The Sovini Group

Sovini DEVELOPMENTS

# SOVINI DEVELOPMENTS LIMITED

Report and Financial Statements

Year ended 31 March 2018

Company Number: 08026367

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# Sovini Developments Limited

**Report and Financial Statements**
**for the year ended 31 March 2018**

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## Sovini Developments Limited

**Executives and Advisors**
**for the year ended 31 March 2018**

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**Directors**

| | |
|---|---|
| Roy Williams | director |
| Tracey Liggett | director |
| Ian Fazakerley | director |
| Marcus Evans | director |

**Company secretary and registered office**

Tracey Liggett
Atlantic House
Dunnings Bridge Road
Bootle
L30 4TH

**Company number**

08026367

**Auditors**

BDO LLP
5 Temple Square
Temple Street
Liverpool
L2 5RH

**Principal solicitors**

Trowers and Hamlins LLP
55 Princess Street
Manchester
M2 4EW
DX 14323 Manchester 1

**Bankers**

Royal Bank Of Scotland
Merseyside Cheshire & North Wales, Corporate Banking
1st Floor
2-8 Church Street
Liverpool
L1 3BG

**Directors**

The directors of the company throughout the year were:

| | |
|---|---|
| Roy Williams | director |
| Tracey Liggett | director |
| Ian Fazakerley | director |
| Marcus Evans | director |

**Results**

Sovini Developments Limited is a subsidiary of One Vision Housing Limited and Pine Court Housing Association. The company was formed on 1 March 2013. The company is also a subsidiary of Sovini Limited, who remain the ultimate parent undertaking.

The profit for the year, prior to taxation, amounted to £12,432 (2017: £4,984 loss). After considering the £nil (2017: £5,000) capital contribution from Sovini Limited, the total comprehensive income for the year was £11,017 (2017: £16).

**Qualifying third party indemnity provisions**

The company has put in place qualifying third party indemnity provisions for all of the directors of Sovini Developments Limited.

**Auditors**

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

**Political donations**

During the year, the company made no political donations.

**Financial instruments**

***Credit risk***

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company operates under contract with One Vision Housing Limited (a subsidiary of Sovini Limited). Credit is restricted to intra-group activity and therefore exposure is restricted.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The following financial institutions were used and the credit ratings were acceptable to the board.

| | Rating at 31 March 2018 | Balance at 31 March 2018 £ | Rating at 31 March 2017 | Balance at 31 March 2017 £ |
|---|---|---|---|---|
| RBS | P1/A-2/F2 A2/BBB+/BBB+ | 26,414 | P2/A-2/F2 A3/BBB+/BBB+ | 10,214 |

***Liquidity risk***

Liquidity risk arises from the company's management of working capital and any finance charges and principal repayments on debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

Cash flow projections are prepared and cash balances are monitored on a daily basis, together with the value of the company's cash investments. At the end of the financial year, these projections indicated that the company expect to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The company has no debt instruments in place and is therefore not exposed to interest rate risk.

**Financial instruments (continued)**

***Cash flow interest rate risk***

The company is not currently exposed to cash flow interest rate risk.

**Likely future developments in the business of the company**

This is the third year of trading for Sovini Developments Limited. We have entered into multiple development contracts with One Vision Housing Limited (a subsidiary of Sovini Limited) to provide design and build services as part of their housing new build programme.

The current year reports a trading surplus of £12,432 before tax (2017: £4,984 loss). This result is fully reflective of our operating model.

The principal activities of the company are the provision of design and build services under contract to the registered provider partners of the Sovini group.

The company does not directly employ any employees.

**Approval**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This Directors' Report was approved by the board of directors on 30 July 2018.

**Roy Williams (director)**
**30 July 2018**

## Statement of Directors' Responsibilities
## for the year ended 31 March 2018

**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 company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- 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 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. They 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.

## Opinion

We have audited the financial statements of Sovini Developments Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- *give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;*
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

**Hamid Ghafoor (Senior Statutory Auditor)**
**For and on behalf of BDO LLP, Statutory Auditor**
**Liverpool**
**Date:** 07/09/2018.

*BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).*

## Sovini Developments Limited

### Statement of Comprehensive Income
### for the year ended 31 March 2018

| | Note | 2018<br>£ | 2017<br>£ |
|---|---|---|---|
| Turnover | 3 | 3,198,692 | 33,448 |
| Cost of sales | | (3,180,065) | (31,448) |
| **Gross profit** | | 18,627 | 2,000 |
| Administrative expenses | | (6,195) | (6,984) |
| **Operating profit/(loss)** | 4 | 12,432 | (4,984) |
| **Profit/(loss) on ordinary activities before taxation** | | 12,432 | (4,984) |
| Taxation on profit/(loss) on ordinary activities | 5 | (1,415) | - |
| **Profit/(loss) for the financial year and total comprehensive income** | | 11,017 | (4,984) |
| Capital contribution from parent company | | - | 5,000 |
| ***Total movement in reserves for the year*** | | 11,017 | 16 |

*All operations are continuing.*
*The notes on pages 12 to 15 form part of these financial statements*

## Sovini Developments Limited

### Statement of Financial Position
### as at 31 March 2018

**Company number: 08026367**

| | Note | 2018<br>£ | 2017<br>£ |
|---|---|---|---|
| **Current assets** | | | |
| Debtors | 6 | 337,513 | 8,304 |
| Cash at bank and in hand | | 26,414 | 10,214 |
| | | 363,927 | 18,518 |
| Creditors: amounts falling due within one year | 7 | (341,600) | (7,208) |
| **Net current assets** | | 22,327 | 11,310 |
| **Total assets less current liabilities** | | 22,327 | 11,310 |
| **Net assets** | | 22,327 | 11,310 |
| **Capital and reserves** | | | |
| Share capital | 8 | 155 | 155 |
| Profit and loss account | | 22,172 | 11,155 |
| | | 22,327 | 11,310 |

*The notes on pages 12 to 15 form part of these financial statements*

The financial statements were approved by the board of directors and authorised for issue on 30 July 2018.

**Tracey Liggett (director)**
**30 July 2018**

## Sovini Developments Limited

### Statement of Changes in Equity
### for the year ended 31 March 2018

| | Share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| **1 April 2017** | 155 | 11,155 | 11,310 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 11,017 | 11,017 |
| **Other comprehensive income for the year** | - | - | - |
| **Total comprehensive income for the year** | - | 11,017 | 11,017 |
| Contributions by and distributions to owners | | | |
| Capital contribution from parent company | - | - | - |
| **Total contributions by and distributions to owners** | - | - | - |
| **31 March 2018** | 155 | 22,172 | 22,327 |

### Statement of Changes in Equity
### for the year ended 31 March 2017

| | Share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| **1 April 2016** | 155 | 11,139 | 11,294 |
| Comprehensive income for the year | | | |
| Loss for the year | - | (4,984) | (4,984) |
| **Other comprehensive income for the year** | - | - | - |
| **Total comprehensive income for the year** | - | (4,984) | (4,984) |
| Contributions by and distributions to owners | | | |
| Capital contribution from parent company | - | 5,000 | 5,000 |
| **Total contributions by and distributions to owners** | - | 5,000 | 5,000 |
| **31 March 2017** | 155 | 11,155 | 11,310 |

*The notes on pages 12 to 15 form part of these financial statements.*

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**Statement of Comprehensive Income related notes**

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**Statement of Financial Position related notes**

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9 Controlling party and related party transactions

## 1 Company information

Sovini Developments Limited is a company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

## 2 Accounting policies

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

***Financial reporting standard 102 - reduced disclosure exemptions***

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Basic Financial Instruments;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sovini Limited as at 31 March 2018 and these financial statements may be obtained from their registered office at Atlantic House, Dunnings Bridge Road, Bootle, L30 4TH.

The following principal accounting policies have been applied:

***Revenue***

Turnover is recognised by the company in respect of services supplied. Turnover is recognised within the accounts when services have been provided. All income arises entirely within the UK.

***Financial liabilities and equity***

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

***Cash and cash equivalents***

Cash and cash equivalents in the Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

***Current taxation***

The tax expense for the period comprises current tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the company operates and generates taxable income.

## 3 Analysis of turnover

| | 2018 £ | 2017 £ |
|---|---|---|
| Analysis by class of business: | | |
| **Provision of development project management services** | 3,198,692 | 33,448 |

All turnover was within the United Kingdom.

## 4 Operating profit/(loss)

| | 2018 £ | 2017 £ |
|---|---|---|
| This is arrived at after charging: | | |
| Fees payable to the company's auditor for the audit of the company's annual accounts | 4,380 | 4,260 |
| Fees payable to the company's auditor and its associates for other services to the company | | |
| Taxation compliance services | 2,100 | 2,100 |
| Other services | 660 | 660 |

## 5 Taxation on profit/(loss) on ordinary activities

| | 2018 £ | 2017* £ |
|---|---|---|
| UK corporation tax | | |
| Current tax on profits in the year | 1,415 | - |
| Adjustment in respect of previous years | - | - |
| **Total current tax** | 1,415 | - |
| Deferred tax | - | - |
| **Taxation on profit on ordinary activities** | 1,415 | - |

The tax assessed for the year is different to the standard rate of corporation tax in the UK. This is detailed below:

| | 2018 £ | 2017 £ |
|---|---|---|
| Profit on ordinary activities before tax | 12,432 | (4,984) |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017: 20%) | 2,362 | (997) |
| Effects of | | |
| Adjustment to prior year - deferred tax | (947) | - |
| Group relief adjustment | - | 997 |
| **Total tax charge for period** | 1,415 | - |

## 6 Debtors

| | 2018 £ | 2017 £ |
|---|---|---|
| Trade debtors | 36,066 | - |
| Amounts owed by group undertakings | 270,800 | 5,000 |
| Other debtors | 19,847 | 3,304 |
| Prepayments and accrued income | 10,800 | - |
| | 337,513 | 8,304 |

All amounts shown under debtors fall due for payment within one year.

## 7 Creditors: amounts falling due within one year

| | 2018 £ | 2017 £ |
|---|---|---|
| Trade creditors | 308 | - |
| Amounts owed to group undertakings | 167,777 | - |
| Taxation and social security | 20,332 | - |
| Accruals and deferred income | 153,183 | 7,208 |
| | 341,600 | 7,208 |

## 8 Share capital

| | 2018 £ | 2017 £ |
|---|---|---|
| Allotted, called up and fully paid | | |
| 155 ordinary shares of £1.00 each | 155 | 155 |

## 9 Controlling party and related party transactions

The company is a wholly owned subsidiary of One Vision Housing Limited and Pine Court Housing Association. It is also a subsidiary of Sovini Limited, the ultimate parent undertaking and has taken advantage of the exemption conferred by section 33.7A of FRS102 not to disclose transactions with Sovini Limited or other wholly owned subsidiaries within the group.