

Registered number
11462691

Civitas SPV149 Limited
(formerly FPI CO 285 Limited)

Report and Financial Statements

for the period from incorporation on 13 July 2018 to 31 March 2019

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Civitas SPV149 Limited
Report and Financial Statements
Contents

	Page
Company Information	1
Directors' Report	2
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7

**Civitas SPV149 Limited
Company Information**

Directors

Paul Bridge
Andrew Dawber
Thomas Pridmore
Subbash Thammanna

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

11462691

Civitas SPV149 Limited**Registered number:** 11462691**Directors' Report**

The Directors present their report and financial statements for the period from incorporation on 13 July 2018 to 31 March 2019.

The Company changed its name to Civitas SPV149 Limited on 14 March 2019.

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 2019 the Company was a wholly-owned subsidiary of Civitas Social Housing PLC.

As referred to in Note 12 to the financial statements, in July 2019 the ownership of the Company was transferred to Civitas Social Housing Finance Company 4 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 £796,305. The Directors paid dividends during the period of £0. Any residual profit for the period is to be transferred to reserves.

Share capital

The Company was incorporated on 13 July 2018 with 100 Ordinary shares of £1 each. No further shares were issued during the year. As at 31 March 2019, there were 100 Ordinary shares in issue.

Directors

The following persons served as Directors during the period:

Paul Bridge	Appointed 28 February 2019
Andrew Dawber	Appointed 28 February 2019
Thomas Pridmore	Appointed 28 February 2019
Graham Peck	Appointed 28 February 2019, resigned 28 August 2019
Ian Burgess	Appointed 13 July 2018, resigned 28 February 2019

After the period end, on 28 August 2019, Subbash Thammanna was appointed as Director.

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.

Civitas SPV149 Limited**Registered number:****11462691****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 17 December 2019 and signed on its behalf by:



Subbash Thammanna
Director

Civitas SPV149 Limited
Statement of Comprehensive Income
for the period from incorporation on 13 July 2018 to 31 March 2019

	Notes	Period from 13 July 2018 to 31 March 2019 £
Gross rental income	3	10,121
Operating profit before changes in fair value of investment property		<hr/> 10,121
Changes in fair value of investment property	5	786,184
Profit before taxation		<hr/> 796,305
Tax charge on profit	4	-
Total comprehensive income (attributable to the shareholders)		<hr/> <hr/> 796,305

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 14 form part of these financial statements.


Civitas SPV149 Limited
Statement of Financial Position
as at 31 March 2019
Company Number 11462691

	Notes	31 March 2019 £
Non-current assets		
Investment property	5	2,110,183
Current assets		
Trade and other receivables	6	10,121
Total assets		<u>2,120,304</u>
Current liabilities		
Trade and other payables	7	(1,323,899)
Total current liabilities		<u>(1,323,899)</u>
Net current liabilities		<u>(1,313,778)</u>
Total liabilities		<u>(1,323,899)</u>
Net assets		<u>796,405</u>
Capital and reserves		
Called up share capital	9	100
Retained earnings	10	796,305
Total equity		<u>796,405</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 11 December 2019 and signed on its behalf by:


Subbash Thammanna
Director

The notes on pages 7 to 14 form part of these financial statements.

Civitas SPV149 Limited
Statement of Changes in Equity
for the period from incorporation on 13 July 2018 to 31 March 2019

	Notes	Share capital £	Retained earnings £	Total £
At 13 July 2018		-	-	-
Total comprehensive income		-	796,305	796,305
Shares issued	9	100	-	100
At 31 March 2019		<u>100</u>	<u>796,305</u>	<u>796,405</u>

The notes on pages 7 to 14 form part of these financial statements.

Civitas SPV149 Limited
Notes to the Financial Statements
for the period from incorporation on 13 July 2018 to 31 March 2019

1 Summary of significant accounting policies

1.1 General information

The financial statements of Civitas SPV149 Limited (the 'Company') for the period from incorporation on 13 July 2018 to 31 March 2019 were authorised for issue by the Board of Directors on 17 December 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 2019 the Company had net current liabilities of £1,313,778.

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.

Civitas SPV149 Limited
Notes to the Financial Statements
for the period from incorporation on 13 July 2018 to 31 March 2019

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 incurred 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.

1.6 Impairment of financial assets

The Company's financial assets are subject to the expected credit loss model.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of up to 36 months before 31 March 2019 or 1 April 2018, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the liability of the tenants to settle the receivable. Such forward-looking information would include: changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics); external market indicators; and tenant base.

Trade receivables are written off when there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

1.7 Trade and other 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.

Civitas SPV149 Limited
Notes to the Financial Statements
for the period from incorporation on 13 July 2018 to 31 March 2019

1.8 Borrowings

Borrowings are initially recognised at fair value less any directly attributable transaction costs. After initial recognition, borrowings are measured at amortised cost, using the effective interest method. Any attributable transaction costs relating to the issue of the borrowings are amortised through the Company's Statement of Comprehensive Income over the life of the debt instrument on a straight-line basis.

1.9 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.

1.10 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.

1.11 Expenses

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

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.

Civitas SPV149 Limited
Notes to the Financial Statements
for the period from incorporation on 13 July 2018 to 31 March 2019

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 5.

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.

Civitas SPV149 Limited
Notes to the Financial Statements
for the period from incorporation on 13 July 2018 to 31 March 2019

3 Total property income

	Period from 13 July 2018 to 31 March 2019 £
Rental income	10,121
	<u>10,121</u>

4 Taxation

	Period from 13 July 2018 to 31 March 2019 £
Analysis of charge in period	
Tax on profit on ordinary activities	<u>-</u>

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 13 July 2018 to 31 March 2019 £
Profit on ordinary activities before tax	<u>796,305</u>
Standard rate of corporation tax in the UK	19.00%
	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	151,298
Effects of:	
Revaluation of investment properties not taxable	(149,375)
REIT exempt income	(1,923)
Total tax expense	<u>-</u>

Civitas SPV149 Limited
Notes to the Financial Statements
for the period from incorporation on 13 July 2018 to 31 March 2019

5 Investment property

	31 March 2019 £
Fair value	
At 13 July 2018	-
Additions	1,323,999
Change in fair value	786,184
At 31 March 2019	<u>2,110,183</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 2019, 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.

6 Trade and other receivables

	31 March 2019 £
Rental income	10,121
	<u>10,121</u>

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

7 Trade and other payables

	31 March 2019 £
Amounts owed by group undertakings	1,323,899
	<u>1,323,899</u>

Civitas SPV149 Limited
Notes to the Financial Statements
for the period from incorporation on 13 July 2018 to 31 March 2019

8 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.

9 Share capital

	31 March 2019 Number	31 March 2019 £
Allotted, called up and fully paid:		
£1 Ordinary shares	<u>100</u>	<u>100</u>
	Number	Amount £
Shares issued during the period:		
Shares issued at launch	100	100
£1 Ordinary shares	<u>100</u>	<u>100</u>

10 Retained earnings

	31 March 2019 £
At 13 July 2018	-
Profit for the period	796,305
At 31 March 2019	<u>796,305</u>
Retained earnings are made up as follows:	
Unrealised gains	786,184
Distributable earnings	10,121
	<u>796,305</u>

Civitas SPV149 Limited
Notes to the Financial Statements
for the period from incorporation on 13 July 2018 to 31 March 2019

11 Operating leases

The Company's investment property is leased to a single Registered Provider under the terms of commercial property leases with the earliest due to expire on 29 February 2044 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 2019 £
Falling due:	
within one year	115,440
within two to five years	461,760
in over five years	2,299,180
	<hr/> 2,876,380 <hr/>

12 Events after the reporting date

On 12 June 2019 the Company capitalised a proportion of intra Group debt to its parent, Civitas Social Housing PLC, in the sum of £1,323,999 which has resulted in allotment and issuance of 1 ordinary share of no par value. The consideration for the allotment and issuance of the shares was satisfied by way of set off against the intra Group debt payable to the parent, being a proportion of debt owed.

On 18 July 2019, the ownership of the Company was transferred to Civitas Social Housing Finance Company 4 Limited, a wholly owned subsidiary of Civitas Social Housing plc.

Civitas Social Housing Finance Company 4 Limited is party to a 5 year Sterling loan facility for up to £60,000,000 with National Westminster Bank plc. The Company along with a number of other group entities has provided its portfolio of investment properties as security against this facility.

13 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.