

PARENT ACCOUNTS OF:

KNIGHT SQUARE HOLDINGS LIMITED
Company Number: 07925023

Company Registration No. 12043031 (England and Wales)

DRIVE TOPCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



DRIVE TOPCO LIMITED

COMPANY INFORMATION

Directors	P J Lester	(appointed on 16 January 2020)
	N Howell	
	O Saleh	
	T A Swales	
	I G Boman-Flavel	(appointed on 13 February 2020)
	D K Young	(appointed on 26 November 2020)
Company number	12043031	
Registered office	Queensway House 11 Queensway New Milton Hampshire United Kingdom BH25 5NR	
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London United Kingdom WC2N 6RH	
Bankers	NatWest Group 156 High Street Southampton Hampshire SO14 2NP	

DRIVE TOPCO LIMITED

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DRIVE TOPCO LIMITED

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

A resilient performance in an unprecedented year

I am pleased to report the financial results for the year ended 31 December 2020 for Drive Topco Limited Group and its operating and trading business, FirstPort Limited and its subsidiaries (collectively, "FirstPort" and the "Group"). FirstPort is a leading provider of UK residential property services and also offers management of residential and commercial assets for its client base.

Drive Topco Limited was incorporated on 11 June 2019 and the Group was formed on 6 September 2019 following the acquisition of Knight Square Holdings Limited Group, which FirstPort is a part of. The financial statements on pages 27 to 74 therefore shows comparatives for the 7 month period from incorporation which includes trading for the 4 month period since the acquisition of Knight Square Holdings Limited Group on 6 September 2019.

This report will provide commentary on the 2020 year and its comparatives to the 12 months performance of the FirstPort businesses in 2019 to allow for meaningful analysis and to demonstrate the strength of the business as the 2019 Group results are not a full year comparative in these financial statements.

FirstPort

As the world grappled with the unprecedented impact of a global pandemic, I am pleased to report that FirstPort has been stable and resilient throughout 2020, with an unwavering focus on the wellbeing of customers, employees, and supply chain.

FirstPort is a significant provider of residential property management services in the UK and has further cemented its position as the largest private residential property manager in what remains a highly fragmented market. With almost 290,000 homes under management, across 5,000 developments, FirstPort continues to play a key role in driving higher standards across the sector and championing a customer-first approach. FirstPort's customer service performance and brand reputation also continued to improve in 2020.

COVID-19

FirstPort responded well to the challenges presented by COVID-19. Services continued to be delivered for residential customers and clients with adapted operational strategies to respond to changing Government guidance. Field and office-based employees adapted well to remote working and productivity remained high. Most site-based employees remained in place at developments to provide essential support for their residents in a socially distanced and safe way. This has been especially important for FirstPort's more vulnerable residents, particularly the retirement households it supports across 1,500 independent retirement communities. While some revenue streams have inevitably been delayed or impacted such as our resale services, the business has responded prudently to ensure continued high service for customers and clients alongside a stable financial performance during this unprecedented period.

Market change

Changing Government guidance on building and fire safety has continued to present challenges for the whole residential property management sector. FirstPort has responded well, with the formation of a dedicated building safety team to manage applications to relevant Government funding streams including the coordination of investigative and remediation works. This team has been constructed to ensure residential customers are well supported through these processes.

Group outlook

FirstPort has demonstrated its resilience through 2020 and is well positioned to successfully meet the changing demands of an evolving industry landscape. The business remains in a strong position moving out of 2020, having made two strategic acquisitions and a record orderbook of new business to mobilise.

The Board remains committed to delivering market-leading services through excellent customer service, the deployment of a new technology-enabled platform soon, and outstanding employee engagement. FirstPort is ready to further build upon its position as a leading residential service provider.

Paul Lester CBE

Chairman

30 April 2021

DRIVE TOPCO LIMITED

STRATEGIC REPORT- CEO STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

Our 2020 strategic development paves the way to achieving our growth potential

Principal activities

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

- Our residential offerings which encompasses procuring and delivering services to residential customers in communal developments – from blocks of apartments to estates of houses
- Our client-based offering which encompasses the management of residential and commercial assets for our investor client base. Additional services offered in this segment include ground rent collection, consulting, surveying, lettings, and resale services

Our purpose

FirstPort's primary objective is to ensure that residents living in developments it manages, are safe and well-served within the legislative regime. Our 3,800 employees help us achieve our objectives daily, caring for the places our customers call home. They do their utmost to ensure that buildings where our residents live and share with their neighbours are safe, clean, and comfortable. Customers don't have to worry about finding the right supplier, getting the best deal, working out how to split the bill with their neighbours, or making sure there's enough money in their development's bank account to pay for everything – FirstPort manages all of that so our customers can get on with enjoying their homes and communities.

For our investor clients, our approach is centered around supporting their residents and the assets they own. We provide regular updates through our reporting tools to ensure investors have accurate and up to date information to make the decisions they need. Whether we are managing a customer's home or a clients' asset, we seek to nurture strong relationships with all stakeholders to aid understanding and support their needs.

Our operating model

Since the acquisition of Mainstay in September 2020, FirstPort's business is structured into two main operating divisions that are independent from each other with their own leadership team, brand, and policies – residential services, and commercial and asset management.

The residential services division is delivered under the FirstPort brand (Business to Consumer) and consists of six operational areas of focus that each care for their specific residential customer in its own unique way with its own dedicated team to deliver a high quality service for that segment. The operational areas are, Luxury, Large and Complex, Property Services, Estates, Build To Rent delivery, and Retirement.

The commercial and asset management division is delivered under the Mainstay brand (Business to Business), acts independently and provides confidence to our client base that their assets are in safe hands. Under this division a range of services are provided which include commercial facilities management, residential asset management and residential market services (ground rent collections, build-to-rent operations, lettings and sales).

Both divisions are supported by centralised professional in-house teams that provide their expertise across a wide range of areas to ensure that customers and clients receive the exceptional service required.

Market backdrop

FirstPort is the largest private residential property manager, with a portfolio of 290,000 homes across 5,000 developments. There are an estimated 5.3 million leasehold homes in England, of which 65% are managed. The Government has set a target for new builds annually at circa 0.3 million per annum. The target is expected to be achieved in the future with all measures indicating that housing demand in the UK remains high thus highlighting the growth potential of the UK housing market.

DRIVE TOPCO LIMITED

STRATEGIC REPORT- CEO STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

As a result of the COVID-19 pandemic, most of the country spent more time at home in 2020 than ever before. The importance of having a well-managed home environment and the positive benefits of communities have never been clearer. FirstPort adapted its approach to meet guidelines on safety and wellbeing but ensured where possible that community spirit and on-going management of common areas continued. As such, FirstPort is well positioned to continue to grow, supporting residential customers in both new build and existing communities who value a professional approach to the management of their homes.

Residential Market

While the national response to COVID-19 earlier in 2020 inevitably slowed the new build market due to construction and sales shutdowns, this picked up again during the second half of the year as the country adapted to the 'new normal'. Most new build developments take several years to complete and unwind into active management, meaning FirstPort's new build orderbook continued to mobilise in 2020 despite delays.

The Government's stamp duty holiday also stimulated increased demand and consumer confidence, with the number of sales agreed in 2020 up 10% compared to 2019. While it remains to be seen whether this demand will be sustained after the stamp duty holiday ends in June, it seems unlikely that house buying activity will slump as the country recovers from the impact of COVID-19.

Building and fire safety remains a priority

Sector-wide challenges relating to building and fire safety have continued, with an anticipated 1.27m flats across the UK impacted by changing Government guidance with many leaseholders now required to obtain an External Wall System fire review form ("EWS1"). As a result, some impacted leaseholders are struggling to re-mortgage or sell their homes, with an estimated 30,000 house sales having already fallen through as a result. FirstPort, like property managers across the country, sees first-hand the customer concerns and frustrations as these legacy safety issues are tackled.

As of February 2021, the Government has committed to making a total of £5bn funding available to help impacted leaseholders in buildings over 18 metres in height to remediate their buildings in line with these standards. However, it is yet to be seen if this will be sufficient. For buildings under 18 metres, funding is not available and at present the Government is suggesting the offering of a loan scheme for impacted leaseholders.

FirstPort's sector leading health and safety expertise has underpinned our response to these challenges, and a separate building safety team has been formed to support both customers and clients. The business made 173 registrations to the non-ACM remediation fund on behalf of building owners and leaseholders. While the Fund continues to assess registrations during 2021, FirstPort's response and approval rate for applications is tracking above the national average. This is a positive step forward for leaseholders, but inevitably due to the size of the fund and number of buildings submitted nationally, the outcome remains uncertain. We are working hard to support all those impacted during this uncertain and challenging time. Our priority is the safety of our residents and we will be doing all we can to help them work through their funding outcome and any necessary remediation of their building including ongoing engagement with Government and across the sector to seek helpful and practicable solutions.

In 2020, FirstPort's building safety team also successfully secured over 1,100 new EWS1 forms for more than 440 residential developments in our care, positively impacting over 8,100 homes at these sites and enabling many of these customers to move or remortgage.

National awareness of these challenges has significantly increased in 2020, with media campaigns telling the very human stories of impacted leaseholders and seeking positive change to unlock this situation. The sector's industry bodies, FirstPort and other leading property managers, are continuing to work together with all parties, including lobbying Government, to seek practical solutions and support for leaseholders.

Regulatory Reform

Government momentum towards possible changes to the leasehold system has continued, along with

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STRATEGIC REPORT- CEO STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

consideration of future regulation for managing agents. The driver for these reforms is increased support for consumers, giving leaseholders greater say over how their developments are run and greater confidence in the organisations' managing their homes

While leasehold reform will likely give residents greater responsibility in the future, complex residential buildings and developments will continue to need professional managers with a range of skills and well-trained staff working to high standards. FirstPort already looks after more than 1,000 resident managed developments, estimated to be the largest resident managed portfolio in the UK. In a recent survey conducted with some of our resident directors, 79% of respondents indicated that their property manager was their first point of call for support and advice. Trust, quality, and service also ranked as most important to respondents when it came to their managing agent.

These findings confirm that FirstPort is well placed to support customers with the management of their developments both now and in the future and we have long welcomed greater resident engagement and involvement

Mandatory regulation of managing agents also presents an opportunity for FirstPort. Having embraced voluntary regulation via ARMA-Q accreditation many years ago, we already work to the high standards that the whole sector is likely to be held to in due course. We are supportive of this drive towards sector-wide regulation, which will undoubtedly set higher standards and give consumers much needed trust and confidence in the services delivered by professional property managers. Some market consolidation can be expected as a result of these on-going reforms, which represents an opportunity for acquisitive growth and professionalisation

COVID-19 response

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.

Despite the challenges presented by COVID-19, FirstPort has remained resilient with stable year-on-year adjusted EBITDA and cash generation, continued organic and acquisitive growth, and on-going improvements to customer sentiment and brand reputation.

Our site-based staff remained in place throughout the pandemic to provide critical services for residents, making sure that their development continued to run safely and smoothly. The presence of our on-site teams has been important. We adapted our management approaches to make sure we could deliver our services while keeping both our employees and residents safe. Every development is different, from amenities to concierge desks and parcel rooms, meaning there was no 'one size fits all' approach. Our operations teams have worked hard to apply corporate and Government guidance to their developments to ensure that a suitably adapted approach was in place for every property in our care.

For our most vulnerable residents in the retirement communities we manage, our employees went above and beyond for their customers. We introduced enhanced cleaning regimes, as well as visitor and communal space restrictions well ahead of the first national lockdown in March 2020 to make sure our residents were protected. Our retirement development managers have remained on site to support their customers throughout the pandemic and have adapted their routines to make sure social distancing and hygiene measures were in place.

We also recognised that isolation and loneliness was likely to prove as much of a challenge to the residents as the physical risks presented by COVID-19, particularly while communal lounges were shut for safety reasons. Our development managers continued to check in on all their customers regularly, making calls to residents.

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STRATEGIC REPORT- CEO STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

apartments rather than physically visiting, and we shared weekly written updates with our retirement customers, along with packs of puzzles and crosswords for those who wanted something to help keep them entertained. Our regular retirement magazine and videos also provided helpful diet and exercise tips, as well as interesting articles.

FirstPort's office and field-based employees also adapted well to their change in working patterns. At the start of the pandemic, the business rapidly mobilised to enable remote working for all these staff, including those working in our customer contact centres. Productivity remained high and employees demonstrated a continued commitment to delivering excellent customer and client service. Employees have been surveyed and the majority have indicated a preference towards a flexible working approach post-COVID-19, combining increased home working as well as some time in the office. As a result, we are continuing to assess our office footprints and environments with our future working patterns in mind.

Five-star Health and Safety

In 2015, FirstPort was the first organisation within the property management sector to achieve a five-star rating from the British Safety Council. Five years later, we have achieved our fifth consecutive five-star rating in our Occupational Health and Safety Audit in 2020, as well as receiving the British Safety Council's prestigious Sword of Honour in 2019, recognising excellence in health and safety management.

When looking after people's homes, safety is of the utmost importance. These assessments of our health and safety performance have consistently recognised the embedded culture across our organisation, a clear commitment from senior management, an enthusiastic health and safety team and good processes for stakeholder engagement, compliance monitoring and building management. We take our obligations for safety across office, operational, and development sites very seriously, along with the risks to staff travelling between locations. These obligations extend to staff, residents, visitors, contractors, and members of the public. Risks are mitigated by our strong health and safety culture, a safety risk register, continuous monitoring and reporting of accidents and near misses.

Acquisitive Growth

FirstPort has continued to grow in 2020, making two strategic acquisitions that further strengthens its position as sector leader. On 15 September 2020, FirstPort acquired 100% of the share capital of the Mainstay Group ("Mainstay") and on 2 December 2020, 100% of the share capital of the Chamonix Group ("Chamonix"). The combined acquisitions added approximately 92,000 homes to the Group, and we aim to ensure that their residents benefit from the combined skills that will be nurtured together to deliver their service. Costs associated with the transactions can be found in the exceptional spend highlighted in the profit and loss account.

In a fragmented market that is undergoing regulatory scrutiny for the right reasons, we feel that it is important that the varied skill sets in the market are combined where possible. Our aim in doing so, is to provide continuity for those smaller organisations that may struggle with ongoing regulatory change and increased standards whilst harnessing their capabilities to provide customers and clients with professional management. FirstPort, though the largest UK property manager, remains a small proportion of the market so the potential to support others whilst retaining customer choice, is attainable.

Tech-enabled future of FirstPort

FirstPort has continued to invest in technology throughout 2020 via our comprehensive transformation programme. The first phase is due to complete and roll-out in 2021 with additional functionality and services being added at later stages.

Our principles when embarking on this approach was to truly become a connected enterprise, add value to all stakeholders, customers, clients, suppliers, and employees. We seek to differentiate ourselves through the

DRIVE TOPCO LIMITED

STRATEGIC REPORT- CEO STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

platform being built by connecting stakeholders seamlessly and in ways and at times that are convenient to them. The data access and improved communication will improve significantly making responding to the challenges our sector faces easier to adapt to. However, we have been clear that this isn't just a tech-enabled approach so through our design phases we have sought to remove the administrative burden our service dictates allowing our colleagues to spend more time on proactive engagement with customers and clients to ultimately deliver a market-leading service that they deserve. We feel this technology enabled but people first approach brings a unique and distinctive blend of caring for homes backed by helpful technology that best responds to modern lifestyles.

Our People

We recognise that our people play a leading role in our service delivery and are central to how our brand is experienced in homes and in society. In 2020, we had the privilege of welcoming new colleagues from Mainstay and Chamonix, taking us to over 3,800 employees by the end of the year. While our people cover a wide range of skills and disciplines, they are united in their professionalism and dedication to doing the right thing for their customers.

Our commitment to our employees has again been recognised by the Top Employers Institute. Following a rigorous assessment in late 2020, FirstPort has been named one of the UK's 2021 Top Employers – a prestigious certification which we have now achieved for the third consecutive year. This accreditation, alongside our 4.2 out of 5 rating on employee review site, Glassdoor, sets FirstPort apart from our competitors as a true industry leader.

We operate a robust and active equal opportunity policy, and pride ourselves on our diverse workforce. Our employees successfully bring together different competencies, skills and specialisms, educational backgrounds, ethnicity, religious beliefs, and physical abilities, and we judge performance without prejudice or discrimination. All colleagues are welcomed and supported in our inclusive culture. Our policy enables and supports the recruitment of disabled workers. We provide assistance needed with initial training and we adapt the workplace as appropriate.

As a business, we consult and discuss with employees, both individually and collectively, about any matters likely to impact their interests. We value open communication, with important information and updates shared with employees through regular news bulletins, as well as monthly CEO and executive updates, to ensure all our employees are aware of any factors affecting our business.

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

We place great importance on making sure our employees are trained and develop their potential. Our management process helps to regularly identify any additional training that may be required to help employees pursue and remain competent for their roles. Our e-learning platform includes training modules designed to make sure we all, act in a lawful and compliant way while conducting day to day duties, this includes data privacy, anti-bribery and anti-money laundering, modern slavery and health and safety legislation. For high risk topics, employees are required to complete this training annually. To support employee growth online training modules also cover a range of development topics, from becoming a great leader through to how to mentor and coach others.

Our investment in our people has continued, despite the challenges presented by 2020, and e-learning has become even more important than ever with our leading on-boarding programme adapted for our online learning environment. Our well-established mentor/mentee programme has continued, giving employees new opportunities to develop, learn new skills and progress their careers at FirstPort. We also continued to support our employees to pursue relevant professional qualifications, particularly with the Institute of Residential Property Management (IRPM).

DRIVE TOPCO LIMITED

STRATEGIC REPORT- CEO STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

We welcomed the fifth annual intake of our successful graduate scheme in September 2020, giving seven graduates the opportunity to become residential property managers at the end of their 12-month programme. Each graduate is given an executive mentor, providing invaluable senior support and guidance as they embark on their careers. Despite COVID-19, we were proud to welcome a similar size graduate cohort to normal and while the scheme had to be adapted to facilitate increased home working, the graduates are still performing well in their placements.

Financial and operational performance

FirstPort's 2020 results have been pleasing especially in a year that brought unprecedented challenges for the UK and Global economies. We have seen a steady and resilient performance with a small improvement financially year on year based on adjusted EBITDA, but what has made me exceptionally proud, is the manner in which we managed operationally, the dedication our teams demonstrated to customers and clients, and the minimal disruption created in service through their commitment. We had strict guidelines to follow, our customer base has been very understanding and in return we built strong relationships that helped us emerge more agile, more energetic and more customer focused than ever before.

Our sector has seen challenges additional to COVID-19 that impacted normal business operations. These challenges encompass areas such as the new building safety regime, the slow-down in the housing market in earlier 2020 and the requirement of an EWS1 form for leaseholders selling or re-mortgaging their homes. However, our scale and financial dynamics helped us invest in areas that needed the additional resource and flexibility in areas that experienced temporary downturns. The lessons learnt from 2020 have been positive for the business and the agility created in our operations should help us pursue future growth opportunities. Our balance sheet remains in a strong position and our liquidity has performed as expected and remains positive for the foreseeable future. We understand we are fortunate to have such positive dynamics and explain more detail on our financial performance on page 9.

Social Responsibility

Ethical standards and principles

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

Centrepoin

We recognise and take seriously our responsibility to positively impact the quality of life of our employees, their families, and the wider communities in which we operate. Following an employee vote in 2018, Centrepoin, a leading youth homelessness charity, was selected as our corporate charity partner. Since our partnership began in December 2018, FirstPort has raised more than £91,000 for Centrepoin.

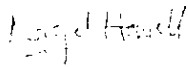
DRIVE TOPCO LIMITED

STRATEGIC REPORT- CEO STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Outlook

The alignment of increased customer empowerment, higher safety and professional standards, the prospect of connected technology, and a culture of caring for people's home environments, creates unique opportunities. Backed by a financial resilience that withstood the global economic challenges of 2020, means we remain positive about the prospects ahead.



Nigel Howell

Director

30 April 2021

DRIVE TOPCO LIMITED

STRATEGIC REPORT - FINANCIAL REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2020

Group financial performance

	2020	2019	Change
	£'000	£'000	%
Revenue	66,786	60,814	10%
Adjusted EBITDA	13,484	12,803	5%

Revenue and adjusted EBITDA for the 2019 year has been taken from the 2019 Knight Square Holdings Limited Group financial statements (continuing operations only as this relates to FirstPort) to allow for a 12 month comparative analysis

The 2020 year has been unlike any other due to the unprecedented COVID-19 global pandemic. Social and economic lockdowns along with restrictions for much of the year have led to uncertainties for most businesses across the UK and around the world. The impact of such events has gone beyond financial results, so the focus was to maintain stability and support the various stakeholders of our business. During this period, the Group benefited from its resilient characteristics with revenue streams and adjusted EBITDA largely stable compared to prior year. Some discretionary cost reductions have been put in place to help soften the impact of market affected areas and we did carry out some restructuring to help us emerge leaner and more agile for the future. The Group remained cash generative in these challenging conditions with a very stable balance sheet and liquidity profile.

The change in the economic climate also enabled management to conduct an in-depth review of the businesses cost base and its resources to ensure it remains relevant to the requirements of both the current and future UK environment. The result of the review re-shaped the Groups fixed cost base with fewer paper transactions occurring, a reduced office footprint and a flexible 'new way of working' for its employees. These changes have meant permanent efficiencies are now in place and more benefits will be derived in the following year. More importantly, the agile approach will mean an enhanced level of service for our customers which will only improve further when our new systems roll out in 2021.

Health and safety continue to be the Group's top priority, and changes to regulation required the Group to invest significantly in specific areas to help manage the increased complexity. Such changes include the Building Safety Fund, Waking Watch Fund and External Wall System (EWS1) processes. We understand that legislative changes have caused concern for our customers and clients, and our investment has been made to help equip the business reduce such concerns as best as we can.

Revenue

Group revenues for 2020 were £66.8m, showing an increase of 10% on prior year (2019: £60.8m). Growth came from acquisitions with Mainstay trading for three and a half months and Chamonix for one. In addition to building on the core base of FirstPort, Mainstay provided new revenue streams in the commercial and asset management space, as well as an expanded client base. This provides a great platform to build on these new products and extend our reach across the property market. Organic growth was evident in the underlying business when the impact of COVID-19 is removed. COVID-19 impacted areas were largely the variable revenue streams that correlate to market conditions, and we expect these to largely return in 2021.

The growth can be clearly seen from the units under management increasing to 290,000 in the year from 196,000 in 2019. Mobilisations performed especially well given the closures that took place, and acquisitions added 92,000 units which came online during the last quarter of the year. The full year revenue impact of the acquired units will be seen in 2021. The record order book of 86,000 units as at December 2020 further demonstrates the long-term health of the business, with record organic wins of 17,000 units in the year.

Adjusted EBITDA

The Group's adjusted EBITDA for 2020 was £13.5m, representing an annual increase of 5% from £12.8m in 2019. Acquisitive growth has been the main contributor justifying additional investment made in this area with the acquisition of Mainstay and Chamonix, which brought a broader skill set across the Group in addition to increased adjusted EBITDA.

Adjusted EBITDA excludes interest expense, taxation, depreciation, amortisation, loss on disposal of assets, exceptional items & share based payments.

DRIVE TOPCO LIMITED

STRATEGIC REPORT - FINANCIAL REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2020

Exceptional items and loss before taxation

Exceptional items of £2.8m in 2020 are one-off in nature and mainly relate to the integration of acquisitions along with restructuring costs following a management review of the business. After exceptional items, depreciation, amortisation, and interest charges explained below, the Group incurred a loss before taxation of £13.4m (four-month trading period ending 2019: £5.7m).

Interest

The interest charge for year was £11.7m (2019: £3.4m), made up of £6.1m (2019: £1.6m) interest on bank loans and another £5.6m (2019: £1.6m) of interest on shareholder loans. The interest charge represents a full year in comparison to a four-month trading period in 2019 hence the increase. However, the Group has also increased borrowing levels during 2020 to support growth. The shareholder loan interest was not payable in 2020 as it accrues on an annual basis.

Taxation

The tax charge in the year of £0.6m reflects the tax impact of non-tax-deductible expenses of £2.2m and effect of tax rate changes of £1.2m. The deferred tax liability balance of £15.1m mainly represents the deferred tax liability arisen from the acquisition of Knight Square Holdings Group in 2019 and the acquisitions of Mainstay and Chamonix in 2020.

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STRATEGIC REPORT - FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Group financial position

Intangible assets

As at 31 December 2020, total intangible assets balance was £163.3m (2019: £119.0m), consisting of £72.0m in goodwill (2019: £51.2m), £67.5m in customer relationships (2019: £54.8m), £10.3m in brands (2019: £7.5m) and £13.6m in software costs (2019: £5.5m). Software costs relate to intellectual property created from the digital transformation program which is due to be rolled out in 2021. The increase in goodwill, customer contracts and brand resulted from the acquisitions. Mainstay's customer contracts were valued at £11.6m, brands at £3.2m and goodwill at £17.2m as at the date of acquisition. Chamonix had customer contracts valued at £7.3m, brands at £0.5m and goodwill at £6.5m.

Net liabilities position

The Group's net liabilities were £19.6m (2019: £5.6m), reflecting the loss after tax in the year and an increase in net current liabilities shown below.

Current assets and liabilities

The net current liabilities are £7.9m (2019: £3.7m) driven by contractual relationships where fees are collected in advance, and the utilisation of the Government VAT deferment scheme. These will unwind largely in the 2021 financial year.

Borrowings and cash

The Group increased its loan facilities during 2020 to a £105.2m (2019: £81.7m) facility with NatWest and Pemberton. The increase in facilities continues to be aligned within the Group's capacity and servicing capabilities.

As at 31 December 2020, the total debt held was £97.7m (2019: £64.2m) with a cash balance of £7.6m (2019: £4.6m) which resulted in net debt of £90.1m (2019: £59.6m). The Group has one class of shareholder loan note in issue at the balance sheet date, with a principal of £61.4m (2019: £51.0m) and accrued interest of £7.2m (2019: £1.6m). Shareholder loan notes of £10.4m were issued in the year. Issue of ordinary shares resulted in proceeds of £0.1m in the year.

Cash flow and covenants

Cash balances are managed in line with financing and working capital requirements of the Group's trading businesses. The Group ensures that its suppliers are paid in a timely manner and are in-line with agreed contractual terms. The Group enjoyed a good stable liquidity profile in 2020 thus enabling it to continue to service its debts and suppliers in a normal manner. Cash generated from its operations for 2020 was £12.2m (2019: outflow £11.5m) which is another strong sign of stability in an uncertain year for the UK economy.

The total cash outflow for investing activities was £45.8m (2019: £34.1m) representing the consideration paid on the acquisitions of Mainstay and Chamonix along with the continued investment in the Group's digital transformation program. Cash inflow from financing activities in the Group was £36.7m (2019: £50.5m) reflecting an increase in borrowings and shareholder loans.

As a Group we continue to be diligent in monitoring banking covenants which are forecasted monthly and tested each quarter. We have comfortably exceeded all covenant requirements for the quarters ended, including 31 December 2020.

DRIVE TOPCO LIMITED

STRATEGIC REPORT - PRINCIPAL RISKS AND UNCERTAINTIES

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

DRIVE TOPCO LIMITED

STRATEGIC REPORT - PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

Board and Board Committees

Governance

Our Group is privately owned and as of 31 December 2020 had a board comprising of six directors

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

Operation of the Board

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

Committees of the Board

Audit Committee

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

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

Remuneration Committee

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

Internal control and risk management

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

Independent auditors

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

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Financial risk management

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

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

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

Streamlined Energy and Carbon Reporting

We have been working with the Carbon Trust since 2018, whose mission is to help organisations accelerate the delivery of a sustainable, low carbon economy. The Carbon Trust is helping us review our carbon footprint and have granted us ISO 14001:3. This demonstrates the Group's on-going commitment to reduce our environmental impact, with further plans already in place to build on the positive work done in 2020.

We measured our total greenhouse gas emissions across the five FirstPort offices, directly and indirectly, to cover a 12-month period between 1 January 2020 to 31 December 2020. This ensured compliance with the UK Government's Streamlined Energy and Carbon Reporting (SECR) regime, applicable to all large businesses with a reporting period starting after 1 April 2019.

FirstPort's energy use and associated GHG emissions from electricity and fuel across our five UK offices can be found in the table below, along with scope calculations aligned to the Greenhouse Gas Protocol. Within this protocol, we have chosen an operational control approach and have used the UK government emission factors for 2020 for all our emission sources.

	2020 Energy usage (kWh)	2020 Emissions (kgCO ₂ e)
Electricity (scope 2)	858,307	200,106
Natural gas (scope 1)	121,033	32,189
Transport fuels - company vehicles (scope 1)	84,479	20,391
Transport fuels - grey fleet (scope 3)	1,920,671	476,197
	2,984,490	728,883

Vehicle Type	Fuel Type	Emission Factor Kg CO ₂ /kWh	Energy Use kWh	Emissions (kgCO ₂)
Fleet Cars	Diesel	0.01116	1,259	14
Fleet Cars	Petrol	0.00765	83,220	637
Grey Fleet Cars*	Diesel	0.01116	960,335	10,717
Grey Fleet Cars*	Petrol	0.00765	960,335	7,347

*Note: A 50/50 Petrol/Diesel split was used

Vehicle emissions were only measured in 2020 and not in 2019

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

	2019 Energy usage (kWh)	2019 Emissions (kgCO ₂ e)
Electricity (scope 2)	841,296	215,035
Natural gas (scope 1)	242,210	44,530
Transport fuels - company vehicles (scope 1)	614,734	150,485
Transport fuels - grey fleet (scope 3)	3,145,530	748,066
	4,843,770	1,158,116

2020 carbon emission intensity

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

2019 carbon emission intensity

	Benchmark value (FTE staff members)	Emissions intensity (kgCO ₂ e/staff FTE)
Intensity benchmark		
Carbon emissions intensity per staff member (kgCO ₂ e/FTE)	812	1426

As in 2019, refrigeration emissions for 2020 are 0 so have been omitted.

We have continued our commitment to reducing our business' carbon footprint, with all measures reducing from 2019. Specific actions taken in 2020 include LED and automated lighting in our office spaces, moving to a 'greener' energy evaluation of renewable energy technologies, reducing building supply capacity and improving overall awareness on climate change. We strive to further embed our environmental, social, and corporate responsibilities into our culture and expect improvements to extend into 2021.

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

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

The Board has reviewed their current approach to corporate governance and decision making, engagement with stakeholders and their impact on the environment. How the Board fulfils its duties under Section 172 (1) is summarised as follows

Decision-making

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

The Board undertakes an in-depth review of the Group's strategy annually, based on a 5-year business plan. The approved plan then forms the strategic direction of the business with amendments made as and when necessary during the reviews. The plan and strategy form the basis for financial budgets, resource plans and investment decisions. When making decisions relating to the business plan and future strategy, the Board takes into consideration a variety of matters including the interest of various stakeholders, the consequences of its decisions in the long-term and its reputation. For more information on our strategic developments in 2020, see pages 2 - 8.

The Board also maintains oversight of our performance and ensures that our management is acting in accordance with our strategy and plan. They also identify, evaluate, manage and mitigate any risks we face. Details of these are covered on pages 12 and 13.

Principal decisions

On 25 March 2020, the UK Government announced a national lockdown in response to the corona virus (COVID-19) pandemic. The lockdown included a stay-at-home order and the banned non-essential travel. The Board considered the lockdown rules and guidance and determined that the majority of its workforce can work remotely. Further funding was made available to the investment in IT equipment to aid better remote working. The Board approved flexible working for colleagues that could work from home and ensured essential travel documentation be made available for colleagues that were required to travel.

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

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

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Our People

Our employees are central to the long-term success of the Group and as such, the board ensures it has means of engaging to understand their views and interests. During the COVID-19 pandemic, to protect our employees and comply with national law, the Group made the decision to allow the majority of its workforce to work from home and provided further investment in remote working technologies. Our main offices were assessed by our Health & Safety team and made available and compliant with social distancing rules for those employees who required access. The Group intends to maintain flexibility with remote working to allow colleagues to choose how they wish to work.

A section dedicated to Our People is included in the monthly Board report to ensure the Board is regularly updated on key employee matters. Core topics in the report for Board consideration include employee relations, absences and employee turnover, training and development, communications, employee profiles, and Glassdoor ratings. For 2020 some key information around furlough and COVID-19 absences was also included to assess the overall impact of the pandemic to employees. This provides the Board with regular updates and trends on key people metrics and gives comfort that the people strategy is being well received both internally and externally.

During the COVID-19 pandemic, to protect our employees and comply with national law, the Group made the decision to allow the majority of its workforce to work from home and provided further investment in remote working technologies. Our main offices were assessed by our Health & Safety team and made available and compliant with social distancing rules for those employees who required access. Following employee surveys held in 2020 that yielded a favourable view towards long term flexible working, the Board decided to reduce office space and maintain the new way of working post COVID-19.

Development of new technologies continued throughout 2020 and the roll out of this in 2021 will have a significant impact to employees, both in terms of advanced operational systems and new ways of working. Regular communications from the CEO have taken place in recent years to keep employees updated with plans and progress, with Q&A sessions held to ensure two-way feedback that can be circulated to the Board. An external company, Storytellers, was also engaged so that senior managers could help bring to life the FirstPort way in an engaging and interactive manner for employees. These sessions were held for all team members and feedback given back to the Board via senior leadership meetings. Roll out plans have been determined by employee feedback on business readiness, and the Board not wanting to put undue strain on the workforce.

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

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

The Group understands the importance of wellbeing, especially during this unprecedented year. All of our employees have access to our Employee Assistance Programme, which is managed by an independent third party, as well as internal colleagues trained as Mental Health First Aiders. During COVID-19, regular communications and additional support have been provided to employees across the business, from sharing information on available mental health resources to tips for home-schooling parents.

Our e-learning platform includes training modules designed to make sure we all act in a lawful and compliant way while conducting day to day duties, this includes data privacy, anti-bribery and anti-money laundering, modern slavery and health and safety legislation. For high risk topics, employees are required to complete this training annually. To support employee growth online training modules also cover a range of development topics, from becoming a great leader through to how to mentor and coach others.

Please refer to pages 6 and 7 for more information about our employees and our people management approach.

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Community and environment

We are committed to reducing our carbon footprint and environmental impact and are reviewing our CO2 emissions annually. In 2020, the Carbon Trust evaluated our carbon footprint and validated the carbon reporting figures under ISO 14064-3.

As a business we also recognise the importance of contributing to wider society. During 2020, we continued to support a national youth homelessness charity, Centrepoint. The charity provides homeless young people with accommodation, health support and life skills in order to get them back into education, training, and employment.

Corporate governance and reputation of high standards of business conduct

In 2020, we worked with external advisors to carry out a gap analysis of our overall corporate governance structure, including environmental and social governance. The Wates Corporate Governance Principles (the 'Wates Principles') for large private companies have been used to benchmark the Group's governance structure. The Board will continue to work towards improving its corporate governance practices in line with the Wates Principles and drive to meet these standards.

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

Further details are provided on page 7 and page 14.

Stakeholder engagement

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

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

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

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

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

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

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

DRIVE TOPCO LIMITED

STRATEGIC REPORT - GOVERNANCE AND RISK MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Engagement in action

Over the year we held

- Internal staff committee meetings and working with third party experts to discuss health and safety and the ways it can be improved across both the business and the developments in our care. The findings were presented back to the Board who approved the formation of a new building safety team to deal with developments that fall under the new regulatory requirements
- An informal forum to discuss environmental and sustainability initiatives. This led to the setup of an ESG committee made up of employees in relevant departments. Updates to the Board are provided through the Board report with approval sought where appropriate
- Regular engagement between our executive members and all employees through recorded and live videos, an internal social media system and a virtual company conference accessible for all employees to view and provide feedback on. The Board approved the first virtual conference in 2020 which was well received and provided a great feedback loop to capture employee sentiment especially in such unprecedented times
- A survey with our employees around flexible working patterns and engaged with specific office based staff that were impacted by our reduced office foot-print, to ensure the majority were supportive of the measures we undertook along with the future plans of their working environment. The clear preference from employees was to maintain a flexible approach therefore measures to enable this were approved by the Board
- Monthly meetings with key clients with their progress reported back to the executive management team and Board of Directors. The meetings have allowed our service model and proposition to evolve with our customer's needs and continue to improve our service offering in the market.
- Meetings with key suppliers to review service levels to ensure good service delivery performance during the COVID-19 national lockdown. These provided better understanding for suppliers around our business and goals, enabling a mutually beneficial sustainable relationship. They also gave suppliers the opportunity to showcase where else they may be able to support us. Key updates were provided in Board meetings
- Customer interviews conducted by a specialist market research agency to shape customer service delivery and improvements. The interview helped reshape some of the decision-making processes in our Digital platform to ensure we cater for customer requirements. Digital was a hot Board topic throughout 2021

Shareholders

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

Ouda Saleh

Director

30 April 2021

DRIVE TOPCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2020

Principal activities

The principal activity of the Group is the provision of residential property management and related services within the UK, and that of the company is investment management. Activities in its trading business, FirstPort, has been explained in the Strategic Report on page 2.

Directors

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

P J Lester	(appointed on 16 January 2020)
N Howell	
O Saleh	
T A Swales	
I G Boman-Fiavelli	(appointed on 13 February 2020)
D K Young	(appointed on 26 November 2020)
S Leusch	(resigned on 13 February 2020)

Directors' insurance

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

Results and dividends

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

Employees

Information on employees is included in the Strategic Report on pages 6 and 7. Further information on employee engagement is included in the s172 (1) statement in the Strategic Report on page 18.

Disabled persons

Information on disabled persons is included in the Strategic Report on pages 6 and 7.

Stakeholder engagement and principal decisions

Information on stakeholder engagement and principal decisions is included in the s172 (1) statement in the Strategic Report on page 17 and pages 19 and 20.

Future developments

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

Financial risk management

Information on financial risk management is included in the Strategic Report on page 15.

Going Concern

Information on going concern is included in note 1.4 on page 35.

DRIVE TOPCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to

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

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

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

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Ouda Saleh

Director

30 April 2021

DRIVE TOPCO LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DRIVE TOPCO LIMITED

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), which comprise: consolidated and company balance sheet as at 31 December 2020, the consolidated profit and loss account and consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended, and the notes to the financial statements, which include a description of the significant accounting policies

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

- Auditing the integrity of the underlying formulas and calculations within the going concern model;
 - Assessing the appropriateness of the cash flow forecasts in the context of the Group's 2020 financial performance and the acquisitions made in the year, and evaluating the separate downside scenario;
 - Evaluating the key assumptions in the forecasts (which were consistent with the forecasts used to assess goodwill);
 - Testing the forecast revenue and EBITDA figures with reference to the additional amounts contributed by the acquisitions made, assumed efficiencies from the acquisitions and other projects and assumptions made in relation to price and churn;
 - Comparing the prior year forecasts against current year actual performance to assess management's ability to forecast accurately, particularly in the period before Covid-19 but also considering the performance of the Group since the first lockdown on 23 March 2020; and
 - Obtaining and reperforming the Group's forecast covenant compliance calculations, including sensitising the profits and cash flows as applicable for each covenant to assess the potential impact of our downside sensitivities on covenant compliance.
-

DRIVE TOPCO LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DRIVE TOPCO LIMITED (CONTINUED)

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

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

DRIVE TOPCO LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DRIVE TOPCO LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

Use of this report

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

DRIVE TOPCO LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DRIVE TOPCO LIMITED (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

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

- we have not 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility



Diane Walmsley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2021

DRIVE TOPCO LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Year ended 31 December 2020		7 month period ended 31 December 2019	
		£'000	£'000	£'000	£'000
Turnover	4		66,786		19,401
Cost of sales	5		(2,824)		-
Gross profit			63,962		19,401
Administrative expenses		(63,543)		(19,515)	
Administrative expenses - exceptional items	6	(2,784)		(2,123)	
			(66,327)		(21,639)
Other operating income	7		672		-
Operating loss	8		(1,693)		(2,238)
Interest payable and similar expenses	13		(11,749)		(3,429)
Loss before taxation			(13,442)		(5,667)
Tax on loss	15		(636)		(72)
Loss for the year / period			(14,078)		(5,739)

DRIVE TOPCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended	7 month period ended
	31 December 2020	31 December 2019
	£'000	£'000
Loss for the financial year / period	(14,078)	(5,739)
Other comprehensive income	-	-
Total comprehensive expense for the year / period	(14,078)	(5,739)
<i>Total comprehensive expense for the year / period attributable to</i>		
- Owners of the parent	(14,078)	(5,739)
Total comprehensive expense for the year / period	(14,078)	(5,739)

DRIVE TOPCO LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	16		163,338		119,000
Tangible assets	17		2,781		3,111
			<u>166,119</u>		<u>122,111</u>
Current assets					
Debtors	20	8,871		5,313	
Investment properties held for resale		187		187	
Cash at bank and in hand		7,585		4,558	
		<u>16,643</u>		<u>10,058</u>	
Creditors: amounts falling due within one year	22	<u>(24,588)</u>		<u>(13,746)</u>	
Net current liabilities			<u>(7,945)</u>		<u>(3,688)</u>
Total assets less current liabilities			<u>158,174</u>		<u>118,423</u>
Creditors: amounts falling due after more than one year	23		<u>(162,106)</u>		<u>(113,915)</u>
Provision for liabilities	25		<u>(15,673)</u>		<u>(10,153)</u>
Net liabilities			<u><u>(19,605)</u></u>		<u><u>(5,645)</u></u>
Capital and reserves					
Called up share capital	28		1		1
Share premium account	28		144		93
Treasury shares	28		(1)		-
Accumulated losses			<u>(19,749)</u>		<u>(5,739)</u>
Total equity			<u><u>(19,605)</u></u>		<u><u>(5,645)</u></u>

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

The financial statements on pages 27 to 74 were authorised for issue by the board of directors and authorised for issue on 30 April 2021 and are signed on its behalf by

Ouda Saleh
Director

DRIVE TOPCO LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Investment in subsidiaries	18		162		94
			<u>162</u>		<u>94</u>
Current assets					
Debtors	20	318	-	-	-
Cash at bank and in hand		5	-	-	-
		<u>323</u>		<u>-</u>	
Creditors: amounts falling due within one year	22	(269)	-	-	-
Net current assets			54		-
Total assets less current liabilities			<u>216</u>		<u>94</u>
Creditors: amounts falling due after more than one year	23		-		-
Net assets			<u>216</u>		<u>94</u>
Capital and reserves					
Called up share capital	28		1		1
Share premium account	28		144		93
Treasury shares	28		(1)		-
Share based payment reserve	28		68		-
Retained earnings			4		-
Total equity			<u>216</u>		<u>94</u>

The company made a profit of £4k during the year ended 31 December 2020 (2019 nil)

For the year ending 31 December 2020, the company was entitled to exemption under section 408 of the Companies Act 2006 from presenting its individual profit and loss account

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

The financial statements on pages 27 to 74 were authorised for issue by the board of directors and authorised for issue on 30 April 2021 and are signed on its behalf by

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Ouda Saleh
Director

Drive Topco Limited
Registered no. 12043031

DRIVE TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Called up share capital	Share premium	Treasury shares	Accumulated losses	Total equity
		£'000	£'000	£'000	£'000	£'000
Balance at 11 June 2019		-	-	-	-	-
Period ended 31 December 2019:						
Loss for the period and total comprehensive expense for the period		-	-	-	(5,739)	(5,739)
Total transaction with owners, recorded directly to equity						
Issue of shares	28	1	93	-	-	94
Total contributions by and distributions to owners		1	93	-	-	94
Balance at 31 December 2019		1	93	-	(5,739)	(5,645)
Year ended 31 December 2020:						
Loss for the year and total comprehensive expense for the year		-	-	-	(14,078)	(14,078)
Total transaction with owners, recorded directly to equity						
Credit relating to equity-settled share-based payments	14	-	-	-	68	68
Issue of shares (27,075 of £0.01 ordinary shares)	28	-	48	-	-	48
Issue of shares to EBT (2,000 of £0.01 ordinary shares)	28	-	3	(3)	-	-
Acquisition of shares by EBT	28	-	-	(4)	-	(4)
Settlement of shares by EBT members	28	-	-	6	-	6
Total contributions by and distributions to owners		-	51	(1)	68	118
Balance at 31 December 2020		1	144	(1)	(19,749)	(19,605)

DRIVE TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Called up share capital	Share premium	Treasury shares	Share Based Payment Reserve	Retained earnings	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000
Balance at 11 June 2019		-	-	-	-	-	-
Period ended 31 December 2019:							
Results for the financial period		-	-	-	-	-	-
Total transaction with owners, recorded directly to equity							
Issue of shares	28	1	93	-	-	-	94
Total contributions by and distributions to owners		1	93	-	-	-	94
Balance at 31 December 2019		1	93	-	-	-	94
Year ended 31 December 2020:							
Profit for the year		-	-	-	-	4	4
Total transaction with owners, recorded directly to equity							
Credit relating to equity-settled share-based payments	28	-	-	-	68	-	68
Issue of shares (27 075 of £0.01 ordinary shares)	28	-	48	-	-	-	48
Issue of shares to EBT (2 000 of £0.01 ordinary shares)	28	-	3	(3)	-	-	-
Acquisition of shares by EBT	28	-	-	(4)	-	-	(4)
Settlement of shares by EBT members	28	-	-	6	-	-	6
Total contributions by and distributions to owners		-	51	(1)	68	-	118
Balance at 31 December 2020		1	144	(1)	68	4	216

DRIVE TOPCO LIMITED

CONSOLIDATED CASH FLOW STATEMENT

AS AT 31 DECEMBER 2020

		Year ended 31 December 2020		7 month period ended 31 December 2019	
	Note	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash generated / (used) in operations	36	12,214		(11,528)	
Tax paid		(65)		(282)	
Net cash generated / (used) in operating activities			12,149		(11,810)
Cash flows from investing activities					
Purchase of subsidiaries net of cash acquired	3	(36,965)		(31,262)	
Purchase of intangible assets		(7,881)		(2,399)	
Purchase of tangible assets		(975)		(424)	
Net cash used in investing activities			(45,821)		(34,085)
Cash flows from financing activities					
Issue of shares		51		94	
Issue of shareholder loans		10,395		51,036	
Interest paid		(5,380)		(620)	
Drawdown of bank facility		33,500		-	
Loan arrangement fees		(1,867)		-	
Repayments under finance lease		-		(57)	
Net cash generated from financing activities			36,699		50,453
Net increase in cash and cash equivalents			3,027		4,558
Cash and cash equivalents at beginning of the year / period			4,558		-
Cash and cash equivalents at end of the year / period			<u>7,585</u>		<u>4,558</u>
Cash and cash equivalents consists of:					
Cash at bank and in hand			<u>7,585</u>		<u>4,558</u>

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

General information

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

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

1.1 Statement of compliance

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

1.2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The accounting policies have been applied consistently other than where new policies have been adopted.

1.3 Basis of preparation

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.4 Going concern

The Group manages its day-to-day working capital requirements through its bank facilities. The ability of the Group to service its debt obligations is critical to the ongoing trading of the business and we have considered the key factors that could have an impact on trading and whether an adverse change in these factors could affect our ability to meet our liabilities. The Group has a considerable number of on-going management contracts in FirstPort, and accordingly the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

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.

1.5 Exemptions for qualifying entities under FRS 102

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

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.6 Audit exemption of subsidiaries

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

Company	Registration number
Drive Bidco Limited	12043128
Knight Square Holdings Limited	07925023
Knight Midco Limited	07927619
Knight Square Limited	07925019
FirstPort Limited	04352396
FirstPort Bespoke Property Services	01623496
FirstPort Insurance Services Limited	03479579
FirstPort Property Services Limited	02061041
FirstPort Property Services No 2 Limited	02231168
FirstPort Property Services No 4 Limited	07299764
FirstPort Property Services No 5 Limited	05876680
FirstPort Property Services Scotland	03829468
FirstPort Retirement Property Services Limited	01614866
Retirement Homesearch Limited	03829469
Mainstay Group Limited	04002715
Mainstay Facilities Management Limited	03340310
Mainstay Residential Limited	04052477
Chamonix Holdings	12500321
Chamonix Group Limited	05856372
Chamonix Estates Limited	05851267
Fairfield Company Secretaries Limited	05988785

1.7 Basis of consolidation

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

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

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

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.7 Basis of consolidation (continued)

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

1.8 Functional and presentation currency

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

1.9 Revenue recognition

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

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

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

(i) Residential and commercial property management services

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

(ii) Other revenue

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

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

(iii) Recharge of house managers' employment cost

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.10 Government grants

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

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

1.11 Exceptional items

The Group classifies certain non-recurring charges or credits in a financial period that are not part of the underlying trading business, that have a material impact (by size or nature) on the Group's financial results as 'exceptional items'. These are disclosed separately to show the underlying trading of the Group

1.12 Employee benefits

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

(i) Short-term benefits

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

(ii) Defined contribution pension plans

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

(iii) Annual bonus plan

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.13 Share-based payments

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

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

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

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

1.14 Taxation

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.14 Taxation (continued)

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

1.15 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

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

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

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

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.15 Business combinations and goodwill (continued)

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

1.16 Intangible fixed assets other than goodwill

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

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

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

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

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

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

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

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

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.17 Tangible fixed assets

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

Depreciation and residual values

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

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

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

Subsequent additions

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

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

Derecognition

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

1.18 Investment properties, including assets held for sale

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

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

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

1.19 Fixed asset investments

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.20 Borrowing costs

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

1.21 Leased assets

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

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

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

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

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

1.22 Impairment of non-financial assets

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

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

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

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the profit and loss account. *Goodwill is allocated on acquisition to the cash-generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash-generating units for impairment testing. Any previous impairment of goodwill is not reversed.*

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.23 Cash and cash equivalents

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

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

1.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions are measured based on the Group's best estimate at the reporting date of the expenditures expected to be required to settle the obligation, discounted to the present value, where material.

1.25 Financial instruments

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

(i) Financial assets

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

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

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

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

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.25 Financial instruments (continued)

(ii) Financial liabilities (continued)

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

(iii) Offsetting

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

(iv) Client monies held

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

1.26 Share capital

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

1.27 Related party transactions

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

2 Critical accounting judgements and estimation uncertainty

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Critical accounting judgements and estimation uncertainty (continued)

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

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

(i) *Classification of leasehold apartments as investment properties*

The Group's interests in leasehold apartments within residential development sites are classified as investment properties and included within non-current assets. In applying this classification the Group has considered several factors including: the apartments are typically used by house managers, the apartments are not used by the Group for any other administrative purposes, the Group does not typically earn rental income from the apartments, but does benefit from capital appreciation in the open market value of the apartments, the apartments are periodically made available for sale by the Group and hence gains in value are crystallised, the fair value of the apartments can be readily attained in a manner that is not considered to require undue cost or effort on the part of the Group.

(b) Key accounting estimates and assumptions

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

(i) *Fair value of acquisition of Knight Square Holdings Limited, Mainstay Group and Chamonix Group.*

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

(ii) *Impairment of intangible assets and goodwill*

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

(iii) *Development related provisions*

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

(iv) *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.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Acquisitions in the year

3.1 Acquisition of Mainstay Group

On 15 September 2020, the Group acquired 100% share of Mainstay Group Limited for a total consideration of £34,385k. The following table summarises the consideration paid by the Group, the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration at 15 September 2020:	£'000
Cash	30,058
Non-cash consideration	3,630
Directly attributable cost	697
	<u>34,385</u>

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

Cash consideration	30,058
Directly attributable cost	697
	<u>30,755</u>
<i>Less</i>	
Cash and cash equivalents acquired	(5,414)
	<u>25,341</u>

	Notes	Book Value £'000	Adjustments £'000	Fair Value £'000
Fixed assets				
Customer relationships	16	-	11,602	11,602
Brands	16	-	3,161	3,161
Tangible assets	17	537	-	537
Current assets				
Trade and other receivables		2,877	-	2,877
Cash and cash equivalents		5,414	-	5,414
Related party receivable		3,630	-	3,630
Total assets		<u>12,458</u>	<u>14,763</u>	<u>27,221</u>
Trade and other payables		(7,049)	-	(7,049)
Corporation tax payable		(99)	-	(99)
Deferred tax liability		(85)	(2,805)	(2,890)
Net Assets		<u>5,225</u>	<u>11,958</u>	<u>17,183</u>
Goodwill	16			<u>17,202</u>
Total purchase consideration				<u>34,385</u>

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3.1 Acquisition of Mainstay Group (continued)

Contribution by the acquired business for the reporting period since acquisition:

	2020
	£'000
Turnover	7,092
Profit	874

Upon acquisition, the business had net assets with a fair value of £17,183k. Included in the fair value adjustments are the recognition of intangible assets relating to the acquired business's customer relationships and brand identified and its fair value was measured at £11,602k and £3,161k respectively. A deferred tax liability of £2,805k has been recognised on the intangible assets which has been added to goodwill.

The goodwill of £17,202k from the acquisition is attributable to the expertise and experience of the workforce acquired, the customer relationships and economies of scale expected from combining the operations into the Group. Management has estimated the useful life of the goodwill to be 20 years.

The customer relationships intangible assets has been attributed a useful life of between 2 and 10 years and brands intangible asset has been attributed a useful life of 10 years. The useful life is based on the period of when the majority of the value is generated.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Acquisitions in the year

3.2 Acquisition of Chamonix Group

On 2 December 2020 the Group acquired 100% share of Chamonix Holdings Limited for a total consideration of £16,355k. The following table summarises the consideration paid by the Group, the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration at 2 December 2020:	£'000
Cash	7,690
Borrowings settled	7,922
Non-cash consideration	477
Directly attributable cost	266
	<u>16,355</u>

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

Cash consideration	7,690
Borrowings settled	7,922
Directly attributable cost	266
	<u>15,878</u>
Less:	
Cash and cash equivalents acquired	<u>(4,254)</u>
Net cash flow	<u>11,624</u>

	Notes	Book Value £'000	Adjustments £'000	Fair Value £'000
Fixed assets				
Customer relationships	16	-	7,258	7,258
Brands	16	-	501	501
Tangible assets	17	62	-	62
Current assets				
Trade and other receivables		897	-	897
Cash and cash equivalents		4,254	-	4,254
Total assets		<u>5,213</u>	<u>7,759</u>	<u>12,972</u>
Trade and other payables		(1,271)	-	(1,271)
Corporation tax payable		(294)	-	(294)
Deferred tax liability		(57)	(1,474)	(1,531)
Net Assets		<u>3,591</u>	<u>6,285</u>	<u>9,876</u>
Goodwill	16			<u>6,479</u>
Total purchase consideration				<u>16,355</u>

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3.2 Acquisition of Chamonix Group (continued)

Contribution by the acquired business for the reporting period since acquisition

	2020 £'000
Turnover	473
Profit	178

Upon acquisition, the business had net assets with a fair value of £9,876k. Included in the fair value adjustments are the recognition of intangible assets relating to the acquired business's customer relationships and brand identified and its fair value was measured at £7,258k and £501k respectively. A deferred tax liability of £1,474k has been recognised on the intangible assets which has been added to goodwill.

The goodwill of £6,479k from the acquisition is attributable to the expertise and experience of the workforce acquired, the customer relationships and economies of scale expected from combining the operations into the Group. Management has estimated the useful life of the goodwill to be 20 years.

The customer relationships intangible asset has been attributed a useful life of 10 years and brands intangible asset has been attributed a useful life of 5 years. The useful life is based on the period of when the majority of the value is generated.

4 Turnover

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

	Year ended 31 December 2020 £'000	7 month period ended 31 December 2019 £'000
Turnover by category		
Residential property management services	55,375	18,443
Commercial property and asset management	8,415	-
Other revenue	2,996	958
	66,786	19,401

Other revenue relates to insurance commissions and consultancy revenue.

All turnover is generated in the UK.

5 Cost of sales

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

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6	Exceptional items	Year ended	7 month
		31 December	period ended
		2020	31 December
		£'000	2019
			£'000
	Transactional costs	907	1,941
	Restructure costs	1,546	-
	Other exceptional items	331	182
		<u>2,784</u>	<u>2,123</u>

Transactional costs mainly relate to one-off costs incurred on the acquisition of Mainstay and Chamonix such as professional fees and integration costs

Restructure costs incurred as a result of restructuring the Group due to COVID-19 and the Mainstay acquisition

Other exceptional items largely relate to one off costs associated with dealing with the COVID-19 pandemic and relate to personal protective equipment. Included in other exceptional items are costs in relation to exiting the London Bridge office and legacy costs associated with the acquisition of Knight Square Holdings Limited Group in 2019.

In 2019 exceptional charges related to the acquisition of Knight Square Holdings Limited Group

7 Other Operating Income

An analysis of the other operating income is as follows

	Year ended	7 month
	31 December	period ended
	2020	31 December
	£'000	2019
		£'000
R&D expenditure credit	386	-
Government grant	286	-
	<u>672</u>	<u>-</u>

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

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Operating loss

Operating loss for the year / period is stated after charging:

	Year ended 31 December 2020 £'000	7 month period ended 31 December 2019 £'000
Depreciation of owned tangible assets	1,849	655
Amortisation of intangible assets	10,421	2,920
Loss on disposal of tangible assets	55	-
Operating lease charges	3,451	1,096

9 Adjusted EBITDA

Operating loss reconciles to adjusted EBITDA as follows:

	Year ended 31 December 2020 £'000	7 month period ended 31 December 2019 £'000
Operating loss	(1,693)	(2,238)
Depreciation of owned tangible assets	1,849	655
Amortisation of intangible assets	10,421	2,920
Loss on disposal of tangible assets	55	-
Exceptional items	2,784	2,123
Share-based payments	68	-
Adjusted EBITDA	13,484	3,460

10 Auditors' remuneration

Fees payable to the Company's auditors and their associates

	Year ended 31 December 2020 £'000	7 month period ended 31 December 2019 £'000
Fees payable to the Company's auditors for the audit of the Parent Company and the Group's Consolidated financial statements	422	46
Fees payable to the Company's auditors for other services		
- The audit of the Company's subsidiaries	12	241
- Audit related assurance services	31	6
- Tax compliance services	22	95
- Tax advisory services	129	115
- Other services	6	7
Total amount payable to the Company's auditors and its associates	622	510

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Employees

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

	2020 Number	2019 Number
Office and management	1,539	790
House managers and deputies	2,260	2,309
	<u>3,799</u>	<u>3,099</u>

Their aggregate remuneration comprised

	Year ended 31 December 2020 £'000	7 month period ended 31 December 2019 £'000
Wages and salaries	33,534	12,450
Social security costs	3,350	2,503
Other pension costs (note 27)	1,285	346
Share-based payments	68	-
Total aggregate remuneration before capitalised costs	<u>38,237</u>	<u>15,299</u>
Less capitalised costs	<u>(790)</u>	<u>(159)</u>
Aggregate remuneration charged to profit and loss	<u>37,447</u>	<u>15,140</u>

House managers are employed by the Group to oversee individual developments managed by the Group. The employment cost of house managers is not included in the above table as these costs are recharged at cost to the developments managed by the Group and therefore are not a cost to the Group on account of the Group being an agent for this transaction. These amounted to wages and salary costs of £38,912k (2019: £12,088k), social security costs of £2,902k (2019: £886k) and other pension costs of £1,232k (2019: £355k).

During the year ended 31 December 2020, the Group capitalised wages and salaries of £684k (2019: £134k), social security cost of £75k (2019: 16k) and other pension cost of £31k (2019: 9k). Capitalised wages forms part of the cost of internally developed software.

12 Directors' remuneration

	Year ended 31 December 2020 £'000	7 month period ended 31 December 2019 £'000
Aggregate remunerations	<u>1,020</u>	<u>266</u>
	<u>1,020</u>	<u>266</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to one (2019: none).

4 directors were paid by the Group during the year. The remaining directors did not receive fees. The emoluments disclosed above are from the date which the individual became a director of the Company.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Directors' remuneration (continued)

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

	Year ended 31 December 2020 £'000	7 month period ended 31 December 2019 £'000
Aggregate emoluments	565	146
	565	146

Company

The Company has no employees (2019: none)

13 Interest payable and similar expenses

Interest on financial liabilities measured at amortised cost

	Year ended 31 December 2020 £'000	7 month period ended 31 December 2019 £'000
Interest on bank loans and overdrafts	5,557	1,643
Interest on finance leases and hire purchase contracts	-	3
Interest on shareholder loans	5,604	1,622
Loan fee amortisation	588	161
	11,749	3,429

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Share-based payments

During the current year and prior period, certain employees of the Group subscribed for a total of 23,208 B Ordinary Shares in the Company. The B Ordinary Shares were issued in order to incentivise the holders to grow the value of the Group.

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

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

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

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

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

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

For the period ended 31 December 2019, no accounting charge was recognised in relation to the above described share-based payment arrangement as the amount was considered immaterial. During the year ended 31 December 2020, the Group has recognised a total expense of £68k in profit or loss. This comprises a catch up charge of £12k in relation to the prior period and a charge of £56k for the current year.

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Tax on loss

	Year ended 31 December 2020 £'000	7 month period ended 31 December 2019 £'000
Current tax		
UK corporation tax on taxable loss for the current year	-	9
Adjustments in respect of prior periods	(459)	-
Total current tax (credit) / charge	(459)	9
Deferred tax		
Origination and reversal of timing differences	(606)	116
Adjustments in respect of prior periods	545	-
Effect of tax rate change on opening balance	1,156	(53)
Total deferred tax	1,095	63
Total tax charge for the year	636	72

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

	Year ended 31 December 2020 £'000	7 month period ended 31 December 2019 £'000
Loss before taxation	(13,442)	(5,667)
Expected tax credit based on a corporation tax rate of 19% (2019: 19%)	(2,554)	(1,077)
Non-deductible expenses	2,190	1,202
Effect of changes in tax rates and laws	1,156	(53)
Income not taxable for tax purposes	(2)	-
R&D expenditure credits	(73)	-
Adjustments in respect of prior periods	(459)	-
Adjustments in respect of prior periods (deferred tax)	545	-
Transfers	(167)	-
Total tax charge for the year	636	72

In the Spring Budget 2021 the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the year by £3,598k and to increase the deferred tax liability by £3,598k.

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Intangible assets

Group		Goodwill	Software	Customer List	Brands	Total
		£'000	£'000	£'000	£'000	£'000
Cost	Note					
Balance at 1 January 2020		51,998	5,568	56,632	7,722	121,920
Additions		-	8,556	-	-	8,556
Additions from acquisition of Mainstay	3.1	17,202	-	11,602	3,161	31,965
Additions from acquisition of Chamonix	3.2	6,479	-	7,258	501	14,238
Balance at 31 December 2020		75,679	14,124	75,492	11,384	176,679
Accumulated amortisation and impairment						
Balance at 1 January 2020		823	59	1,793	245	2,920
Amortisation charge for the year		2,878	497	6,173	873	10,421
Balance at 31 December 2020		3,701	556	7,966	1,118	13,341
Carrying amount						
At 31 December 2020		71,978	13,568	67,526	10,266	163,338
At 31 December 2019		51,175	5,509	54,839	7,477	119,000

included in total cost of software £12,787k has been classified as assets under construction as at 31 December 2020 (2019 £4,246k)

The Company had no intangible assets at 31 December 2020 or 31 December 2019

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Tangible assets

Group		Office equipment, fixtures & fittings £'000
	Note	
Cost		
Balance at 1 January 2020		3,766
Additions from acquisition of Mainstay	3.1	537
Additions from acquisition of Chamonix	3.2	62
Additions		975
Disposals		(210)
Balance at 31 December 2020		5,130
Accumulated depreciation and impairment		
Balance at 1 January 2020		655
Depreciation charged in the year		1,849
Disposals		(155)
Balance at 31 December 2020		2,349
Carrying amount		
Balance at 31 December 2020		2,781
Balance at 31 December 2019		3,111

The Company had no tangible assets at 31 December 2020 or 31 December 2019

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Investment in subsidiaries

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Total investment in subsidiaries	-	-	162	94
Movements in investments				
Company				£'000
Cost				
Balance at 1 January 2020				94
Capital contributions made to subsidiaries				68
Balance at 31 December 2020				162
Carrying amount				
Balance at 31 December 2020				162
Balance at 31 December 2019				94

Investment in subsidiaries held by the Company can be found in note 35

Capital contributions made to subsidiaries in the year arise as a result of share-based payments charges to employees in the subsidiary entities. The obligation to settle the transaction with the employees of subsidiary undertakings is recognised as a capital contribution made to those subsidiaries by increasing the cost of investment in subsidiary undertakings as the subsidiaries recognise the charge for share based payment awards in profit or loss. See note 13 for further details.

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

19 Financial instruments

	Note	2020 £'000	2019 £'000
Financial assets measured at amortised cost			
Trade debtors	20	2,643	1,490
Other debtors	20	995	722
Cash at bank and in hand		7,585	4,558
Accrued income		828	678
		<u>12,051</u>	<u>7,448</u>
Financial liabilities measured at amortised cost			
Trade creditors	22	3,161	2,167
Other creditors	22	3,307	2,121
Accruals		3,980	7,078
Bank loans	24	97,700	64,200
Shareholder loans - principal	24	61,431	51,036
Interest on shareholder loans	24	7,221	1,622
Deferred financing costs	24	(4,246)	(2,943)
		<u>172,554</u>	<u>125,281</u>

20 Debtors

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Amounts falling due within one year:				
Trade debtors	2,643	1,490	-	-
Amounts owed by group undertakings	-	-	318	-
Corporation tax recoverable	1,476	593	-	-
Other debtors	995	722	-	-
Prepayments and accrued income	3,757	2,508	-	-
	<u>8,871</u>	<u>5,313</u>	<u>318</u>	<u>-</u>

Trade debtors are stated after provisions for impairment of £413k (2019: £91k)

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Client monies

Residents' net cash balances held in trust accounts at 31 December 2020 were £338,182k (2019 £250,318k)
Cash balances held in joint accounts at 31 December 2020 were £4,604k (2019 £6,307k)

22 Creditors: amounts falling due within one year

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	3,161	2,167	-	-
Amounts owed to group undertakings	-	-	268	-
Other creditors	3,307	2,121	-	-
Corporation tax payable	445	-	-	-
Other taxation and social security	8,153	2,380	-	-
Accruals and deferred income	9,522	7,078	1	-
	<u>24,588</u>	<u>13,746</u>	<u>269</u>	<u>-</u>

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

23 Creditors: amounts falling due after more than one year

		Group	Group	Company	Company
		2020	2019	2020	2019
	Note	£'000	£'000	£'000	£'000
Bank loans and overdrafts (net of financing costs)	24	93,454	61,257	-	-
Shareholder loans	24	61,431	51,036	-	-
Interest on shareholder loans	24	7,221	1,622	-	-
		<u>162,106</u>	<u>113,915</u>	<u>-</u>	<u>-</u>

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Borrowings

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Bank loans	97,700	64,200	-	-
Shareholder loans - principal	61,431	51,036	-	-
Interest on shareholder loans	7,221	1,622	-	-
Deferred financing costs	(4,246)	(2,943)	-	-
	162,106	113,915	-	-
Payable after one year	162,106	113,915	-	-

Bank loans

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

Bank facility term schedule

Group	Nominal Interest rate	Termination date	Repayment	Credit Facility £'000
Term loan facility B1	LIBOR + 2.25%	09-Oct-25	At termination date	12,100
Term loan facility B2	LIBOR + 6%	09-Apr-26	At termination date	52,100
Term loan acquisition/capex facility	LIBOR + 6%	09-Apr-26	At termination date	10,000
Revolving facility	LIBOR + 2.25%	09-Oct-25	At termination date	7,500
Additional Super Senior Facility	LIBOR + 3%	09-Oct-25	At termination date	4,000
Additional Unitranche Facility	LIBOR + 7.75%	09-Apr-26	At termination date	7,000
Second Additional Unitranche Facility	LIBOR + 6.75%	09-Apr-26	At termination date	12,500
				105,200

The revolving facility remains undrawn as at 31 December 2020

Interest on the facility is cash settled on a six monthly basis. A commitment fee is charged on the undrawn amount on a three monthly basis.

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

The financial covenants attached to the £105.2m bank facility were tested as at year end. Compliance with covenants in respect of the external bank debt has been assessed to June 2022 with no breaches forecast.

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Borrowings (continued)

Shareholder loans

The Group has one class of shareholder loan note instrument in issue at the balance sheet date. During the year, the Group issued a further £10,459,413 of shareholder loan notes to finance the acquisition of Mainstay. The loan notes are listed on The International Stock Exchange. As at the 31 December 2020, the Drive Topco Employee Benefit Trust holds £64k of shareholder loan notes (2019: £nil) which is consolidated in the Group and Company financial statements. See note 1.7 for further details.

The principal outstanding on the shareholder loan notes in the Group as at 31 December 2020 was £61,431k (2019: £51,036k) and have been provided by the following parties:

	2020				2019		
	Principal	Accrued interest	Interest paid	Interest expense	Principal	Accrued interest	Interest expense
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Equistone Partners Europe Limited	59,307	6,978	-	5,406	49,461	1,572	1,572
Management	2,124	243	(5)	198	1,575	50	50
	<u>61,431</u>	<u>7,221</u>	<u>(5)</u>	<u>5,604</u>	<u>51,036</u>	<u>1,622</u>	<u>1,622</u>

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

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

Deferred financing costs

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

25 Provisions for liabilities

		Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Development related provisions		542	-	538	-
Deferred tax liabilities	26	15,131	-	9,615	-
		<u>15,673</u>	<u>-</u>	<u>10,153</u>	<u>-</u>

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

25 Provisions for liabilities (continued)

Movements on development related provisions

Group	Note	Development related provisions £'000
Balance at 1 January 2020		538
On acquisition	3.1	205
Additional provisions in the year		691
Release of provisions in the year		(171)
Utilisation of provision		(721)
Balance at 31 December 2020		542

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

Whilst significant progress has been made in addressing these claims, and management continue to assess them on their merits, a provision of £542k (2019: £538k) has been recognised at the year end. This is expected to be utilised over a period of up to five years, with an estimated £461k (2019: £308k) expected to be settled within the next financial year.

26 Deferred taxation

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

	Assets 2020 £'000	Liabilities 2020 £'000	Assets 2019 £'000	Liabilities 2019 £'000
Group				
Fixed asset timing differences	-	(16,602)	-	(9,684)
Short-term timing differences	73	-	-	(20)
Non-trading timing differences	-	-	60	-
Losses	1,434	-	61	-
Investment property	-	(36)	-	(32)
	1,507	(16,638)	121	(9,736)

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

26 Deferred taxation (continued)

	Note	Group £'000	Company £'000
Movements in the year:			
Liability at 1 January 2020		(9,615)	-
On acquisition of Mainstay	3.1	(2,890)	-
On acquisition of Chamonix	3.2	(1,531)	-
Charge to profit and loss account		(1,095)	-
Liability at 31 December 2020		(15,131)	-

The net deferred tax liability expected to reverse in 2021 is £1,782k (2019: £1,146k). This primarily relates to the reversal of timing differences on capital allowances.

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

Company

The Company has no deferred tax provision at 31 December 2020 (2019: nil).

27 Retirement benefit schemes

	2020 £'000	2019 £'000
Defined contribution schemes		
Charge to profit and loss account	1,285	346

The Group sponsors and contributes to a defined contribution scheme for its employees. Pension contributions outstanding and included in accruals at the year end amounted to £511k (2019: £356k).

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

28 Called up share capital and other reserves

	Group and company			Group and company		
	Called up	Share	Treasury	Called up	Share	Treasury
	share	premium	shares	share	premium	Shares
	capital	account	reserve	capital	account	Reserve
	2020	2020	2020	2019	2019	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Ordinary share capital						
Issued and fully paid						
98,460 (2019: 80,000) A Ordinary shares of £0.01	1	115	-	1	79	-
24,615 (2019: 14,000) B Ordinary shares of £0.01	-	29	(3)	-	14	-
Acquisition of shares by EBT	-	-	(4)	-	-	-
Settlement of shares by EBT members	-	-	6	-	-	-
	1	144	(1)	1	93	-

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

On 16 January 2020, the Company issued 1,500 'B' Ordinary shares at £1 per share to management.

On 15 April 2020, the Company issued 2,500 'B' Ordinary shares at £1 per share to management.

On 15 September 2020, the Company issued 18,460 'A' Ordinary shares and 4,615 'B' Ordinary shares at £1.95 per share to finance the Mainstay acquisition.

On 6 April 2020, the Company issued 1,400 'B' Ordinary shares at £1 per share to the EBT. These were allocated to and settled by employees at £1 per share.

In 2020, the EBT acquired 1,750 'B' Ordinary shares at £1 per share and 1,400 'B' Ordinary shares at £1.95 per share from management.

On 21 December 2020, the Company issued 600 'B' Ordinary shares at £1.95 per share to the EBT. Following this, 2,343 'B' Ordinary shares were issued to and settled by employees at £1.95 per share.

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

The Company recognises a credit relating to equity-settled share-based payments into share-based payment reserve. This is not a realised profit and thus is a non-distributable reserve. For the year ended 31 December 2020, this amounted to £68k which includes £12k from the 2019 period. See note 14 for further details.

29 Operating lease commitments

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

	Group	Company	Group	Company
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Within one year	1,820	-	1,400	-
Between two and five years	1,492	-	1,027	-
In over five years	386	-	6	-
	3,698	-	2,433	-

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

30 Contingent liabilities

The Group is party to a Group Debenture secured over all of its assets in favour of Lucid Trustee Services Limited as a Security Agent acting on behalf of NatWest and Pemberton. The Borrower is FirstPort Limited, a subsidiary company. The loan balance, excluding deferred financing cost, and accrued interest payable outstanding at the balance sheet date were £97,700k and £1,205k respectively.

A number of bank accounts maintained for developments under management (and included in Client Monies described in note 19) were overdrawn at 31 December 2020 amounting to £772 (2019: £2,072). The Group have given unlimited guarantees on these amounts in the event of default.

31 Events after the balance sheet date

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

32 Related parties

Group

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

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

Transactions with related parties

The funds managed by Equistone Partners Europe Limited and key management personnel are holders of Shareholder Loan Notes, which are included in Borrowings and incur interest expense. Details of these transactions and balances are shown in note 22.

Remuneration of key management personnel

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

	Year ended 2020 £'000	Year ended 2019 £'000
Aggregate emoluments	1,072	590
Other pension costs	7	1
	<u>1,079</u>	<u>591</u>

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

32 Related parties (continued)

Company

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

33 Controlling party

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

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

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

34 Result of the company for the financial year

As permitted by section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Company made a profit of £4k in the financial year (2019: £n.i).

35 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

35 Subsidiaries (continued)

Name of undertaking and country of incorporation or residency	Nature of business	Registered Postcode	% Held	
			Direct	Indirect
Amenity Property (Preedy Place Badsey) Limited	England & Wales No 09155288	Dormant	WR5 2ZX	100 00
Amenity Property (Priory Gardens Market Drayton) Limited	England & Wales No 07639333	Dormant	WR5 2ZX	100 00
Amenity Property (Saddlers Brook Walsall) Limited	England & Wales No 07639422	Dormant	WR5 2ZX	100 00
Amenity Property (Scarlett Oaks Shifnal) Limited	England & Wales No 10900315	Dormant	WR5 2ZX	100 00
Amenity Property (Sherford Plymouth Parcel B) Limited	England & Wales No 10839931	Dormant	WR5 2ZX	100 00
Amenity Property (Sherford Plymouth Parcel F) Limited	England & Wales No 10839976	Dormant	WR5 2ZX	100 00
Amenity Property (Sherford Plymouth Parcel G) Limited	England & Wales No 10535172	Dormant	WR5 2ZX	100 00
Amenity Property (Sherford Plymouth Parcel J) Limited	England & Wales No 11454909	Dormant	WR5 2ZX	100 00
Amenity Property (Sherford Plymouth Parcel L) Limited	England & Wales No 11454877	Dormant	WR5 2ZX	100 00
Amenity Property (Sherford Plymouth Parcel M) Limited	England & Wales No 11923138	Dormant	WR5 2ZX	100 00
Amenity Property (Sherford Plymouth Parcel S) Limited	England & Wales No 10535353	Dormant	WR5 2ZX	100 00
Amenity Property (The Hathaways Stratford) Limited	England & Wales No 09361834	Dormant	WR5 2ZX	100 00
Amenity Property (Thomas Beddoes Court Shifnal) Limited	England & Wales No 07639356	Dormant	WR5 2ZX	100 00
Amenity Property (Walmley Croft Sutton Coldfield) Limited	England & Wales No 10147213	Dormant	WR5 2ZX	100 00
Amenity Property (Woodland View Coventry) Limited	England & Wales No 07639369	Dormant	WR5 2ZX	100 00
Amenity Property Holdings Limited	England & Wales No 07635509	Dormant	WR5 2ZX	100 00
Baker Sinclair Limited	England & Wales No 10306297	Dormant	SG9 0RU	100 00
Balfour Homes Management Limited	England & Wales No 01986825	Non-trading	BH25 5NR	100 00
Brook Farm Court Management Limited	England & Wales No 02368738	Dormant	BH25 5NR	100 00
Cavendish Management (Norwich) Limited	England & Wales No 01831847	Dormant	BH25 5NR	100 00
CE Anthony Nolan (Fairstead) Limited	England & Wales No 06354199	Dormant	SG9 0RU	100 00
CE Blenheim Grange Watton Limited	England & Wales No 06067570	Dormant	SG9 0RU	100 00
CE Churchill Gardens Cambourne Limited	England & Wales No 06453105	Dormant	SG9 0RU	100 00
CE Cobbler's Mews Romany Road Limited	England & Wales No 06022591	Dormant	SG9 0RU	100 00
CE Lock Mill Blackburn Limited	England & Wales No 06346923	Dormant	SG9 0RU	100 00
CE Oakfield Gardens Hyde Limited	England & Wales No 06406964	Dormant	SG9 0RU	100 00

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

35 Subsidiaries (continued)

Name of undertaking and country of incorporation or residency	Nature of business	Registered Postcode	% Held	
			Direct	Indirect
CE Poppy Fields (Benwick) Limited	England & Wales No 06353915	Dormant	SG9 0RU	100 00
CE The Hawthorns Blackley Limited	England & Wales No 06443043	Dormant	SG9 0RU	100 00
CE Willow Grange Ely Limited	England & Wales No 06067392	Dormant	SG9 0RU	100 00
Chamonix Estates Developments Limited	England & Wales No 10821470	Dormant	SG9 0RU	100 00
Chamonix Estates Limited	England & Wales No 05851267	Property Management	SG9 0RU	100 00
Chamonix Group Limited	England & Wales No 05856372	Property Management	SG9 0RU	100 00
Chamonix Holdings Limited	England & Wales No 12500321	Property Management	SG9 0RU	100 00
Consort Property Management Limited	England & Wales No 03479620	Dormant	BH25 5NR	100 00
Drive Bidco Limited	England & Wales No 12043128	Provision of shared services	BH25 5NR	100 00
Drive Midco Limited	England & Wales No 12043082	Holding company	BH25 5NR	100 00
Edgewood Management Services Limited	England & Wales No 02948602	Non-trading	BH25 5NR	100 00
Edgewood Retirement Developments Limited	England & Wales No 02086525	Non-trading	BH25 5NR	100 00
Fairfield Company Secretaries Limited	England & Wales No 05988785	Property Management	SG9 0RU	100 00
Ferndale Retirement Management Limited	England & Wales No 01709679	Dormant	BH25 5NR	100 00
FirstPort Bespoke Property Services Limited	England & Wales No 01623496	Property management	BH25 5NR	100 00
FirstPort HMF Limited	England & Wales No 06776392	Investment property	BH25 5NR	100 00
FirstPort Insurance Services Limited	England & Wales No 03479579	Insurance services	BH25 5NR	100 00
FirstPort Investment Properties Limited	England & Wales No 04352393	Dormant	BH25 5NR	100 00
FirstPort Limited	England & Wales No 04352396	Provision of shared services	BH25 5NR	100 00
FirstPort Operations PD Limited	England & Wales No 06277828	Investment property	BH25 5NR	100 00
FirstPort Property Services Limited	England & Wales No 02061041	Property management	BH25 5NR	100 00
FirstPort Property Services No 2 Limited	England & Wales No 02231168	Property management	BH25 5NR	100 00
FirstPort Property Services No 3 Limited	England & Wales No 04352415	Dormant	BH25 5NR	100 00
FirstPort Property Services No 4 Limited	England & Wales No 07299764	Property management	BH25 5NR	100 00
FirstPort Property Services No 5 Limited	England & Wales No 05876680	Property management	BH25 5NR	100 00
FirstPort Property Services Scotland Limited	England & Wales No 03829468	Property management	BH25 5NR	100 00
FirstPort Retirement Limited	England & Wales No 03479623	Dormant	BH25 5NR	100 00

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

35 Subsidiaries (continued)

Name of undertaking and country of incorporation or residency	Nature of business	Registered Postcode	% Held	
			Direct	Indirect
FirstPort Retirement Property Services Limited	England & Wales No 01614856	Property management	BH25 5NR	100 00
FirstPort Secretarial Limited	England & Wales No 05806647	Dormant	BH25 5NR	100 00
FirstPort Services Limited	England & Wales No 09142979	Dormant	BH25 5NR	100 00
Ground Rent Services Limited	England & Wales No 09804654	Dormant	SG9 0RU	100 00
King George Court Management Limited	England & Wales No 03175135	Non-trading	BH25 5NR	100 00
Knight Midco Limited	England & Wales No 07927619	Holding company	BH25 5NR	100 00
Knight Square Holdings Limited	England & Wales No 07925023	Holding company	BH25 5NR	100 00
Knight Square Limited	England & Wales No 07925019	Provision of shared services	BH25 5NR	100 00
Longhurst Drive Management Company Limited	England & Wales No 11416290	Dormant	SG9 0RU	100 00
MacLaren Management Services Limited	England & Wales No 02142118	Dormant	BH25 5NR	100 00
Mainstay (Secretaries) Limited	England & Wales No 04458913	Dormant	WR5 2ZX	100 00
Mainstay Facilities Management Limited	England & Wales No 03340310	Property Management	WR5 2ZX	100 00
Mainstay Group Limited	England & Wales No 04002715	Property Management	WR5 2ZX	100 00
Mainstay Payments Limited	England & Wales No 04771082	Dormant	WR5 2ZX	100 00
Mainstay Residential Limited	England & Wales No 04052477	Property Management	WR5 2ZX	100 00
Matterdale Gardens Management Limited	England & Wales No 02405973	Non-trading	BH25 5NR	100 00
Maybeck Collections Limited	England & Wales No 04052424	Dormant	WR5 2ZX	100 00
Meridian Homes Limited	England & Wales No 01972727	Dormant	BH25 5NR	100 00
Meridian New Homes Limited	England & Wales No 02682974	Dormant	BH25 5NR	100 00
Meridian Property Group Limited	England & Wales No 02306958	Non-trading	BH25 5NR	100 00
Meridian Retirement Homes Limited	England & Wales No 01885186	Dormant	BH25 5NR	100 00
Meridian Retirement Housing Services Limited	England & Wales No 01833177	Dormant	BH25 5NR	100 00
Mint Property Management Limited	England & Wales No 05643630	Non-trading	BH25 5NR	100 00
MRML Limited	England & Wales No 03904173	Dormant	WR5 2ZX	100 00
OM Nominee Services Limited	England & Wales No 06695871	Dormant	BH25 5NR	100 00
OM Property Management Limited	England & Wales No 09143096	Dormant	BH25 5NR	100 00

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

35 Subsidiaries (continued)

Name of undertaking and country of incorporation or residency	Nature of business	Registered Postcode	% Held	
			Direct	Indirect
OM Property Management No 2 Limited England & Wales No 09375984	Dormant	BH25 5NR		100 00
Pegasus Court (Abergavenny) Management Limited England & Wales No 02285749	Dormant	BH25 5NR		100 00
Pegasus Court (Barnwood) Management Limited England & Wales No 02311505	Dormant	BH25 5NR		100 00
Pegasus Court (Bourton-on-the-Water) Management Limited England & Wales No 02285752	Dormant	BH25 5NR		100 00
Pegasus Court (Broadway) Management Limited England & Wales No 02392014	Dormant	BH25 5NR		100 00
Pegasus Court (Fleet) Management Limited England & Wales No 02318677	Dormant	BH25 5NR		100 00
Pegasus Court (Paignton) Management Limited England & Wales No 02392342	Dormant	BH25 5NR		100 00
Pegasus Court Cheltenham (Management) Limited England & Wales No 01867554	Dormant	BH25 5NR		100 00
Pegasus Court Hartley Wintney (Management) Limited England & Wales No 02129138	Dormant	BH25 5NR		100 00
Pegasus Court Management Limited England & Wales No 02516929	Dormant	BH25 5NR		100 00
Pegasus Thamesnorth Management Limited England & Wales No 02636137	Dormant	BH25 5NR		100 00
Pemberton's Maintenance Trustees (Aldford House) Limited England & Wales No 05111218	Dormant	BH25 5NR		100 00
Pemberton's Residential Limited England & Wales No 09375969	Dormant	BH25 5NR		100 00
Peveler Building Technologies Limited England & Wales No 09221891	Dormant	BH25 5NR		100 00
Peveler Management Services Limited England & Wales No 09142759	Dormant	BH25 5NR		100 00
Peveler Property Management Limited England & Wales No 09146176	Dormant	BH25 5NR		100 00
Peveler Scotland Limited England & Wales No 09145223	Dormant	BH25 5NR		100 00
Peveler Services Limited England & Wales No 09146279	Dormant	BH25 5NR		100 00
R C (Holdings) Limited England & Wales No 02968054	Holding company	BH25 5NR		100 00
R C Housing Limited England & Wales No 11012025	Property management	BH25 5NR		100 00
Renaissance Management Services Limited England & Wales No 03404510	Non-trading	BH25 5NR		100 00
Retirement Care (Southern) Limited England & Wales No 02486317	Non-trading	BH25 5NR		100 00
Retirement Care Group Ltd England & Wales No 02195300	Investment property	BH25 5NR		100 00
Retirement Care Limited England & Wales No 01706784	Dormant	BH25 5NR		100 00

DRIVE TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****35 Subsidiaries (continued)**

Name of undertaking and country of incorporation or residency	Nature of business	Registered Postcode	% Held	
			Direct	Indirect
Retirement Homeseach Limited	England & Wales No 03829469	Specialist estate agent	BH25 5NR	100.00
Retirement Marketing Services Limited	England & Wales No 02196442	Dormant	BH25 5NR	100.00
Sonata Insurance Services Limited	England & Wales No 06704179	Dormant	BH25 5NR	100.00
Stonedale (2012) Limited	England & Wales No 06544398	Dormant	BH25 5NR	100.00

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

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

The registered address for subsidiaries with the postcode SG9 0RU is The Maltings, Hyde Hall Farm, Sandon, Hertfordshire, UK, SG9 0RU.

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

DRIVE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

36 Notes to the cash flow statement

	2020 £'000	2019 £'000
Operating loss for the year / period	(1,693)	(2,238)
Adjustments for:		
Loss on disposal of tangible assets	55	-
Amortisation and impairment of intangible assets	10,421	2,920
Depreciation and impairment of tangible assets	1,849	655
Share-based payments	68	-
Movements in working capital		
Decrease in debtors	859	1,861
Increase / (decrease) in creditors	652	(14,517)
Increase / (decrease) in provision	3	(209)
Cash generated / (used) in operations	12,214	(11,528)

Included in cash generated from operations of £12,214k is cash outflow relating to exceptional items of £3,718k (2019: £1,301k)

Analysis of changes in net debt

	At 1 January 2020 £'000	Cash flows £'000	Acquired £'000	Non-cash changes £'000	At 31 December 2020 £'000
Cash at bank and in hand	4,558	(6,641)	9,668	-	7,585
Bank loans	(64,200)	(33,500)	-	-	(97,700)
Shareholder loans - principal	(51,036)	(10,395)	-	-	(61,431)
Interest on shareholder loans	(1,622)	5	-	(5,604)	(7,221)
Deferred financing costs	2,943	1,867	-	(564)	4,246
Finance leases	54	-	-	(54)	-
	(109,303)	(48,664)	9,668	(6,222)	(154,521)

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

The non-cash change of £564k for deferred financing costs relates to £588k of amortisation offset by £24k cost to be paid in 2021.

The non-cash change of £54k for finance lease relates to the final unwind of finance leases held in 2020