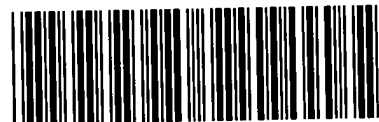


Company Number: 09343757

TOUCHPOINT HOUSING (OBR) LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	<u>Notes</u>	<u>31st Dec 20</u> £	<u>31st Dec 19</u> £
ASSETS			
Current assets			
Investment property	3	11,670,000	11,340,000
Trade and other receivables	5	46,531	45,189
Cash and cash equivalents		339,719	136,827
		<u>12,056,250</u>	<u>11,522,016</u>
TOTAL ASSETS		<u>12,056,250</u>	<u>11,522,016</u>
EQUITY			
Share capital	6	7,870,001	2,870,001
Retained earnings		4,179,699	3,464,609
TOTAL EQUITY		<u>12,049,700</u>	<u>6,334,610</u>
Current liabilities			
Trade and other payables	7	6,550	63,389
Borrowings	8	-	5,124,017
		<u>6,550</u>	<u>5,187,406</u>
TOTAL LIABILITIES		<u>6,550</u>	<u>5,187,406</u>
TOTAL EQUITY AND LIABILITIES		<u>12,056,250</u>	<u>11,522,016</u>

STATEMENT OF FINANCIAL POSITION - (CONTINUED)

AS AT 31 DECEMBER 2020

For the year ended 31 December 2020, the Company was entitled to an exemption from audit under Section 477 of the Companies Act 2006 relating to small companies.

The members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.

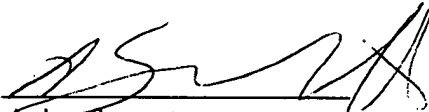
The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime. As a result, a Profit and Loss account and a Statement of Changes in Equity have not been included in these financial statements.

The Company is taking advantage of the small companies exemption in preparing the Directors' report and from the requirement to prepare a Strategic report.

The unaudited financial statements were approved and authorised for issue by the Board of Directors on the day of 24th March 2021 and were signed on its behalf by:

Director:


Andrew Sergeant

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****1 General information**

Touchpoint Housing (OBR) Ltd (the "Company") was incorporated in England and Wales on 5 December 2014 as a private company with limited liability under the Companies Act 2006. On 14 August 2020, the Company changed its registered address from Asticus Building, 21 Palmer Street, London, SW 1H OAD to 6th Floor, 125 London Wall, London, England, EC2Y 5AS. The principal activity of the Company is to buy and lease out real estate located in the United Kingdom so as to increase the capacity of councils to deliver front line services.

2 Accounting policies**Basis of measurement and preparation of accounts**

The financial statements are prepared on a basis other than that of a going concern. The accounts have been prepared under the historical cost convention except for the revaluation of investment properties and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") Section 1A" and the Companies

Going concern

The Directors have prepared the financial statements on a basis other than that of a going concern, which assumes that the Company will terminate and cease operations within the foreseeable future.

The Company is a subsidiary of SoPro Holdings Real Estate Investment Trust Plc. SoPro Holdings Real Estate Investment Trust Plc and its subsidiaries (including the Company) compose the Fund. The Fund has a fixed maturity date and the Company is expected to enter into a period of managed wind down to the Fund's maturity date, with the objective to realise its assets at the best available prices/values. The Directors have therefore prepared the financial statements on a basis other than going concern and accordingly all non-current assets/liabilities have been classified as current assets/liabilities.

COVID-19

The current worldwide Coronavirus outbreak commenced in China, being notified to the World Health Organisation ("WHO") by China on 31 December 2019, being declared by the WHO as a Public Health Emergency of International Concern on 30 January 2020 and as a worldwide pandemic on 11 March 2020. The pandemic is ongoing, however since the global immunisation programme, which commenced in early 2021, the effect of the pandemic appears to be stabilising.

In the opinion of the Directors, the Coronavirus outbreak has not had a material adverse effect on the financial position and results of the Company. As such, no adjustment for any potential impact has been made in these financial statements.

Statement of Cash Flows

A Statement of Cash Flows has not been included in these financial statements as the Company qualifies for exemption as a small company under the terms of FRS 102 Section 7.1B.

Investment property

Investment property consists of property and land that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company. Investment property is recognised initially at its cost, including related transaction costs and (where applicable) borrowing costs. After the initial recognition, investment property is carried at fair value.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2020****2 Accounting policies - (continued)****Financial assets**

Basic financial assets, including trade and other receivables and cash and cash equivalents, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting year, financial assets measured at amortised cost are assessed for objective evidence of impairment.

If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment is recognised in the Profit and Loss account.

Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Functional and presentational currency

The Company's functional and presentational currency is Pound Sterling (£).

3 Investment property

The movements during the year on investment property are as follows:

	<u>31st Dec 20</u>	<u>31st Dec 19</u>
	£	£
Opening fair value	11,340,000	11,000,000
Fair value movement	330,000	340,000
Closing fair value	<u>11,670,000</u>	<u>11,340,000</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Investment property - (continued)

On 9 March 2015, the Directors approved a commitment for a proposed acquisition of the Luton properties, to provide housing to the most vulnerable and disadvantaged households in Luton. The construction of the Luton properties was completed during 2016, at a total construction cost of £7,301,005. Additional capital costs of £106,811 were incurred in the prior years.

The Company uses external professional valuers to determine the investment properties fair value estimates.

The investment properties have been valued using recent, comparable market transactions on an arm's length basis by the appointed external valuer. By necessity a valuation requires subjective judgements that, even if logical and appropriate, may differ from those made by a purchaser or another party undertaking a valuation.

The Company's investment properties are stated without adjustment at the value calculated by the independent valuer using a combination of the market comparable approach and the income approach. In estimating the fair value of the investment properties, the highest and best use of the property is considered to be the current use. The Directors are entitled to rely upon and have relied upon the valuations provided by the independent valuer, but are not bound by such valuation. The Directors are satisfied that this independent valuation is the best available estimate of the fair value of the Company's investment properties as at 31 December 2020 and 31 December 2019.

4 Derivative financial instruments

The Company has entered into put option arrangement with the lessee, Luton Borough Council on the OBR property in Luton. The options allow the Group as lessor to require the lessee to acquire the one and two bedroom units in the property at an agreed price, in years 7, 8 and 9 ("exercise points") after the practical completion of the OBR property. The agreed prices were set as 87.5% of the estimated open market value ("OMV") at 13 April 2015 (agreement date), being £87,500 for every one bedroom unit and £126,875 for every two bedroom unit. However, the exercise of the option by the Company is restricted to not less than 25 units and not more than 50 units at each

The Company also entered into an interest rate cap agreement with Santander UK PLC on 26 February 2016 with a termination date of 18 December 2020. Interest rate caps were used to cap the interest rate on variable debt instruments. The Company did not opt to use hedge accounting in accordance with the requirements of IFRS 9 "Financial Instruments: Recognition and Measurement."

The notional principal amount of the outstanding interest rate cap contract at 31 December 2020 was £nil (2019: £5,460,000), being the facility amount of the Development Loan, which was converted into an Investment Facility detailed in Note 10. No premium was paid during the current and prior years (2019: £nil). The interest rate cap was 3.20% (2019: 3.20%).

	<u>31st Dec 20</u>	<u>31st Dec 19</u>
	£	£
Interest rate cap		
Balance at beginning of year	-	9
Fair value movement on derivative financial instrument	-	(9)
Balance at end of year	<u>-</u>	<u>-</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

5 Trade and other receivables

	<u>31st Dec 20</u>	<u>31st Dec 19</u>
	£	£
Debtors	39,984	38,852
Prepayments	6,547	6,337
	<u>46,531</u>	<u>45,189</u>

6 Share capital

	<u>31st Dec 20</u>	<u>31st Dec 19</u>
	£	£
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>7,870,001</u>	<u>2,870,001</u>

Shares are classified as equity when there is no obligation to transfer cash or other assets.

The Company issued 5,000,000 Ordinary shares at a nominal value of £1 each (2019: share redemption of 120,000 £1 ordinary shares for £1 each).

7 Trade and other payables

	<u>31st Dec 20</u>	<u>31st Dec 19</u>
	£	£
Deferred income	6,550	-
Creditors	-	3,190
Accruals	-	60,199
	<u>6,550</u>	<u>63,389</u>

8 Borrowings

	<u>31st Dec 20</u>	<u>31st Dec 19</u>
	£	£
Borrowings - Santander UK	-	5,132,631
Unamortised loan cost	-	(8,614)
	<u>-</u>	<u>5,124,017</u>
Current	-	5,124,017
	<u>-</u>	<u>5,124,017</u>

As at 31 December 2020, the fair value of borrowings approximated their carrying value at the date of the Statement of Financial Position.

On 18 December 2015, the Company entered into a loan facility agreement with Santander UK. The development facility was for an amount of up to £5,460,000 which was fully repaid on 21 February 2017 and converted into an investment facility for an amount up to £5,460,000. The development facility bore interest at LIBOR plus 2.75% per annum, and the investment facility bore interest at LIBOR plus 1.80% per annum. However, interest and commitment fees payable in respect of the Development Loan on each Interest Payment Date was capitalised and added to the principal amount of the Development Loan. The facility was secured by a mortgage over the investment property held by the Company.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8 Borrowings - (continued)

An amount of £5,132,631 of the development facility was drawn under the investment facility on 21 February 2017. The investment facility matured on 18 December 2020. The finance costs capitalised in relation to the development facility amounted to £nil (2019: £nil). The finance costs capitalised in relation to the investment facility amounted to £nil (2019: £34,602) of which £nil (2019: £8,614) was unamortised. Finance costs in relation to the investment facility charged to the Statement of Comprehensive Income during the year amounted to £35,272 (2019: £139,885). On 21 April 2020, the investment facility of £5,132,631 was repaid in full (2019: £5,132,631).

9 Expenditure

	<u>31st Dec 20</u>	<u>31st Dec 19</u>
	£	£
Administration fees	35,550	40,396
Other operating expenses	8,584	8,327
Valuation fees	5,900	30,029
Legal and professional fees	(550)	12,156
Audit fee	-	14,300
Director fees	-	1,750
Penalties	-	70
	<u>49,484</u>	<u>107,028</u>

10 Dividends

	<u>31st Dec 20</u>	<u>31st Dec 19</u>
	£	£
Dividends paid during the year	<u>-</u>	<u>200,000</u>

11 Net finance costs

	<u>31st Dec 20</u>	<u>31st Dec 19</u>
	£	£
Loan interest	35,272	139,885
Amortisation of finance costs	8,614	8,907
Bank charges	160	510
Bank interest income	(5)	(17)
	<u>44,041</u>	<u>149,285</u>

12 Other gains

	<u>31st Dec 20</u>	<u>31st Dec 19</u>
	£	£
Unrealised gain on revaluation of investment property	330,000	340,000
Unrealised loss on revaluation of derivative financial instruments	-	(9)
	<u>330,000</u>	<u>339,991</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Taxation

	<u>31st Dec 20</u>	<u>31st Dec 19</u>
	£	£
UK Corporation tax charge on profit for the year	-	-
Factors affecting the tax charge for the year	<u>31st Dec 20</u>	<u>31st Dec 19</u>
	£	£
Profit on ordinary activities before tax	715,090	546,443
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK	135,867	103,824
Effects of:		
Non-taxable expense	(62,700)	(152,524)
(Available loss) / losses not recognised	(73,167)	48,700
Current tax charge for the year	-	-

Factors affecting future tax charges

The rate of UK Corporation tax was reduced to 19% from 1 April 2017 (2019: 19%).

The Company will not be required to pay corporation tax as it forms part of the SoPro Holdings Real Estate Investment Trust Plc Group.

14 Controlling party

The Company's immediate parent is SoPro Holdings S.à r.l. There is no ultimate controlling party.

The Company is included in the consolidated financial statements of SoPro Holdings Real Estate Investment Trust Plc (the "REIT"), the parent entity to SoPro Holdings S.à r.l., whose registered office is IFC 5, St. Helier, Jersey, JE1 1ST. The Directors of the Company are also Directors of the REIT.

15 Market conditions

Brexit

The United Kingdom ("UK") officially left the European Union ("EU") on 31 January 2020 ("Brexit"), although under the agreed transitional arrangements all relevant rules and regulations remained in place until 31 December 2020 making this latter date the UK's "effective Brexit date". Shortly prior to the UK's effective Brexit date, the UK and EU concluded an agreement (the "EU-UK Trade and Cooperation Agreement") which sets out preferential arrangements in certain areas such as trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in EU programmes.

While the EU-UK Trade and Cooperation Agreement has no direct impact on the Company's activities, the current absence of agreement in the area of financial services may potentially indirectly impact on the Company's activities but, in the Directors' opinion, it is currently impractical for the Directors to assess any such impact due to the absence of sufficiently reliable information regarding the outlook in respect of future EU-UK relationships.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****15 Market conditions - (continued)****The Finance (No.3) Bill**

The Finance (No.3) Bill published in November 2018 set out a number of significant changes to the taxation of UK real estate which are due to come into effect in the near future. Gains arising on the disposal of UK commercial property are presently exempt from tax. Going forward UK corporation tax will be applicable to all gains arising on UK commercial property from 6 April 2019 and after April 2020 non-resident corporate landlords will be subject to UK corporation tax rather than income tax. There are a number of exemptions that may be applied and elections to consider based on the investors composition and status. It is not possible at this stage to determine precisely the impact of these changes on the position of the Company but it is expected that the new rules will result, inter alia, in changes to applicable taxation rates, restrictions on allowable interest and changes in the way losses can be

16 Subsequent events

There were no events after year end that require adjustments to the financial statements or disclosures to the notes.