate parent undertaking is FirstPort Limited.

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

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

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

### **20 Events after the reporting date**

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