

Registered number
11844917

Mynydd Mawr (2019) Limited
Report and Financial Statements
Period from 15 August 2020 to 31 March 2021

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**Mynydd Mawr (2019) Limited
Report and Financial Statements
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Mynydd Mawr (2019) Limited
Company Information

Directors

Paul Bridge
Claire Fahey

Secretary

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

Solicitors

Cadwalader, Wickersham & Taft LLP
100 Bishopsgate,
London
EC2N 4AG

Registered office

Beaufort House
51 New North Road
Exeter
EX4 4EP

Registered number

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Mynydd Mawr (2019) Limited**Registered number:** 11844917**Directors' Report**

The Directors present their report and financial statements for the period from 15 August 2020 to 31 March 2021

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 2021, the Company was a wholly-owned subsidiary of Civitas SPV147 Limited, wholly owned by Civitas Social Housing Finance Company 5 Limited whose ultimate parent company is 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 £1,055,661 (period from 25 February 2019 to 14 August 2020: £441,062). The Directors paid no dividends during the period (period from 25 February 2019 to 14 August 2020: none). Any profit for the period is to be transferred to reserves.

Share capital

The Company was incorporated on 25 February 2019 with 1 share of £1 each. A further share was issued on 13 January 2021, for consideration of £9,618,341. As at 31 March 2021, there were 2 Ordinary shares in issue.

Directors

The following persons served as Directors during the period:

Paul Bridge	Appointed 14 August 2020
Subbash Thammanna	Appointed 14 August 2020

After the period end the following changes to the Board of Directors were made:

Subbash Thammanna	Resigned 30 April 2021
Claire Fahey	Appointed 30 April 2021

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.

Mynydd Mawr (2019) Limited**Registered number:** 11844917**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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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 8th September 2021
and signed on its behalf by:



Claire Fahey
Director

Mynydd Mawr (2019) Limited
Statement of Comprehensive Income
for the period ended 31 March 2021

	Notes	Period from 15 August 2020 to 31 March 2021 £	Period from 25 February 2019 to 14 August 2020 £
Gross rental income	3	373,778	-
Administrative and other expenses	4	-	(12,914)
Operating profit/(loss) before changes in fair value of investment property		373,778	(12,914)
Changes in fair value of investment property	6	7,473,365	453,976
Changes in fair value due to lease incentives and rent straight line adjustments	6	(6,791,482)	-
Profit before taxation		1,055,661	441,062
Taxation	5	-	-
Total comprehensive income (attributable to the shareholders)		1,055,661	441,062

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 15 form part of these financial statements.

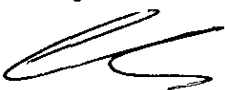
Mynydd Mawr (2019) Limited
Statement of Financial Position
as at 31 March 2021
Company Number 11844917

	Notes	31 March 2021 £	14 August 2020 £
Fixed assets			
Investment property	6	10,754,201	10,072,318
Current assets			
Trade and other receivables	7	6,837,864	-
Total assets		<u>17,592,065</u>	<u>10,072,318</u>
Creditors amounts falling due within one year			
Trade and other payables	8	(6,477,000)	(9,631,255)
Total liabilities		<u>(6,477,000)</u>	<u>(9,631,255)</u>
Net assets		<u>11,115,065</u>	<u>441,063</u>
Capital and reserves			
Called up share capital	10	2	1
Capital reduction reserve	12	9,618,340	-
Retained earnings	13	1,496,723	441,062
Total equity		<u>11,115,065</u>	<u>441,063</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 8th September 2021 and signed on its behalf by:



Claire Fahey
Director

The notes on pages 7 to 15 form part of these financial statements.

Mynydd Mawr (2019) Limited
Statement of Changes in Equity
for the period ended 31 March 2021

	Notes	Share capital £	Share premium reserve £	Capital reduction reserve £	Retained earnings £	Total £
At 25 February 2019		-	-	-	-	-
Total comprehensive income		-	-	-	441,062	441,062
Shares issued	10	1	-	-	-	1
At 14 August 2020		<u>1</u>	<u>-</u>	<u>-</u>	<u>441,062</u>	<u>441,063</u>
At 15 August 2020		1	-	-	441,062	441,063
Total comprehensive income		-	-	-	1,055,661	1,055,661
Shares issued	10	1	9,618,340	-	-	9,618,341
Cancellation of share premium reserve	11	-	(9,618,340)	9,618,340	-	-
At 31 March 2021		<u>2</u>	<u>-</u>	<u>9,618,340</u>	<u>1,496,723</u>	<u>11,115,065</u>

The notes on pages 7 to 15 form part of these financial statements.

Mynydd Mawr (2019) Limited
Notes to the Financial Statements
for the period ended 31 March 2021

1 Summary of significant accounting policies

1.1 General information

The financial statements of Mynydd Mawr (2019) Limited (the 'Company') for the period ended 31 March 2021 were authorised for issue by the Board of Directors on 24 September 2021.

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 SPV147 Limited wholly owned by Civitas Social Housing Finance Company 5 Limited whose ultimate parent company is 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, 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.

The Company has aligned its financial accounting period end with Civitas Social Housing PLC. The Company's comparative financial period is of a different length to the current period, so comparative figures are not comparable to the current period results.

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 Impact of new standards, amendments and interpretations

The following new standards are now effective and have been adopted for the period ended 31 March 2021.

Amendments to IAS1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': These amendments clarify the definition of 'material'. The amendments make the standards more consistent but have no significant impact on the preparation of these financial statements. (Effective for annual periods beginning on or after 1 January 2020).

Mynydd Mawr (2019) Limited
Notes to the Financial Statements
for the period ended 31 March 2021

1.4 *Going concern*

To date, the financial performance of the Company and its ultimate parent undertaking, Civitas Social Housing PLC have not been negatively impacted by COVID-19. Civitas Social Housing PLC and its Investment Adviser, Civitas Investment Management Limited ("CIM") are working closely with its major counterparties to monitor the position on the ground and, should it be needed, to offer assistance and guidance where possible. Its Board of Directors believes that the Group operates a robust and defensive business model and that social housing and specialist healthcare are proving to be some of the more resilient sectors within the market, given that they are based on non-discretionary public sector expenditure and that demand exceeds supply.

As at 31 March 2021 the Company had net current assets of £360,864 (period from 25 February 2019 to 14 August 2020: net current liabilities of £9,631,255).

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.

1.5 *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.

1.6 *Trade and other receivables*

Trade and other receivables are amounts due in the ordinary course of business.

Trade and other receivables are initially recognised at fair value, and subsequently where necessary re-measured at amortised cost less provision for impairment.

Mynydd Mawr (2019) Limited
Notes to the Financial Statements
for the period ended 31 March 2021

1.7 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 12 months before 31 March 2021 or 15 August 2020 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.

1.8 Trade and other payables

Trade and other payables are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost until settled.

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 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.

1.12 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.

1.13 Presentational currency

These financial statements have been prepared in Sterling.

Mynydd Mawr (2019) Limited
Notes to the Financial Statements
for the period ended 31 March 2021

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 period 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") in accordance with the current Royal Institution of Chartered Surveyors' Valuation – Global Standards, incorporating the IVS, and the RICS Valuation – Global Standards 2017 UK national supplement (the RICS "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.

In accordance with RICS guidelines the Material Valuation Uncertainty that had previously been applied to the valuation of the majority of classes of real estate as a result of the COVID-19 pandemic had, for the period ended 31 March 2021, been lifted from the Company's portfolio. RICS confirmed that the condition would no longer be applied to specialist supported housing of both C2 and C3 designations let on full repairing and insuring leases.

3 Gross rental income

	Period from 15 August 2020 to 31 March 2021 £	Period from 25 February 2019 to 14 August 2020 £
Rental income	337,296	-
Rent straight line adjustments	292	-
Lease incentive adjustments	36,190	-
	<u>373,778</u>	<u>-</u>

Mynydd Mawr (2019) Limited
Notes to the Financial Statements
for the period ended 31 March 2021

4 Administrative and other expenses

	Period from 15 August 2020 to 31 March 2021 £	Period from 25 February 2019 to 14 August 2020 £
Auditors' fees	-	12,914
	<u>-</u>	<u>12,914</u>

5 Taxation

	Period from 15 August 2020 to 31 March 2021 £	Period from 25 February 2019 to 14 August 2020 £
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Analysis of charge in period

Tax on profit on ordinary activities	<u>-</u>	<u>-</u>
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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 15 August 2020 to 31 March 2021 £	Period from 25 February 2019 to 14 August 2020 £
Profit on ordinary activities before tax	<u>1,055,661</u>	<u>441,062</u>
Standard rate of corporation tax in the UK	19.00%	19.00%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	200,576	83,802
Effects of:		
Revaluation of investment properties not taxable	(129,558)	(86,255)
REIT exempt (income)/loss	(71,018)	2,453
Total tax expense	<u>-</u>	<u>-</u>

Civitas Social Housing PLC elected during 2017 to become a Real Estate Investment Trust (REIT) for UK tax purposes. As a result, no UK corporation tax should be due on future income or capital gains in respect of investment properties within the REIT group, of which the Company is a member.

Mynydd Mawr (2019) Limited
Notes to the Financial Statements
for the period ended 31 March 2021

6 Investment property

	31 March 2021 £
Fair value	
At 15 August 2020	10,072,318
Change in fair value	<u>7,473,365</u>
Valuation provided by the valuers	17,545,683
 Changes in fair value due to lease incentives and rent straight line adjustments	 <u>(6,791,482)</u>
At 31 March 2021	<u>10,754,201</u>
 Changes in fair value due to lease incentives and rent straight line adjustments	
At start of period	-
At end of period	<u>(6,791,482)</u>
	<u>(6,791,482)</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 ended 31 March 2021, 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.

All of the Company's properties are level 3 in the fair value hierarchy as at 31 March 2021 and there were no transfers between levels during the period.

7 Trade and other receivables

	31 March 2021 £	14 August 2020 £
Rental debtor and accrued income	46,382	-
Debtor arising from lease incentives and rent straight line adjustments	<u>6,791,482</u>	-
	<u>6,837,864</u>	<u>-</u>

Debtors arising from lease incentives and rent straight line adjustments are released over the life of the lease and therefore fall due after more than one year.

Mynydd Mawr (2019) Limited
Notes to the Financial Statements
for the period ended 31 March 2021

8 Trade and other payables

	31 March 2021 £	14 August 2020 £
Accruals	12,914	12,914
Tenant deposits held	133,396	-
Amounts owed to group undertakings	6,330,690	9,618,341
	<u>6,477,000</u>	<u>9,631,255</u>

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

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 2021 Number	14 August 2020 Number	31 March 2021 £	14 August 2020 £
Allotted, called up and fully paid:				
£1 Ordinary shares	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>
Movement	Number	Number	£	£
At beginning of period	1	1	1	1
Shares issued during the period	1	-	1	-
At end of period	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>

Mynydd Mawr (2019) Limited
Notes to the Financial Statements
for the period ended 31 March 2021

11 Share premium reserve

	31 March 2021 £	14 August 2020 £
At beginning of period	-	-
Shares issued	9,618,340	-
Cancellation of share premium reserve	(9,618,340)	-
At end of period	<u>-</u>	<u>-</u>

On 29 January 2021, a written resolution was passed as a special resolution that the amount standing to the credit of the share premium account of the company as at 31 March 2021 be cancelled. The amount was transferred to the capital reduction reserve.

12 Capital reduction reserve

	31 March 2021 £	14 August 2020 £
At beginning of period	-	-
Cancellation of share premium reserve	9,618,340	-
At end of period	<u>9,618,340</u>	<u>-</u>

13 Retained earnings

	31 March 2021 £	14 August 2020 £
At beginning of period	441,062	-
Total comprehensive income	1,055,661	441,062
At end of period	<u>1,496,723</u>	<u>441,062</u>
Retained earnings are made up as follows:		
Unrealised gains	1,135,859	453,976
Distributable earnings/(losses)	360,864	(12,914)
	<u>1,496,723</u>	<u>441,062</u>

Mynydd Mawr (2019) Limited
Notes to the Financial Statements
for the period ended 31 March 2021

14 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 13 August 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 2021 £	Investment Property 14 August 2020 £
Falling due:		
within one year	927,801	533,586
within two to five years	3,804,918	2,134,344
in over five years	17,247,089	9,070,962
	<u>21,979,808</u>	<u>11,738,892</u>

15 Related party transactions

In February 2021, the ownership of the Company's direct parent company, Civitas SPV147 Limited, was transferred to Civitas Social Housing Finance Company 5 Limited. Civitas Social Housing Finance Company 5 Limited is party to a £84,550,000 credit facility with M&G Investment Management Limited which is secured on the properties owned by a number of group entities including this Company. In addition, the Company acts as one of the guarantors to this facility.

16 Controlling party

The Company is wholly owned by Civitas SPV147 Limited which in turn is owned by Civitas Social Housing Finance Company 5 Limited a Company incorporated in the UK. Civitas Social Housing PLC is the ultimate holding company. This is the next and most senior parent that produces consolidated financial statements. There is no ultimate controlling party.