

NUPLACE LIMITED

Company registration number 09522014 (England and Wales)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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NUPLACE LIMITED

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NUPLACE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

Nuplace Limited was incorporated on 1 April 2015. Nuplace is a wholly owned subsidiary of Telford and Wrekin Council, limited by shares.

The principal activity of the company is the procurement of the construction and management of private and affordable residential property for rent. In addition, the company aims to:

- Raise the standard of rental provision, both in terms of the quality of the rental homes and the landlord service.
- Deliver added value and stimulate local economic growth through supply chain engagement, offering skills and employment opportunities and working with the community.
- Develop brownfield and stalled sites in order to deliver widespread regeneration benefits.

In November 2020, in an update to the Company's Business Case, a pipeline of schemes was established to deliver additional new and refurbished homes. This pipeline included the acquisition of over 100 existing homes for a mixture of private and affordable rent as opposed to the delivery of homes on a build to rent basis. Acquired properties will be refurbished and rented out by Nuplace under a new sub brand, known as Telford & Wrekin Homes, which was established during the year. This element is intended to provide a further product within the private rented sector in Telford & Wrekin, which continues to raise the bar in terms of property and tenancy management, and compliments the new build housing already provided by Nuplace.

The objectives of this element of the programme are:

- To invest in and protect existing housing stock through high quality renovations which help to address issues of poor housing in communities.
- To further spread the good work of Nuplace in raising standards in the private rented sector across the Borough through demonstrating high quality property and tenancy management on a broader geographic scale
- To provide a "home for life" for our tenants with a focus on providing housing options for a range of priority client groups, including for example care leavers and people providing low level care, key workers, young people and veterans

The company is financed by Telford and Wrekin Council, through a combination of equity in the form of share capital and debt finance.

NUPLACE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Development and performance

The year ended 31 March 2022 was the seventh year of operation of the company. Nuplace's housing portfolio now comprises of 131 homes of which 15 are affordable. The programme has resulted in over 23 acres of brownfield land being regenerated, addressing sites that might otherwise blight communities. The programme is also delivering added value in terms of local employment, apprenticeships, supply chain development and the delivery of a range of community projects.

Nuplace's growing portfolio now provides a range of homes across the Borough with houses available within North and South of Telford, including properties in Newport. Nuplace now have circa 1,200 people living in properties across ten sites.

Works are ongoing at Southwater Way, Telford, Nuplace's low carbon Town Centre scheme of 46 housing units, with the site due to be completed in July 2022. Alongside this, the first 12 Telford & Wrekin Homes properties are undergoing refurbishment and due to be completed in May 2022. Over 400 people have registered an interest in Telford & Wrekin Home properties evidencing the level of demand for these homes.

Rental income for the year totalled £3.5m (£2.8m; 2020/21), and void levels have been contained at 1.35%, (1.36%; 2020/21), which reflects the buoyant nature of the property market as well as the reputation Nuplace has built up within the market, with there being over 100 people on the waiting list for Nuplace homes. High levels of customer satisfaction were demonstrated in the Nuplace tenancy survey completed in December 2021, with 96% of respondents confirming they would recommend Nuplace to friends and family.

The company has continued to be impacted by the Covid-19 pandemic, and overdue debts have risen. The Company has continued to work with its tenants to offer support where there may be difficulties in making rent payments, and with the restrictions lifting it has worked to actively reduce overdue debt by ensuring appropriate payment plans are in place. The Ukraine conflict is also having a significant impact on material prices and availability, affecting sites under construction, including Southwater Way, as well as putting at risk the viability of pipeline schemes. Inflationary increases experienced for certain materials is unprecedented and unpredictable meaning that cost certainty is currently challenging. Recent Bank of England interest rate rises will also have an impact on pipeline schemes. Therefore, viability appraisals will be reviewed over the forthcoming year to manage these risks as far as possible.

The Directors acknowledge that ongoing asset maintenance will be required to the investment properties, however, a provision in the financial statements has not been possible due to accounting standards requirements. The cost of asset and site maintenance in the year increased to £252,000 (£154,000; 2020/21) which is included in the cost of sales in the financial statements. This cost is expected to increase as the portfolio ages and proactive maintenance is performed. The Directors will ensure suitable reserves are held in order to meet asset maintenance obligations.

In accordance with the company's accounting policy, the housing portfolio was revalued at the year end, which has resulted in an increase in value of £3.7m over nine completed sites, representing a 5.3% increase in value.

Pipeline schemes include Donnington Wood Way, Telford where planning permission has been secured for a further 66 properties, and The Gower, St Georges where 10 new build dwellings are being delivered alongside 3 within the retained listed building. Properties at Donnington Wood Way will include 18 accessible and adaptable dwellings, specifically for people with a range of mobility issues as well as 18 low carbon homes built to Future Homes Standards. These properties build on the successful delivery of accessible dwellings at Maple Fields in Dothill and low carbon homes currently being delivered at Southwater Way.

NUPLACE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

The company has reported an operating profit before interest and taxation for the year ended 31 March 2022 of £2,616,715, (2020/21: £2,183,415). The company capitalises interest on loan finance during the site's construction period, following which, interest is charged to the profit and loss account upon the site's practical completion. In line with this policy, the company has incurred interest charges on the year's profit of £2,052,704 (2020/21: £1,562,915). The company reported an operating profit after interest and taxation of £406,812 for the year (2020/21: £463,075), which has been added to reserves. During the year the directors declared a final dividend of £0.01p per ordinary share registered on 16th February 2022 totalling £163,000.

Nuplace continues to expand its portfolio with additional investment in the Company approved at the Council's Cabinet in March 2022. In addition, to existing capital allocations, this investment totals £67m, with plans to deliver a further 418 homes comprising of new build and refurbishment in suburban and town centre locations.

On behalf of the board

.....
Mrs K I Callis
Director

Date:

NUPLACE LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	6	5,796,207		10,127,368	
Investment properties	7	73,774,401		61,509,800	
		<u>79,570,608</u>		<u>71,637,168</u>	
Current assets					
Debtors	8	255,808		491,410	
Cash at bank and in hand		1,169,533		929,567	
		<u>1,425,341</u>		<u>1,420,977</u>	
Creditors: amounts falling due within one year	9	<u>(1,022,256)</u>		<u>(522,430)</u>	
Net current assets		<u>403,085</u>		<u>898,547</u>	
Total assets less current liabilities		<u>79,973,693</u>		<u>72,535,715</u>	
Creditors: amounts falling due after more than one year	10	(42,905,139)		(40,008,801)	
Provisions for liabilities		(284,967)		(265,353)	
Government grants		<u>(1,367,503)</u>		<u>(1,401,114)</u>	
Net assets		<u><u>35,416,084</u></u>		<u><u>30,860,447</u></u>	
Capital and reserves					
Called up share capital		16,900,000		16,300,000	
Revaluation reserve		16,636,602		12,924,777	
Profit and loss reserves		<u>1,879,482</u>		<u>1,635,670</u>	
Total equity		<u><u>35,416,084</u></u>		<u><u>30,860,447</u></u>	

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 21 September 2022 and are signed on its behalf by:

Mrs K I Callis
Director

Company Registration No. 09522014

NUPLACE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Revaluation reserve	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 April 2020	13,300,000	7,558,848	1,328,595	22,187,443
Year ended 31 March 2021:				
Profit for the year	-	-	463,075	463,075
Other comprehensive income:				
Revaluation of investment properties	-	5,365,929	-	5,365,929
Total comprehensive income for the year	-	5,365,929	463,075	5,829,004
Issue of share capital	3,000,000	-	-	3,000,000
Dividends	-	-	(156,000)	(156,000)
Balance at 31 March 2021	16,300,000	12,924,777	1,635,670	30,860,447
Year ended 31 March 2022:				
Profit for the year	-	-	406,812	406,812
Other comprehensive income:				
Revaluation of investment properties	-	3,711,825	-	3,711,825
Total comprehensive income for the year	-	3,711,825	406,812	4,118,637
Issue of share capital	600,000	-	-	600,000
Dividends	-	-	(163,000)	(163,000)
Balance at 31 March 2022	16,900,000	16,636,602	1,879,482	35,416,084

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Nuplace Limited is a private company limited by shares incorporated in England and Wales. The registered office is Legal Services, Darby House, Lawn Central, Telford, Shropshire, TF3 4JA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

The company's parent undertaking, Telford and Wrekin Council, includes the company in its Consolidated Financial Statements. The consolidated financial statements of Telford and Wrekin Council are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public as may be obtained from Legal Services, Darby House, Lawn Central, Telford, TF3 4JA. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS102 in respect of the following disclosures; related party transactions, cash flow statement, key management personnel and financial instruments.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements. The company is funded by Telford and Wrekin Council which has confirmed financial support to fund the future activities of the company for the 30 year period of the loan. The day to day running of the company is supported by rental income, which is sufficient to meet liabilities as they fall due.

1.3 Turnover

Turnover is the rent receivable in the year, for properties let to tenants.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost. Tangible fixed assets include assets under construction and capitalised interest. Land is considered to be an appreciating asset and is thus not depreciated. Interest incurred during the construction period of investment properties is added to the capital value of the property.

1.5 Investment properties

Investment property is recognised as such once the entire development has been completed and revalued at open market value annually. Investment properties are not depreciated as they are anticipated to appreciate in value. In line with FRS 102 guidance on revaluation of investment property gains/losses on revaluation are shown in the profit and loss account. Gains/losses on revaluation are recognised in other comprehensive income and accumulated in equity.

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

Investment property is valued by MRICS Registered Valuers and is an estimate of market value at 31 March 2022. There are no other items within the accounts that require judgments or estimates.

3 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	10,620	11,040
	<u> </u>	<u> </u>

4 Employees

	2022	2021
	Number	Number
Total	-	-
	<u> </u>	<u> </u>

5 Directors' remuneration

Directors of the company received no remuneration or benefit over the year 2022 - £nil (2021 - £nil).

The Directors are employees of the parent organisation.

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Tangible fixed assets

	Land and buildings £
Cost	
At 1 April 2021	10,127,368
Additions	4,208,439
Transfers	(8,539,600)
	<hr/>
At 31 March 2022	5,796,207
	<hr/>
Depreciation and impairment	
At 1 April 2021 and 31 March 2022	-
	<hr/>
Carrying amount	
At 31 March 2022	5,796,207
	<hr/> <hr/>
At 31 March 2021	10,127,368
	<hr/> <hr/>

Included in additions is capitalised interest of £111,983 (2021: £347,890) on the cost of construction. The total value of capitalised interest included within tangible fixed assets and investment properties at the year end is £1,753,433 (2021: £1,641,450).

7 Investment property

	2022 £
Fair value	
At 1 April 2021	61,509,801
Additions	13,175
Transfers	8,539,600
Revaluations	3,711,825
	<hr/>
At 31 March 2022	73,774,401
	<hr/> <hr/>

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

7 Investment property

(Continued)

Nuplace Limited's property assets were valued on 31 March 2022 by internal valuers, Dawn Toy MRICS and David Scrimgeour MRICS, both Registered Valuers of Telford & Wrekin Council.

The valuations were carried out in accordance with the Standard terms of Engagement, detailed in Appendix 2 of the valuation report, CIPFA and the RICS Valuation - Global Standards and RICS Global Standards - UK National Supplement (the Red Book) and the International Valuation Standards (IVS), applicable at the valuation date. The valuation of each property was on the bases of Fair Value, which equates to Market Value and assumes that they would be sold subject to the Special Assumptions listed below. The valuer's opinion of Market Value was primarily derived using the comparable method as there was good evidence of previous sales on arm's-length terms.

Special Assumptions:

- There would be no bids from Special Purchasers.
- It is assumed that the interests being valued can be offered freely and openly in the market for non-specialist property, and based on existing use for specialist property.
- There are no past changes in the physical aspects of the property or asset where the valuer has to assume those changes have not taken place.
- All impending or proposed changes in the physical circumstances of the property, for example a new building to be constructed, were ignored.
- There were no anticipated change in the mode of occupation or trade at the property.
- It is assumed that there were no alterations and improvements to be carried out under the terms of a lease.
- Details of actual or anticipated market constraints were agreed and included in Standard Terms of Engagement.
- If a property cannot be freely or adequately presented to the market, the price is likely to be adversely affected.
- For inherent constraints that did not exist at valuation date, but is a foreseeable consequence of a specified event, will be treated as arising on valuation date.
- Any Special Assumption that specifies a time limit on disposal must state the reason for the time limit.
- A financial instrument is valued using a yield curve that is different from that which would be used by a market participant.
- Projected values rely wholly on Special Assumptions and may include assumptions such as the state of the market in the future, yields, rental growth, interest rates etc. The assumptions must be:
 - In accordance with any applicable national or jurisdictional standard;
 - Realistic and credible; and
 - Clearly and comprehensively set out in the report.
- Damaged property:
 - Treating the property as having been re-instated when it has not;
 - Valuing as a cleared site with development permission assumed for the existing use; or
 - Refurbishment or re-development for a different use reflecting the prospects of obtaining the necessary development permissions.

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

7 Investment property

(Continued)

Lotting Assumptions:

- It is assumed that there are no physically separate properties that are occupied by the client where there is a functional dependence between the properties.
- No account made where ownership of a number separate properties would be of particular advantage to them as a single owner.
- Where physically adjoining properties that have been acquired separately by the entity for site assembly for future development/regeneration purposes, the proposed development scheme will be used as the basis of valuation for the assembled site(s).
- No account made where individual properties are used collectively or are an essential component of the entity's operation.
- No record of any groups of properties that should not be valued together.
- Properties valued as individual dwellings, with the assumption that any sales would not flood the market.
- No account taken of other facilities related to site, such as attenuation features.

8 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	18,237	25,936
Other debtors	237,571	465,474
	<u>255,808</u>	<u>491,410</u>

9 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	58,458	79,000
Amounts owed to group undertakings	334,493	226,927
Corporation tax	139,817	101,303
Other creditors	489,488	115,200
	<u>1,022,256</u>	<u>522,430</u>

10 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Trade creditors	262,565	163,537
Other creditors	42,642,574	39,845,264
	<u>42,905,139</u>	<u>40,008,801</u>

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Stacey Lea ACA and the auditor was Dyke Yaxley Limited.

12 Financial commitments, guarantees and contingent liabilities

A grant of £1,008,336 was received from Telford and Wrekin Council in 2017/18 for the construction of 33 affordable units for rent at Springfields, Newport. The terms of this require Nuplace to hold the units as affordable, subject to repayment should the units cease to be held as such.

A grant of £460,000, of which £232,543 is receivable and £227,457 was received during the year, from West Midlands Combined Authority for the construction of 46 units including 11 affordable units at Southwater Way. The terms of this require completion of the units by 31 December 2022, subject to repayment per unit not practically complete at this date.

13 Capital commitments

At 31 March 2022 the company entered into a number of contracts for the construction of fixed assets in 2021/22 and future years estimated to cost £1,213,753 (2021: £5,203,417).

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Related party transactions

The company has previously entered into loan agreements for secured loan facilities of up to £40,000,000 and up to £5,000,000 respectively with Telford and Wrekin Council. At the year end the company had drawn down £42,642,574 (2021: £39,845,264). Interest of £2,164,687 (2021: £1,910,806) had been charged by Telford and Wrekin Council. The loans are interest only and repayable at the end of their term.

The company purchased £861,125 (2021: £775,610) services from Telford and Wrekin Council.

The total amount due to Telford and Wrekin Council at the balance sheet date is £42,977,067 (2021: £40,072,192).

15 Parent company

The ultimate controlling party and parent is Telford and Wrekin Council (registered office: Legal Services Darby House, Lawn Central, Telford, TF3 4JA) by virtue of it's 100% shareholding.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.