

PARENT ACCOUNTS OF:

FIRSTPORT LIMITED
Company Number: 04352396

DRIVE TOPCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



DRIVE TOPCO LIMITED

COMPANY INFORMATION

Directors	P J Lester N Howell O Saleh T A Swales I G Boman-Flavell D K Young
Company number	12043031
Registered office	Queensway House 11 Queensway New Milton Hampshire United Kingdom BH25 5NR
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London United Kingdom WC2N 6RH
Bankers	NatWest Group 156 High Street Southampton Hampshire SO14 2NP

DRIVE TOPCO LIMITED

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

Growth and resilience as challenges continue in the UK

I am pleased to report the financial results for the year ended 31 December 2021 for Drive Topco Limited Group and its operating and trading business, FirstPort Limited and its subsidiaries (collectively, "FirstPort" and the "Group"). FirstPort is a leading provider of UK residential property services that offers management of residential and commercial assets for its client base.

This report will provide commentary on the 2021 year and its comparison to the 12 months performance of the FirstPort businesses in 2020 to allow meaningful analysis and to demonstrate the strength of the business.

As the world continued to grapple with the unprecedented impact of a global pandemic, I am pleased to report that FirstPort, supported by its important resilient characteristics, grew both organically and acquisitively throughout 2021, and demonstrated its clear ambition for the future. In doing so, the business maintained unwavering focus on the safety and wellbeing of customers, colleagues, and supply chain partners.

FirstPort

FirstPort is a significant provider of residential property management services in the UK and in year further cemented its position as the largest private residential property manager in what remains a highly fragmented market. With over 315,000 homes under management across 5,500 developments, FirstPort continues to play a key role in driving higher standards across the sector and championing a customer-first approach that will become even more distinctive as new systems are deployed into the business. In addition to the leading role the Group holds in the property management sector, the business moved into the lettings market ending the year with almost 1,500 homes let and under its management. This diversification is in its infancy but is a promising opportunity as we improve our capability and technology.

COVID-19

FirstPort responded well to the initial challenges presented by COVID-19 in 2020. As Government guidance changed throughout 2021, the business further adapted its operational strategies to ensure services continued to residential customers and clients. Field and office-based employees adapted well to remote working and a hybrid approach in some cases, but more importantly, standards remained high as did productivity. Most site-based employees remained in place at developments to provide essential support for their residents in a safe way. This has been especially important for FirstPort's more vulnerable residents, particularly the retirement households it supports. The financial impact was negligible to the Group in 2021 with all affected services returning almost to pre-pandemic levels.

Market change

Changing Government guidance on building and fire safety continued to present challenges for the whole residential sector. FirstPort responded well, with the formation of a dedicated building safety team to manage applications for relevant Government funding and the coordination of investigative and remediation works. This team has been constructed to ensure residential customers are well supported through these challenging processes and we have pledged that FirstPort will make 'no profit' on such services for above-18m buildings covered by the Fund.

Group outlook

FirstPort has demonstrated its growth and resilience through 2021 and is well positioned to successfully meet the changing demands of an important and evolving industry. The business remains in a strong position moving out of 2021, having made two strategic acquisitions in year, possessing a record orderbook of new business to mobilise, a new digital platform, and having commenced its diversification into the lettings market.

The Board remains committed to delivering people-first market-leading services through excellent customer service, new technology, and outstanding employee engagement. FirstPort is ready to build upon its position as a leading residential service provider.

DRIVE TOPCO LIMITED

CONTENTS

Chairman's statement	1 - 2
Strategic report	
CEO statement	3 - 8
Financial review	9 - 10
Principal risks and uncertainties	11 - 12
Governance and risk management	13 - 20
Directors' report	21 - 22
Independent auditors' report	23 - 26
Consolidated profit and loss account	27
Consolidated statement of comprehensive income	28
Consolidated balance sheet	29
Company balance sheet	30
Consolidated statement of changes in equity	31
Company statement of changes in equity	32
Consolidated cash flow statement	33
Notes to the financial statements	34 - 74

DRIVE TOPCO LIMITED

CHAIRMAN'S STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On 25 March 2022, the Board executed a sale and purchase agreement for the sale of 100% of the issued share capital of Drive Topco Limited to Emeria UK Res Newco Limited ("Emeria"), the European leader in residential real estate services. Completion of this transaction is subject to approval by the Financial Conduct Authority. Following completion, FirstPort will remain operationally independent. Our partnership with Equistone, the current majority shareholder while this transaction awaits completion, has been hugely beneficial for the Group and we thank them for their support. We're extremely excited to be joining Emeria and look forward to the next phase of the Group's growth journey

Paul Lester CBE

Chairman

28 April 2022

DRIVE TOPCO LIMITED

STRATEGIC REPORT- CEO STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

A strong year of growth and resilience supported by tech enabled capabilities

Principal activities

FirstPort is one of the UK's largest residential property service businesses with over 40 years' experience and a large, well-served customer base. Our principal activity can be segmented into two key areas:

- Our residential offering encompasses procuring and delivering services to residential customers in communal developments – from blocks of apartments to estates of houses.
- Our client-based offering encompasses the management of residential and commercial assets for our investor client base. These services include but are not limited to lettings, ground rent collection, consulting and surveying.

Our purpose

FirstPort's primary objective is to ensure that residents living in developments it manages are safe and well-served within the legislative regime. Our almost 4,000 employees help us achieve this objective every day, caring for the places our customers call home. They do their utmost to ensure the buildings where our residents live and share with their neighbours, are safe, clean, and comfortable. Customers don't have to worry about finding the right supplier, getting the best deal, working out how to split the bill with their neighbours, or making sure there's enough money in their development's bank account to pay for everything – FirstPort manages all of that so our customers can get on with enjoying their homes and communities.

For our investor clients, our approach is centred on supporting their residents, tenants and the assets they own. We provide regular updates where necessary through our reporting tools to ensure investors have accurate and up-to-date information to make the decisions they need.

Whether we are managing a customer's home or a clients' asset, we seek to nurture strong relationships with all stakeholders to aid understanding and support their needs.

Our operating model

FirstPort's business is structured into two operating divisions that are independent from each other, each with their own leadership teams, brands, and approaches – Residential services and Asset management.

The residential services division, delivered under the FirstPort brand (Business to Consumer), comprises six operational areas that care for their specific customers through teams dedicated to deliver high-quality services tailored for that segment. The operational areas are Luxury, Large and Complex, Property Services, Estates, Build to Rent delivery, and Retirement.

The asset management division, delivered under the Mainstay brand (Business to Business), acts independently and provides confidence to clients that their assets are in safe hands. This division provides a range of services including lettings, residential asset management, and commercial facilities management.

Both divisions are supported by centralised, professional, in-house teams providing expertise across a wide range of areas to ensure customers and clients receive exceptional service.

Market backdrop

The residential property sector is large and fragmented. The macroeconomics of the sector drive continuous growth as housing demand grows and supply struggles to keep pace. The Government has set a target for new builds at circa 300,000 homes per annum to support these dynamics along with other schemes such as 'help to buy' and reduced stamp duty for purchasers. The growth potential of the UK housing market remains high.

DRIVE TOPCO LIMITED

STRATEGIC REPORT- CEO STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

In 2021, COVID-19 remained a challenge, but it was pleasing to see the country begin to determine how best to live with the virus. As a result, the impact of the pandemic was lower than in the previous year whilst the importance of having a well-managed home environment and the positive benefits of communities have never been clearer. FirstPort continued to adapt its approach to meet guidelines on safety and wellbeing but ensured where possible that community spirit and on-going management of common areas remained. As such, FirstPort is well positioned to continue to grow by supporting residential customers who value a professional approach to the management of their homes in both new build and existing communities.

Building and fire safety

Sector-wide challenges relating to building and fire safety continued, with an estimated 1.27m flats across the UK impacted by changing Government guidance and unsettling our customers. Alongside the new Building Safety Bill, Secretary of State Michael Gove is working with developers and cladding manufacturers to assemble practical solutions and funding to remediate critical fire safety issues in buildings above 11 metres.

We see first-hand the stress of this uncertainty on many of our customers and this, plus FirstPort's health and safety expertise, has underpinned our response to these challenges and our formation of a separate and dedicated building safety team to support both customers and clients. During the year and into 2022 the business worked within the Building Safety Fund remit to register and progress eligible 18m+ buildings save for those where clients have chosen to do so for themselves. The team has been successful in readying a supply chain to commence and deliver remediation, along with a process to efficiently coordinate activity whilst communicating with all stakeholders. There was good progress in year and, growing certainty around funding allowed all parties to focus on delivery. Our priority is the safety of our residents and we will be doing all we can to help them work through the funding outcome and any remediation of their building including our continued engagement with Government and across the sector to seek practical solutions.

National awareness of these challenges increased significantly in 2021, with media campaigns telling the very human stories of impacted leaseholders and seeking positive change to unlock this situation. The sector's industry bodies, FirstPort, and other leading property managers, continue to work together with all parties, including Government, to seek practical solutions and support for leaseholders.

Regulatory Reform

Government capacity to deal with leasehold reform has been heavily restricted by the pandemic and the focus on building safety. This has meant expected changes such as the regulation of managing agents has been slower than expected. There has been parliamentary progress on the Ground Rent Bill which will mean that new homes will no longer have ground rent.

This will drive greater resident involvement with their buildings. This supports the government's agenda to give residents greater control over who and how their building is managed. FirstPort already looks after more than 1,000 resident managed developments, the largest resident managed portfolio in the UK. This means FirstPort is well placed to support this possible change and the company already publishes a useful annual survey on resident directors' approach to controlling their own development.

We continue to maintain strong relationships with developers and compete to be appointed manager when buildings are first built. We also continue our work with existing building owners as they manage their portfolios in line with ever higher standards. Regulation of managing agents is still on the government's agenda which we fully support. There is still a need to increase professionalism and consumer confidence in the sector and a desire to give leaseholders greater say over how their developments are run. FirstPort already subscribes to the high standards required from Association of Residential Managing Agents ("ARMA") regulation (now part of The Property Institute), but it is estimated that only 50% of residential leasehold buildings are managed by ARMA members and governed to these standards.

DRIVE TOPCO LIMITED

STRATEGIC REPORT- CEO STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

These changes, together with new legislation expected this year around building safety (placing more requirements on developers, building owners, resident management, and managing agents), means there is likely to be further sector consolidation. *Increased costs from the compliance burden will mean it is less economic for smaller agents to operate and invest for the future, whilst higher standards should eliminate the poor performers.* Again, FirstPort are well placed to benefit from this likely shift toward professionalism in the sector.

COVID-19 update

FirstPort's response to COVID-19 proved the business to be both steadfast and adaptable. Our initial response in 2020 meant supporting all stakeholders by keeping customers, colleagues and contractors safe, informed, and aligned to changing Government guidelines. As rules relaxed in 2021 and the country began living alongside the virus, the business rapidly adapted its approach to ensure it could still deliver services to customers and clients in a safe and compliant way. Constant monitoring continued and rapid changes made, where necessary. Despite the operational challenge, FirstPort was able to grow, remain resilient, and enhance its technical capabilities whilst delivering financials that showed improved EBITDA and strong cash generation. The growth was both organic and acquisitive, and a new and feature-rich digital platform is now allowing better tech-enabled property management to further improve customer service and brand.

Our site-based staff remained in place throughout the pandemic to provide critical services for residents, making sure that their development continued to run safely and smoothly. The presence of our on-site teams was even more important when customers were spending more time at home, and we thank our teams for their dedication. A huge effort meant we adapted our management approaches to ensure we could deliver service safely both for our residents and our employees. Every development is different, from amenities to concierge desks and parcel rooms, meaning there was no 'one size fits all' approach. Our central and operations teams worked hard together to apply government and corporate guidance to developments to ensure a suitably adapted approach was in place for every property in our care.

For our most vulnerable residents in the retirement communities we manage, our employees went above and beyond for their customers. Our retirement development managers remained on site to support their customers throughout the pandemic and adapted their routines to enhance hygiene measures whilst ensuring our customers still felt part of a community without limiting their independence and daily routines. We know that isolation rules hit many of our retired customers especially hard and we thank them for working with us to protect their community.

FirstPort's office and field-based employees also adapted well to changing work patterns. At the start of the pandemic the business moved rapidly to enable remote working for all these staff, including those working in our customer contact centres. This developed further into a hybrid approach once rules and measures relaxed, and we continue to flex the hybrid model as necessary to ensure the safety of our people without compromising on service delivery. Despite inevitable strains, productivity remained high throughout, and our employees demonstrated their continued commitment to caring for customers' home environments and delivering excellent client service. Office-based employees have been surveyed and the majority have indicated a preference for continued flexible working, combining home working with some time in the office.

DRIVE TOPCO LIMITED

STRATEGIC REPORT- CEO STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Five-star Health and Safety and ISO45001

FirstPort has achieved a five-star Health and Safety rating from the British Safety Council for six consecutive years, in addition to the British Safety Council's prestigious Sword of Honour in 2019. 2021 was no different but the Group went further by inviting ISO45001 safety assessors to scrutinise the management systems and processes in place. Two audits were performed in year by the British Safety Council and an accredited ISO partner which resulted in a successful outcome on both measures. The awards demonstrate not only that the Group has strong safety management systems and processes in place, but also has a company-wide culture of recognising and responding well to the risks of managing complex home environments with many users and stakeholders. Everyone in the company is proud of this 'safety first' culture and remains committed to it.

We take our safety obligations across 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. Risks are mitigated by our strong policies and health and safety culture, a safety risk register, continuous training and monitoring, and reporting of accidents and near misses.

Acquisitive Growth

FirstPort continued to grow acquisitively in 2021, making two strategic acquisitions that further strengthen its position as a sector leader. On 4 October 2021, FirstPort acquired 100% of the share capital of the Freemont Property Managers Limited ("Freemont") and on 8 November 2021, 100% of the share capital of the Arcturus Group ("Blenheims"). The combined acquisitions added c. 20,000 homes to the Group along with a letting operation in the South West. We aim to ensure that the residents benefit from the combined skills of our businesses. Costs associated with the transactions can be found in the exceptional spend highlighted in note 8.

In a fragmented market needing investment to support increasing safety and regulatory standards, along with consumers requiring 24x7 and on-line service, further industry consolidation to secure access to key skills is a logical way forward. Our strategy combines the local talent and knowledge of smaller managers with the scale benefits and expertise of a nation-wide organisation able to invest in the future. FirstPort, though one of the largest UK property manager, remains a small proportion of the market.

Technology solutions

FirstPort continued to invest in technology throughout 2021. The changing regulatory landscape in residential property along with the increased service expectation of customers has made this a critical move for the Group and, in our view, for the sector. Pleasingly, the first phase of a comprehensive digital transformation programme is now complete and was rolled out to a sizeable proportion of the business in 2021. The remainder of the business is expected to move onto the new tech environment in 2022 with additional functionality and services being added constantly. Our approach has been to select and combine 'best of breed' software packages for customer relationship management, asset data, procurement, and estate accounting which is unique in the sector both for its vision and its ability to remain at the forefront of digital design.

Our vision when embarking on this approach was to become a connected enterprise that adds value to all stakeholders, customers, clients, suppliers, and colleagues. We now seek to differentiate ourselves through the platform by connecting stakeholders seamlessly and in ways and at times that are convenient to them. The data access and improved communication will significantly extend our opportunity to remain a high standards operator in an evolving sector. We are clear this isn't a technology project alone and our 'people first' design seeks to remove the administrative detail that complex service can require whilst allowing our colleagues to spend more time with customers and clients to deliver a market-leading service. We believe this technology enables but people-first approach brings a unique blend of caring for homes locally backed by empowering technology that responds to modern lifestyles.

DRIVE TOPCO LIMITED

STRATEGIC REPORT- CEO STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Our People

We recognise that our people play a leading role in our service delivery and are central to how our brand is experienced in homes and in society. We are proud that our people bring diverse skills and experiences yet are united in their professionalism and dedication to caring for customers home environments in shared living communities. The growth in our business brings ever more diversity to celebrate and that growth saw the number of colleagues expand to almost 4,000 employees, all of whom have helped us become the business we are today.

We truly believe in the people we employ and, to support that belief, offer a wide range of tools and options to help them develop and progress their careers in the Group. We place great importance on ensuring colleagues are trained and able to realise their potential. Our management process helps identify any additional training required to help colleagues pursue and remain competent in their roles. Our e-learning platform includes modules designed to make sure we all act in a lawful and compliant way while conducting day-to-day duties including data privacy, anti-bribery and anti-money laundering, modern slavery, and health and safety legislation. For high-risk topics employees are required to complete this training annually as part of our governance framework.

To support employee growth online training modules also include a range of personal development topics, from presentation and time-management skills, through becoming a supervisor, to how to lead, mentor and coach others. Other routes to develop our people include a well-regarded graduate scheme, face-to-face training, involvement in projects and assignments, and webinars. Additionally, we operate a robust and active equal opportunity policy and pride ourselves on our diverse workforce. Our employees successfully bring together different competencies, skills and specialisms, educational backgrounds, ethnicity, religious beliefs, and physical abilities, and we judge performance without prejudice or discrimination. All colleagues are welcomed and supported in our inclusive culture that also enables and supports the recruitment of disabled workers. We continue to support our employees to pursue relevant professional qualifications, particularly with the Institute of Residential Property Management (IRPM). Should an existing employee's circumstance change, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, support, career development and promotion wherever possible.

Our commitment to our employees is unwavering and we have again seen that recognised by the Top Employers Institute. Following a rigorous assessment in late 2021, FirstPort has been named one of the UK's 2021 Top Employers – a prestigious certification that we have now achieved for four consecutive years. This accreditation, alongside our 4.1 out of 5 rating on employee review site Glassdoor, sets FirstPort apart as a true industry leader.

As a business we consult and discuss with colleagues, both individually and collectively, about any matters likely to impact their interests. We value open communication, with important information and updates shared with employees through regular news bulletins, as well as monthly CEO and executive updates, to ensure all our colleagues are aware of changes affecting our business. Our new colleague engagement platform is also playing its part in encouraging feedback and providing the analytics to help us continually improve. The Group also operates an *annual bonus plan to encourage the involvement of employees.*

We understand the importance of physical and mental wellbeing, and this is more important than ever in the unprecedented circumstances that the UK and the World have faced. Our employees' health and wellbeing are supported through our Employee Assistance Programme, as well as colleagues trained as Mental Health First Aiders. During COVID-19, regular communications and additional support have been provided to employees across the business, from sharing information on available mental health resources to tips for home-schooling parents.

DRIVE TOPCO LIMITED

STRATEGIC REPORT- CEO STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial and operational performance

FirstPort's 2021 financial results show considerable growth even in a year that included dynamic COVID and Government guideline changes, the roll-out of a new technology platform, and acquiring and integrating businesses to add to our growing skillsets and capabilities. The underlying resilience of the business remained strong and with the economy beginning to regain normality, we saw services returning close to pre-pandemic levels and our tech platform and organic and acquisitive growth ambitions playing key roles in generating double-digit percentage improvement to our adjusted EBITDA.

Our scale and financial dynamics helped us invest in areas that needed additional resource and flexibility. The lessons of the 2020 pandemic helped the business create greater operational agility that should help us pursue future opportunities. Our balance sheet remains strong, and our liquidity has performed as expected and remains positive for the foreseeable future. We provide more detail on our financial performance on page 9.

Social Responsibility

Ethical standards and principles

Ethics and transparency are integral to how we do business and the cornerstones of our principles. We have strong corporate governance policies and safeguards in place and a track record of abiding by and promoting high ethical standards. All our employees are responsible for adhering to our business practices which 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.

Charity Partnerships

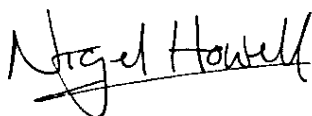
We support our people's enthusiasm for helping local communities and contributing toward charitable work in the wider communities where we operate. Over the course of our three-year corporate charity partnership with Centrepoin we achieved and exceeded our £100,000 fundraising milestone. Colleagues personally connected with the cause helping to raise awareness of youth homelessness in the UK, including amplifying the Centrepoin messaging on FirstPort social media, in our Life & Style magazine, and in numerous volunteering initiatives.

Following feedback from our colleagues and significant internal wellbeing efforts on mental health during the pandemic, the Group has now decided to partner with the mental health charity, Mind, and their equivalent in Scotland, SAMH. This partnership will show our caring character again by empowering the charities to reach more people nationally through our collective fundraising efforts, volunteering, and social projects.

Outlook

We believe the alignment of increased customer empowerment, higher safety and professional standards, the prospect of connected technology, and a culture of caring for people's home environments, creates new and unique opportunities for the sector. Additionally, the financial resilience, a new digital tech environment and our growth ambitions, all point toward positive prospects for the business.

As previously mentioned, on 25 March 2022, the Board agreed the sale of the Group to Emeria, subject to approval by the Financial Conduct Authority. We are extremely excited to be joining Emeria who are the European leader in residential real estates services. Following completion, the Group will remain operationally independent, with no impact to the Group's customers, clients, employees or suppliers.



Nigel Howell

Director

28 April 2022

DRIVE TOPCO LIMITED

STRATEGIC REPORT - FINANCIAL REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2021

Group financial performance

	2021	2020	Change
	£'000	£'000	%
Revenue	93,936	66,786	41%
Adjusted EBITDA*	20,463	13,484	52%

The table above shows the Key Performance Indicators and alternative performance measures used by management to monitor the performance of the Group.

Revenue

Group revenues for 2021 were £93.9m, showing an increase of 41% on prior year (2020: £66.8m) reflecting organic growth in the business, the full year impact of acquisitions that completed in 2020, and the acquisitions completed in 2021. The 2021 acquisitions, Freemont and Blenheims had a small impact due to their relative size and the fact that they only traded in the Group for three months and two months respectively.

Organic growth has been pleasing to see in 2021. As COVID restrictions eased, we were able to access buildings and support our clients in mobilising homes for residents. These mobilisations of homes supported our net organic growth performance by 7,000 homes. Furthermore, our performance delivery and service to customers helped the Business Development function deliver a strong year of 19,000 wins in homes thus increasing the order book to almost 100,000 homes. The order book is expected to largely unwind in the next five years.

Other revenues outside our Property Management division have performed well and showed a small increase year on year. This was due to their volumes bouncing back post COVID restrictions alongside small inflationary increases in pricing.

Adjusted EBITDA

The Group's adjusted EBITDA for 2021 was £20.5m, representing an increase of 52% from £13.5m in 2020. The strong performance is a result of the business' ability to absorb organic and acquisitive growth. The main driver is the scalable cost base in the centre that absorbs growth whilst more variable cost lines tend to fluctuate with the revenue lines they correlate to. We are also seeing that our acquisitive growth is bringing in broader and specialised skillsets providing opportunities for growth for the future especially as our digital platform commenced its rollout in 2021.

**Adjusted EBITDA excludes all costs that do not reflect the underlying performance of the business: interest expense, taxation, depreciation, amortisation, loss on disposal of assets, exceptional items & share based payments.*

Exceptional items and loss

Exceptional items of £4.4m in 2021 (2020: £2.8m) are one-off or non-underlying in nature and mainly relate to the integration of acquisitions and third-party system support in rolling out the Group's digital transformation programme. After exceptional items, depreciation, amortisation, and interest charges explained below, the Group incurred a loss before taxation of £15.8m (2020: £13.4m).

Interest

The interest charge for year was £14.5m (2020: £11.7m), made up of £7.6m (2020: £6.1m) interest on bank loans and another £6.9m (2020: £5.6m) of interest on shareholder loans. The Group increased borrowing levels during 2020 to support growth and so the increase in interest charge represents the full year impact of the additional borrowing. The shareholder loan interest was not payable in 2021 as it accrues on an annual basis.

Taxation

The tax charge in the year of £2.8m reflects the tax impact of remeasurement of deferred tax for changes in tax rates of £4.3m and the movement in deferred tax not recognised of £1.3m. The deferred tax liability balance of £19.2m mainly represents the deferred tax liability which arose from previous acquisitions and the acquisitions of Freemont and Blenheims in 2021.

DRIVE TOPCO LIMITED

STRATEGIC REPORT - FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Group financial position

Intangible assets

As at 31 December 2021, total intangible assets balance was £161.6m (2020: £163.3m), consisting of £73.5m in goodwill (2020: £72.0m), £63.0m in customer relationships (2020: £67.5m), £9.7m in brands (2020: £10.3m) and £15.4m in software costs (2020: £13.6m). Software costs relate to intellectual property created from the digital transformation program which was rolled out in the year and therefore begun to be amortised. The additions in goodwill, customer contracts and brand resulted from the acquisitions. Freemont's customer contracts were valued at £1.1m, brands at £0.1m and goodwill at £1.1m as at the date of acquisition. Blenheims had customer contracts valued at £2.6m, brands at £0.5m and goodwill at £4.3m.

Net liabilities position

The Group's net liabilities were £38.2m (2020: £19.6m), reflecting the loss after tax in the year and an increase in net current liabilities shown below.

Current assets and liabilities

The net current liabilities were £9.5m (2020: £7.9m), driven by contractual relationships where fees are collected in advance. The Group also self-funded the acquisitions of Freemont and Blenheims from its cash on the balance sheet resulting in a higher net current liabilities position.

Borrowings and cash

There has been no change in the Group's total loan facilities which remain at £105.2m (2020: £105.2m). The Group utilised £3m under its existing revolving credit facility in November 2021 (2020: £nil).

As at 31 December 2021, the total debt held was £100.7m (2020: £97.7m) with a cash balance of £3.7m (2020: £7.6m), which resulted in net debt of £97.0m (2020: £90.1m). The Group has one class of shareholder loan note in issue at the balance sheet date, with a principal of £61.4m (2020: £61.4m) and accrued interest of £14.1m (2020: £7.2m).

Cash flow and covenants

Cash balances are managed in line with financing and working capital requirements of the Group's trading businesses. The Group ensures that its suppliers are paid in a timely manner and are in-line with agreed contractual terms. The Group enjoyed a good stable liquidity profile in 2021 thus enabling it to continue to service its debts and suppliers in a normal manner as well as self-fund the Freemont and Blenheims acquisitions in the year. Cash generated from its operations for 2021 was £14.2m (2020: £12.2m) which is another strong sign of stability and resilience of the business.

The total cash outflow for investing activities was £14.4m (2020: £45.8m) representing the consideration paid on the acquisitions of Freemont and Blenheims along with the continued investment in the Group's digital transformation program. Cash outflow from financing activities in the Group was £3.7m (2020: inflow £36.7m) reflecting the full year impact of interest payments for the additional borrowing in 2020.

As a Group we continue to be diligent in monitoring banking covenants which are forecasted monthly and tested each quarter. We have comfortably exceeded all covenant requirements for the quarters ended, including 31 December 2021.

DRIVE TOPCO LIMITED

STRATEGIC REPORT - PRINCIPAL RISKS AND UNCERTAINTIES

FOR THE YEAR ENDED 31 DECEMBER 2021

The Group's principal risks and uncertainties are set out in the table below together with their potential impact on our business and the measures we take to manage and mitigate them.

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	- Dedicated H&S team under the guidance of skilled H&S Director - Robust H&S culture with safety risk register
Contract retention	The risk associated to the dependency on key client/customer contracts and the loss of contracts	- Delivery of high-quality customer service under standardised 'four pillars' approach - Maintaining a regular dialogue with individual and business customers - Commitment to the principles set out in its Customer Charter
Reputation	The risk of damage to brand name or reputation either through our people, our behaviours, or third parties acting on our behalf	- Improvement in customer service and clear complaints processes reduce the risk of issues escalating - Monitoring and responding to customer feedback on employees and third party supplier services - Policies and whistle-blower hotline
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 the COVID-19 pandemic	- Resilient UK based business model - Significant experience and expertise in chosen markets - Frequent review of competition - Market insight and intelligence
Financial management	Failure to maintain appropriate financial controls throughout the business, including the management of debt covenants, credit risk, fraud risk and taxation	- Experienced finance team - Financial control environment - Close monitoring of financial performance, debt covenants and credit risk by senior management - Board oversight of financial performance
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	- Investment in appropriate technology and staff - IT governance structure - IT resilience and disaster recovery plans designed to restore service - Business continuity plan for each business operational office - Cyber security accreditation

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

Environmental

We are always looking for ways to manage the impact our operations have on our environment and continue to seek methods to neutralise our carbon emissions. Our approach actively manages, and looks to continuously improve, our emissions, energy, waste management, recycling and any other aspect that touches our colleagues, customers, clients and suppliers. For example, we use video and telephone conferencing facilities rather than travel to meetings, where possible and we take time to identify practical ways to reduce the environmental impact of our communications to our customers through our newly deployed digital capabilities.

In 2021, we obtained ISO 14001, the international standard for the environment which is an important standard to help us increase environmental awareness and minimise our impact on Earth. Being certified to ISO 14001 illustrates to our customers, suppliers and external stakeholders that the Group is committed to being an environmentally sustainable organisation, which can inspire both increased sales, as well as overcoming regulatory barriers. Regulators and customers alike are increasingly demanding environmental impacts be taken into account by the organisation they're purchasing from or working with.

Streamlined Energy and Carbon Reporting

We have worked tirelessly to reduce our carbon footprint to support the delivery of a sustainable, low carbon economy. The Group have set up a strategic ESG committee in 2021 to support not only its environmental objectives but also social awareness and overall good governance.

We measured our total greenhouse gas emissions across FirstPort offices, directly and indirectly, to cover a 12-month period between 1 January 2021 to 31 December 2021. This ensured compliance with the UK Government's Streamlined Energy and Carbon Reporting (SECR) regime.

FirstPort's energy use and associated GHG emissions from electricity and fuel across our UK offices can be found in the table below, along with scope calculations aligned to the Greenhouse Gas Protocol. Within this protocol, we have chosen an operational control approach and have used the UK government emission factors for 2021 for all our emission sources.

	2021 Energy usage (kWh)	2021 Emissions (kgCO ₂ e)
Electricity (scope 2)	639,407	123,365
Natural gas (scope 1)	407,141	74,572
Transport fuels - company vehicles (scope 1)	80,255	19,440
Transport fuels - grey fleet (scope 3)	1,827,958	454,699
	2,954,761	672,076
	2020 Energy usage (kWh)	2020 Emissions (kgCO ₂ e)
Electricity (scope 2)	858,307	200,106
Natural gas (scope 1)	121,033	32,189
Transport fuels - company vehicles (scope 1)	84,479	20,391
Transport fuels - grey fleet (scope 3)	1,920,671	476,197
	2,984,490	728,883

DRIVE TOPCO LIMITED

STRATEGIC REPORT - PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Risk	Risk Description	Mitigation
Legal and regulatory compliance	The risk of failing to comply with relevant laws, regulations and Standards including Anti-Money Laundering, Corporate Criminal Offences, Gender Pay Reporting and Modern Slavery	• Employment of qualified advisors both internally and externally who report regularly to the Board about all significant legislative changes in the UK • Development of internal policies and procedures to ensure adequate capture of legal and regulatory compliance issues • Maintenance of risk register for all current regulatory issues • Training programmes for staff
People Risk	The risk that we fail to attract and retain high calibre employees in order to deliver on all aspects of our strategy	• HR strategy encompassing recruitment, reward, retention, talent development and performance management • Succession planning for middle and senior management • Regular review of top talent in the organisation regardless of level by all executive members
Data protection and privacy risk	The risk of the loss or misuse of customer or employee data	• Information security policies encompassing data protection • Investment in appropriate technology and staff • General data protection regulation (GDPR) steering committee • Breach register and ICO registration

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2021 carbon emission intensity

	Benchmark value (FTE staff members)	Emissions intensity (kgCO ₂ e/staff FTE)
Intensity benchmark		
Carbon emissions intensity per staff member (kgCO ₂ e/FTE)	1,688	398

2020 carbon emission intensity

	Benchmark value (FTE staff members)	Emissions intensity (kgCO ₂ e/staff FTE)
Intensity benchmark		
Carbon emissions intensity per staff member (kgCO ₂ e/FTE)	1,069	682

Our carbon emissions and intensity have remained stable. The scope 1 activities have seen improvements in our underlying performance, but new acquisitions have brought in a higher carbon foot-print that offsets any gains achieved. Additionally, 2020 did benefit from lower natural gas emissions due to COVID. For scope 2 activities, improvements are evident due to the new 100% renewable energy contracts put in place. FirstPort used its scale and relationships with strategic suppliers to carry out a transparent tender process to ensure all our developments received an ethical line of energy into their common areas. The result was an environmentally friendly 100% renewable approach to energy which provides additional benefits to sites as the supplier is also looking to support the wider infrastructure of setting up electric charging points.

Social

The Group Values and Sustainability Plan underpin our approach to what we do, and how. By acting in the best interest of our all our stakeholders, we can make a sustainable and positive contribution to our community.

As a business we also recognise the importance of contributing to wider society. Following feedback from our colleagues and significant internal wellbeing efforts on mental health during the pandemic, the Group partnered with the mental health charity mind and their equivalent in Scotland, SAMH, in 2021. This partnership will show our caring character again by empowering the charities to reach more people nationally through our collective efforts.

Our People

Our people are central to the success of FirstPort and as such, keeping everyone informed and engaged has been a key priority of the leadership, especially throughout the pandemic period. Every one of us has experienced substantial change in workplace practices. A strong sense of trust and camaraderie supported by remote working technology has enabled us to stay connected and responsive to our colleagues, customers, and clients.

The Group made meaningful efforts to focus on wellbeing, whilst also placing an emphasis on employee communications. Initiatives include: a weekly communication round up, monthly video updates, and monthly management cascade packs. We also hosted a number of virtual 'All Colleague Calls', interactive colleague conversations. The Group also hosted an 'all company' virtual conference after the success of the 2020 virtual conference.

We gained valuable insight from surveys distributed to our people. We heard that they were missing the social interaction and collaboration that is achieved when colleagues come together face-to-face. In response to this feedback, the Group took the decision to introduce hybrid working practices across the business.

The Group implemented the concept of "pulse" surveys to capture real-time feedback from our people, with our first pulse survey being run in late 2021. The overview of the results provided a baseline score on specific topics to track trends and make more informed decisions with solid data. Introducing these "pulse" surveys across the business is an important first step toward understanding more about what's working and help provide additional insights and holistic, actionable results for people leaders at all levels of the business. One key outcome from these is for the Group to improve career pathways and maintain regular, open communication across all teams.

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

In our monthly Board report, there is an 'Our People' section to provide updates on key employee matters along with people metrics. We have closely monitored the impact of COVID-19 related absences and measure the impact on the business throughout the year.

Real-time recognition is central to the way we work, and during 2021 we implemented an online platform to provide real-time recognition to any colleague who demonstrates our values – this platform has proved to be extremely popular with colleagues and has allowed managers to provide instant recognition to their colleagues with over 7,500 recognitions being exchanged since launch. We believe this initiative will have a profound impact on performance and job satisfaction.

Development of new technologies continued, and the Group began to roll out its new technology in 2021. As expected, this had an impact on employees, both in terms of advanced operational systems and new ways of working as the technology seeks to remove administration and allow our people to spend more time with customers and clients. Regular communications from the CEO have taken place post roll out to address any issues and update on further enhancements to the technology. Roll out plans have been determined by employee feedback on business readiness with the Board not wanting to put undue strain on the workforce.

M&A opportunities are generally confidential by nature, however the Board gains assurance of these decisions from an employee perspective through a senior due diligence team that are close to the operations. An assessment on culture and long term fit of any potential M&A opportunities is also carried out to gain comfort no major conflicts will arise. Following a detailed due diligence process, a presentation and report is submitted to the Board summarising findings, allowing the Board to make an informed decision based on what is best for both Group and its employees.

The Group aims to ensure everyone is treated fairly and equitably and there are arrangements in place to prevent discrimination in the workplace. A dedicated HR team is available to support employees and there is a dedicated whistleblowing hotline if an employee wishes to raise a serious matter, this can be done anonymously. Any matters arising from any whistleblowing is recorded in our whistleblowing register and reviewed by the Risk & Governance Committee, a sub-committee of the Executive Management Board.

Our employees have access to our Employee Assistance Programme, which is managed by an independent third party, as well as internal colleagues trained as Mental Health First Aiders. Our weekly communications have a 'Wellbeing Spotlight' and we have built a wellbeing hub of resources on our intranet.

Our e-learning platform is well utilised from an induction and training compliance perspective. Training subjects include data privacy, anti-bribery and anti-money laundering, modern slavery and health and safety legislation. We recognise the importance of developing our people and their capability and 2021 has seen us focus our training in new operational systems.

Please refer to page 7 for more information about our employees and our people management approach.

Stakeholder engagement

Our Board ensures that positive stakeholder engagement exists at all levels across the business, and that decisions put customers first. However, with a wide stakeholder base that includes customers, clients, suppliers, employees, and society more widely, decisions also take all of these audiences into account.

The Board will sometimes engage directly with key stakeholders on certain issues, but the size and distribution of our stakeholders and our Group means that stakeholder engagement often takes place at an operational level.

Senior management hold monthly meetings with key clients to review our services in their respective portfolios. This enables us to highlight any issues raised by our clients and act transparently. The Board is regularly updated by senior management on the progress of any matters raised in the client engagement meetings.

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

The Board considers and discusses information from across the organisation to help it understand the impact of the Group's operations and the interests and views of key stakeholders. It also reviews strategy, financial and operational performance, as well as key risks and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting and via presentations.

The Board understands the importance of developing and maintaining good relationship with the Group's supply chain. Due to the nature of the services we offer, we have a diverse mix of large national suppliers and local suppliers. Whilst engagement with our suppliers mainly takes place at an operational level through our centralised procurement team, any developments which could materially impact the organisation are reported back to the Board. The Board will also review and approve key material contracts with its supply chain.

Customer research is conducted with both residential customers and resident management company directors to ensure the business understands what's important to these stakeholders.

The business continues to proactively engage with key stakeholders on the building and fire safety challenges facing leaseholders across the country, including engaging with Government to try and find practical solutions for homeowners, as well as working with clients, suppliers, and customers to help remediate buildings. In the light of the unprecedented, challenging circumstances these customers are facing, we are pleased to have announced in early 2021 a no-profit pledge, committing to only recover our costs on our work supporting customers whose buildings are being remediated via the Government's non-ACM cladding replacement fund.

Engagement in action

Over the year we held:

- Internal staff committee meetings to discuss health and safety and the ways it can be improved across both the business and the developments in our care. The findings were presented back to the Board who approved the formation of a new building safety team to deal with developments that fall under the new regulatory requirements.
- A formal ESG committee has been set up which meets once a quarter. Informal meetings between ESG committee members are held every two weeks. Updates to the Board are provided through the Board report with approval sought where appropriate.
- Regular engagement between our executive members and all employees through recorded and live videos, an internal social media system and a virtual company conference accessible for all employees to view and provide feedback on. After the success of first the virtual conference in 2020, a virtual conference for all employees was held in 2021.
- Implementation of "pulse" surveys to capture real-time feedback from our people, the first of which was held towards the end of 2021. One key outcome from this is for the Group to improve career pathways. In 2022, the Group will focus on how we promote and increase career moves and look to introduce new leadership and management development programmes.
- Monthly meetings with key clients with their progress reported back to the executive management team and Board of Directors. The meetings have allowed our service model and proposition to evolve with our customers' needs and continue to improve our service offering in the market.
- Meetings with key suppliers to review service levels to ensure good service delivery. These provided better understanding for suppliers around our business and goals, enabling a mutually beneficial sustainable relationship. They also gave suppliers the opportunity to showcase where else they may be able to support us. Key updates are provided in Board meetings.
- The Group conducted its second customer survey towards the end of 2021 to help shape customer delivery and focus on improvements.

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Governance

Board and Board Committees

Governance

Our Group is privately owned and as of 31 December 2021 had a board comprising of six directors.

Our Chairman, P J Lester, has responsibility for the Board and N Howell, Chief Executive Officer, executes the Group's strategy, commercial objectives and implements the decisions of the Board.

Operation of the Board

Our Board meets at least ten times each year to review the Group's strategy and performance. Executive management are regularly invited to attend Board meetings, as appropriate. Health and safety performance, along with key risks and obligations are reviewed and considered at our Board meetings.

Committees of the Board

Audit Committee

Our Group's Audit Committee is made up of three non-executive directors comprised of P J Lester (Chair - independent), T Swales (shareholder representative), and I Boman-Flavell (shareholder representative). The Audit Committee is scheduled to meet at least twice a year to review our results and internal controls.

Our external auditors are also invited to attend the Audit Committee meetings to report their findings.

Remuneration Committee

We have a Group Remuneration Committee made up of three non-Executive directors - P J Lester (Chair), T Swales, and I Boman-Flavell. The Committee meets at least twice a year to review Executive Director objectives, pay rises, bonuses and discuss pay rates, as required.

Internal control and risk management

Our approach to internal control is delivered through senior management oversight via a dedicated internal governance and compliance team. A monthly update is provided to the CEO and CFO of the business with more formal quarterly internal control meetings being held based on the Board's agreed risk framework, mitigating strategies, and the latest status of the risks. Any changes or matters of concern are reported to the full Board. As a Group we also maintain and monitor a set of detailed policy documents across all areas of our operations, including health and safety, procurement, finance, and governance (including competition and bribery). We use the support of external experts to conduct ad hoc reviews of specific areas of the business that the Board considers may present significant risk.

Independent auditors

Our auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Financial risk management

The Group's operations expose us to a variety of financial risks that include the effects of credit, liquidity, cashflow and interest rate risk. There are robust controls in place to limit any adverse impact on our Group's performance by monitoring potential financial risks. *Given the business' size, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board.*

Our Group's exposure to interest rate risk was assessed by management and considered low. We have a large base of UK residential and commercial customers, which reduces the concentration of credit risk. Where we transact with corporate customers, our credit control teams follow strict processes for managing and mitigating the risk of non-payment of charges.

The Group has cash management and forecasting processes in place to manage cashflow and liquidity within our existing financing.

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Corporate governance and reputation of high standards of business conduct

The Wates Corporate Governance Principles (the "Wates Principles") for large private companies have been used to benchmark the Group's governance structure. The Board will continue to work towards improving its corporate governance practices in line with the Wates Principles and drive to meet these standards.

During the year, the Group received ISO 9001 certification. ISO 9001 is the international standard for quality. It gives our customers confidence that we are working to systems and procedures that will provide them with a high standard of customer service. Implementing an effective and robust ISO 9001 Quality Management System (QMS) will help the Group to focus on the important areas of our business and improve efficiency. The 9001 quality management processes that are established throughout the Group will provide a sound foundation, leading to increased productivity and profit.

Our purpose and our operating model provide the key elements of how the Group maintains a reputation for high standards of business conduct.

Further details are provided on page 8.

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement on the Directors' performance of their statutory duties in accordance with s172 (1) Companies Act 2006

The Directors of the Drive Topco Limited Group act in accordance with a set of general duties, which are detailed in the UK Companies Act 2006. These include a duty to promote the success of the Group for the benefit of its members as a whole and to consider (amongst other matters):

- The likely consequences of any decision in the long term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and the environment;
- The desirability of the Group maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Group.

Our Directors are briefed annually on their duties and they can access professional advice either through the Group or, an independent provider, as required.

Decision-making

The Board meets monthly with our senior executive management team to discuss key issues and to make sure that strategic plans are followed. Key actions are taken and communicated to the senior management team regularly along with the wider business to ensure transparency and to maintain focus on the business' key strategic goals. A monthly 'Business Buzz' video is distributed on the Group's internal platform where the Chief Executive Officer and other key Senior Managers cascade important messages to all employees.

The Board undertakes an in-depth review of the Group's strategy annually, based on a 5-year business plan. The approved plan then forms the strategic direction of the business with amendments made as and when necessary, during the reviews. The plan and strategy form the basis for financial budgets, resource plans and investment decisions. When making decisions relating to the business plan and future strategy, the Board takes into consideration a variety of matters including the interest of various stakeholders, the consequences of its decisions in the long-term and its reputation. For more information on our strategic developments in 2021, see pages 3 - 10.

The Board also maintains oversight of our performance and ensures that our management is acting in accordance with our strategy and plan. They also identify, evaluate, manage, and mitigate any risks we face. Details of these are covered on pages 11 and 12.

Employees

Employees are the Group's most valuable asset. For the business to succeed, it needs to manage employees' careers, offer opportunities for learning and development and ensure success is recognized. Please refer to page 14 for more information on our employee engagement.

Principal decisions

On 4 January 2021, the UK Government announced a national lockdown in response to increased cases of Covid amongst the UK population. The lockdown included a stay-at-home order and banned non-essential travel. The Board considered the lockdown rules and guidance and determined that the majority of its workforce can work remotely. The Board approved flexible working for colleagues that could work from home and ensured essential travel documentation be made available for colleagues that were required to travel.

The Group has invested in the development of new technologies to improve the service delivery across the entire organisation. The Board considers innovation of better technologies to be a key priority where it can enhance the service delivery of our operational teams and streamline processes to make them more efficient. As a result, the Board approved further investment in its digital programme.

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

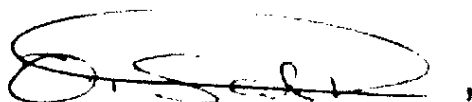
During the year, opportunities to acquire new businesses into the Group have been presented to the Board. The Board takes into consideration their directors' duties, notably their duty to promote the success of the business, when evaluating acquisition opportunities. Other key considerations are factored in, such as determining whether new opportunities can provide complimentary growth to the Group's existing service offerings.

Engagement in Action

Please refer to pages 15 – 16 for further detail on stakeholder engagement and examples of engagement in action during the year.

Shareholders

Our majority shareholder appointed two Non-executive directors to the Board, who contribute to the strategic direction of the Group.



Ouda Saleh

Director

28 April 2022

DRIVE TOPCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the Drive Topco Limited Group is the provision of residential property management and related services within the UK, and that of the company is investment management. Activities in its trading business, FirstPort, has been explained in the Strategic Report on page 3.

Directors

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

P J Lester
N Howell
O Saleh
T A Swales
I G Boman-Flavell
D K Young

Directors' insurance

The Group 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 group. This is a qualifying third party indemnity provision made for the benefit of its directors during the year. These provisions remain in force at the date of approval of the financial statements.

Results and dividends

The results for the year are set out in the consolidated profit and loss account on page 27. No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Employees

Information on employees is included in the Strategic Report on page 7. Further information on employee engagement is included in the s172 (1) statement in the Strategic Report on pages 13 and 14.

Disabled persons

Information on disabled persons is included in the Strategic Report on page 7.

Stakeholder engagement and principal decisions

Information on stakeholder engagement and principal decisions is included in the s172 (1) statement in the Strategic Report on pages 15 and 16.

Future developments

The future developments of the business are discussed in the Strategic Report on page 8.

Financial risk management

Information on financial risk management is included in the Strategic Report on page 17.

Going Concern

On 25 March 2022, the Board executed a sale and purchase agreement for the sale of 100% of the issued share capital of Drive Topco Limited to Emeria UK Res Newco Limited ("Emeria"), the European leader in residential real estate services. Completion of this transaction is subject to approval by the Financial Conduct Authority. The Directors have considered the impact of this in assessing the Group's ability to continue as a going concern. The Directors believe that there is no reason there will be any impact on the Group's ability to continue to operate as a going concern. Further information on this and going concern is included in note 1.4 on page 35.

DRIVE TOPCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 group and the company 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, 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 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 group and company will continue in business.

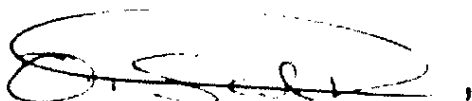
The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group's and 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 group's and company's auditors are aware of that information.



Ouda Saleh
Director
28 April 2022

DRIVE TOPCO LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DRIVE TOPCO LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Drive Topco Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's loss and the group's cash flows 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 Consolidated Balance Sheet and the Company Balance Sheet as at 31 December 2021; the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the process by which the forecasts were prepared and confirmed that they had been approved by the Board;
 - Evaluating the key assumptions in the forecasts by performing sensitivities and looking at the trends and relationships;
 - Testing the forecast revenue and EBITDA figures with reference to the additional amounts contributed by the acquisitions made, assumed efficiencies from the acquisitions and other projects and assumptions made in relation to price and churn;
 - Comparing the prior year forecasts against current year actual performance to assess management's ability to forecast accurately;
 - Obtaining and reperforming the Group's forecast covenant compliance calculations, including sensitising the profits and cash flows as applicable for each covenant to assess the potential impact of our downside sensitivities on covenant compliance;
 - Obtaining and reading the key documents associated with the acquisition by Emeria UK Res Newco Limited (Emeria) including the Sale and Purchase Agreement and equity and debt commitment letters;
 - Meeting with the management of Emeria in order to understand their plans for the Drive Group; and
 - Assessing the disclosures provided relating to the going concern basis of preparation. We found that these provided an explanation of the Directors' assessment that was consistent with the evidence we obtained.
-

DRIVE TOPCO LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DRIVE TOPCO LIMITED (CONTINUED)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

DRIVE TOPCO LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DRIVE TOPCO LIMITED (CONTINUED)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of employment laws, health and safety regulations, data protection, tax legislation and the International stock exchange listing rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting judgments and estimates to enhance EBITDA. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions made by management in relation to areas of judgment and significant accounting estimates; including the classification of costs as exceptional, the capitalisation of Intangible assets and their *useful economic life*; and the *valuation of identified intangibles arising from the acquisition accounting for the two acquisitions made within the year*;
- Testing journal entries meeting set risk criteria, in particular any journal entries posted with unexpected account combinations resulting in a credit entry to revenue or cost, journal entries containing unusual words and any journals posted by senior management;
- Incorporating elements of unpredictability into the audit procedures performed, in particular over supplier bank details and reconciling items; and
- Review of board minutes throughout the year and legal costs incurred to understand if these are indicative of any wider non-compliance or fraud matters.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

DRIVE TOPCO LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DRIVE TOPCO LIMITED (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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 company 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
29 April 2022

DRIVE TOPCO LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Turnover	4	93,936	66,786
Cost of sales	5	(10,341)	(2,824)
Gross profit		83,595	63,962
Administrative expenses		(86,740)	(66,327)
Other operating income	6	1,782	672
Operating loss	7	(1,363)	(1,693)
Interest payable and similar expenses	12	(14,478)	(11,749)
Loss before taxation		(15,841)	(13,442)
Tax on loss	14	(2,817)	(636)
Loss for the financial year		(18,658)	(14,078)

DRIVE TOPCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£'000	£'000
Loss for the financial year	(18,658)	(14,078)
Other comprehensive income	-	-
Total comprehensive expense for the year	<u>(18,658)</u>	<u>(14,078)</u>
<i>Total comprehensive expense for the year attributable to:</i>		
- Owners of the parent	<u>(18,658)</u>	<u>(14,078)</u>
Total comprehensive expense for the year	<u>(18,658)</u>	<u>(14,078)</u>

DRIVE TOPCO LIMITED

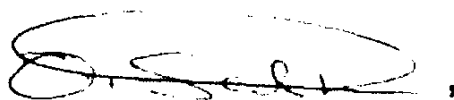
CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	15		161,577		163,338
Tangible assets	16		2,299		2,781
			<u>163,876</u>		<u>166,119</u>
Current assets					
Debtors	19	11,641		8,871	
Investment properties held for resale		187		187	
Cash at bank and in hand		3,720		7,585	
		<u>15,548</u>		<u>16,643</u>	
Creditors: amounts falling due within one year	21	<u>(25,005)</u>		<u>(24,588)</u>	
Net current liabilities			<u>(9,457)</u>		<u>(7,945)</u>
Total assets less current liabilities			154,419		158,174
Creditors: amounts falling due after more than one year	22		(172,856)		(162,106)
Provision for liabilities	24		<u>(19,718)</u>		<u>(15,673)</u>
Net liabilities			<u><u>(38,155)</u></u>		<u><u>(19,605)</u></u>
Capital and reserves					
Called up share capital	27		1		1
Share premium account	27		144		144
Treasury shares	27		(3)		(1)
Accumulated losses			<u>(38,297)</u>		<u>(19,749)</u>
Total equity			<u><u>(38,155)</u></u>		<u><u>(19,605)</u></u>

The notes on pages 34 to 74 are an integral part of these financial statements.

The financial statements on pages 27 to 74 were authorised for issue by the board of directors on 28 April 2022 and are signed on its behalf by:



Ouda Saleh
Director

DRIVE TOPCO LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

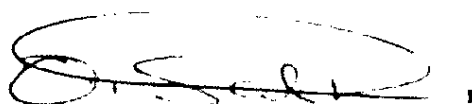
		2021	2020
	Note	£'000	£'000
Fixed assets			
Investment in subsidiaries	17	272	162
		<u>272</u>	<u>162</u>
Current assets			
Debtors	19	324	318
Cash at bank and in hand		4	5
		<u>328</u>	<u>323</u>
Creditors: amounts falling due within one year	21	(269)	(269)
Net current assets		<u>59</u>	<u>54</u>
Total assets less current liabilities		<u>331</u>	<u>216</u>
Creditors: amounts falling due after more than one year	22	-	-
Net assets		<u>331</u>	<u>216</u>
Capital and reserves			
Called up share capital	27	1	1
Share premium account	27	144	144
Treasury shares	27	(3)	(1)
Share based payment reserve	27	178	68
Retained earnings		<u>11</u>	<u>4</u>
Total equity		<u>331</u>	<u>216</u>

The company made a profit of £7k during the year ended 31 December 2021 (2020: £4k)

For the year ended 31 December 2021, the company was entitled to exemption under section 408 of the Companies Act 2006 from presenting its individual profit and loss account.

The notes on pages 34 to 74 are an integral part of these financial statements.

The financial statements on pages 27 to 74 were authorised for issue by the board of directors on 28 April 2022 and are signed on its behalf by:



Ouda Saleh
Director

Drive Topco Limited
Registered no. 12043031

DRIVE TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Called up share capital	Share premium	Treasury shares	Accumulated losses	Total equity
		£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020		1	93	-	(5,739)	(5,645)
Year ended 31 December 2020:						
Loss for the year and total comprehensive expense for the year		-	-	-	(14,078)	(14,078)
Total transaction with owners, recorded directly to equity						
Credit relating to equity-settled share-based payments	13	-	-	-	68	68
Issue of shares (27,075 of £0.01 ordinary shares)	27	-	48	-	-	48
Issue of shares to EBT (2,000 of £0.01 ordinary shares)	27	-	3	(3)	-	-
Acquisition of shares by EBT	27	-	-	(4)	-	(4)
Settlement of shares by EBT members	27	-	-	6	-	6
Total contributions by and distributions to owners		-	51	(1)	68	118
Balance at 31 December 2020		1	144	(1)	(19,749)	(19,605)
Year ended 31 December 2021:						
Loss for the year and total comprehensive expense for the year		-	-	-	(18,658)	(18,658)
Total transaction with owners, recorded directly to equity						
Credit relating to equity-settled share-based payments	13	-	-	-	110	110
Acquisition of shares by EBT	27	-	-	(2)	-	(2)
Total contributions by and distributions to owners		-	-	(2)	110	108
Balance at 31 December 2021		1	144	(3)	(38,297)	(38,155)

DRIVE TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Called up share capital	Share premium	Treasury shares	Share Based Payment Reserve	Retained earnings	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020		1	93	-	-	-	94
Year ended 31 December 2020:							
Profit for the financial year		-	-	-	-	4	4
Total transaction with owners, recorded directly to equity							
Credit relating to equity-settled share-based payments	27	-	-	-	68	-	68
Issue of shares (27,075 of £0.01 ordinary shares)	27	-	48	-	-	-	48
Issue of shares to EBT (2,000 of £0.01 ordinary shares)	27	-	3	(3)	-	-	-
Acquisition of shares by EBT	27	-	-	(4)	-	-	(4)
Settlement of shares by EBT members	27	-	-	6	-	-	6
Total contributions by and distributions to owners		-	51	(1)	68	-	118
Balance at 31 December 2020		1	144	(1)	68	4	216
Year ended 31 December 2021:							
Profit for the year		-	-	-	-	7	7
Total transaction with owners, recorded directly to equity							
Credit relating to equity-settled share-based payments	27	-	-	-	110	-	110
Acquisition of shares by EBT	27	-	-	(2)	-	-	(2)
Total contributions by and distributions to owners		-	-	(2)	110	-	108
Balance at 31 December 2021		1	144	(3)	178	11	331

DRIVE TOPCO LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash generated from operations	35	13,453	12,214
Tax received / (paid)		781	(65)
Net cash generated from operating activities		14,234	12,149
Cash flows from investing activities			
Purchase of subsidiaries net of cash acquired	3	(8,315)	(36,965)
Purchase of intangible assets		(4,442)	(7,881)
Purchase of tangible assets		(1,694)	(975)
Proceeds from disposal of tangible assets		25	-
Net cash used in investing activities		(14,426)	(45,821)
Cash flows from financing activities			
Issue of shares		-	51
Issue of shareholder loans		-	10,395
Interest paid		(6,645)	(5,380)
Drawdown of bank facility		3,000	33,500
Loan arrangement fees		(28)	(1,867)
Net cash (used in) / generated from financing activities		(3,673)	36,699
Net (decrease) / increase in cash and cash equivalents		(3,865)	3,027
Cash and cash equivalents at beginning of the year		7,585	4,558
Cash and cash equivalents at end of the year		3,720	7,585
Cash and cash equivalents consists of:			
Cash at bank and in hand		3,720	7,585

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

General information

Drive Topco Limited ("the Company"), incorporated on 11 June 2019, and its subsidiaries (together "the Group") provides residential property management and related services within the United Kingdom. The main business operates as FirstPort which is the largest residential property management business in the UK with a core service offering organised around six customer/market segments: Luxury, Large and Complex, Property Services, Estates, Build to Rent and Retirement. In addition to its core offerings, FirstPort also provides specialist independent retirement estate agency services, insurance products, and residential lettings.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is Queensway House, 11 Queensway, New Milton, Hampshire, UK, BH25 5NR.

1.1 Statement of compliance

The Group and individual financial statements of Drive Topco Limited 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 consolidated financial statements are set out below. The accounting policies have been applied consistently, other than where new policies have been adopted.

1.3 Basis of preparation

These consolidated and separate company financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and 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.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (continued)

1.4 Going concern

The Group manages its day-to-day working capital requirements through its bank 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 in FirstPort, and accordingly the Group's 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 for a period of at least 12 months from the signing date of these accounts.

As part of assessing the ability to continue as a going concern, the Group has also considered any related potential economic downturn on its business. During this assessment, management conducted an alternative forecast taking into account a severe but plausible change in trading performance up to the end of June 2023. The model assumed a significant reduction in its transactional revenue lines with no cost reduction methods projected to offset the impact. In this "severe" scenario, sufficient liquidity and headroom on the Group's covenants were demonstrated. The Group 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 Group generated operating cash in 2021 and ended the year with £3,720k cash and £4,500k unutilised revolving credit facility.

On 25 March 2022, the Board executed a sale and purchase agreement for the sale of 100% of the issued share capital of Drive Topco Limited to Emeria UK Res Newco Limited ("Emeria"). Completion of this transaction is subject to approval by the Financial Conduct Authority and is expected to complete within the next 12 months. The Directors have considered the impact of this in assessing the Group's ability to continue as a going concern. The Group's forecast to June 2023, including the "severe" scenario described above, shows that the Group will generate cash with a positive cash balance and so isn't reliant on any further funding. The Directors have held numerous discussions with Emeria and reviewed various documents as part of the sale process in regards to Emeria's financing and future plans and intentions of the Group. The Directors are satisfied that Emeria have sufficient financing in place and that post-completion, the Group will remain operationally independent as the UK subsidiary of Emeria, with the Group's existing management team remaining in place. Based on the above and on the Directors discussions with Emeria, there is no reason for the Directors to believe that there will be any impact on the Group's ability to continue to operate as a going concern.

1.5 Exemptions for qualifying entities under FRS 102

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

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes any cash flows of the Company;
 - (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
 - (iii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7, as the information is provided in the consolidated financial statement disclosures.
 - (iv) The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.
-

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (continued)

1.6 Audit exemption of subsidiaries

Drive Topco Limited has provided a legal guarantee under s479A-C of the Companies Act 2006 to the below subsidiaries for audit exemption:

Company	Registration number
Drive Bidco Limited	12043128
Knight Square Holdings Limited	07925023
Knight Midco Limited	07927619
Knight Square Limited	07925019
FirstPort Limited	04352396
FirstPort Bespoke Property Services Limited	01623496
FirstPort Insurance Services Limited	03479579
FirstPort Property Services Limited	02061041
FirstPort Property Services No 2 Limited	02231168
FirstPort Property Services No 4 Limited	07299764
FirstPort Property Services No 5 Limited	05876680
FirstPort Property Services Scotland Limited	03829468
FirstPort Retirement Property Services Limited	01614866
Retirement Homesearch Limited	03829469
Mainstay Group Limited	04002715
Mainstay Facilities Management Limited	03340310
Mainstay Residential Limited	04052477
Chamonix Holdings Limited	12500321
Chamonix Group Limited	05856372
Chamonix Estates Limited	05851267
Fairfield Company Secretaries Limited	05988785
Freemont Property Managers Limited	09804654
Arcturus Group Limited	10306297
Blenheims Estate and Asset Management	05398647
Blenheims Estate & Asset Management (SW) Limited	03837047
Campions Property Letting and Management Limited	05393722

1.7 Basis of consolidation

The Group's consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 December 2021.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiary undertakings are included in the consolidated financial statements from the date control is obtained until the date control ceases. Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (continued)

1.7 Basis of consolidation (continued)

Where the group has established employee benefit trusts ('EBT') and is the sponsoring entity, notwithstanding the legal duties of the trustees, the group considers that it has 'de facto' control of such entities. Such arrangements are accounted for as assets and liabilities of the sponsoring company and included in the consolidated financial statements as appropriate. The company's equity instruments held by the EBT are accounted for as if they were the company's own equity and are treated as treasury shares. No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the company's own equity held by the EBT.

1.8 Functional and presentational currency

The Group financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentational currency is pound sterling.

1.9 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 Group and value added taxes.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group 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 each of the Group's sales channels have been met as described below.

Revenue for the key services provided by the Group is recognised as follows:

(i) Residential and commercial property management services

Fees for residential and commercial property management services, including maintenance, are recognised as the Group'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) Other revenue

Commissions earned on the placing of insurance products on behalf of third parties are recognised when the Group has completed its services under the arrangements which is the inception date of the underlying insurance policy. Any commission adjustments for additional and return premiums are recognised as they occur.

Fees for real estate agency and property transfer services are recognised on completion of the related property sale. Fees for residential lettings arranged by the Group are recognised on execution of binding rental contracts between landlord and tenant.

(iii) Recharge of house managers' employment cost

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

(iv) Other operating income

Income earned from non-underlying activities such as Building Safety Fund income is not recognised as revenue and is shown separately as part of other operating income.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (continued)

1.10 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The Group adopts the accrual model relating to Government grants. Government grants relating to turnover are recognised as income over the periods when the related costs are incurred.

1.11 Exceptional items

The Group 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 (by size or nature) on the Group's financial results as 'exceptional items'. These are disclosed separately to show the underlying trading of the Group.

1.12 Employee benefits

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

(iii) Annual bonus plan

The Group operates annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group 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.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (continued)

1.13 Share-based payments

From time to time, the Group makes equity settled share-based payment awards to employees of subsidiary undertakings.

In the Group financial statements, the fair value of the awards at the date of grant is charged to the profit or loss over the vesting period with a corresponding increase in equity being recognised through retained earnings.

In the Company financial statements, the obligation to settle the transaction with the employees of subsidiary undertakings is recognised as a capital contribution made to those subsidiaries by increasing the cost of investment in subsidiary undertakings as the subsidiaries recognises the charge for share based payment awards in profit or loss.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the value of awards that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the awards granted. As long as all other vesting conditions are satisfied, a charge is made to profit or loss irrespective of whether any market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

1.14 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the year. 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 taxation assets and liabilities are not discounted.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (continued)

1.14 Taxation (continued)

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year 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 the 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. Investment properties and land are deemed to have recovery via disposal and accordingly the UK capital gains regime is applied when estimating the tax base of these assets.

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 year 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.

1.15 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the synergies of the business combination from which it arose.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (continued)

1.15 Business combinations and goodwill (continued)

Goodwill is amortised over its expected useful life which is estimated to be twenty years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

1.16 Intangible fixed assets other than goodwill

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software	straight-line over 3 years
Internally generated software	straight-line over 10 years
Acquired customer lists	straight-line over 2 to 10 years
Acquired brands	straight-line over 5 to 10 years

Amortisation is included in 'administrative expenses' in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefit;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (continued)

1.17 Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation and residual values

Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Office equipment, fixtures and fittings straight-line over 3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting year. The effect of any change is accounted for prospectively.

Subsequent additions

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account and included in other operating income.

1.18 Investment properties, including assets held for sale

The Group's interests in leasehold apartments within residential development sites are classified as investment properties and included within non-current assets.

Investment properties are initially recognised at cost, which for the Group was the fair value from acquisition in a business combination. Subsequent to initial recognition investment properties are recognised at fair value through profit and loss. The fair value of investment properties is determined using valuation techniques to estimate their current market values, taking into consideration the timing and impact of any encumbrances to sale.

From time to time the Group makes selected investment properties available for sale where the demand in a location warrants the cost of marketing and sales. Where the likelihood of sale within the next financial year is probable, the property is classified as held for resale and included within current assets, and is recognised at fair value less costs to sell.

1.19 Fixed asset investments

Interest in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (continued)

1.20 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

1.21 Leased assets

At inception the Group 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 of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Leases that do not transfer substantially all the risks and rewards of ownership are classified as 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.

1.22 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 Group as a whole is considered to be a 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 years. A reversal of an impairment loss is recognised in the profit and loss account. Goodwill is allocated on acquisition to the cash-generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash-generating units for impairment testing. Any previous impairment of goodwill is not reversed.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (continued)

1.23 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, when appropriate are shown within borrowings in current liabilities.

For the purpose of the consolidated statement of cash flows the Group adopts an accounting policy of classifying interest receipts as an investing cash flow and interest payments as a financing cash flow. Taxation cash flows are classified as operating cash flows.

1.24 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.

Provisions are measured based on the Group'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.

1.25 Financial instruments

The Group has chosen 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 and 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 or (c) despite having retained some significant risks and rewards of ownership, 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.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, 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.

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (continued)

1.25 Financial instruments (continued)

(ii) Financial liabilities (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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 Group 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 Group does not include these cash balances in its balance sheet.

1.26 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.

1.27 Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

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.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Critical accounting judgements and estimation uncertainty (continued)

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 Group's accounting policies

There were no critical accounting judgements in applying the Group's accounting policies.

(b) Key accounting estimates and assumptions

The Group 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) Fair value of acquisitions.

The fair value of tangible and intangible assets acquired on the acquisitions involve the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimation of the fair values requires the combination of assumptions including revenue growth, sales mix and volumes, rental values and increases and customer attrition rates. In addition the use of discount rates requires judgement.

(ii) Impairment of intangible assets and goodwill

The Group considers annually whether an indicator of goodwill & intangible assets impairment exists. Where an indication of impairment exists management are required to estimate the recoverable value of the cash-generating units (CGUs) or assets. This requires estimation of the future cash flows from the CGUs or assets and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

(iii) Development related provisions

The Group 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 estimation.

(iv) Deferred tax assets

The recognition of deferred tax assets, particularly relating to previously incurred losses, requires estimation, including in relation to the future taxable profits of the entities that incurred the losses, the types of losses and future income, the utilisation of capital allowances in any year, and the extent of group relief transfers to be made across the Group.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Acquisitions in the year

3.1 Acquisition of Freemont Property Managers Limited

On 4 October 2021, the Group acquired 100% share of Freemont Property Managers Limited for a total consideration of £2,051k. The following table summarises the consideration paid by the Group, the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration at 4 October 2021:	£'000
Cash	1,953
Directly attributable cost	98
	<u>2,051</u>
For cash flow disclosure purposes the amounts are disclosed as follows:	
Cash consideration	1,953
Directly attributable cost	98
	<u>2,051</u>
Less:	
Cash and cash equivalents acquired	<u>(298)</u>
Net cash flow	<u>1,753</u>

	Notes	Book Value £'000	Adjustments £'000	Fair Value £'000
Fixed assets				
Customer relationships	15	-	1,080	1,080
Brands	15	-	103	103
Tangible assets	16	15	-	15
Current assets				
Trade and other receivables		40	-	40
Cash and cash equivalents		298	-	298
Total assets		<u>353</u>	<u>1,183</u>	<u>1,536</u>
Trade and other payables		(287)	-	(287)
Corporation tax payable		(17)	-	(17)
Deferred tax liability		(3)	(296)	(299)
Net Assets		<u>45</u>	<u>887</u>	<u>933</u>
Goodwill	15			1,118
Total purchase consideration				<u>2,051</u>

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Acquisitions in the year (continued)

3.1 Acquisition of Freemont Managers Limited (continued)

Contribution by the acquired business for the year since acquisition:

	2021
	£'000
Turnover	298
Loss	(25)

Upon acquisition, the business had net assets with a fair value of £934k. Included in the fair value adjustments are the recognition of intangible assets relating to the acquired business's customer relationships and brand identified and its fair value was measured at £1,080k and £103k respectively. A deferred tax liability of £296k has been recognised on the intangible assets which has been added to goodwill.

The goodwill of £1,118k from the acquisition is attributable to the expertise and experience of the workforce acquired, the customer relationships and economies of scale expected from combining the operations into the Group. Management has estimated the useful life of the goodwill to be 20 years.

The customer relationships intangible assets has been attributed a useful life of 10 years and brands intangible asset has been attributed a useful life of 7 years. The useful life is based on the period of when the majority of the value is generated.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Acquisitions in the year (continued)

3.2 Acquisition of Blenheims

On 8 November 2021 the Group acquired 100% share of Arcturus Corporation Limited ("Blenheims") for a total consideration of £6,758k. The following table summarises the consideration paid by the Group, the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration at 8 November 2021:	£'000
Cash	6,607
Directly attributable cost	151
	<u>6,758</u>

For cash flow disclosure purposes the amounts are disclosed as follows:

Cash consideration	6,607
Directly attributable cost	151
	<u>6,758</u>

Less:

Cash and cash equivalents acquired	(193)
------------------------------------	-------

Net cash flow	<u>6,565</u>
---------------	--------------

	Notes	Book Value £'000	Adjustments £'000	Fair Value £'000
Fixed assets				
Customer relationships	15	-	2,602	2,602
Brands	15	-	510	510
Current assets				
Trade and other receivables		995	-	995
Cash and cash equivalents		193	-	193
Total assets		<u>1,188</u>	<u>3,112</u>	<u>4,300</u>
Trade and other payables		(792)	-	(792)
Corporation tax payable		(230)	-	(230)
Deferred tax liability		-	(778)	(778)
Net Assets		<u>166</u>	<u>2,334</u>	<u>2,500</u>
Goodwill	15			4,258
Total purchase consideration				<u>6,758</u>

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Acquisitions in the year (continued)

3.2 Acquisition of Arcturus Group (continued)

Contribution by the acquired business for the year since acquisition:

	2021
	£'000
Turnover	573
Profit	78

Upon acquisition, the business had net assets with a fair value of £2,500k. Included in the fair value adjustments are the recognition of intangible assets relating to the acquired business's customer relationships and brand identified and its fair value was measured at £2,602k and £510k respectively. A deferred tax liability of £778k has been recognised on the intangible assets which has been added to goodwill.

The goodwill of £4,258k from the acquisition is attributable to the expertise and experience of the workforce acquired, the customer relationships and economies of scale expected from combining the operations into the Group. Management has estimated the useful life of the goodwill to be 20 years.

The customer relationships intangible asset has been attributed a useful life of 10 years and brands intangible asset has been attributed a useful life of 10 years. The useful life is based on the period of when the majority of the value is generated.

4 Turnover

An analysis of the group's turnover is as follows:

	2021	2020
	£'000	£'000
Turnover by category		
Residential property management services	72,558	55,375
Commercial property and asset management	17,798	8,415
Other revenue	3,580	2,996
	93,936	66,786

Other revenue relates to insurance commissions and consultancy revenue.

All turnover is generated in the UK.

5 Cost of sales

Cost of sales arise due to the Mainstay's commercial property management business and residential facilities management business that was acquired in September 2020. Cost of sales recognised in relation to the residential facilities management business is where the Group considers itself to be principal rather than agent in providing on-site staff.

As cost of sales only takes the above costs into consideration, gross profit shown should not be used when trying to determine the profitability of the Group.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Other Operating Income

An analysis of the other operating income is as follows:

	2021 £'000	2020 £'000
R&D expenditure credit	729	386
Government grant	29	286
Building Safety Fund	1,024	-
	<u>1,782</u>	<u>672</u>

R&D expenditure credit relates to an R&D tax claim made on the Group's development of its digital project.

Government grant relates to the UK Government's Coronavirus Job Retention Scheme (CJRS). The Group furloughed employees in line with the CJRS and recognised £29k (2020: £286k) in the year as other income. There are no contingencies attached to the CJRS.

Building Safety Fund relates to income the Group has charged for its activities in helping developments apply for funding to subsequently remediate their cladding safety issues. The Group has not made a profit in these activities and this income is based on £1,024k of costs incurred in relation to these activities in 2021 sitting within administrative expenses. The Group is only recovering its costs incurred in relation to managing the remediation process.

7 Operating loss

Operating loss for the year is stated after charging:

	2021 £'000	2020 £'000
Depreciation of owned tangible assets	2,040	1,849
Amortisation of intangible assets	15,127	10,421
Loss on disposal of tangible assets	121	55
Operating lease charges	3,176	3,451

8 Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure and represents the basis on which Management review the performance of the Group.

Adjusted EBITDA is a measure of the underlying profit. The measure excludes exceptional items, depreciation, amortisation, share-based payments, any profit or loss arising on the disposal of fixed assets, interest and taxation. This measure is in line with management reporting and is consistent with our reporting to our shareholders and lenders.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Adjusted EBITDA (continued)

It may be reconciled as follows:

	2021 £'000	2020 £'000
Operating loss	(1,363)	(1,693)
Depreciation of owned tangible assets	2,040	1,849
Amortisation of intangible assets	15,127	10,421
Loss on disposal of tangible assets	121	55
Exceptional costs	4,428	2,784
Share-based payments	110	68
Adjusted EBITDA	20,463	13,484
	2021 £'000	2020 £'000
Exceptional costs		
M&A costs	1,671	907
Restructure costs	867	1,546
Third party system support	1,386	-
Building safety costs	375	-
Other exceptional items	129	331
	4,428	2,784

M&A costs relate to costs incurred on the acquisition of Freemont & Blenheims (2020: Mainstay and Chamonix) such as professional fees and integration costs. These are non-underlying in nature.

Restructure costs incurred as a result of the acquisitions and are non-underlying in nature.

Third party system support are costs relating to the roll out of the Group's digital transformation system and are one-off in nature.

Building safety costs are one-off costs incurred in setting up systems and processes in assisting developments to apply for Government support. These costs are not being recovered and do not form part of the costs being recovered in note 6.

Other exceptional items primarily relate to professional fees incurred in transitioning its loans from a LIBOR to SONIA basis (see note 23).

In the prior year, exceptional costs were shown separately under administrative expense – exceptional items in the consolidated P&L account. This year and going forward, exceptional costs have been included in administrative expenses in the consolidated P&L and further detail has been provided within this note as this gives the readers of the financial statements a better understanding of the underlying performance of the Group and is in line with how management analyse business performance and report to shareholders and lenders.

9 Auditors' remuneration

Fees payable to the Company's auditors and their associates:

	2021 £'000	2020 £'000
Fees payable to the Company's auditors for the audit of the Parent Company and the Group's Consolidated financial statements	412	422
Fees payable to the Company's auditors for other services:		
- The audit of the Company's subsidiaries	13	12
- Audit related assurance services	9	31
- Tax compliance services	-	22
- Tax advisory services	112	129
- Other non-audit services	444	6
Total amount payable to the Company's auditors and their associates	990	622

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Employees

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

	2021 Number	2020 Number
Office and management	1,688	1,539
House managers and deputies	2,263	2,260
	3,951	3,799

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	49,016	33,534
Social security costs	4,650	3,350
Other pension costs (note 26)	1,671	1,285
Share-based payments	110	68
Total aggregate remuneration before capitalised costs	55,447	38,237
Less capitalised costs	(49)	(790)
Aggregate remuneration charged to profit and loss	55,398	37,447

House managers are employed by the Group to oversee individual developments managed by the Group. 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 Group and therefore are not a cost to the Group on account of the Group being an agent for this transaction. These amounted to wages and salary costs of £38,402k (2020: £38,912k), social security costs of £2,873k (2020: £2,902k) and other pension costs of £1,221k (2020: £1,232k).

During the year ended 31 December 2021, the Group capitalised wages and salaries of £42k (2020: £684k), social security cost of £6k (2020: £75k) and other pension cost of £1k (2020: £31k). Capitalised wages form part of the cost of internally developed software.

11 Directors' remuneration

	2021 £'000	2020 £'000
Aggregate remunerations	1,189	1,020
	1,189	1,020

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to one (2020: one).

4 directors (2020: 4) were paid by the Group during the year. The remaining directors did not receive fees.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Directors' remuneration (continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021	2020
	£'000	£'000
Aggregate emoluments	460	565
	460	565

Company

The Company has no employees (2020: none).

12 Interest payable and similar expenses

Interest on financial liabilities measured at amortised cost:

	2021	2020
	£'000	£'000
Interest on bank loans and overdrafts	6,724	5,557
Interest on shareholder loans	6,867	5,604
Loan fee amortisation	887	588
	14,478	11,749

Debt issue costs, including loan amortisation fees, which are directly incurred in arrangement of borrowing facilities are included within the calculation of the effective interest rate on the borrowing, but are disclosed separately as the Group consider this information aids in the understanding of the total financing costs.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Share-based payments

The Company, from time to time, issues certain employees with shares in order to incentivise the holders to grow the value of the Group. There were no new shares issued during the year and as at 31 December 2021, a total of 23,208 B Ordinary Shares in the Company were held by employees.

In the event that a holder of B Ordinary Shares leaves the employment of the Group, the Company has the right but not the obligation to require the holder to transfer their B Ordinary Shares to an employee of the Group or an employee trust established for the benefit of employees of the Group.

The price that a holder of B Ordinary Shares receives for such a transfer depends upon, inter alia, the date on which the holder leaves and the manner in which they leave. The price varies between the 'fair price' of the shares (this being a price determined by the transferor and remuneration committee or, in the absence of agreement, an independent expert) and the price the holder paid for the share.

In all other respects the B Ordinary Shares rank *pari passu* with the A Ordinary Shares of the Company (the only other class of shares in issue) as regards voting rights, rights to dividends and rights on a return of capital.

The issue of the B Ordinary Shares has been accounted for as an equity settled share-based payment arrangement in accordance with the accounting policy described in note 1.13.

The fair value of the shares issued under this arrangement has been measured by reference to the expected future value of the Group at an assumed exit date, this being the date of sale, asset sale, listing or winding-up. The main steps in the valuation approach were as follows:

- Step 1 - estimating the enterprise value of the Group at the date the B Ordinary Shares were issued;
- Step 2 - simulating the future enterprise value of the Group using a Monte-Carlo valuation model through to the assumed exit date;
- Step 3 - deriving the value attributable to the holders of the A Ordinary Shares and B Ordinary Shares of the Company by deducting net debt at the assumed exit date;
- Step 4 - allocating the proportion of the equity value to the B Ordinary Shares;
- Step 5 - discounting the equity value back to the date the B Ordinary Shares were issued using the risk-free rate and expected time to the assumed exit date.

During the year ended 31 December 2021, the Group has recognised a total expense of £110k (2020: £68k) in the profit and loss account.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Tax on loss

	2021	2020
	£'000	£'000
Current tax		
UK corporation tax on taxable loss for the current year	-	-
Adjustments in respect of prior periods	(141)	(459)
Total current tax (credit) / charge	(141)	(459)
Deferred tax		
Origination and reversal of timing differences	(1,361)	(606)
Adjustments in respect of prior periods	(349)	545
Effect of tax rate change on opening balance	4,668	1,156
Total deferred tax	2,958	1,095
Total tax charge for the year	2,817	636

The charge for the year can be reconciled to the loss before taxation per the profit and loss account as follows:

	2021	2020
	£'000	£'000
Loss before taxation	(15,841)	(13,442)
Expected tax credit based on a corporation tax rate of 19% (2020: 19%)	(3,010)	(2,554)
Non-deductible expenses	842	2,190
Fixed asset differences	(44)	-
Effect of changes in tax rates and laws	4,342	1,156
Income not taxable for tax purposes	(2)	(2)
R&D expenditure credits	(138)	(73)
Adjustments in respect of prior periods	(141)	(459)
Adjustments in respect of prior periods (deferred tax)	(349)	545
Transfers from acquisitions	7	(167)
Adjustments to losses	9	-
Movement in deferred tax not recognised	1,301	-
Total tax charge for the year	2,817	636

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This increase has since been substantively enacted, therefore Deferred tax balances at 31 December 2021 were measured at 25% (2020: 19%).

The Group has approximately £7,187k (2020: £7,548k) of tax losses carried forward.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Intangible assets

Group		Goodwill	Software	Customer List	Brands	Total
		£'000	£'000	£'000	£'000	£'000
Cost	Note					
Balance at 1 January 2021		75,679	14,124	75,492	11,384	176,679
Additions		-	3,695	-	-	3,695
Additions from acquisition of Freemont	3.1	1,118	-	1,080	103	2,301
Additions from acquisition of Arcturus	3.2	4,258	-	2,602	510	7,370
Disposals		-	(379)	-	-	(379)
Balance at 31 December 2021		81,055	17,440	79,174	11,997	189,666
Accumulated amortisation and impairment						
Balance at 1 January 2021		3,701	556	7,966	1,118	13,341
Amortisation charge for the year		3,833	1,835	8,258	1,201	15,127
Disposals		-	(379)	-	-	(379)
Balance at 31 December 2021		7,534	2,012	16,224	2,319	28,089
Carrying amount						
At 31 December 2021		73,521	15,428	62,950	9,678	161,577
At 31 December 2020		71,978	13,568	67,526	10,266	163,338

The Company had no intangible assets at 31 December 2021 or 31 December 2020.

Included within Software is the Group's new digital platform that was completed in the year. The recoverable amount of this asset has been determined by comparing the higher of the value in use and selling price less costs to sell; being in this instance the value in use. The value in use exceeds the carrying amount and therefore no impairment has been recorded in the year (2020: nil).

Impairment calculations are potentially sensitive to changes in assumptions. The sensitivities performed by management are:

- An increase of 3.5 percentage points in the discount rate of 9%, with all other assumptions held constant, would result in an impairment of £61k.
- An increase of 10% in costs of running the asset, with all other assumptions held constant, would result in an impairment of £435k.
- A decrease of 40% in the individually most significant benefit of the asset, with all other assumptions held constant, would result in an impairment of £365k.
- A decrease of 5% in all benefits of the asset, with all other assumptions held constant, would result in an impairment of £476k.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Tangible assets

Group	Note	Office equipment, fixtures & fittings £'000
Cost		
Balance at 1 January 2021		5,130
Additions from acquisition of Freemont	3.1	15
Additions		1,690
Disposals		(1,625)
Balance at 31 December 2021		5,210
Accumulated depreciation and impairment		
Balance at 1 January 2021		2,349
Depreciation charged in the year		2,040
Disposals		(1,478)
Balance at 31 December 2021		2,911
Carrying amount		
Balance at 31 December 2021		2,299
Balance at 31 December 2020		2,781

The Company had no tangible assets at 31 December 2021 or 31 December 2020.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Investment in subsidiaries

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Total investment in subsidiaries	-	-	272	162
Movements in investments				
Company				£'000
Cost				
Balance at 1 January 2021				162
Capital contributions made to subsidiaries				110
Balance at 31 December 2021				272
Carrying amount				
Balance at 31 December 2021				272
Balance at 31 December 2020				162

Investment in subsidiaries held by the Company can be found in note 34.

Capital contributions made to subsidiaries in the year arise as a result of share-based payments charges to employees in the subsidiary entities. The obligation to settle the transaction with the employees of subsidiary undertakings is recognised as a capital contribution made to those subsidiaries by increasing the cost of investment in subsidiary undertakings as the subsidiaries recognises the charge for share based payment awards in profit or loss. See note 1.13 for further details.

The directors believe that the carrying value of the investments is not more than their recoverable amount as supported by their underlying assets.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Financial instruments

	Note	2021 £'000	2020 £'000
Financial assets measured at amortised cost			
Trade debtors	19	5,770	2,643
Other debtors	19	1,584	995
Cash at bank and in hand		3,720	7,585
Accrued income		1,672	828
		12,746	12,051
Financial liabilities measured at amortised cost			
Trade creditors	21	7,798	3,161
Other creditors	21	4,015	3,307
Accruals		4,609	3,980
Bank loans	23	100,700	97,700
Shareholder loans - principal	23	61,431	61,431
Interest on shareholder loans	23	14,088	7,221
Deferred financing costs	23	(3,363)	(4,246)
		189,278	172,554

The only financial asset held by the Company was cash at bank and in hand of £4k (2020: £5k). There are no other financial assets or liabilities held by the Company in the current and prior year.

19 Debtors

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Amounts falling due within one year:				
Trade debtors	5,770	2,643	-	-
Amounts owed by group undertakings	-	-	324	318
Corporation tax recoverable	154	1,476	-	-
Other debtors	1,584	995	-	-
Prepayments and accrued income	4,133	3,757	-	-
	11,641	8,871	324	318

Trade debtors are stated after provisions for impairment of £195k (2020: £413k).

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Client monies

Residents' net cash balances held in trust accounts at 31 December 2021 were £399,296k (2020: £338,182k). Cash balances held in joint accounts at 31 December 2021 were £23,511k (2020: £4,604k).

21 Creditors: amounts falling due within one year

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	7,798	3,161	-	-
Amounts owed to group undertakings	-	-	269	268
Other creditors	4,015	3,307	-	-
Corporation tax payable	-	445	-	-
Other taxation and social security	3,177	8,153	-	-
Accruals and deferred income	10,015	9,522	-	1
	25,005	24,588	269	269

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

22 Creditors: amounts falling due after more than one year

		Group	Group	Company	Company
		2021	2020	2021	2020
	Note	£'000	£'000	£'000	£'000
Bank loans and overdrafts (net of financing costs)	23	97,337	93,454	-	-
Shareholder loans	23	61,431	61,431	-	-
Interest on shareholder loans	23	14,088	7,221	-	-
		172,856	162,106	-	-

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

23 Borrowings

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Bank loans	100,700	97,700	-	-
Shareholder loans - principal	61,431	61,431	-	-
Interest on shareholder loans	14,088	7,221	-	-
Deferred financing costs	(3,363)	(4,246)	-	-
	172,856	162,106	-	-
Payable after one year	172,856	162,106	-	-

Bank loans

The Group has a £105.2m bank facility comprising of the following:

Bank facility term schedule:

Group	Nominal Interest rate	Termination date	Repayment	Credit Facility £'000
Term loan facility B1	SONIA + 2.50%	09-Oct-25	At termination date	12,100
Term loan facility B2	SONIA + 6.25%	09-Apr-26	At termination date	52,100
Term loan acquisition/capex facility	SONIA + 6.25%	09-Apr-26	At termination date	10,000
Revolving facility	SONIA + 2.50%	09-Oct-25	At termination date	7,500
Additional super senior facility	SONIA + 2.75%	09-Oct-25	At termination date	4,000
Additional unitranche facility	SONIA + 7.50%	09-Apr-26	At termination date	7,000
Second additional unitranche facility	SONIA + 6.50%	09-Apr-26	At termination date	12,500
				105,200

As at 31 December 2021 £3m (2020: £nil) of the revolving facility had been drawdown.

Interest on the facility is cash settled on a six monthly basis. A commitment fee is charged on the undrawn amount on a three monthly basis. During the year, the Group transitioned all facilities from a LIBOR to SONIA basis following the cessation of LIBOR on 31 December 2021.

The facility is held by FirstPort Limited and is secured against the shares and assets of Knight Square Limited and its subsidiaries.

The financial covenants attached to the £105.2m bank facility were tested as at year end. Compliance with covenants in respect of the external bank debt has been assessed to June 2023 with no breaches forecast.

The nominal interest rate in the table above is conditional and depends on the financial performance of the Group. The current rate disclosed is based on the current financial performance.

Shareholder Loans

Amounts relating to Shareholder Loans are unsecured.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

23 Borrowings (continued)

Shareholder loans

The Group has one class of shareholder loan note instrument in issue at the balance sheet date. During the year, the Group issued no further shareholder loan notes (2020: £10,459,413). The loan notes are listed on The International Stock Exchange. As at the 31 December 2021, the Drive Topco Employee Benefit Trust holds £64k of shareholder loan notes (2020: £64k) which is consolidated in the Group and Company financial statements. See note 1.7 for further details.

The principal outstanding on the shareholder loan notes in the Group as at 31 December 2021 was £61,431k (2020: £61,431k), and have been provided by the following parties:

	2021				2020			
	Principal £'000	Accrued interest £'000	Interest paid £'000	Interest expense £'000	Principal £'000	Accrued interest £'000	Interest paid £'000	Interest expense £'000
Equistone Partners Europe Limited	59,307	13,609	-	6,631	59,307	6,978	-	5,406
Management	2,124	479	-	236	2,124	243	(5)	198
	61,431	14,088	-	6,867	61,431	7,221	(5)	5,604

Interest is payable on the outstanding balance at a rate of 10% of the principal, accrued on a daily basis. Interest on the Shareholder Loan Notes can be settled annually on 6 September by, at the Group's option, either the issue of Payment in Kind (PIK) Notes which rank ahead of the original notes or by deferral in which case compound interest will apply to the amount deferred.

Repayment of the Shareholder Loan Notes is due on the earlier of 6 September 2029 or on exit.

Deferred financing costs

Deferred financing costs are amortised over the period of the revolving credit facility which makes up the effective interest rate.

24 Provisions for liabilities

	Note	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Development related provisions		552	-	542	-
Deferred tax liabilities	25	19,166	-	15,131	-
		19,718	-	15,673	-

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

24 Provisions for liabilities (continued)

Movements on development related provisions:

Group	Note	Development related provisions £'000
Balance at 1 January 2021		542
Additional provisions in the year		664
Release of provisions in the year		(15)
Utilisation of provision		(639)
Balance at 31 December 2021		552

The Group 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 estimation.

Whilst significant progress has been made in addressing these claims, and management continue to assess them on their merits, a provision of £552k (2020: £542k) has been recognised at the year end. This is expected to be utilised over a period of up to five years, with an estimated £481k (2020: £461k) expected to be settled within the next financial year.

25 Deferred taxation

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

Group	Assets 2021 £'000	Liabilities 2021 £'000	Assets 2020 £'000	Liabilities 2020 £'000
Fixed asset timing differences	-	(21,020)	-	(16,602)
Short-term timing differences	104	-	73	-
Losses	1,797	-	1,434	-
Investment property	-	(47)	-	(36)
	1,901	(21,067)	1,507	(16,638)

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Deferred taxation (continued)

	Note	Group £'000	Company £'000
Movements in the year:			
Liability at 1 January 2021		(15,131)	-
On acquisition of Freemont	3.1	(299)	-
On acquisition of Arcturus	3.2	(778)	-
Charge to profit and loss account		(2,958)	-
Liability at 31 December 2021		(19,166)	-

The net deferred tax liability expected to reverse in 2022 is £1,864k (2020: £1,782k). This primarily relates to the reversal of timing differences on capital allowances.

The Group does not have any unrecognised deferred tax asset for losses carried forward.

Company

The Company has no deferred tax provision at 31 December 2021 (2020: nil).

26 Retirement benefit schemes

	2021 £'000	2020 £'000
Defined contribution schemes		
Charge to profit and loss account	1,671	1,285

The Group sponsors and contributes to a defined contribution scheme for its employees. Pension contributions outstanding and included in accruals at the year end amounted to £474k (2020: £511k).

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

27 Called up share capital and other reserves

	Group and company			Group and company		
	Called up share capital	Share premium account	Treasury shares reserve	Called up share capital	Share premium account	Treasury Shares Reserve
	2021	2021	2021	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Ordinary share capital						
Issued and fully paid						
98,460 (2020: 98,460) A Ordinary shares of £0.01	1	115	-	1	115	-
24,615 (2020: 24,615) B Ordinary shares of £0.01	-	29	-	-	29	(3)
Acquisition of shares by EBT	-	-	(3)	-	-	(4)
Settlement of shares by EBT members	-	-	-	-	-	6
	1	144	(3)	1	144	(1)

A and B Ordinary shares carry one vote per share. All classes of shares have a nominal value of £0.01, have the right to receive dividends, and a right to return of capital.

In 2021, the EBT acquired 250 'B' Ordinary shares at £1 per share and 616 'B' Ordinary shares at £1.95 per share from management.

The amount within the Treasury shares reserve represents shares held by the EBT that have not yet been issued to employees.

The Company recognises a credit relating to equity-settled share-based payments into share-based payment reserve. This is not a realised profit and thus is a non-distributable reserve. For the year ended 31 December 2021, this amounted to £110k (2020: £68k). See note 13 for further details.

28 Operating lease commitments

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

	Group	Company	Group	Company
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Within one year	1,863	-	1,820	-
Between two and five years	1,286	-	1,492	-
In over five years	173	-	386	-
	3,322	-	3,698	-

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

29 Contingent liabilities

The Group 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 NatWest and Pemberton. The Borrower is FirstPort Limited, a subsidiary company. The loan balance, excluding deferred financing cost, and accrued interest payable outstanding at the balance sheet date were £100,700k (2020: £97,700k) and £1,285k (2020: £1,205k) respectively.

Bank accounts maintained for developments under management (and included in Client Monies described in note 20) that were overdrawn at 31 December 2021 amounting to £nil (2020: £772). The Group has given unlimited guarantees on these amounts in the event of default.

30 Events after the balance sheet date

On 25 March 2022, the Board of directors of the Group executed a sale and purchase agreement for the sale of 100% of the issued share capital of Drive Topco Limited to Emerica Res UK Newco Limited. Completion of this transaction remains subject to approval by the Financial Conduct Authority.

On 12 April 2022, the Group acquired 100% of the issued share capital of Intire Limited, a lettings agency, for a cash consideration of £447k.

31 Related parties

Group

Equistone Partners Europe Limited and the funds managed by Equistone Partners Europe Limited, registered in England and Wales, are regarded as related parties due to their shareholding in the Company, their provision of shareholder loans to the Group, and their representation on the board of Directors, which gives them significant influence over the Company and Group.

The key management personnel of the Group are considered to be the Directors of the Company and certain senior management employees of the Group. A number of the key management personnel have also provided funding to the Group via shareholder loans, and are shareholders of the Company.

Transactions with related parties

The funds managed by Equistone Partners Europe Limited and key management personnel are holders of Shareholder Loan Notes, which are included in Borrowings and incur interest expense. Details of these transactions and balances are shown in note 23.

Remuneration of key management personnel

The remuneration of key management personnel, which includes those directors remunerated by the Group, is as follows:

	Year ended 2021 £'000	Year ended 2020 £'000
Aggregate emoluments	1,281	1,122
Other pension costs	33	7
	<u>1,314</u>	<u>1,129</u>

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

31 Related parties (continued)

Company

The Company's only related party transactions in the year were with wholly owned subsidiaries and so have not been disclosed. All balances in the current year were with wholly owned subsidiaries.

32 Controlling party

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 is the parent undertaking of the largest and smallest group of undertakings for which group financial statements are prepared.

The consolidated financial statements of Drive Topco 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.

33 Result of the company for the financial year

As permitted by section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Company made a profit of £7k in the financial year (2020: £4k).

34 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Registered Postcode	% Held	
			Direct	Indirect
Amenity Property (Avon Meadows Bidford) Limited	England & Wales No. 08641151	Dormant	WR5 2ZX	100.00
Amenity Property (Britannia Mews Telford) Limited	England & Wales No. 09361899	Dormant	WR5 2ZX	100.00
Amenity Property (Cally Blue Fields Stockton) Limited	England & Wales No. 10461397	Dormant	WR5 2ZX	100.00
Amenity Property (Entech House Woolmer Green) Limited	England & Wales No. 12063981	Dormant	WR5 2ZX	100.00
Amenity Property (Himley View Dudley) Limited	England & Wales No. 08368398	Dormant	WR5 2ZX	100.00
Amenity Property (Hugesleah Place Highley) Limited	England & Wales No. 09792989	Dormant	WR5 2ZX	100.00
Amenity Property (Levett Grange Rugeley) Limited	England & Wales No. 07639525	Dormant	WR5 2ZX	100.00
Amenity Property (Lockside Walk Brierley Hill) Limited	England & Wales No. 09043198	Dormant	WR5 2ZX	100.00
Amenity Property (Mellent Gardens Bedworth) Limited	England & Wales No. 12695871	Dormant	WR5 2ZX	100.00
Amenity Property (Millbrook Park London Phase 4A) Limited	England & Wales No. 10385756	Dormant	WR5 2ZX	100.00
Amenity Property (Millbrook Park London Phase 4C) Limited	England & Wales No. 11824467	Dormant	WR5 2ZX	100.00
Amenity Property (Millers Reach Stone) Limited	England & Wales No. 09245116	Dormant	WR5 2ZX	100.00
Amenity Property (Oakleigh Grove Whetstone) Limited	England & Wales No. 10704287	Dormant	WR5 2ZX	100.00
Amenity Property (Pennywell Walk Upton Upon Severn) Limited	England & Wales No. 10030643	Dormant	WR5 2ZX	100.00
Amenity Property (Postmark London) Limited	England & Wales No. 12002086	Dormant	WR5 2ZX	100.00

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

34 Subsidiaries (continued)

Name of undertaking and country of incorporation or residency	Nature of business	Registered Postcode	% Held	
			Direct	Indirect
Amenity Property (Preedy Place Badsey) Limited	England & Wales No. 09155288	Dormant	WR5 2ZX	100.00
Amenity Property (Priory Gardens Market Drayton) Limited	England & Wales No. 07639333	Dormant	WR5 2ZX	100.00
Amenity Property (Saddlers Brook Walsall) Limited	England & Wales No. 07639422	Dormant	WR5 2ZX	100.00
Amenity Property (Scarlett Oaks Shifnal) Limited	England & Wales No. 10900315	Dormant	WR5 2ZX	100.00
Amenity Property (Sherford Plymouth Parcel B) Limited	England & Wales No. 10839931	Dormant	WR5 2ZX	100.00
Amenity Property (Sherford Plymouth Parcel F) Limited	England & Wales No. 10839976	Dormant	WR5 2ZX	100.00
Amenity Property (Sherford Plymouth Parcel G) Limited	England & Wales No. 10535172	Dormant	WR5 2ZX	100.00
Amenity Property (Sherford Plymouth Parcel J) Limited	England & Wales No. 11454909	Dormant	WR5 2ZX	100.00
Amenity Property (Sherford Plymouth Parcel L) Limited	England & Wales No. 11454877	Dormant	WR5 2ZX	100.00
Amenity Property (Sherford Plymouth Parcel M) Limited	England & Wales No. 11923138	Dormant	WR5 2ZX	100.00
Amenity Property (Sherford Plymouth Parcel S) Limited	England & Wales No. 10535353	Dormant	WR5 2ZX	100.00
Amenity Property (The Hathaways Stratford) Limited	England & Wales No. 09361834	Dormant	WR5 2ZX	100.00
Amenity Property (Thomas Beddoes Court Shifnal) Limited	England & Wales No. 07639356	Dormant	WR5 2ZX	100.00
Amenity Property (Walmley Croft Sutton Coldfield) Limited	England & Wales No. 10147213	Dormant	WR5 2ZX	100.00
Amenity Property (Woodland View Coventry) Limited	England & Wales No. 07639369	Dormant	WR5 2ZX	100.00
Amenity Property Holdings Limited	England & Wales No. 07635509	Dormant	WR5 2ZX	100.00
Arcturus Corporation Limited	England & Wales No. 05503540	Property Management	TQ3 2EZ	100.00
Arcturus Group Limited	England & Wales No. 10773717	Dormant	TQ3 2EZ	100.00
Baker Sinclair Limited	England & Wales No. 10306297	Dormant	BH25 5NR	100.00
Balfour Homes Management Limited	England & Wales No. 01986825	Non-trading	BH25 5NR	100.00
Blenheims Estate & Asset Management (SW) Limited	England & Wales No. 03837047	Property Management	TQ3 2EZ	100.00
Blenheims Estate and Asset Management Group Limited	England & Wales No. 05391407	Dormant	TQ3 2EZ	100.00
Blenheims Estate and Asset Management Limited	England & Wales No. 05398647	Property Management	TQ3 2EZ	100.00
Blenheims Payroll Services Limited	England & Wales No. 08892118	Dormant	TQ3 2EZ	100.00
Brook Farm Court Management Limited	England & Wales No. 02368738	Dormant	BH25 5NR	100.00
Campions Property Letting and Management Limited	England & Wales No. 05393722	Property Management	TQ3 2EZ	100.00

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

34 Subsidiaries (continued)

Name of undertaking and country of incorporation or residency	Nature of business	Registered Postcode	% Held	
			Direct	Indirect
Cavendish Management (Norwich) Limited	England & Wales No. 01831847	Dormant	BH25 5NR	100.00
CE Anthony Nolan (Fairstead) Limited	England & Wales No. 06354199	Dormant	BH25 5NR	100.00
CE Blenheim Grange Watton Limited	England & Wales No. 06067570	Dormant	BH25 5NR	100.00
CE Churchill Gardens Cambourne Limited	England & Wales No. 06453105	Dormant	BH25 5NR	100.00
CE Cobbler's Mews Romany Road Limited	England & Wales No. 06022591	Dormant	BH25 5NR	100.00
CE Lock Mill Blackburn Limited	England & Wales No. 06346923	Dormant	BH25 5NR	100.00
CE Oakfield Gardens Hyde Limited	England & Wales No. 06406964	Dormant	BH25 5NR	100.00
CE Poppy Fields (Benwick) Limited	England & Wales No. 06353915	Dormant	BH25 5NR	100.00
CE The Hawthorns Blackley Limited	England & Wales No. 06443043	Dormant	BH25 5NR	100.00
CE Willow Grange Ely Limited	England & Wales No. 06067392	Dormant	BH25 5NR	100.00
Chamonix Estates Developments Limited	England & Wales No. 10821470	Dormant	BH25 5NR	100.00
Chamonix Estates Limited	England & Wales No. 05851267	Property Management	BH25 5NR	100.00
Chamonix Group Limited	England & Wales No. 05856372	Property Management	BH25 5NR	100.00
Chamonix Holdings Limited	England & Wales No. 12500321	Property Management	BH25 5NR	100.00
Consort Property Management Limited	England & Wales No. 03479620	Dormant	BH25 5NR	100.00
Drive Bidco Limited	England & Wales No. 12043128	Provision of shared services	BH25 5NR	100.00
Drive Midco Limited	England & Wales No. 12043082	Holding company	BH25 5NR	100.00
Edgewood Management Services Limited	England & Wales No. 02948602	Non-trading	BH25 5NR	100.00
Edgewood Retirement Developments Limited	England & Wales No. 02086525	Non-trading	BH25 5NR	100.00
Estate & Asset Management Limited	England & Wales No. 08294501	Dormant	TQ3 2EZ	100.00
Fairfield Company Secretaries Limited	England & Wales No. 05988785	Property Management	BH25 5NR	100.00
Ferndale Retirement Management Limited	England & Wales No. 01709679	Dormant	BH25 5NR	100.00
FirstPort Bespoke Property Services Limited	England & Wales No. 01623496	Property management	BH25 5NR	100.00
FirstPort HMF Limited	England & Wales No. 06776392	Investment property	BH25 5NR	100.00
FirstPort Insurance Services Limited	England & Wales No. 03479579	Insurance services	BH25 5NR	100.00
FirstPort Investment Properties Limited	England & Wales No. 04352393	Dormant	BH25 5NR	100.00
FirstPort Limited	England & Wales No. 04352396	Provision of shared services	BH25 5NR	100.00

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

34 Subsidiaries (continued)

Name of undertaking and country of incorporation or residency	Nature of business	Registered Postcode	% Held	
			Direct	Indirect
FirstPort Operations PD Limited	England & Wales No. 06277828	Investment property	BH25 5NR	100.00
FirstPort Property Services Limited	England & Wales No. 02061041	Property management	BH25 5NR	100.00
FirstPort Property Services No.2 Limited	England & Wales No. 02231168	Property management	BH25 5NR	100.00
FirstPort Property Services No.3 Limited	England & Wales No. 04352415	Dormant	BH25 5NR	100.00
FirstPort Property Services No.4 Limited	England & Wales No. 07299764	Property management	BH25 5NR	100.00
FirstPort Property Services No.5 Limited	England & Wales No. 05876680	Property management	BH25 5NR	100.00
FirstPort Property Services Scotland Limited	England & Wales No. 03829468	Property management	BH25 5NR	100.00
FirstPort Retirement Limited	England & Wales No. 03479623	Dormant	BH25 5NR	100.00
FirstPort Retirement Property Services Limited	England & Wales No. 01614866	Property management	BH25 5NR	100.00
FirstPort Secretarial Limited	England & Wales No. 05806647	Dormant	BH25 5NR	100.00
FirstPort Services Limited	England & Wales No. 09142979	Dormant	BH25 5NR	100.00
Freemont Property Managers Limited	England & Wales No. 08918100	Property management	BH25 5NR	100.00
Ground Rent Services Limited	England & Wales No. 09804654	Dormant	BH25 5NR	100.00
JAL Estates Limited	England & Wales No. 04590981	Dormant	TQ3 2EZ	100.00
King George Court Management Limited	England & Wales No. 03175135	Non-trading	BH25 5NR	100.00
Knight Midco Limited	England & Wales No. 07927619	Holding company	BH25 5NR	100.00
Knight Square Holdings Limited	England & Wales No. 07925023	Holding company	BH25 5NR	100.00
Knight Square Limited	England & Wales No. 07925019	Provision of shared services	BH25 5NR	100.00
Longhurst Drive Management Company Limited	England & Wales No. 11416290	Dormant	BH25 5NR	100.00
Maclaren Management Services Limited	England & Wales No. 02142118	Dormant	BH25 5NR	100.00
Mainstay (Secretaries) Limited	England & Wales No. 04458913	Dormant	WR5 2ZX	100.00
Mainstay Facilities Management Limited	England & Wales No. 03340310	Property Management	WR5 2ZX	100.00
Mainstay Group Limited	England & Wales No. 04002715	Property Management	WR5 2ZX	100.00
Mainstay Payments Limited	England & Wales No. 04771082	Dormant	WR5 2ZX	100.00
Mainstay Residential Limited	England & Wales No. 04052477	Property Management	WR5 2ZX	100.00
Matterdale Gardens Management Limited	England & Wales No. 02405973	Non-trading	BH25 5NR	100.00

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

34 Subsidiaries (continued)

Name of undertaking and country of incorporation or residency	Nature of business	Registered Postcode	% Held	
			Direct	Indirect
Maybeck Collections Limited	England & Wales No. 04052424	Dormant	WR5 2ZX	100.00
Meridian Homes Limited	England & Wales No. 01972727	Dormant	BH25 5NR	100.00
Meridian New Homes Limited	England & Wales No. 02682974	Dormant	BH25 5NR	100.00
Meridian Property Group Limited	England & Wales No. 02306958	Non-trading	BH25 5NR	100.00
Meridian Retirement Homes Limited	England & Wales No. 01885186	Dormant	BH25 5NR	100.00
Meridian Retirement Housing Services Limited	England & Wales No. 01833177	Dormant	BH25 5NR	100.00
Mint Property Management Limited	England & Wales No. 05643630	Non-trading	BH25 5NR	100.00
MRML Limited	England & Wales No. 03904173	Dormant	WR5 2ZX	100.00
OM Nominee Services Limited	England & Wales No. 06695871	Dormant	BH25 5NR	100.00
OM Property Management Limited	England & Wales No. 09143096	Dormant	BH25 5NR	100.00
OM Property Management No.2 Limited	England & Wales No. 09375984	Dormant	BH25 5NR	100.00
Pegasus Court (Abergavenny) Management Limited	England & Wales No. 02285749	Dormant	BH25 5NR	100.00
Pegasus Court (Barnwood) Management Limited	England & Wales No. 02311505	Dormant	BH25 5NR	100.00
Pegasus Court (Bourton-on-the-Water) Management Limited	England & Wales No. 02285752	Dormant	BH25 5NR	100.00
Pegasus Court (Broadway) Management Limited	England & Wales No. 02392014	Dormant	BH25 5NR	100.00
Pegasus Court (Fleet) Management Limited	England & Wales No. 02318677	Dormant	BH25 5NR	100.00
Pegasus Court (Paignton) Management Limited	England & Wales No. 02392342	Dormant	BH25 5NR	100.00
Pegasus Court Cheltenham (Management) Limited	England & Wales No. 01867554	Dormant	BH25 5NR	100.00
Pegasus Court Hartley Wintney (Management) Limited	England & Wales No. 02129138	Dormant	BH25 5NR	100.00
Pegasus Court Management Limited	England & Wales No. 02516929	Dormant	BH25 5NR	100.00
Pegasus Thamesnorth Management Limited	England & Wales No. 02636137	Dormant	BH25 5NR	100.00
Pemberton's Maintenance Trustees (Aldford House) Limited	England & Wales No. 05111218	Dormant	BH25 5NR	100.00
Pemberton's Residential Limited	England & Wales No. 09375969	Dormant	BH25 5NR	100.00
Peveler Building Technologies Limited	England & Wales No. 09221891	Dormant	BH25 5NR	100.00

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

34 Subsidiaries (continued)

Name of undertaking and country of incorporation or residency	Nature of business	Registered Postcode	% Held	
			Direct	Indirect
<i>Peveler Management Services Limited</i>	England & Wales No. 09142759 Dormant	BH25 5NR		100.00
<i>Peveler Property Management Limited</i>	England & Wales No. 09146176 Dormant	BH25 5NR		100.00
<i>Peveler Scotland Limited</i>	England & Wales No. 09145223 Dormant	BH25 5NR		100.00
<i>R.C. (Holdings) Limited</i>	England & Wales No. 02968054 Holding company	BH25 5NR		100.00
<i>R.C. Housing Limited</i>	England & Wales No. 11012025 Property management	BH25 5NR		100.00
<i>Renaissance Management Services Limited</i>	England & Wales No. 03404510 Non-trading	BH25 5NR		100.00
<i>Retirement Care (Southern) Limited</i>	England & Wales No. 02486317 Non-trading	BH25 5NR		100.00
<i>Retirement Care Group Ltd</i>	England & Wales No. 02195300 Investment property	BH25 5NR		100.00
<i>Retirement Care Limited</i>	England & Wales No. 01706784 Dormant	BH25 5NR		100.00
<i>Retirement Homesearch Limited</i>	England & Wales No. 03829469 Specialist estate agent	BH25 5NR		100.00
<i>Retirement Marketing Services Limited</i>	England & Wales No. 02196442 Dormant	BH25 5NR		100.00
<i>Sonata Insurance Services Limited</i>	England & Wales No. 06704179 Dormant	BH25 5NR		100.00
<i>Stonedale (2012) Limited</i>	England & Wales No. 06544398 Dormant	BH25 5NR		100.00
<i>TMS Director Services Limited</i>	England & Wales No. 07329927 Dormant	TQ3 2EZ		100.00
<i>TMS Group Limited</i>	England & Wales No. 05239338 Dormant	TQ3 2EZ		100.00
<i>TMS South Limited</i>	England & Wales No. 08294547 Dormant	TQ3 2EZ		100.00
<i>TMS South West Limited</i>	England & Wales No. 09814083 Dormant	TQ3 2EZ		100.00
<i>Torbay Management Services Limited</i>	England & Wales No. 05230621 Dormant	TQ3 2EZ		100.00

The registered address for subsidiaries with the postcode BH25 5NR is Queensway House, 11 Queensway, New Milton, Hampshire, UK, BH25 5NR.

The registered address for subsidiaries with the postcode WR5 2ZX is Whittington Hall, Whittington Road, Worcester, Worcestershire, UK, WR5 2ZX.

The registered address for subsidiaries with the postcode TQ3 2EZ is Pembroke House, Torquay Road, Paignton, Devon, UK, TQ3 2EZ.

All dormant companies are exempt from preparing individual financial statements in accordance with s394A of Companies Act 2006.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

35 Notes to the cash flow statement

	2021 £'000	2020 £'000
Operating loss for the year	(1,363)	(1,693)
Adjustments for:		
Loss on disposal of tangible assets	121	55
Amortisation and impairment of intangible assets	15,127	10,421
Depreciation and impairment of tangible assets	2,040	1,849
Share-based payments	110	68
Movements in working capital:		
(Increase) / Decrease in debtors	(3,533)	859
Increase / (decrease) in creditors	941	652
Increase / (decrease) in provision	10	3
Cash generated from operations	13,453	12,214

Included in cash generated from operations of £13,453k (2020: £12,214) is cash outflow relating to exceptional items of £4,218k (2020: £3,718k).

Analysis of changes in net debt:

	At 1 January 2021 £'000	Cash flows £'000	Acquired £'000	Non-cash changes £'000	At 31 December 2021 £'000
Cash at bank and in hand	7,585	(4,356)	491	-	3,720
Bank loans	(97,700)	(3,000)	-	-	(100,700)
Shareholder loans - principal	(61,431)	-	-	-	(61,431)
Interest on shareholder loans	(7,221)	-	-	(6,867)	(14,088)
Deferred financing costs	4,246	28	-	(911)	3,363
	(154,521)	(7,328)	491	(7,778)	(169,136)

In respect of the non-cash changes, interest on shareholder loans were deferred at the Group's option.

The non-cash charge of £911k for deferred financing costs relates to £887k of amortisation and the reversal of the £24k cost accrued in 2020. The actual amount paid in 2021 was £28k.