

Company Registration No. 05876680 (England and Wales)

**FIRSTPORT PROPERTY SERVICES NO.5 LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	N Howell O Saleh
<b>Secretary</b>	FirstPort Secretarial Limited
<b>Company number</b>	05876680
<b>Registered office</b>	Queensway House 11 Queensway New Milton Hampshire United Kingdom BH25 5NR
<b>Bankers</b>	NatWest Group 156 High Street Southampton Hampshire SO14 2NP

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# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

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# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 DECEMBER 2020

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The directors present their annual report and the financial statements for the year ended 31 December 2020 (prior period covered 18 months ending 31 December 2019).

#### **Principal activities**

The principal activity of the FirstPort Property Services No. 5 Limited (the "Company") is the provision of residential property management and related services within the UK. The Company forms part of the FirstPort division of Drive Topco Limited (the "Group").

#### **Directors**

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

N Howell

O Saleh

#### **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 provisions made for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Results and dividends**

The results for the year ended 31 December 2020 are set out in the profit and loss account on page 3.

No ordinary dividends were paid for the year ended 31 December 2020 (18 months ended 31 December 2019: £nil). The directors do not recommend payment of a final dividend for the year ended 31 December 2020 (18 months ended 31 December 2019: £nil).

#### **Disabled persons**

The Group's policy is to enable and support recruitment of disabled workers. Assistance with initial training is given and we adapt the workplace as appropriate.

#### **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**

FirstPort's response to COVID-19 has proven the business to be both steadfast and adaptable. The business adapted its approach rapidly to make sure it could still deliver services to customers and clients in a safe and compliant way. An executive response group has been in place and meeting frequently since early March 2020 to manage the business' response to COVID-19. This group continues to meet weekly to ensure any adaptations to the business' approach in response to the changing situation and Government advice can be discussed, agreed, and implemented at pace.

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

## DIRECTORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 DECEMBER 2020**

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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 company and of the profit or loss 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.

On behalf of the Board



O Saleh  
**Director**

11 June 2021

# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

## PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020

### PROFIT AND LOSS ACCOUNT

	Notes	Year ended 31 December 2020 £	18 month period ended 31 December 2019 £
Turnover	3	3,363,764	4,713,459
Administrative expenses		(1,736,823)	(3,990,133)
Exceptional items	4	-	(151,165)
Operating profit	5	1,626,941	572,161
Interest receivable and similar income		-	4,732
Interest payable and similar expenses	8	(63)	-
Profit before taxation		1,626,878	576,893
Tax on profit	9	3,094	(63,979)
Profit for the financial year		1,629,972	512,914

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

### STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December 2020 £	18 month period ended 30 December 2019 £
Profit for the year/year	1,629,972	512,914
Other comprehensive income	-	-
Total comprehensive income for the year	1,629,972	512,914

# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

		31 December 2020	31 December 2019
	Notes	£	£
<b>Current assets</b>			
Debtors	10	3,613,189	1,555,132
Cash at bank and in hand		261,926	526,765
		<u>3,875,115</u>	<u>2,081,897</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,044,804)</u>	<u>(707,742)</u>
<b>Net current assets</b>		2,830,311	1,374,155
<b>Provisions for liabilities</b>	13	(82,362)	(256,178)
<b>Net assets</b>		<u>2,747,949</u>	<u>1,117,977</u>
<b>Capital and reserves</b>			
Called up share capital	16	2	2
Profit and loss account		2,747,947	1,117,975
<b>Total equity</b>		<u>2,747,949</u>	<u>1,117,977</u>

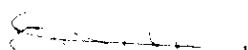
For the financial year ended 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006.

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

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

The notes on pages 6 to 21 and integral part of these financial statements.

The financial statements on pages 3 to 21 were approved by the board of directors and authorised for issue on 11 June 2021 and are signed on its behalf by:



O Saleh  
Director

Company Registration No. 05876680

# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2020

	Called up share capital	Share- based payment reserve	Profit and loss account	Total equity
	£	£	£	£
<b>Balance at 30 June 2018</b>	2	18,568	532,671	551,241
<b>Year ended 31 December 2019</b>				
Profit and total comprehensive income for the period	-	-	512,914	512,914
Total comprehensive income for the period	-	-	512,914	512,914
Transfer to profit and loss account	-	(72,390)	72,390	-
Share-based payment charge	-	53,822	-	53,822
<b>Balance at 31 December 2019</b>	2	-	1,117,975	1,117,977
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive income for the year	-	-	1,629,972	1,629,972
<b>Balance at 31 December 2020</b>	2	-	2,747,947	2,747,949



# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

### **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 has also considered the ongoing 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. In 2020, the impact of COVID-19 was felt in the Group's transactional revenue lines which is reliant on the property market. This involves the Group's lettings and resales services. Management have created a "severe" downside scenario which modelled the effect of reductions to revenue up to June 2022. The model assumed that all transactional revenue will be lost and no cost reduction efforts would be made. In this "severe" scenario, sufficient liquidity and headroom on the Group's covenants 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 Group generated cash in 2020 and ended the year with £7,585k cash with an unutilised £7.5m revolving credit facility.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 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
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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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 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 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.

#### (a) Critical judgements

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

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

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

##### (i) Development related provisions

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

##### (ii) Deferred Tax Assets

The recognition of deferred tax assets, particularly relating to previously incurred losses, requires judgement, 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.

### 3 Turnover

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

# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 4 Exceptional items

	Year ended 31 December 2020 £	18 month period ended 31 December 2019 £
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.

### 5 Operating profit

	Year ended 31 December 2020 £	18 month period ended 31 December 2019 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	-	6,222
Operating lease charges	-	85,528

### 6 Employees

The average monthly number of persons employed by the Company during the year was:

	Year ended 31 December 2020 Number	18 month period ended 31 December 2019 Number
Office and management	12	21
House managers and relief	178	168
	190	189

# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 Employees

(Continued)

Their aggregate remuneration comprised:

	Year ended 31 December 2020 £	18 month period ended 31 December 2019 £
Wages and salaries	752,647	1,547,461
Share-based payments	-	53,822
Social security costs	88,620	478,886
Other pension costs	44,660	144,681
	<u>885,927</u>	<u>2,224,850</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 £4,734,996 (18 months ended 31 December 2019: £6,173,442), social security costs of £452,008 (18 months ended 31 December 2019: £565,583) and other pension costs of £141,321 (18 months ended 31 December 2019: £139,442).

### 7 Directors' remuneration

The directors are remunerated by 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 Drive Bidco Limited.

### 8 Interest payable and similar expenses

	Year ended 31 December 2020 £	18 month period ended 31 December 2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Other interest	<u>63</u>	<u>-</u>

# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 9 Tax on profit

	Year ended 31 December 2020 £	18 month period ended 31 December 2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	51,869
Tax relating to prior year adjustments recognised in profit or loss	(151)	8,432
<b>Total current tax</b>	<b>(151)</b>	<b>60,301</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,846	18,710
Changes in tax rates	(3,710)	227
Adjustment in respect of prior periods	(1,079)	(15,259)
<b>Total deferred tax</b>	<b>(2,943)</b>	<b>3,678</b>
<b>Total tax (credit)/charge</b>	<b>(3,094)</b>	<b>63,979</b>

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	Year ended 31 December 2020 £	18 month period ended 31 December 2019 £
Profit before taxation	1,626,880	576,893
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19%)	309,107	109,610
Tax effect of expenses that are not deductible in determining taxable profit	-	3,029
Adjustments in respect of prior years	(151)	(6,827)
Effect of change in corporation tax rate	(1,079)	227
Group relief	(330,855)	(65,926)
Share options charge	-	10,257
Deferred tax adjustments in respect of prior years	(3,710)	-
Transfer pricing	23,594	13,609
<b>Taxation (credit)/charge for the year</b>	<b>(3,094)</b>	<b>63,979</b>

# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 9 Tax on profit

(Continued)

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would rise from 19% to 25%. As this law is yet to be substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Deferred tax balances at 31 December 2020 were measured at 19% (2019: 17%) for items that are expected to be charged or credited to the profit and loss account in the next financial year.

#### 10 Debtors

	31 December 2020	31 December 2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	139,499	29,220
Amounts owed by group undertakings	3,464,493	1,248,446
Prepayments and accrued income	788	272,000
Deferred tax asset (note 14)	8,409	5,466
	<u>3,613,189</u>	<u>1,555,132</u>

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

#### 11 Client monies

Residents' net cash balances held in client bank accounts with NatWest Group at 31 December 2020 were £18,354,009 (2019: £17,403,370). The client bank accounts are held by way of Statutory Trust on behalf of the properties managed and are not available to the Company.

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

	31 December 2020	31 December 2019
	£	£
Trade creditors	-	900
Amounts owed to group undertakings	360,548	88,404
Corporation tax	51,718	51,869
Other taxation and social security	440,429	414,631
Accruals and deferred income	192,109	151,938
	<u>1,044,804</u>	<u>707,742</u>

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

# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Provisions for liabilities

	31 December 2020 £	31 December 2019 £
Development related provisions	82,362	256,178
Movements on provisions:		
		£
At 1 January 2020		256,178
Additional provisions in the period		16,517
Reversal of provision		(166,980)
Utilisation of provision		(23,353)
At 31 December 2020		82,362

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 £82,362 (2019: £256,178) has been recognised at the period end.

### 14 Deferred taxation

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

	Assets 31 December 2020 £	Assets 31 December 2019 £
Balances:		
Fixed asset timing differences	8,409	5,466

# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 14 Deferred taxation (Continued)

	2020 £
<b>Movements in the year:</b>	
Asset at 1 January 2020	5,466
Credit to profit or loss	1,864
Effect of change in tax rate - profit or loss	1,070
Asset at 31 December 2020	<u>8,409</u>

The Company has an unrecognised deferred tax asset of £nil (2019: £nil).

### 15 Retirement benefit schemes

#### Defined contribution schemes

The Company operates a defined contribution pension scheme for all qualifying employees in the Group.

The charge to profit and loss in respect of the defined contribution scheme in this period was £44,660 (2019: £144,681).

### 16 Called up share capital

	31 December 2020 £	31 December 2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
2 (2019:2) ordinary shares of £1 (2019:£1) each	<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.

### 17 Contingent liabilities

The Company is party to a Group Debenture secured over all of its assets in favour of Lucid Trustee Services Limited as a Security Agent acting on behalf of NatWest and Pembertons. 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 £97,700k and £1,205k respectively (2019: £64,200k and £1,022k).

### 18 Related party transactions

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

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

# FIRSTPORT PROPERTY SERVICES NO.5 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **19 Controlling party**

The immediate parent undertaking is FirstPort Limited.

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

Drive Topco Limited, a company registered in the United Kingdom under registration number 12043031, is the parent undertaking of the smallest and largest 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.

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

There have been no events after the balance sheet date that have taken place that has materially affected the Company.