

Registered number
10888639

FPI CO 151 Limited

Report and Financial Statements

for the period from incorporation on 28 July 2017 to 31 March 2018

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FPI CO 151 Limited
Report and Financial Statements
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FPI CO 151 Limited
Company Information

Directors

Paul Bridge
Graham Peck

Secretary

Link Company Matters Limited
Beaufort House
51 New North Road
Exeter
EX4 4EP

Solicitors

Norton Rose Fulbright LLP
3 More London Riverside
London
SE1 2AQ

Registered office

Beaufort House
51 New North Road
Exeter
EX4 4EP

Registered number

10888639

FPI CO 151 Limited**Registered number:** 10888639**Directors' Report**

The Directors present their report and financial statements for the period from incorporation on 28 July 2017 to 31 March 2018.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under Sections 415(A) (1) and (2) of the Companies Act 2006.

Principal activities

The Company's principal activity during the period was the investment in a portfolio of social homes.

At 31 March 2018 the Company was a wholly-owned subsidiary of Civitas Social Housing PLC.

As referred to in Note 13 to the financial statements, in May 2018 the ownership of the company was transferred to Civitas Social Housing Jersey 2 Limited, a wholly owned subsidiary of Civitas Social Housing PLC.

Strategic report

The Directors have taken advantage of the exemptions allowed under Section 414B of the Companies Act 2006 and have not prepared a Strategic Report.

Results and dividends

The profit for the period amounted to £752,335. The Directors paid dividends during the period of £3,931. Any residual profit for the period is to be transferred to reserves.

Share capital

The Company was incorporated on 28 July 2017 with 100 Ordinary shares of £1 each. No further shares were issued during the year. As at 31 March 2018, there were 100 Ordinary shares in issue.

Directors

The following persons served as directors during the period:

Paul Green	Appointed 28 July 2017, resigned 15 December 2017
Paul Bridge	Appointed 15 December 2017
Gareth Jones	Appointed 15 December 2017, resigned 5 March 2018
Graham Peck	Appointed 5 March 2018

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Statement of Comprehensive Income of the Company for that period.

FPI CO 151 Limited

Registered number:

10888639

Directors' Report

In preparing these financial statements, the Directors are required to:

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

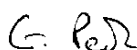
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Exemption from audit

The Company satisfies the conditions disclosed in section 479A Companies Act 2006 "Subsidiary companies: conditions for exemption from audit". The Directors note that:

- the members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476;
- the ultimate parent company, Civitas Social Housing PLC, has provided an undertaking to guarantee under section 479C in respect of that period; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

This report was approved by the Board of Directors on 21 January 2019 and signed on its behalf by:



Graham Peck
Director

FPI CO 151 Limited
Statement of Comprehensive Income
for the period from incorporation on 28 July 2017 to 31 March 2018

	Notes	Period from 28 July 2017 to 31 March 2018 £
Gross rental income	3	39,786
Administrative and other expenses	4	(1,562)
Operating profit before changes in fair value of investment property		<hr/> 38,224
Changes in fair value of investment property	6	714,111
Profit before taxation		<hr/> 752,335
Tax charge on profit	5	-
Total comprehensive income (attributable to the shareholders)		<hr/> <hr/> 752,335

All amounts included in the Statement of Comprehensive Income relate to continuing activities.
There are no items of comprehensive income other than the profit for the financial period.

The notes on pages 7 to 16 form part of these financial statements.

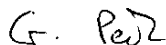
FPI CO 151 Limited
Statement of Financial Position
as at 31 March 2018
Company Number 10888639

	Notes	31 March 2018 £
Non-current assets		
Investment property	6	2,468,316
Current assets		
Trade and other receivables	7	39,786
Total assets		<u>2,508,102</u>
Current liabilities		
Trade and other payables	8	(1,759,598)
Total current liabilities		<u>(1,759,598)</u>
Net current liabilities		<u>(1,719,812)</u>
Total liabilities		<u>(1,759,598)</u>
Net assets		<u>748,504</u>
Capital and reserves		
Called up share capital	10	100
Retained earnings	11	748,404
Total equity		<u>748,504</u>

The Company satisfies the conditions disclosed in section 479A Companies Act 2006 "Subsidiary companies: conditions for exemption from audit". The Directors note that:

- the members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476;
- the ultimate parent company, Civitas Social Housing PLC, has provided an undertaking to guarantee under section 479C in respect of that period; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the Board of Directors on 21 January 2019
and signed on its behalf by:



Graham Peck
Director

The notes on pages 7 to 16 form part of these financial statements.

FPI CO 151 Limited
Statement of Changes in Equity
for the period from incorporation on 28 July 2017 to 31 March 2018

	Notes	Share capital	Share premium reserve	Capital reduction reserves	Retained earnings	Total
		£	£	£	£	£
At 28 July 2017		-	-	-	-	-
Total comprehensive income		-	-	-	752,335	752,335
Shares issued		100	-	-	-	100
Cancellation of share premium reserve		-	-	-	-	-
Dividends	12	-	-	-	(3,931)	(3,931)
At 31 March 2018		<u>100</u>	<u>-</u>	<u>-</u>	<u>748,404</u>	<u>748,504</u>

The notes on pages 7 to 16 form part of these financial statements.

FPI CO 151 Limited
Notes to the Financial Statements
for the period from incorporation on 28 July 2017 to 31 March 2018

1 Summary of significant accounting policies

1.1 General information

The financial statements of FPI CO 151 Limited (the 'Company') for the period from incorporation on 28 July 2017 to 31 March 2018 were authorised for issue by the Board of Directors on 21 January 2019.

The Company is a registered private company incorporated in the UK. The address of the registered office is Beaufort House, 51 New North Road, Exeter, EX4 4EP. The Company's principal activity is the investment in a portfolio of social homes. The Company is owned by Civitas Social Housing PLC.

These financial statements are contained within the group consolidated financial statements of Civitas Social Housing PLC. The group consolidated financial statements may be obtained from the Company Secretary at Beaufort House, 51 New North Road, Exeter, EX4 4EP.

These financial statements represent the separate financial statements of the Company.

1.2 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial instruments, which have been measured at fair value through the Statement of Comprehensive Income, and in accordance with the Companies Act 2006.

The financial statements are prepared on a going concern basis.

FRS 101 introduces a disclosure framework enabling qualifying entities to use the recognition and measurement bases of International Financial Reporting Standards ("IFRS") in their individual entity financial statements, while being exempt from a number of disclosures required by full IFRS. The Company has taken advantage of the following disclosure exemptions which are permissible under FRS 101 as the equivalent disclosures are contained within the group consolidated financial statements of Civitas Social Housing PLC:

- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel;
- disclosure of related party transactions with other wholly owned members of the Civitas Social Housing plc group of companies;
- the disclosure of certain information relating to financial instruments and other fair value measurements; and
- the disclosure of certain comparative information relating to investment properties.

1.3 Going concern

As at 31 March 2018 the Company had net current liabilities of £1,719,812.

Having reviewed the Company's current position and cash flow projections, including the confirmation that the Company's ultimate parent undertaking will provide such support as is required for a period of at least 12 months from the date of signing of these financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing these financial statements.

FPI CO 151 Limited
Notes to the Financial Statements
for the period from incorporation on 28 July 2017 to 31 March 2018

1.4 *Investment property*

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost, being the fair value of the consideration given, including expenditure that is directly attributable to the acquisition of the investment property. After initial recognition, investment property is stated at its fair value at the balance sheet date. Gains and losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise in the Statement of Comprehensive Income.

Subsequent expenditure is capitalised only when it is probable that future economic benefits are associated with the expenditure. Ongoing repairs and maintenance are expensed as incurred.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Significant accounting judgements, estimates and assumptions made for the valuation of investment properties are discussed in note 2.

1.5 *Trade and other receivables*

Trade and other receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recognised at fair value, and subsequently where necessary re-measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence the Company will not be able to collect all amounts due according to the original terms of the receivables.

1.6 *Impairment of financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

1.7 *Trade payables*

Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost until settled.

1.8 *Dividends payable to Shareholders*

Dividends to the Company's shareholders are recognised as a liability in the Company's consolidated financial statements in the period in which the dividends are approved. In the UK, interim dividends are recognised when paid.

FPI CO 151 Limited
Notes to the Financial Statements
for the period from incorporation on 28 July 2017 to 31 March 2018

1.9 *Rental income*

Rental income from investment property is recognised on a straight-line basis over the term of ongoing leases and is shown gross of any UK income tax. Lease incentives are spread evenly over the lease term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company has determined that it retains all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases as discussed in note 2.

Properties leased out under operating leases are included in investment property in the Statement of Financial Position. Rental income from operating leases is recognised on a straight line basis over the term of the relevant leases.

1.10 *Expenses*

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

1.11 *Finance costs*

Finance costs consist of interest and other costs that the Company incurs in connection with bank and other borrowings. Bank interest and bank charges are recognised on an accruals basis. Borrowing transaction costs are amortised over the period of the loan.

1.12 *Taxation*

Taxation on the profit or loss for the period not exempt under UK REIT regulations is comprised of current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movement in equity, in which case it is recognised as a direct movement in equity. Current tax is expected tax payable on any non REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

1.13 *Share issue costs*

The costs of issuing or reacquiring equity instruments (other than in a business combination) are accounted for as a deduction from equity.

1.14 *Presentational currency*

These financial statements have been prepared in Sterling.

FPI CO 151 Limited

Notes to the Financial Statements

for the period from incorporation on 28 July 2017 to 31 March 2018

2 Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 outlined below:

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial information:

Operating lease contracts – the Company as lessor

The Company has acquired investment properties that are subject to commercial property leases with Registered Providers. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Valuation of investment property

The Company uses the valuation carried out by its independent valuers as the fair value of its property portfolio. The valuation is based upon assumptions including future rental income and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. Further information is provided in note 6.

The Company's properties have been independently valued by Jones Lang LaSalle Ltd. ("JLL" or the "Valuer") according to the definitions published by the Royal Institute of Chartered Surveyors' ("RICS") Valuation – Professional Standards, July 2017, Global and UK Editions (commonly known as the "Red Book"). JLL is one of the most recognised professional firms within Social Housing valuation and has sufficient current local and national knowledge of both Social Housing generally and specialist supported housing ("SSH") and has the skills and understanding to undertake the valuations competently.

FPI CO 151 Limited
Notes to the Financial Statements
for the period from incorporation on 28 July 2017 to 31 March 2018

3 Total property income

	Period from 28 July 2017 to 31 March 2018 £
Rental income	39,786
	<u>39,786</u>

4 Administrative and other expenses

	Period from 28 July 2017 to 31 March 2018 £
Administration fees	1,462
Other expenses	100
	<u>1,562</u>

FPI CO 151 Limited
Notes to the Financial Statements
for the period from incorporation on 28 July 2017 to 31 March 2018

5 Taxation

	Period from 28 July 2017 to 31 March 2018 £
Analysis of charge in period	
Tax on profit on ordinary activities	-

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	Period from 28 July 2017 to 31 March 2018 £
Profit on ordinary activities before tax	752,335
Standard rate of corporation tax in the UK	19.00%
	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	142,944
Effects of:	
Revaluation of investment properties not taxable	(135,681)
REIT exempt income	(7,263)
Total tax expense	-

FPI CO 151 Limited
Notes to the Financial Statements
for the period from incorporation on 28 July 2017 to 31 March 2018

6 Investment property	31 March 2018 £
Fair value	
Additions	1,754,205
Change in fair value	714,111
At 31 March 2018	<u>2,468,316</u>

In accordance with "IAS 40: Investment Property", the investment property has been independently valued at fair value by JLL, an accredited external valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued, however the valuations are the ultimate responsibility of the Directors.

JLL have valued the investment property of the Company on an individual property basis assuming market standard costs, in accordance with the RICS red book methodology.

JLL has provided valuations services to the Company with regards to the properties during the period. In relation to the period ending 31 March 2018, the proportion of the total fees payable by the Company to JLL's total fee income was less than 5% and is therefore minimal. Additionally, JLL has a rotation policy in place whereby the signatories on the valuations rotate after seven years.

7 Trade and other receivables	31 March 2018 £
Other debtors	39,786
	<u>39,786</u>

All trade receivables relate to amounts that are less than 30 days overdue as at the period end.

8 Trade and other payables	31 March 2018 £
Amounts owed to group undertakings	1,758,136
Accruals and deferred income	1,462
	<u>1,759,598</u>

FPI CO 151 Limited
Notes to the Financial Statements
for the period from incorporation on 28 July 2017 to 31 March 2018

9 Share capital and reserves

Share capital represents the nominal value of share capital subscribed for.

The share premium reserve represents the amounts subscribed for Ordinary share capital in excess of nominal value less associated issue costs.

The capital reduction reserve is a distributable reserve to which the value of the share premium has been transferred. Dividends can be paid from this reserve.

Retained earnings represents the net of all profits and losses, gains and losses generated which have not been distributed to shareholders.

10 Share capital

	31 March 2018 Number	31 March 2018 £
Allotted, called up and fully paid: £1 Ordinary shares	100	100
	Number	Amount £
Shares issued during the period:		
Shares issued at launch	100	100
Shares issued during the period	-	-
£1 Ordinary shares	100	100

11 Retained earnings

	31 March 2018 £
At 28 July 2017	-
Profit for the period	752,335
Dividends paid in period	(3,931)
At 31 March 2018	748,404
Retained earnings are made up as follows:	
Unrealised gains	714,111
Distributable earnings	34,293
	748,404

FPI CO 151 Limited
Notes to the Financial Statements
for the period from incorporation on 28 July 2017 to 31 March 2018

12 Dividends

	Period from 28 July 2017 to 31 March 2018 £
Paid during the period:	
Equity dividends	<u>3,931</u>

13 Events after the reporting date

In May 2018, the ownership of the Company was transferred to Civitas Social Housing Jersey 2 Limited, a wholly owned subsidiary of Civitas Social Housing plc. Following the transfer, the Company has become party to an intergroup loan agreement with Civitas Social Housing Finance Company 2 Limited. The loan is subject to an interest charge and is fully repayable on 14 November 2020.

Civitas Social Housing Finance Company 2 Limited is party to a 3 year Sterling revolving loan facility for up to £60,000,000 with Lloyds Bank plc. The Company along with a number of other group entities has provided its portfolio of investment properties as security against this facility.

14 Operating leases

The Company's investment property is leased to a single Registered Provider under the terms of a commercial property lease due to expire on 14 December 2042 and with index linked annual rent reviews. The Company's current leases are Full Repairing and Insuring ('FRI') leases, the tenants are therefore obliged to repair, maintain and renew the properties back to the original conditions.

Total future minimum lease receivables under non-cancellable operating leases fall due as follows:

	Investment Property 31 March 2018 £
Falling due:	
within one year	135,720
within two to five years	542,880
in over five years	<u>2,685,578</u>
	<u>3,364,178</u>

FPI CQ 151 Limited
Notes to the Financial Statements
for the period from incorporation on 28 July 2017 to 31 March 2018

15 Controlling party

The Company is wholly owned by Civitas Social Housing PLC a Company incorporated in the UK. Civitas Social Housing PLC is the ultimate holding company that produces consolidated financial statements. There is no ultimate controlling party.