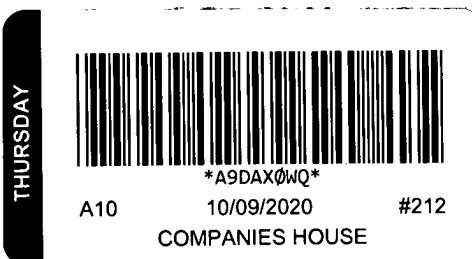


Company Registration No. 05876680 (England and Wales)

**FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN
AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019



FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

COMPANY INFORMATION

Directors	N Howell O Saleh	(Appointed 16 March 2019) (Appointed 16 March 2019)
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Secretary	FirstPort Secretarial Limited
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Company number	05876680
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Registered office	Queensway House 11 Queensway New Milton Hampshire United Kingdom BH25 5NR
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Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place Charing Cross London England WC2N 6RH
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Bankers	Royal Bank of Scotland 156 High Street Southampton Hampshire S014 2NP
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FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

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FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present their annual report and audited financial statements for the 18 month period ended 31 December 2019 (the "period"). The company's accounting reference date was changed from 30 June to 31 December during the period to align with the rest of the Drive Topco Limited Group companies of which this company is apart of since its acquisition by FirstPort Limited on 16 March 2019. The company's name was changed from Barratt Residential Asset Management Limited to FirstPort Property Services No.5 Limited on 20 March 2019.

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

Principal activities

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

Directors

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

N Howell	(Appointed 16 March 2019)
O Saleh	(Appointed 16 March 2019)
A E Billson	(Resigned 16 March 2019)
D F Thomas	(Resigned 16 March 2019)
G M Ennis	(Resigned 16 March 2019)
A Taylor	(Resigned 16 March 2019)

Directors' insurance

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

Results and dividends

The results for the period are set out in the profit and loss account on page 6.

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

Employee

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

Future developments

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

We will continue to focus on sustaining excellent customer service, well-trained teams and introducing technological innovation to support our property managers and expanding into new growth areas of operation.

Strategic report

Advantage has been taken under section 414B of the Companies' Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from the requirement to prepare a strategic report.

Going concern

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

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

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

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

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

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

Directors' confirmations

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

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

On behalf of the board



O Saleh

Director

30 June 2020

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

Report on the audit of the financial statements

Opinion

In our opinion, FirstPort Property Services No.5 Limited's (formerly known as Barratt Residential Asset Management Limited) financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the 18 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Profit and loss account, the Statement of comprehensive income and the Statement of changes in equity for the period 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

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

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

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the 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 set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

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.

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. 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 Auditor
London
30 June 2020

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

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

PROFIT AND LOSS ACCOUNT

		18 month period ended 31 December 2019 £	(Restated) Year ended 30 June 2018 £
	Notes		
Turnover	4	4,713,459	2,558,788
Administrative expenses		(3,990,133)	(2,038,583)
Exceptional items	5	(151,165)	-
Operating profit	6	572,161	520,205
Interest receivable and similar income		4,732	-
Interest payable and similar expenses		-	(2,089)
Profit before taxation		576,893	518,116
Tax on profit	9	(63,979)	(95,817)
Profit for the financial period/year		512,914	422,299

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

STATEMENT OF COMPREHENSIVE INCOME

	18 month period ended 31 December 2019 £	Year ended 30 June 2018 £
Profit for the period/year	512,914	422,299
Other comprehensive income	-	-
Total comprehensive income for the period/year	512,914	422,299

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

BALANCE SHEET


AS AT 31 DECEMBER 2019

		31 December 2019 £	30 June 2018 £
	Notes		
Fixed assets			
Tangible assets	10	-	21,462
Current assets			
Debtors	11	1,555,132	1,825,434
Cash at bank and in hand		526,765	476,545
		<u>2,081,897</u>	<u>2,301,979</u>
Creditors: amounts falling due within one year	13	<u>(707,742)</u>	<u>(1,772,200)</u>
Net current assets		1,374,155	529,779
Total assets less current liabilities		1,374,155	551,241
Provisions for liabilities	14	(256,178)	-
Net assets		<u>1,117,977</u>	<u>551,241</u>
Capital and reserves			
Called up share capital	17	2	2
Share-based payment reserve		-	18,568
Profit and loss account		1,117,975	532,671
Total equity		<u>1,117,977</u>	<u>551,241</u>

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

The notes on pages 9 to 25 and integral part of these financial statements.

The financial statements on pages 6 to 25 were approved by the board of directors and authorised for issue on 30 June 2020 and are signed on its behalf by:



O Saleh
Director

Company Registration No. 05876680

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2019

	Called up share capital	Share- based payment reserve	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 July 2017	2	7,436	110,372	117,810
Year ended 30 June 2018:				
Profit and total comprehensive income for the year	-	-	422,299	422,299
Total comprehensive income for the year	-	-	422,299	422,299
Share-based payment charge	-	11,132	-	11,132
Balance at 30 June 2018	2	18,568	532,671	551,241
Period ended 31 December 2019:				
Profit and total comprehensive income for the period	-	-	512,914	512,914
Total comprehensive income for the period	-	-	512,914	512,914
Share-based payment charge	-	53,822	-	53,822
Transfer from share-based payment reserve to profit and loss account	-	(72,390)	72,390	-
Balance at 31 December 2019	2	-	1,117,975	1,117,977

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS **FOR THE PERIOD ENDED 31 DECEMBER 2019**

1 Accounting policies

General information

FirstPort Property Services No.5 Limited is a private company limited by shares and incorporated and domiciled in United Kingdom. The registered office is Queensway House, 11 Queensway, New Milton, Hampshire, United Kingdom, BH25 5NR.

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

1.1 Statement of compliance

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

1.2 Summary of significant accounting policies

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

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

1.3 Basis of preparation

These financial statements are prepared on a going concern basis and under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.4 Going concern

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

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

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

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

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Exemptions for qualifying entities under FRS 102

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

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

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

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

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

1.6 Revenue recognition

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

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

(i) Residential property management services

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

(ii) Recharge of house managers' employment cost

Amounts collected from customer in relation to the employment of house managers and deputies to oversee individual developments managed by the Group are recognised as net of cost. The Group is considered to be an agent as it does not have exposure to significant risks and rewards associated with the rendering of this services. In the current period, the company made changes to this revenue recognition policy, refer to note 2 for further details.

1.7 Exceptional items

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

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.8 Employee benefits

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

(i) Short term benefits

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

(ii) Defined contribution pension plans

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

(iii) Annual bonus plan

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

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.9 Taxation

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

Current or deferred tax assets and liabilities are not discounted.

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.10 Tangible 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 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 three to five years
---	--

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

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 company and the cost can be measured reliably.

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

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.

1.11 Leased assets

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

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

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

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.12 Impairment of non-financial assets

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

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

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

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

1.13 Cash and cash equivalents

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

1.14 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.15 Financial instruments

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

(i) Financial assets

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

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

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

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

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

(ii) Financial liabilities

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

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

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

(iii) Offsetting

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

(iv) Client monies held

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

1.16 Share Capital

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

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.17 Related parties

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

2 Restatement of turnover and cost of sales comparatives

The 30 June 2018 comparative information in the profit and loss account has been restated to correct the revenue recognition policy for recharges of house managers and deputies to oversee individual developments managed by the Group to its customers. Turnover and cost of sales were both reduced by £8,889,971 to £2,558,788 and £nil, respectively. There is no impact on net profits in 2018.

In the prior year, the company had considered itself a principal and had recognised these recharges gross of the related employee costs, where recharges were included within turnover and the related employee cost was stated within cost of sales in the profit and loss account. This has been determined to be incorrect resulting in an overstatement of turnover and cost of sales.

Upon the acquisition of this company by FirstPort Limited on 16 March 2019, the company undertook a reassessment of its revenue recognition policy, and determined that the company is an agent in these transactions. The company is not exposed to the significant risk and rewards associated with the rendering of these services. The amounts collected from customers are equal to the costs incurred and are recognised as net of costs incurred. This aligns the company's accounting policy to the Drive Topco Limited group of companies which this company is a part of since its acquisition.

3 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

Key sources of estimation uncertainty

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

(i) Development related provisions

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

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

4 Turnover

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

5 Exceptional items

	18 month period ended 31 December 2019 £	Year ended 30 June 2018 £
Integration costs	151,165	-

Exceptional items incurred in the period ended 31 December 2019 largely relate to the integration cost of FirstPort Property Services No.5 Limited (formerly known as Barratt Residential Asset Management Limited) into the Group after it was acquired on 16 March 2019 by FirstPort Limited.

6 Operating profit

	18 month period ended 31 December 2019 £	Year ended 30 June 2018 £
Operating profit for the period/year is stated after charging:		
Depreciation of owned tangible fixed assets	6,222	1,694
Operating lease charges	85,528	244,652

The cost of auditing these financial statements for the period/year was £12,500 (2018: £7,000). These cost have been borne by FirstPort Limited. There were no non-audit costs paid to the Company's auditors in the period/year (2018: £nil).

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

7 Employees

The average monthly number of persons employed by the company during the period was:

	18 month period ended 31 December 2019 Number	Year ended 30 June 2018 Number
Office and management	21	23
House managers and relief	168	149
	<u>189</u>	<u>172</u>

Their aggregate remuneration comprised:

	18 month period ended 31 December 2019 £	Year ended 30 June 2018 £
Wages and salaries	1,547,461	1,404,101
Share-based payments	53,822	11,132
Social security costs	478,886	165,195
Other pension costs	144,681	62,707
	<u>2,224,850</u>	<u>1,643,135</u>

The house managers oversee individual developments managed by the company. The employment cost of house managers is not included in the above table as these costs are recharged at cost to the developments managed by the company and therefore are not a cost to the company on account of the company being an agent for this transaction. These amounted to wages and salary costs of £6,173,442 (2018: £3,517,563), social security costs of £565,583 (2018: £315,955) and other pension costs of £139,442 (2018: £37,130).

8 Directors' remuneration

The directors are remunerated by FirstPort Limited and Drive Bidco Limited as their services to the company are merely incidental to their employment in other FirstPort divisional companies. Details of the directors' remuneration can be found in the financial statements of FirstPort Limited and Drive Bidco Limited.

Total Directors' remuneration for the year ending 30 June 2018 incurred by the company were £237,595. The director exercised 3,094 share options in during the year.

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

9 Tax on profit

	18 month period ended 31 December 2019 £	Year ended 30 June 2018 £
Current tax		
UK corporation tax on profits for the current period	51,869	95,741
Tax relating to prior year adjustments recognised in profit or loss	8,432	5,231
Total current tax	60,301	100,972
Deferred tax		
Origination and reversal of timing differences	18,710	(86)
Changes in tax rates	227	-
Adjustment in respect of prior periods	(15,259)	(5,069)
Total deferred tax	3,678	(5,155)
Total tax charge	63,979	95,817

The actual charge for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	18 month period ended 31 December 2019 £	Year ended 30 June 2018 £
Profit before taxation	576,893	518,116
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19%)	109,610	98,442
Tax effect of expenses that are not deductible in determining taxable profit	3,029	1,387
Adjustments in respect of prior years	(6,827)	162
Effect of change in corporation tax rate	227	-
Group relief	(65,926)	-
Share options charge	10,257	(4,174)
Transfer pricing	13,609	-
Taxation charge for the period	63,979	95,817

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

9 Tax on profit

(Continued)

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

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

10 Tangible assets

	Office equipment, fixtures and fittings £
Cost	
At 1 July 2018	60,106
Additions	700
Disposals	(36,087)
At 31 December 2019	24,719
Accumulated depreciation and impairment	
At 1 July 2018	38,644
Depreciation charged in the period	6,222
Eliminated in respect of disposals	(20,147)
At 31 December 2019	24,719
Carrying amount	
At 31 December 2019	-
At 30 June 2018	21,462

11 Debtors

	31 December 2019 £	30 June 2018 £
Amounts falling due within one year:		
Trade debtors	29,220	1,780,168
Amounts owed by group undertakings	1,248,446	-
Prepayments and accrued income	272,000	36,123
Deferred tax asset (note 15)	5,466	9,143
	<u>1,555,132</u>	<u>1,825,434</u>

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

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

12 Client monies

Residents' net cash balances held in client bank accounts with The Royal Bank of Scotland at 31 December 2019 were £17,403,370 (2018: £16,865,937). The client bank accounts are held by way of Statutory Trust on behalf of the properties managed and are not available to the company.

13 Creditors: amounts falling due within one year

	31 December 2019 £	30 June 2018 £
Trade creditors	900	-
Amounts owed to group undertakings	88,404	980,887
Corporation tax	51,869	95,741
Other taxation and social security	414,631	-
Other creditors	-	417,458
Accruals and deferred income	151,938	278,114
	<u>707,742</u>	<u>1,772,200</u>

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

14 Provisions for liabilities

	31 December 2019 £	30 June 2018 £
Development related provisions	<u>256,178</u>	<u>-</u>
Movements on provisions:		
		£
Additional provisions in the period		276,886
Utilisation of provision		(20,708)
At 31 December 2019		<u>256,178</u>

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

Whilst significant progress has been made in addressing these claims, and management continue to assess them on their merits, a provision of £256,178 has been recognised at the period end.

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 30 December 2019 £	Assets 30 June 2018 £
Balances:		
Short term timing differences	-	7,014
Fixed asset timing differences	5,466	2,129
	<u>5,466</u>	<u>9,143</u>
		2019
Movements in the period:		£
Asset at 1 July 2018		9,143
Charge to profit or loss		(3,677)
		<u>5,466</u>
Asset at 31 December 2019		<u>5,466</u>

The net deferred tax asset expected to be utilised in 2020 is £nil (2019: £nil). This primarily relates to the unwinding of timing differences in capital allowances.

16 Retirement benefit schemes

Defined contribution schemes

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

The charge to profit and loss in respect of the defined contribution scheme in this period was £144,681 (2018: £62,707).

17 Called up share capital

	31 December 2019 £	30 June 2018 £
Ordinary share capital		
Issued and fully paid		
2 (2018:2) ordinary shares of £1 (2018:£1) each	2	2
	<u>2</u>	<u>2</u>

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

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

18 Contingent liabilities

In 2019, the company is party to a Group Debenture secured over all of its assets in favour of Lucid Trustee Services Limited as a Security Agent acting on behalf of NatWest and Pemberton. The Borrower is FirstPort Limited. The loan balance and accrued interest payable outstanding at the balance sheet date were £64,200k, excluding deferred financing costs and £1,022k respectively.

19 Operating lease commitments

Lessee

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

	31 December 2019 £	30 June 2018 £
Within one year	-	184,634
Between two and five years	-	468,727
	<u>-</u>	<u>653,361</u>

20 Events after the reporting date

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

21 Related party transactions

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

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

FIRSTPORT PROPERTY SERVICES NO.5 LIMITED (FORMERLY KNOWN AS BARRATT RESIDENTIAL ASSET MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

22 Controlling party

The immediate parent undertaking is FirstPort Limited.

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

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

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