

**Sovereign Harbour Waterfront Holdings Limited**

Annual report and financial statements

Registered number 4135060

For the year ended 31 December 2016



## Contents

Sovereign Harbour Waterfront Holdings Limited  
Annual report and financial statements  
Year ended 31 December 2016

Directors' report	3
Statement of directors' responsibilities in respect of the directors' report and the financial statements	4
Independent auditor's report to the members of Sovereign Harbour Waterfront Holdings Limited	5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes	9

## Directors' report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2016.

### Principal activities and business review

The company is engaged in the holding of "The Waterfront" Investment Property at Sovereign Harbour Eastbourne. The directors anticipate that the company will continue in its present role within the Carillion plc group during the next financial year.

### Profits and dividends

The company's profit on ordinary activities before taxation for the year was £697,816 (2015: £638,537).

An interim dividend amounting to £1,000,000 was paid during the year (2015: £nil). The directors do not recommend the payment of a final dividend (2015: £nil).

### Political donations

The company did not make any political donations during the year (2015: £nil).

### Directors

The directors serving during the year and subsequently were:

SP Eastwood  
RF Tapp  
MW Orriss

### Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on

7 September 2017

and signed on its behalf by:



SP Eastwood  
Director

84 Salop Street  
Wolverhampton  
WV3 0SR

**Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the Strategic report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

#### **Independent auditor's report to the members of Sovereign Harbour Waterfront Holdings Limited**

We have audited the financial statements of Sovereign Harbour Waterfront Holdings Limited for the year ended 31 December 2016 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on 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 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.


Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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

We have nothing to report in respect of the following matters where 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 exemption in preparing the Directors' report and in not preparing a Strategic Report.

  
**Peter Meehan**  
(Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

7 September

2017

**Profit and loss account**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> £	<b>2015</b> £
<b>Turnover</b>			
Cost of sales	2	563,240	540,856
<b>Gross profit</b>		<u>563,240</u>	<u>540,856</u>
Administrative expenses		(29,464)	(45,880)
<b>Operating profit</b>		<u>533,776</u>	<u>494,976</u>
Interest receivable and similar income	5	<u>164,040</u>	<u>143,561</u>
<b>Profit on ordinary activities before taxation</b>	3	697,816	638,537
Taxation on ordinary activities	6	(139,563)	(129,304)
<b>Profit for the financial year</b>		<u><u>558,253</u></u>	<u><u>509,233</u></u>

All activities relate to continuing operations.

There is no difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis in either the current or preceding financial year.

There were no recognised gains or losses in either the current or preceding financial year other than the profit or loss for those years.

The notes on pages 9 to 13 form part of these financial statements.

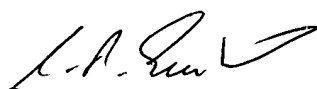
**Balance sheet**  
at 31 December 2016

		2016	2015
	Note	£	£
<b>Fixed assets</b>			
Tangible assets	7	4,750,000	4,750,000
Investments	8	2	2
		<u>4,750,002</u>	<u>4,750,002</u>
<b>Current assets</b>			
Debtors (including £1,547,729 (2015: £6,471,965) due after more than one year)	9	1,851,914	6,786,283
Cash at bank and in hand		<u>73,595</u>	<u>351,020</u>
		<u>1,925,509</u>	<u>7,137,303</u>
Creditors: amounts falling due within one year	10	<u>(374,762)</u>	<u>(394,807)</u>
<b>Net current assets</b>		<u>1,550,747</u>	<u>6,742,496</u>
Creditors: amounts falling due after more than one year	11	-	(4,750,002)
<b>Net assets</b>		<u><u>6,300,749</u></u>	<u><u>6,742,496</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	4,750,000	4,750,000
Profit and loss account		<u>1,550,749</u>	<u>1,992,496</u>
<b>Equity shareholders' funds</b>		<u><u>6,300,749</u></u>	<u><u>6,742,496</u></u>

These financial statements were approved by the Board of Directors on  
by:

7 September 2017

and were signed on its behalf



**SP Eastwood**  
Director

Company registered number 4135060

**Statement of changes in equity**  
*for the year ended 31 December 2016*

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	£	£	£
Balance at 1 January 2015	4,750,000	1,483,263	6,233,263
Profit for the year	-	509,233	509,233
<b>Balance at 31 December 2015</b>	<b>4,750,000</b>	<b>1,992,496</b>	<b>6,742,496</b>
Profit for the year	-	558,253	558,253
Dividends paid	-	(1,000,000)	(1,000,000)
<b>Balance at 31 December 2016</b>	<b>4,750,000</b>	<b>1,550,749</b>	<b>6,300,749</b>



**Sovereign Harbour Waterfront Holdings Limited**  
**Notes**  
*(forming part of the financial statements)*

**1. Principal accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial information.

**Basis of accounting**

Sovereign Harbour Waterfront Holdings Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Carillion PLC includes the Company in its consolidated financial statements. The consolidated financial statements of Carillion PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 84 Salop Street, Wolverhampton, WV3 0SR.

In these financial statements, the company has applied the exemptions under FRS101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effect of new but not yet effective IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- disclosures in respect of compensation of key management personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Carillion plc include the equivalent disclosures, the company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS7 Financial Instrument disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

No judgements have been made by the directors, in the application of these accounting policies that have significant effect on the financial statements and there are no estimates with a significant risk of material adjustment in the next year.

The financial statements are presented in pounds sterling. They are prepared on the historical cost basis except where specified certain assets and liabilities are stated at their fair value noted below.

**Going concern**

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Directors' report.

The company participates in the Carillion plc group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's ultimate parent Carillion plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Carillion group to continue as a going concern or its ability to continue with the current banking arrangements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate.

**Investments**

Fixed asset investments are stated at cost less provisions for any impairment in the carrying value of the investment.

**Investment Properties**

Investment properties are included in the balance sheet based on the cost model. On transition to FRS 101, the company has chosen to use the fair value at the date of transition as the deemed cost. The investment properties are assessed annually for impairment and any permanent diminution in the value of an investment property is taken to profit and loss account for the year as an impairment. No depreciation is provided in respect of freehold investment properties.

This treatment, as regards certain of the group's investment properties, may be a departure from the requirement of the Companies Act 2006 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view.

**Taxation**

Income tax is recognised in the profit and loss account except to the extent that it relates to items directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

**2. Turnover**

Turnover is stated exclusive of value added tax and represents rental income, which is recognised when earned. All turnover arises within the United Kingdom.

**3. Profit on ordinary activities before taxation**

The audit fee for the year ended 31 December 2016 amounted to £4,000 (2015: £4,000) and was borne by Carillion Construction Limited, a fellow group subsidiary.

Fees paid to the company's auditor, KPMG LLP and its associates, for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of the company's parent, Carillion plc, are required to disclose non-audit fees on a consolidated basis.

**4. Directors' remuneration**

The directors performed no material qualifying services for the company in respect of the current period and therefore received no emoluments.

**5. Interest receivable and similar income**

	2016 £	2015 £
Interest receivable from group undertakings	164,040	143,561
	<u>164,040</u>	<u>143,561</u>

Amounts owed by group undertakings bear interest at a rate which reflect the cost of borrowing to the group.

**6. Tax on profit on ordinary activities****(a) Analysis of taxation charge in the year**

	2016 £	2016 £
<b>UK corporation tax</b>		
Current tax	139,563	129,304
<b>Total taxation</b>	<u>139,563</u>	<u>129,304</u>

**(b) Reconciliation of total tax charge**

The tax charge for the year is equal to (2015: equal to) the UK standard rate of corporation tax in the UK of 20% (2015: 20.25%) as shown below:

	2016 £	2015 £
<b>Total tax reconciliation</b>		
<b>Profit on ordinary activities before taxation</b>	697,817	638,537
	<u>139,563</u>	<u>129,304</u>
Tax on profit on ordinary activities at 20% (2015: 20.25%)		
	<u>139,563</u>	<u>129,304</u>
<b>Total tax charge for the year</b>	<u>139,563</u>	<u>129,304</u>

**(c) Factors that may affect future tax charges**

The UK corporation tax rate reduced from 21% to 20% with effect from 1 April 2015. Further reductions to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. This will reduce the company's future tax charge accordingly.

**7. Tangible fixed assets**

	<b>Investment property £</b>
<b>Cost and net book value</b>	
At beginning and end of year	<u>4,750,000</u>

The carrying amount is based on an open market valuation at 30 August 2013 and on transition to FRS 101 has been treated as the deemed cost.

**8. Investments**

	<b>Shares in subsidiary undertaking £</b>
<b>Cost and net book value</b>	
At beginning and end of year	<u>2</u>

The investment is in the entire issued capital of Sovereign Harbour Waterfront Limited, a company registered in England and Wales with registered office 84 Salop Street, Wolverhampton, WV3 0SR.

**9. Debtors**

	<b>2016 £</b>	<b>2015 £</b>
Amounts owed by group undertakings	1,547,729	6,471,965
Other debtors and prepayments	295,527	314,318
Other tax and social security costs	8,658	-
	<u>1,851,914</u>	<u>6,786,283</u>

Amounts owed by group undertakings bear interest at a rate which reflects the cost of borrowing of the group.

**10. Creditors: amounts falling due within one year**

	<b>2016 £</b>	<b>2015 £</b>
Trade creditors	13,766	43,463
Amounts owed to group undertakings	-	9,265
Corporation tax	139,563	129,304
Accruals and deferred income	221,433	212,775
	<u>374,762</u>	<u>394,807</u>

**11. Creditors: amounts falling due after more than one year**

	<b>2016 £</b>	<b>2015 £</b>
Amounts owed to group undertakings	<u>-</u>	<u>4,750,002</u>

Amounts owed to fellow group undertakings bear interest at a rate which reflects the cost of borrowing to the group.

Notes (continued)

Sovereign Harbour Waterfront Holdings Limited  
Annual report and financial statements  
Year ended 31 December 2016

**12. Called up share capital**

Allotted, called up and fully paid:  
4,750,000 ordinary shares of £1 each

2016	2015
£	£
4,750,000	4,750,000

**13. Controlling and parent companies**

The company's controlling company is Carillion plc, its ultimate parent company, which is incorporated in Great Britain and registered in England and Wales.

Copies of the group financial statements of Carillion plc are available from 84 Salop Street, Wolverhampton, WV3 0SR.