

NUPLACE LIMITED

Company Registration No. 09522014 (England and Wales)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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NUPLACE LIMITED

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NUPLACE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 2021.

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.

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

Development and performance

The year ended 31 March 2021 was the sixth year of operation of the company. The company has been impacted by the COVID19 pandemic. Construction work at two development sites was suspended in March 2020 for a period of approximately 6 weeks, however the contractor remobilised and work is progressing, as a result sites are due to complete later than anticipated. Nuplace is working with its tenants to continue to offer support where there may be difficulties in rent payments arising due to the impact of the pandemic.

Despite the challenges, the company completed the development of 37 units at Rowan View, Snedshill, taking the number of properties completed and available to let at 31 March 2021 to 366, of which 42 are available at affordable rents. In addition, 54 units at Maple Fields, Dothill are expected to reach completion within the first quarter of 2021/22, with 19 of the units being developed to accessible and adaptable standards and ring-fenced for people who are over 55 or have a proven physical disability on a rental basis. Development has commenced on 46 housing units at Southwater Way in Telford Town Centre, of which 11 will be affordable housing, bringing the Nuplace portfolio to 466 units.

Rental income for the year totalled £2.8m (£2.5m; 2019/20), and management of rental levels across the portfolio during the pandemic resulted in void levels of 1.36%, (2.17%; 2019/20). Overdue debt levels have increased as a result of the pandemic and the Company will continue to work with tenants to address these in 2021/22.

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 £5.4m over the eight completed sites, representing a 9.6% increase in value.

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 maintenance in the year increased to £154,000 (£68,000; 2019/20) 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.

The company has reported an operating profit before interest and taxation for the year ended 31 March 2021 of £2,183,415, (2019/20: £2,086,916). 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 £1,562,915 (2019/20: £1,517,707). The company reported an operating profit after interest and taxation of £463,075 for the year, (2019/20: £427,600), which has been added to reserves. During the year the directors declared a final dividend of £0.01p per ordinary share registered on 24th February 2021 totalling £156,000.

NUPLACE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Nuplace continues to expand its portfolio with a new Business Case for investment having been approved by Directors and the Council's Cabinet in November 2020. This represents a further £48m investment in circa 320 homes across seven schemes reflecting a continuation of the established 'build to rent' objectives alongside a new venture to convert and refurbish a range of existing buildings. Part of this new venture, known as Telford and Wrekin Homes, will see the acquisition of the first tranche within the first six months of 2021/22. The construction schemes will involve the lodging of planning applications, which commenced in December 2020, and start on site for some units commencing within the next financial year.

On behalf of the board



Mrs K I Callis

Director

13 July 2021

NUPLACE LIMITED

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	6	10,127,368		5,338,346	
Investment properties	7	61,509,800		50,832,900	
		<u>71,637,168</u>		<u>56,171,246</u>	
Current assets					
Debtors	8	491,410		10,693	
Cash at bank and in hand		929,567		370,470	
		<u>1,420,977</u>		<u>381,163</u>	
Creditors: amounts falling due within one year	9	<u>(522,430)</u>		<u>(510,947)</u>	
Net current assets/(liabilities)			898,547		(129,784)
Total assets less current liabilities			<u>72,535,715</u>		<u>56,041,462</u>
Creditors: amounts falling due after more than one year	10		(40,008,801)		(32,670,125)
Provisions for liabilities			(265,353)		(209,169)
Deferred grants			<u>(1,401,114)</u>		<u>(974,725)</u>
Net assets			<u><u>30,860,447</u></u>		<u><u>22,187,443</u></u>
Capital and reserves					
Called up share capital			16,300,000		13,300,000
Revaluation reserve			12,924,777		7,558,848
Profit and loss reserves			<u>1,635,670</u>		<u>1,328,595</u>
Total equity			<u><u>30,860,447</u></u>		<u><u>22,187,443</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.

NUPLACE LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2021

The financial statements were approved by the board of directors and authorised for issue on
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 2021

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2019		11,600,000	3,312,940	900,995	15,813,935
Year ended 31 March 2020:					
Profit for the year		-	-	427,600	427,600
Other comprehensive income:					
Revaluation of investment properties		-	4,245,908	-	4,245,908
Total comprehensive income for the year		-	4,245,908	427,600	4,673,508
Issue of share capital		1,700,000	-	-	1,700,000
Balance at 31 March 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

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 2021

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 2021

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 2021. There are no other items within the accounts that require judgments or estimates.

3 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	11,040	9,000
	<u> </u>	<u> </u>

4 Employees

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

	2021 Number	2020 Number
Total	-	-
	<u> </u>	<u> </u>

5 Directors' remuneration

Directors of the company received no remuneration or benefit over the year 2021 - £nil (2020 - £nil).

The Directors are employees of the parent organisation.

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

6 Tangible fixed assets

	Land and buildings £
Cost	
At 1 April 2020	5,338,346
Additions	10,093,748
Transfers	(5,304,726)
	<hr/>
At 31 March 2021	10,127,368
	<hr/>
Depreciation and impairment	
At 1 April 2020 and 31 March 2021	-
	<hr/>
Carrying amount	
At 31 March 2021	10,127,368
	<hr/>
At 31 March 2020	5,338,346
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Included in additions is capitalised interest of £347,890 (2020: £85,510) on the cost of construction. The total value of capitalised interest included within tangible fixed assets and investment properties at the year end is £1,641,450 (2020: £1,293,560).

7 Investment property

	2021 £
Fair value	
At 1 April 2020	50,832,900
Additions	6,245
Transfers	5,304,726
Revaluations	5,365,929
	<hr/>
At 31 March 2021	61,509,800
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NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

7 Investment property

(Continued)

Nuplace Limited's property assets were valued on 31 March 2021 by internal valuers, Dawn Toy MRICS and David Scrimgeour MRICS, both Registered Valuers of Telford & Wrekin Council.

The valuations were in accordance with the requirements of the RICS Valuation Standards (The Red Book), IVS 300, FRS102, the International Valuation Standards Council (IVSC), IVA1.

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 comparables 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.
- There are no anticipated changes in the mode of occupation and no alterations and improvements to be carried out to the properties.

Lotting assumptions (in respect of Portfolio's & Groups of Properties):

- No account has been made where the ownership of a number of separate properties would be of particular advantage to someone as a single owner, because of economies that could result from either increased market share or savings in administration or distribution, such as with a block apartments, terraces of houses.
- The valuers have not been advised of any groups of properties that should not be valued together.
- The properties have been valued as individual dwellings, as requested, with the assumption that any sales would not flood the market.
- No account has been taken of other facilities related to a site, such as attenuation features, play areas.

8 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	25,936	6,140
Other debtors	465,474	4,553
	<u>491,410</u>	<u>10,693</u>

9 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	79,000	80,470
Amounts owed to group undertakings	226,927	160,640
Corporation tax	101,303	132,099
Other creditors	115,200	137,738
	<u>522,430</u>	<u>510,947</u>

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

10 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Trade creditors	163,537	110,647
Other creditors	39,845,264	32,559,478
	<u>40,008,801</u>	<u>32,670,125</u>

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.
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 is receivable 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 2021 the company entered into a number of contracts for the construction of fixed assets in 2020/21 and future years estimated to cost £5,203,417 (2020: £8,141,185).

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Related party transactions

The company has previously entered into a loan agreement for a secured loan facility of up to £40,000,000 with Telford and Wrekin Council. An additional loan agreement of up to £5,000,000 has also been entered in the year with Telford and Wrekin Council. At the year end the company had drawn down £39,845,264 (2020: £32,559,478). Interest of £1,910,806 (2020: £1,603,217) had been charged by Telford and Wrekin Council. The loans are interest only repayable at the end of their term.

The company purchased £652,331 (2020: £435,360) of services from Telford and Wrekin Council.

The company purchased land of £nil (2020: £795,100) from Telford and Wrekin Council.

The total amount due to Telford and Wrekin at the balance sheet date is £40,072,192 (2020: £32,720,118).

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.

16 Auditor's liability limitation agreement

In accordance with Companies Act 2006 (s538), we are required to disclose any auditor liability limitation agreements in effect.

A resolution was passed dated 11 May 2021 which limits the liability of the auditor to £5m for any loss or damage suffered by Nuplace Limited arising out of or in connection with the provision of services provided by the auditor including negligence but not wilful default.