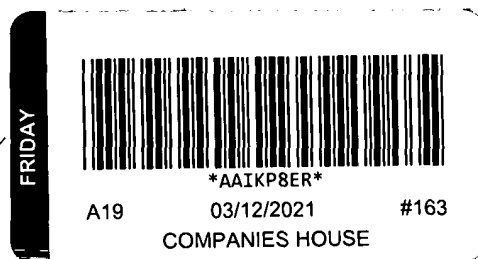


Registered number
11504399

Civitas SPV116 Limited
Report and Financial Statements
for the year ended 31 March 2021



**Civitas SPV116 Limited
Report and Financial Statements
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**Civitas SPV116 Limited
Company Information**

Directors

Paul Bridge
Andrew Dawber
Claire Fahey
Thomas Pridmore

Secretary

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

Solicitors

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

Registered office

Beaufort House
51 New North Road
Exeter
EX4 4EP

Registered number

11504399

Civitas SPV116 Limited**Registered number:** 11504399**Directors' Report**

The Directors present their report and financial statements for the year ended 31 March 2021.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under Sections 415(A) (1) and (2) of the Companies Act 2006.

Principal activities

The Company's principal activity during the year was the investment in a portfolio of social homes.

At 31 March 2021, the Company was a wholly-owned subsidiary of Civitas Social Housing Finance Company 3 Limited, whose ultimate parent is Civitas Social Housing PLC.

Strategic report

The Directors have taken advantage of the exemptions allowed under Section 414B of the Companies Act 2006 and have not prepared a Strategic Report.

Results and dividends

The profit for the year amounted to £609,650 (2020: £1,113,348). The Directors paid dividends during the year £909,051 (2020: none). Any residual profit for the year is to be transferred to reserves.

Share capital

The Company was incorporated on 7 August 2018 with 1 Ordinary share of £1 each. Two further shares were issued on 24 August 2018 for consideration of £483,789 and on 21 November 2018 for consideration of £9,675,749. As at 31 March 2021, there were 3 Ordinary shares in issue.

Directors

The following persons served as Directors during the year:

Paul Bridge	Appointed 24 August 2018
Thomas Pridmore	Appointed 24 August 2018
Andrew Dawber	Appointed 8 November 2018
Subbash Thammanna	Appointed 28 August 2019

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

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

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Statement of Comprehensive Income of the Company for that period.

Civitas SPV116 Limited

Registered number: 11504399

Directors' Report

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Exemption from audit

The Company satisfies the conditions disclosed in section 479A Companies Act 2006 "Subsidiary companies: conditions for exemption from audit". The Directors note that:

- the members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476;
- the ultimate parent company, Civitas Social Housing PLC, has provided an undertaking to guarantee under section 479C in respect of that period; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

This report was approved by the Board of Directors on 26 November 2021 and signed on its behalf by:



Claire Fahey
Director

Civitas SPV116 Limited
Statement of Comprehensive Income
for the year ended 31 March 2021

	Notes	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Gross rental income	3	575,231	569,362
Operating profit before changes in fair value of investment property		575,231	569,362
Changes in fair value of investment property	5	34,419	543,986
Profit before taxation		609,650	1,113,348
Taxation	4	-	-
Total comprehensive income (attributable to the shareholders)		609,650	1,113,348

All amounts included in the Statement of Comprehensive Income relate to continuing activities. There are no items of comprehensive income other than the profit for the financial year.

The notes on pages 7 to 14 form part of these financial statements.

Civitas SPV116 Limited
Statement of Financial Position
as at 31 March 2021
Company Number 11504399

	Notes	31 March 2021 £	31 March 2020 £
Fixed assets			
Investment property	5	10,973,734	10,939,315
Current assets			
Trade and other receivables	6	578,298	910,393
Total assets		<u>11,552,032</u>	<u>11,849,708</u>
Creditors amounts falling due within one year			
Trade and other payables	7	(3,066)	(1,341)
Total liabilities		<u>(3,066)</u>	<u>(1,341)</u>
Net assets		<u>11,548,966</u>	<u>11,848,367</u>
Capital and reserves			
Called up share capital	9	3	3
Capital reduction reserve	10	10,159,536	10,159,536
Retained earnings	11	1,389,427	1,688,828
Total equity		<u>11,548,966</u>	<u>11,848,367</u>

The Company satisfies the conditions disclosed in section 479A Companies Act 2006 "Subsidiary companies: conditions for exemption from audit". The Directors note that:

- the members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476;
- the ultimate parent company, Civitas Social Housing PLC, has provided an undertaking to guarantee under section 479C in respect of that period; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the Board of Directors on ~~26~~ November 2021 and signed on its behalf by:



Claire Fahey
 Director

The notes on pages 7 to 14 form part of these financial statements.

Civitas SPV116 Limited
Statement of Changes in Equity
for the year ended 31 March 2021

	Notes	Share capital £	Capital reduction reserve £	Retained earnings £	Total £
At 1 August 2019		3	10,159,536	575,480	10,735,019
Total comprehensive income		-	-	1,113,348	1,113,348
At 31 March 2020		<u>3</u>	<u>10,159,536</u>	<u>1,688,828</u>	<u>11,848,367</u>
At 1 April 2020		3	10,159,536	1,688,828	11,848,367
Total comprehensive income		-	-	609,650	609,650
Dividends	12	-	-	(909,051)	(909,051)
At 31 March 2021		<u>3</u>	<u>10,159,536</u>	<u>1,389,427</u>	<u>11,548,966</u>

The notes on pages 7 to 14 form part of these financial statements.

Civitas SPV116 Limited
Notes to the Financial Statements
for the year ended 31 March 2021

1 Summary of significant accounting policies

1.1 General information

The financial statements of Civitas SPV116 Limited (the 'Company') for the year ended 31 March 2021 were authorised for issue by the Board of Directors on ~~26~~ November 2021.

The Company is a registered private company incorporated in the UK. The address of the registered office is Beaufort House, 51 New North Road, Exeter, EX4 4EP. The Company's principal activity is the investment in a portfolio of social homes. The Company is owned by Civitas Social Housing Finance Company 3 Limited, and its ultimate parent company is Civitas Social Housing PLC.

These financial statements are contained within the group consolidated financial statements of Civitas Social Housing PLC. The group consolidated financial statements may be obtained from the Company Secretary at Beaufort House, 51 New North Road, Exeter, EX4 4EP.

These financial statements represent the separate financial statements of the Company.

1.2 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which have been measured at fair value through the Statement of Comprehensive Income, and in accordance with the Companies Act 2006.

The financial statements are prepared on a going concern basis.

FRS 101 introduces a disclosure framework enabling qualifying entities to use the recognition and measurement bases of International Financial Reporting Standards ("IFRS") in their individual entity financial statements, while being exempt from a number of disclosures required by full IFRS. The Company has taken advantage of the following disclosure exemptions which are permissible under FRS 101 as the equivalent disclosures are contained within the group consolidated financial statements of Civitas Social Housing PLC:

- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel;
- disclosure of related party transactions with other wholly owned members of the Civitas Social Housing PLC group of companies;
- the disclosure of certain information relating to financial instruments and other fair value measurements; and
- the disclosure of certain comparative information relating to investment properties.

1.3 Impact of new standards, amendments and interpretations

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

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

Civitas SPV116 Limited
Notes to the Financial Statements
for the year ended 31 March 2021

1.4 Going concern

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

As at 31 March 2021 the Company had net current assets of £575,232 (2020: £909,052). Having reviewed the Company's current position and cash flow projections, including the confirmation that the Company's ultimate parent undertaking will provide such support as is required for a period of at least 12 months from the date of signing of these financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

1.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost, being the fair value of the consideration given, including expenditure that is directly attributable to the acquisition of the investment property. After initial recognition, investment property is stated at its fair value at the balance sheet date. Gains and losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise in the Statement of Comprehensive Income.

Subsequent expenditure is capitalised only when it is probable that future economic benefits are associated with the expenditure. Ongoing repairs and maintenance are expensed as incurred.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is incurred in profit or loss in the period in which the property is derecognised.

Significant accounting judgements, estimates and assumptions made for the valuation of investment properties are discussed in note 2.

1.6 Trade and other receivables

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

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

Civitas SPV116 Limited
Notes to the Financial Statements
for the year ended 31 March 2021

1.7 Impairment of financial assets

The Company's financial assets are subject to the expected credit loss model.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of up to 12 months before 31 March 2021 or 1 April 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the tenants to settle the receivable. Such forward-looking information would include changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics); external market indicators; and tenant base.

Trade receivables are written off when there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

1.8 Trade and other payables

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

1.9 Dividends payable to Shareholders

Dividends to the Company's shareholders are recognised in the Company's consolidated financial statements in the period in which the dividends are approved. In the UK, interim dividends are recognised when paid.

1.10 Rental income

Rental income from investment property is recognised on a straight-line basis over the term of ongoing leases and is shown gross of any UK income tax. Lease incentives are spread evenly over the lease term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company has determined that it retains all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases as discussed in note 2.

Properties leased out under operating leases are included in investment property in the Statement of Financial Position. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant leases.

Civitas SPV116 Limited
Notes to the Financial Statements
for the year ended 31 March 2021

1.11 Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

1.12 Taxation

Taxation on the profit or loss for the period not exempt under UK REIT regulations is comprised of current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movement in equity, in which case it is recognised as a direct movement in equity. Current tax is expected tax payable on any non REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

1.13 Share issue costs

The costs of issuing or reacquiring equity instruments (other than in a business combination) are accounted for as a deduction from equity.

1.14 Presentational currency

These financial statements have been prepared in Sterling.

2 Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial information:

Operating lease contracts – the Company as lessor

The Company has acquired investment properties that are subject to commercial property leases with Registered Providers. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Valuation of investment property

The Company uses the valuation carried out by its independent valuers as the fair value of its property portfolio. The valuation is based upon assumptions including future rental income and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. Further information is provided in note 5.

The Company's properties have been independently valued by Jones Lang LaSalle Ltd. ("JLL" or the "Valuer") in accordance with the current Royal Institution of Chartered Surveyors' Valuation – Global Standards, incorporating the IVS, and the RICS Valuation – Global Standards 2017 UK national supplement (the RICS "Red Book"). JLL is one of the most recognised professional firms within Social Housing valuation and has sufficient current local and national knowledge of both Social Housing generally and specialist supported housing ("SSH") and has the skills and understanding to undertake the valuations competently.

Civitas SPV116 Limited
Notes to the Financial Statements
for the year ended 31 March 2021

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

3 Gross rental income

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Rental income	575,231	569,362
	<u>575,231</u>	<u>569,362</u>

4 Taxation

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Analysis of charge in year		
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for year

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Profit on ordinary activities before tax	<u>609,650</u>	<u>1,113,348</u>
Standard rate of corporation tax in the UK	19.00%	19.00%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	115,834	211,536
Effects of:		
Revaluation of investment properties not taxable	(6,540)	(103,357)
REIT exempt income	(109,294)	(108,179)
Total tax expense	<u>-</u>	<u>-</u>

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

Civitas SPV116 Limited
Notes to the Financial Statements
for the year ended 31 March 2021

5 Investment property

	31 March 2021 £
Fair value	
At 1 April 2020	10,939,315
Change in fair value	34,419
At 31 March 2021	<u>10,973,734</u>

In accordance with "IAS 40: Investment Property", the investment property has been independently valued at fair value by JLL, an accredited external valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued, however the valuations are the ultimate responsibility of the Directors.

JLL have valued the investment property of the Company on an individual property basis assuming market standard costs, in accordance with the RICS red book methodology.

JLL has provided valuations services to the Company with regards to the properties during the year. In relation to the year ended 31 March 2021, the proportion of the total fees payable by the Company to JLL's total fee income was less than 5% and is therefore minimal. Additionally, JLL has a rotation policy in place whereby the signatories on the valuations rotate after seven years.

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

6 Trade and other receivables

	31 March 2021 £	31 March 2020 £
Rental debtor and accrued income	2,003	-
Amounts owned by group undertakings	576,295	910,393
	<u>578,298</u>	<u>910,393</u>

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

7 Trade and other payables

	31 March 2021 £	31 March 2020 £
Deferred income	3,066	1,341
	<u>3,066</u>	<u>1,341</u>

Civitas SPV116 Limited
Notes to the Financial Statements
for the year ended 31 March 2021

8 Share capital and reserves

Share capital represents the nominal value of share capital subscribed for.

The share premium reserve represents the amounts subscribed for Ordinary share capital in excess of nominal value less associated issue costs.

The capital reduction reserve is a distributable reserve to which the value of the share premium has been transferred. Dividends can be paid from this reserve.

Retained earnings represents the net of all profits and losses, gains and losses generated which have not been distributed to shareholders.

9 Share capital

	31 March 2021 Number	31 March 2020 Number	31 March 2021 £	31 March 2020 £
Allotted, called up and fully paid: £1 Ordinary shares	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

10 Capital reduction reserve

	31 March 2021 £	31 March 2020 £
At beginning of year	10,159,536	10,159,536
At end of year	<u>10,159,536</u>	<u>10,159,536</u>

11 Retained earnings

	31 March 2021 £	31 March 2020 £
At beginning of year	1,688,828	575,480
Total comprehensive income	609,650	1,113,348
Dividends paid	(909,051)	-
At end of year	<u>1,389,427</u>	<u>1,688,828</u>
Retained earnings are made up as follows:		
Unrealised gains	814,196	779,777
Distributable earnings	575,231	909,051
	<u>1,389,427</u>	<u>1,688,828</u>

Civitas SPV116 Limited
Notes to the Financial Statements
for the year ended 31 March 2021

12 Dividends

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Paid during the year:		
Equity dividends	<u>909,051</u>	<u>-</u>

13 Operating leases

The Company's investment property is leased to a single Registered Provider under the terms of a commercial property leases with the earliest due to expire on 23 August 2043 and with index linked annual rent reviews. The Company's current leases are Full Repairing and Insuring ('FRI') leases, the tenants are therefore obliged to repair, maintain and renew the properties back to the original conditions.

Total future minimum lease receivables under non-cancellable operating leases fall due as follows:

	Investment Property 31 March 2021 £	Investment Property 31 March 2020 £
Falling due:		
within one year	576,597	573,158
within two to five years	2,306,387	2,292,631
in over five years	10,029,994	10,543,330
	<u>12,912,978</u>	<u>13,409,119</u>

14 Related party transactions

The Company's owner, Civitas Social Housing Finance Company 3 Limited is party to a £100,000,000 credit facility with HSBC Bank PLC which is secured on the properties owned by a number of group entities including this Company. In addition, the Company acts as one of the guarantors to this facility.

15 Controlling party

The Company is wholly owned by Civitas Social Housing Finance Company 3 Limited which in turn is owned by Civitas Social Housing PLC a Company incorporated in the UK. Civitas Social Housing PLC is the ultimate holding company. This is the next and most senior parent that produces consolidated financial statements. There is no ultimate controlling party.