The Sovini Group

Sovini DEVELOPMENTS

SOVINI DEVELOPMENTS LIMITED

Report and Financial Statements

Year ended 31 March 2021

Company Number: 08026367

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Sovini Developments Limited

Report and Financial Statements
for the year ended 31 March 2021

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Sovini Developments Limited

Executives and Advisors
for the year ended 31 March 2021

Directors

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

Company secretary and registered office

Tracey Liggett
Sovini Developments Limited
The Sovini Group
Unit 1
Heysham Road
Liverpool
L30 6UR

Company number - 08026367

Auditors

BDO LLP
5 Temple Square
Temple Street
Liverpool
L2 5RH

Principal solicitors

Weightmans LLP
100 Old Hall Street
Liverpool
L3 9QJ

Bankers

Royal Bank Of Scotland
Merseyside Cheshire & North Wales, Corporate Banking
1 Dale Street
Liverpool
L2 2PP

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 remains the ultimate parent undertaking.

The profit for the year, prior to taxation, amounted to £8k (2020: £73k). After gift aid of £73k (2020: £23k) total reserves of £28k (2020: £80k) are reported.

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 (2020: £nil).

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 it's contractual obligations. The company operates under contract with One Vision Housing Limited and Pine Court Housing Association (subsidiaries 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 2021	Balance at 31 March 2021 £'000	Rating at 31 March 2020	Balance at 31 March 2020 £'000
RBS	P-1/A-1/F1	122	P-1/A-1/F1	191

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 it's 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 it's 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

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

The profit for the year, prior to taxation, amounted to £8k (2020: £73k), and within the year the company has gift aided £73k (2020: £23k) to One Vision Housing Limited and Pine Court Housing Association. The volume and value of development contracts is forecast to increase significantly in the coming years, as the Sovini group continues to in source and self-deliver its development programme.

We have worked closely with our contractors during the Covid-19 lockdown to assess and irradicate any business interruption impacts and ensure that safe working operating practices are operated. We were able to mobilise our active sites quickly and as a consequence have confirmed minimal disruption to our works programme, delivering the expected new home handovers at March 2021.

The company does not directly employ any employees.

Going concern

The board reviewed the company's financial plans during the year and are satisfied that there is a sufficient pipeline of new development schemes to confirm that the accounts should be prepared on a going concern basis.

The operating model of Sovini Developments is such that 99.9% of all costs incurred relating to ongoing contracts, with only 0.1% relating to non-cancellable, non-income generating operating costs. The board have therefore assessed the impact of any potential reduction in trade and have identified that even if trade were to reduce significantly because of uncontrollable external forces, that the core operating costs of the entity would be sustainable with existing reserves.

During Quarter Four 2020/21, the company's financial forecasts were reviewed and agreed with our key clients. These reflect the latest development programme cashflow forecasts. This confirms that we have a committed order book of schemes for 2021 to 2023 and that this is underpinned by a pipeline of new development schemes which, will be completed from 2023/24 onwards. As such, our current and future cash flows remain strong and viable.

We continue to operate as business as usual, albeit that our dedicated support staff are agile and continue to work at home. We also continue to monitor our performance and operating margins, to understand the impact of our supply chain, material and labour costs and productivity levels.

With the roadmap out of the pandemic confirmed, coupled with the roll out of the vaccination programme and positive economic recovery forecasts, the board consider it appropriate for the accounts to be prepared on a going concern basis.

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 13 September 2021.



Ian Fazakerley (director)
13 September 2021

Statement of Directors' Responsibilities
for the year ended 31 March 2021

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; 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 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.

Independent Auditors Report to the Members of Sovini Developments Limited for the year ended 31 March 2021

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Sovini Developments Limited ("the Company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Changes in Equity, and 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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 have been prepared in accordance with applicable legal requirements.

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 take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations, and we considered the extent to which non-compliance might have a direct impact and material effect on the Company Financial Statements or their continued operation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

Auditor's responsibilities for the audit of the financial statements (continued)

The audit procedures to address the risks identified included:

- challenging assumptions made by management in their significant accounting estimates and judgements in particular in relation to debtors recoverability.
- identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, and journals posted by key management and journals posted after the year end.
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports and reviewing any correspondence with HMRC.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

[redacted]

Helen Knowles (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Liverpool, UK
Date: 13 September 2021

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 2021

	Note	2021 £'000	2020 £'000
Turnover	4	23,903	22,184
Cost of sales		(23,872)	(22,091)
Gross profit		31	93
Administrative expenses		(23)	(20)
Operating profit	5	8	73
Profit on ordinary activities before taxation		8	73
Taxation on profit on ordinary activities	6	13	(10)
Profit for the financial year and total comprehensive income		21	63

All operations are continuing.

The notes on pages 13 to 17 form part of these financial statements.

Sovini Developments Limited

Statement of Financial Position
as at 31 March 2021

Company number: 08026367

	Note	2021 £'000	2020 £'000
Current assets			
Debtors	7	3,162	2,412
Cash at bank and in hand		122	191
		3,284	2,603
Creditors: amounts falling due within one year	8	(3,255)	(2,509)
Net current assets		29	94
Total assets less current liabilities		29	94
Deferred tax	9	(1)	(1)
Net assets		28	93
Capital and reserves			
Share capital	10	-	-
Profit and loss account		28	80
Shareholders funds		28	80

The notes on pages 13 to 17 form part of these financial statements.

The accounts have been prepared in accordance with the special 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 13 September 2021.

T. Liggett

Tracey Liggett (director)
13 September 2021

Sovini Developments Limited

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

	Share capital £'000	Profit and loss account £'000	Total equity £'000
1 April 2020	-	80	80
Comprehensive income for the year			
Profit for the year	-	21	21
Total comprehensive income for the year	-	21	21
Contributions by and distributions to owners			
Gift aid	-	(73)	(73)
Total contributions by and distributions to owners	-	(73)	(73)
31 March 2021	-	28	28

Statement of Changes in Equity
for the year ended 31 March 2020

	Share capital £'000	Profit and loss account £'000	Total equity £'000
1 April 2019	-	40	40
Comprehensive income for the year			
Profit for the year	-	63	63
Total comprehensive income for the year	-	63	63
Contributions by and distributions to owners			
Gift aid	-	(23)	(23)
Total contributions by and distributions to owners	-	(23)	(23)
31 March 2020	-	80	80

The notes on pages 13 to 17 form part of these financial statements.

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Statement of Financial Position related notes

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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 executives and advisors 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. Management do not consider there to be any complex judgements or estimates in preparing these financial statements.

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; and
- 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 2021 and these financial statements may be obtained from their registered office at Unit 1, Heysham Road, Liverpool, L30 6UR.

The following principal accounting policies have been applied:

Going concern

The board reviewed the company's financial plans during the year and are satisfied that there is a sufficient pipeline of new development schemes to confirm that the accounts should be prepared on a going concern basis.

The operating model of Sovini Developments is such that 99.9% of all costs incurred relating to ongoing contracts, with only 0.1% relating to non-cancellable, non-income generating operating costs. The board have therefore assessed the impact of any potential reduction in trade and have identified that even if trade were to reduce significantly because of uncontrollable external forces, that the core operating costs of the entity would be sustainable with existing reserves.

During Quarter Four 2020/21, the company's financial forecasts were reviewed and agreed with our key clients. These reflect the latest development programme cashflow forecasts. This confirms that we have a committed order book of schemes for 2021 to 2023 and that this is underpinned by a pipeline of new development schemes which, will be completed from 2023/24 onwards. As such, our current and future cash flows remain strong and viable.

We continue to operate as normal, albeit that our support staff remain agile and working from home. We commenced full mobilisation of our services on 1 July 2020 and continue to monitor our performance and operating margins. This is to understand the impact of social distancing on our supply chain, material and labour costs and underlying productivity levels. We have also reviewed our contracts to understand our legal position and assessed our liquidity risks.

With the roadmap out of the pandemic confirmed, coupled with the roll out of the vaccination programme and positive economic recovery forecasts, the board consider it appropriate for the accounts to be prepared on a going concern basis.

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.

2 Accounting policies (continued)

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 and deferred taxation

The tax expense for the period comprises current and deferred 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.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors do not believe they have made any material judgements or key estimates.

4 Analysis of turnover

	2021 £'000	2020 £'000
Analysis by class of business:		
Provision of development project management services	23,903	22,184

All turnover was within the United Kingdom.

5 Operating profit

	2021 £'000	2020 £'000
This is arrived at after charging:		
Fees payable to the company's auditor for the audit of the company's annual accounts	5	4
Fees payable to the company's auditor and its associates for other services to the company		
Taxation compliance services	2	2
Other services	1	1

6 Taxation on profit on ordinary activities

	2021 £'000	2020 £'000
UK corporation tax		
Current tax on profits in the year	-	-
Adjustment in respect of previous years	-	(4)
Total current tax	-	(4)
Deferred tax		
Origination and reversal of timing differences	1	14
Adjustment in respect of previous years	(14)	-
Taxation on profit on ordinary activities	(13)	10

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

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	8	73
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	1	14
Effects of		
Adjustment in respect of previous years	(14)	(4)
Total tax (credit)/charge for period	(13)	10

7 Debtors

	2021 £'000	2020 £'000
Amounts owed by group undertakings	3,136	2,389
Other debtors	26	23
	3,162	2,412

All amounts shown under debtors fall due for payment within one year. Amounts owed by group undertakings are interest free and repayable on demand.

8 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	179	1
Amounts owed to group undertakings	2,344	1,516
Taxation and social security	5	12
Accruals and deferred income	727	980
	3,255	2,509

Amounts owed to group undertakings are interest free and repayable on demand.

9 Deferred taxation

	2021 £'000
At beginning of the year	14
Charged to profit or loss	(13)
At 31 March 2021	1

Deferred tax relates to short term timing differences.

10 Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
155 ordinary shares of £1.00 each	155	155

11 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.