

NUPLACE LIMITED

Company registration number 09522014 (England and Wales)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

PAGES FOR FILING WITH REGISTRAR

NUPLACE LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Balance sheet	4
Statement of changes in equity	5
Notes to the financial statements	6 - 12

NUPLACE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

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, responding to the Borough's housing needs including the availability of accessible and adaptable housing. 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.
- Invest in and protect existing housing stock through high quality renovations which help to address issues of poor housing in communities, through the sub brand of Telford & Wrekin Homes.

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 2023

Development and performance

The year ended 31 March 2023 was the eighth year of operation of the company. Nuplace's housing portfolio now comprises of 185 homes of which 64 are available to let at affordable rents, 19 are built to accessible standards, and 46 have been built to meet the new Building Regulation requirements regarding low carbon design. The programme has resulted in over 23 acres of brownfield land being regenerated, addressing sites that might otherwise blight communities, with a further 38 acres currently being regenerated at Wild Walk, Muxton. 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, with circa 1,200 people living in properties across the ten sites and the Telford & Wrekin Homes portfolio.

During the year the following schemes were progressed:

- Works were completed at Southwater Way, Telford, Nuplace's low carbon Town Centre scheme of 46 housing units.
 - Works commenced at the Gower, St Georges where 10 new build dwellings are being delivered alongside 3 within the retained listed building.
 - Wild Walk, in Muxton commenced on site, and will see delivery of 66 homes for private rent including 18 accessible and adaptable dwellings and 18 built to Future Homes & Buildings Standards.
 - 19 homes were refurbished and brought back into use through Telford & Wrekin Homes.
 - Planning consent was granted for:
 - a. New College Wellington: A scheme of 20 private rent homes, which will be delivered alongside older people's housing being delivered by a Housing Association Partner.
 - b. Keltey Bank, Telford: 28 homes, including, 7 converted dwellings alongside 21 new build.
 - c. Oakengates, Telford: Conversion and refurbishment of 10 one and two bedroom apartments as part of a wider regeneration scheme.
- All of the above scheme are due to start on site late in 2023.
- A planning application was submitted for a mixed use scheme within the Station Quarter area of Telford Town Centre was. If approved, the scheme will see the delivery of 117 town houses and apartments for Nuplace, kick-starting the creation of a "city living" offer.

Rental income for the year totalled £3.9m (£3.5m; 2021/22), the increase representing rental incomes from Southwater Way and Telford & Wrekin Homes portfolios. Void levels rose slightly to 1.91%, (1.35%; 2021/22), reflecting the time needed to get Telford & Wrekin Homes properties tenant ready. High levels of customer satisfaction were demonstrated in the tenancy survey completed in December 2022, with 95% of respondents confirming they would recommend Nuplace to friends and family and 71% of tenants stated that they consider their Nuplace home to be their forever home.

The Company has continued to work with its tenants to offer support where there may be difficulties in making rent payments, and has closely monitored overdue debt and ensured appropriate payment plans are in place. Inflationary increases experienced for certain materials is unprecedented meaning that cost certainty is currently challenging. Ongoing Bank of England interest rate rises continue to have an impact on pipeline schemes. Therefore, new viability appraisals will be reviewed over the forthcoming year taking these risks into consideration.

NUPLACE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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 £407,000 (£252,000; 2021/22) which is included in the cost of sales in the financial statements. A large proportion of this increase was attributed to one-off planned maintenance required to remediate gardens to rectify issues associated with drainage and painting of external doors at earlier sites. The cost also includes statutory gas and fixed wiring checks which will increase as the portfolio continues to age. 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. As a result of the challenging national economic conditions, house prices have fallen over the past 12 months however, there has been a net increase in value of 3.28% or £2.8m over all completed houses in the portfolio.

The company has reported an operating profit before interest and taxation for the year ended 31 March 2023 of £2,762,409, (2021/22: £2,616,713). 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 £2,235,453 (2021/22: £2,052,704). The company reported an operating profit after interest and taxation of £315,923 (after allowing for the increased rate of Corporation Tax) for the year (2021/22: £406,810). During the year the directors declared a final dividend of £0.01p per ordinary share registered on 20th March 2023 totalling £188,000. The residual profit, after paying the dividend, has been added to reserves.

The investment outlined in this report would deliver approximately a further 400 homes comprising new build and refurbishment in suburban and town centre locations, which will require additional funding to be drawn down from the shareholder in the form of further loans and equity. Nuplace continues to explore opportunities for further expansion with a number of pipeline sites currently under review

On behalf of the board

.....
Mrs K I Callis
Director

Date:

NUPLACE LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6		-		5,796,207
Investment property	7		86,743,303		73,774,401
			<u>86,743,303</u>		<u>79,570,608</u>
Current assets					
Debtors	8	13,096		255,808	
Cash at bank and in hand		1,061,177		1,169,533	
		<u>1,074,273</u>		<u>1,425,341</u>	
Creditors: amounts falling due within one year	9	(1,061,548)		(1,022,256)	
Net current assets			<u>12,725</u>		<u>403,085</u>
Total assets less current liabilities			<u>86,756,028</u>		<u>79,973,693</u>
Creditors: amounts falling due after more than one year	10		(44,832,334)		(42,905,139)
Provisions for liabilities			(395,511)		(284,967)
Government grants			<u>(1,333,892)</u>		<u>(1,367,503)</u>
Net assets			<u><u>40,194,291</u></u>		<u><u>35,416,084</u></u>
Capital and reserves					
Called up share capital			18,800,000		16,900,000
Revaluation reserve			19,386,886		16,636,602
Profit and loss reserves			<u>2,007,405</u>		<u>1,879,482</u>
Total equity			<u><u>40,194,291</u></u>		<u><u>35,416,084</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 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 2023

	Share capital	Revaluation reserve	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 April 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
Year ended 31 March 2023:				
Profit for the year	-	-	315,923	315,923
Other comprehensive income:				
Revaluation of investment properties	-	2,750,284	-	2,750,284
Total comprehensive income for the year	-	2,750,284	315,923	3,066,207
Issue of share capital	1,900,000	-	-	1,900,000
Dividends	-	-	(188,000)	(188,000)
Balance at 31 March 2023	18,800,000	19,386,886	2,007,405	40,194,291

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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 2023

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. Therefore, deferred tax is not provided on the revaluation surpluses in connection with investment properties. The company is in the fairly unique position of being wholly owned by a Unitary Authority, any subsequent sale of revalued investment property would be done in collaboration with the Unitary Authority in such a way that corporation tax may not be payable by the company.

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

The grants received by the company relate to the Newport development and Southwater Way development. These grants are released to the profit and loss account over the useful lives of the completed developments.

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 properties are valued by MRICS Registered Valuers and is an estimate of market value at 31 March 2023. There are no other items within the financial statements that require judgments or estimates.

3 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	9,600	9,480
	<u> </u>	<u> </u>

4 Employees

	2023	2022
	Number	Number
Total	-	-
	<u> </u>	<u> </u>

5 Directors' remuneration

Directors of the company received no remuneration or benefit over the year 2023 - £nil (2022 - £nil).

The Directors are employees of the parent organisation.

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Tangible fixed assets

	Land and buildings £
Cost	
At 1 April 2022	5,796,207
Additions	1,311,447
Transfers	(7,107,654)
	<hr/>
At 31 March 2023	-
	<hr/>
Depreciation and impairment	
At 1 April 2022 and 31 March 2023	-
	<hr/>
Carrying amount	
At 31 March 2023	-
	<hr/>
At 31 March 2022	<u><u>5,796,207</u></u>

Included in additions is capitalised interest of £85,434 (2022: £111,983) on the cost of construction. The total value of capitalised interest included within tangible fixed assets and investment properties at the year end is £1,838,867 (2022: £1,753,433).

7 Investment property

	2023 £
Fair value	
At 1 April 2022	73,774,401
Additions	3,110,964
Transfers	7,107,654
Revaluations	2,750,284
	<hr/>
At 31 March 2023	<u><u>86,743,303</u></u>

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

7 Investment property

(Continued)

Nuplace Limited's property assets were valued on 31 March 2023 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 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 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:
 - Planning consent has been, or will be, granted for development (including a change in use) at the property. The impact of any conditions which may be imposed have also been considered.
 - A building or other proposed development has been completed in accordance with a defined plan and specification.
 - The property has been changed in a defined way (e.g. removal of process equipment)
 - The property is vacant when, in reality, at date of valuation it is occupied.
 - That a specific contract was in existence on the valuation date which had not actually been completed.
 - It is let on defined terms when, in reality, at the date of valuation it is vacant.
 - The exchange takes place between parties where one or more has a special interest and that additional value, or synergistic value, is created as a result of the merger of the interests.
- 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.
- 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.
- If an inherent constraint exists at the valuation date, it is normally possible to assess its impact on value.
- 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.

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	7,464	18,237
Other debtors	5,632	237,571
	<u>13,096</u>	<u>255,808</u>

9 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	274,616	58,458
Amounts owed to group undertakings	432,736	334,493
Taxation and social security	146,538	139,817
Other creditors	207,658	489,488
	<u>1,061,548</u>	<u>1,022,256</u>

10 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Trade creditors	-	262,565
Other creditors	44,832,334	42,642,574
	<u>44,832,334</u>	<u>42,905,139</u>

Included in other creditors are secured loan facilities with Telford and Wrekin Council. These facilities are secured by the investment properties per note 7.

NUPLACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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.

Senior Statutory Auditor:	Stacey Lea FCA
Statutory Auditor:	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. The grant is released to the profit and loss account over the useful life of the units.

A grant of £460,000, of which £232,543 was received during the current year and £227,457 was received during the previous year, was granted by West Midlands Combined Authority for the construction of 46 units including 11 affordable units at Southwater Way. The terms of this required completion of the units by 31 December 2022 and this condition was met. The grant will be released to profit and loss over the useful life of the units, starting from the 2023/24 year.

13 Capital commitments

At 31 March 2023 the company entered into a number of contracts for the development and acquisition of fixed assets estimated to cost £10,746,790 (2022: £1,213,753).

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. During the year the Telford and Wrekin Council extended a further £10,000,000 secured facility. At the year end the company had drawn down £44,832,334 (2022: £42,642,574). Interest of £2,320,886 (2022: £2,164,687) had been charged by Telford and Wrekin Council. The loans are interest only and repayable at the end of their term.

The company purchased £980,328 (2022: £861,125) of services and acquired properties to the value of £2,028,000 (2022: £nil) from the Telford and Wrekin Council.

The total amount due to Telford and Wrekin Council at the balance sheet date is £45,265,070 (2022: £42,977,067).

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 its 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.