

Company Registration No. 06776392 (England and Wales)

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



# FIRSTPORT HMF LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	O Saleh N Howell
<b>Secretary</b>	FirstPort Secretarial Limited
<b>Company number</b>	06776392
<b>Registered office</b>	Queensway House 11 Queensway New Milton Hampshire United Kingdom BH25 5NR
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place Charing Cross London England WC2N 6RH
<b>Bankers</b>	Royal Bank of Scotland 156 High Street Southampton Hampshire S014 2NP

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# FIRSTPORT HMF LIMITED

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# **FIRSTPORT HMF LIMITED**

## **DIRECTORS' REPORT**

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

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

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

#### **Principal activities**

The principal activity of the company is investing in residential property. The company forms part of the FirstPort division of Drive Topco Limited (the "Group").

#### **Directors**

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

O Saleh  
N Howell

#### **Directors' insurance**

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

#### **Results and dividends**

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

No ordinary dividends were paid (2018: £1.8m). The directors do not recommend payment of a further dividend (2018: £nil).

#### **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.

It is expected that the company will become dormant.

#### **Going concern**

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

#### **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.

# FIRSTPORT HMF LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

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

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

#### Directors' confirmations

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

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

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



O Saleh

Director

30 June 2020

# FIRSTPORT HMF LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF FIRSTPORT HMF LIMITED

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## Report on the audit of the financial statements

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### Opinion

In our opinion, FirstPort HMF Limited's financial statements:

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

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

### 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.

### 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 on, 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.

# FIRSTPORT HMF LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF FIRSTPORT HMF LIMITED

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

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

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## 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.

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# FIRSTPORT HMF LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF FIRSTPORT HMF LIMITED

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#### 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 Auditors  
London  
30 June 2020



# FIRSTPORT HMF LIMITED

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

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### PROFIT AND LOSS ACCOUNT

	Note	2019 £	2018 £
Turnover	3	-	103,613
Net gain on investment properties	4	25,691	164,112
<b>Profit before taxation</b>	<b>5</b>	<b>25,691</b>	<b>267,725</b>
Tax on profit	8	24,330	(439,310)
<b>Profit/(loss) for the financial year</b>		<b>50,021</b>	<b>(171,585)</b>

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

### STATEMENT OF COMPREHENSIVE INCOME

	2019 £	2018 £
Profit/(loss) for the year	50,021	(171,585)
Other comprehensive income	-	-
<b>Total comprehensive income/(expense) for the year</b>	<b>50,021</b>	<b>(171,585)</b>

# FIRSTPORT HMF LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	2019 £	£	2018 £	£
<b>Current assets</b>					
Debtors	9	1,874,301		1,822,081	
Investment properties held for resale	10	-		223,807	
		1,874,301		2,045,888	
<b>Creditors: amounts falling due within one year</b>	11	(744,588)		(951,015)	
<b>Net current assets</b>			1,129,713		1,094,873
<b>Provisions for liabilities</b>	12		-		(15,181)
<b>Net assets</b>			1,129,713		1,079,692
<b>Capital and reserves</b>					
Called up share capital	14	200,001		200,001	
Profit and loss account		929,712		879,691	
<b>Total equity</b>			1,129,713		1,079,692

The notes on pages 9 to 19 and integral part of these financial statements.

The financial statements on pages 6 to 19 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. 06776392

# FIRSTPORT HMF LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

		Called up share capital £	Profit and loss account £	Total equity £
<b>Balance at 1 January 2018</b>		200,001	2,851,276	3,051,277
<b>Year ended 31 December 2018:</b>				
Loss and total comprehensive expense for the year		-	(171,585)	(171,585)
Dividends	15	-	(1,800,000)	(1,800,000)
<b>Balance at 31 December 2018</b>		200,001	879,691	1,079,692
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year		-	50,021	50,021
<b>Balance at 31 December 2019</b>		200,001	929,712	1,129,713

# FIRSTPORT HMF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

FirstPort HMF Limited is a limited company domiciled and incorporated in United Kingdom. The registered office is Queensway House, 11 Queensway, New Milton, Hampshire, United Kingdom, BH25 5NR.

The company invests in residential property within the UK.

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

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

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

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

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

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

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

# FIRSTPORT HMF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1 Accounting policies

(Continued)

##### 1.4 Going concern

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

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

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

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

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

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

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;

(ii) from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures of Drive Topco Limited;

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

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

# FIRSTPORT HMF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

##### 1.6 Revenue recognition

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

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

##### (i) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

##### 1.7 Taxation

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

Current or deferred tax assets and liabilities are not discounted.

##### (i) Current tax

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

##### (ii) Deferred tax

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

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

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

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

# FIRSTPORT HMF LIMITED

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

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### 1 Accounting policies

(Continued)

#### 1.8 Investment properties, including assets held for sale

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

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

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

#### 1.9 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, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

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.

#### 1.10 Cash and cash equivalents

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

#### 1.11 Provisions

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

# FIRSTPORT HMF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

##### 1.12 Financial instruments

The company has elected to adopt Section 11 and Section 12 of FRS 102 to all of its 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.

##### 1.13 Share capital

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

##### 1.14 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.



# FIRSTPORT HMF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 Critical accounting judgements and estimation uncertainty

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

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

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

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

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

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There were no 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.

### 3 Turnover

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

### 4 Net gain on investment properties

	2019	2018
	£	£
Net gain on investment properties comprises:		
Profit on disposals	25,691	147,937
Investment property fair value movement	-	16,175
	<u>25,691</u>	<u>164,112</u>

In 2019, the remaining portfolio of development manager properties were disposed of.

# **FIRSTPORT HMF LIMITED**

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

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### **5 Profit before taxation**

The cost of auditing these financial statements for the year was £5,810 (2018: £5,565). These costs have been borne by FirstPort Limited.

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

### **6 Employees**

There were no employees during the year (2018: none) with the exception of the directors.

### **7 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 divisional companies. Details of the directors' remuneration can be found in the financial statements of FirstPort Limited and Drive Bidco Limited.

# FIRSTPORT HMF LIMITED

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

### 8 Tax on profit

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	715,865
<b>Deferred tax</b>		
Origination and reversal of timing differences	(15,181)	(222,356)
Changes in tax rates	-	(54,199)
Adjustment in respect of prior years	(9,149)	-
Total deferred tax	(24,330)	(276,555)
Total tax (credit)/charge	(24,330)	439,310

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

	2019 £	2018 £
Profit before taxation	25,691	267,725
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	4,881	50,868
Adjustments in respect of prior years	(9,149)	-
Effect of changes in tax rates and laws	-	(54,199)
Group relief	(62,657)	-
Transfer pricing	19,792	7,189
Chargeable disposals	22,803	435,452
Total tax (credit)/charge for the year	(24,330)	439,310

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.

# FIRSTPORT HMF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 9 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	1,874,301	1,822,081

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

#### 10 Investment properties held for resale

	2019 £
<b>At 1 January 2019</b>	
Investment properties held for resale	223,807
Disposals	(223,807)
At 31 December 2019	-
<b>At 31 December 2019</b>	
Investment properties held for resale	-

All investment properties held for sale as at 31 December 2018 were disposed in April 2019, receiving £249k in cash proceeds.

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

	2019 £	2018 £
Bank loans and overdrafts	66	-
Amounts owed to group undertakings	373,254	377,828
Corporation tax	371,268	380,417
Accruals and deferred income	-	192,770
	744,588	951,015

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

#### 12 Provisions for liabilities

	2019 £	2018 £
Deferred tax liability (note 13)	-	15,181
	-	15,181

# FIRSTPORT HMF LIMITED

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

### 13 Deferred taxation

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

	Liability 2019 £	Liability 2018 £
Investment property	-	15,181
<b>Movements in the year:</b>		<b>2019 £</b>
Liability at 1 January 2019		(15,181)
Credit to profit or loss account		15,181
Liability at 31 December 2019		-

There are no unused tax losses or unused tax credits.

### 14 Called up share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
200,001 (2018: 200,001) Ordinary shares of £1 each	200,001	200,001

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

### 15 Dividends

	2019 £	2018 £
<b>Equity - ordinary</b>		
Final paid	-	1,800,000

No dividends were paid in 2019 (2018: £1,800k).

### 16 Contingent liabilities

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

# **FIRSTPORT HMF LIMITED**

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

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

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#### **17 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.

#### **18 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, Cardiff, CF4 3UZ or from the Company's registered office at Queensway House, 11 Queensway, New Milton, Hampshire, UK, BH25 5NR.

#### **19 Events after the reporting date**

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