

SANCTUARY (NW MANAGEMENT) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

Company Number: 04806841

WEDNESDAY



A9G4PS61

A12

21/10/2020

#180

COMPANIES HOUSE

Contents	Page
Directors and advisors	2
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 Sanctuary (NW Management) Limited	5
Profit and Loss Account	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the financial statements	10

Sanctuary (NW Management) Limited

Directors and advisors at date of approval of the financial statements

Directors

Simon Clark
Nathan Warren
James Whitmore
Peter Williams

Company Secretary

Nicole Seymour

Independent statutory auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Internal auditor

PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
B3 3AX

Bankers

Barclays Bank PLC
Barclays Corporate
Social Housing Team
Level 27
1 Churchill Place
London
E14 5HP

Legal advisors

Gowling WLG (UK) LLP
Two Snowhill
Birmingham
B4 6WR

Registered office

Sanctuary House
Chamber Court
Castle Street
Worcester
WR1 3ZQ

Registered number

Company number: 04806841

Sanctuary (NW Management) Limited

Directors' Report for the year ended 31 March 2020

The Directors present their annual report and audited financial statements of Sanctuary (NW Management) Limited for the year ended 31 March 2020.

Principal activity

The principal activities of Sanctuary (NW Management) Limited (the Company) are commercial property investment, property development and property management.

The Company's ultimate parent undertaking is Sanctuary Housing Association and the Company forms part of the Sanctuary Group of entities (the Group).

The Company is registered under the Companies Act under number 04806841.

Review of the business and future developments

The results of the Company for the year are set out on page 7. The Company has made a profit for the year of £18,000 (2019: Loss of £76,000); the 2019 result included a one-off provision of £85,000 for termination of a joint arrangement.

The Company will continue to rent out its investment property in the future.

Going concern

The Company currently has net liabilities on its Balance Sheet; however the majority of liabilities relate to balances held with other Group entities. The Company has the continued support of its ultimate parent, Sanctuary Housing Association, who has provided a letter of support to the Directors of the Company to confirm that it intends to provide financial and other support as required for a period of at least 12 months from the date of these financial statements. Accordingly the Company continues to adopt the going concern basis in its financial statements. Further details are given in note 1.

Key performance indicators

The Company has no specific key performance indicators. The Company is part of the Group and is therefore subject to Group financial management and monitoring of performance.

Risk management

Major business risks of the Company are identified through a system of continuous monitoring. This is achieved through the Group's review of the major strategic, business and operational risks to which the Company is exposed. Systems and procedures are established at a Group level to mitigate those risks and to minimise any potential impact on the Company should any of those risks materialise.

Directors

The Directors who have served during the year and to the date of the financial statements being approved unless otherwise stated were:

Simon Clark	Chair
Nathan Warren	
James Whitmore	
Peter Williams	

Company Secretary

Nicole Seymour

Sanctuary (NW Management) Limited

Directors' report for the year ended 31 March 2020 continued

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Disclosure of information to independent auditor

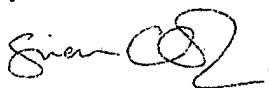
In the case of each Director in office at the date the Directors' report is approved:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

KPMG LLP has indicated its willingness to continue in office. A resolution concerning the appointment of the auditor will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the Board of Directors.



Simon Clark
Chair
29 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY (NW MANAGEMENT) LIMITED

Opinion

We have audited the financial statements of Sanctuary (NW Management) Limited for the year ended 31 March 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the going concern period).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Directors' report

The Directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY (NW MANAGEMENT) LIMITED CONTINUED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

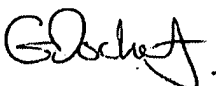
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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.



Gordon Docherty
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
Date: 31 July 2020

Profit and Loss Account for the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Turnover	2	67	67
Operating costs		(59)	(145)
Operating profit/(loss)	3	8	(78)
Interest receivable	4	4	2
Profit/(loss) before taxation		12	(76)
Taxation for the year	6	6	-
Profit/(loss) for the financial year		18	(76)

The profit/(loss) for the current and prior years relates wholly to continuing activities.

There is no material difference between the profit/(loss) before taxation and the profit/(loss) for the financial year stated above and their historical cost equivalents.

There are no recognised gains and losses other than those included in the Profit and Loss Account above and therefore no separate Statement of Other Comprehensive Income has been presented.

The notes on pages 10 to 17 form part of these financial statements.

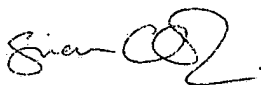
Sanctuary (NW Management) Limited

Balance Sheet as at 31 March 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investment property	7	941	957
		<u>941</u>	<u>957</u>
Current assets			
Debtors	8	7	2
Cash at bank and in hand		721	653
		<u>728</u>	<u>655</u>
Current liabilities			
Creditors: amounts falling due within one year	9	(1,759)	(1,720)
Provisions	10	(85)	(85)
		<u>(1,844)</u>	<u>(1,805)</u>
Net current liabilities		<u>(1,116)</u>	<u>(1,150)</u>
Total assets less current liabilities		<u>(175)</u>	<u>(193)</u>
Net liabilities		<u>(175)</u>	<u>(193)</u>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account		(175)	(193)
Total shareholders' deficit		<u>(175)</u>	<u>(193)</u>

The notes on pages 10 to 17 form part of these financial statements.

The financial statements were authorised and approved by the Board of Directors on 29 July 2020 and signed on its behalf by:



Simon Clark
Chair

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

	Called up share capital	Profit and loss account £'000	Total equity £'000
At 1 April 2018	-	(117)	(117)
Loss for the year	-	(76)	(76)
Total comprehensive income	-	(76)	(76)
At 31 March 2019	-	(193)	(193)
At 1 April 2019	-	(193)	(193)
Profit for the year	-	18	18
Total comprehensive income	-	18	18
At 31 March 2020	-	(175)	(175)

The notes on pages 10 to 17 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2020

1. Principal accounting policies

General information

Sanctuary (NW Management) Limited is a company incorporated and domiciled in the UK.

The financial statements are presented in pounds sterling, which is the Company's functional currency. Unless otherwise stated, amounts are denominated in thousands (£'000) rounded to the nearest thousand.

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 has adopted IFRS 16 Leases from 1 April 2019 when it became effective. There was no material impact on the Company from adoption of the new standard.

The Company's ultimate parent undertaking, Sanctuary Housing Association, includes the Company in its consolidated financial statements. The consolidated financial statements of Sanctuary Housing Association are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Sanctuary Housing Association, Chamber Court, Castle Street, Worcester WR1 3ZQ.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- comparative period reconciliations for investment properties;
- disclosures in respect of transactions with wholly owned subsidiaries of the Group;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel; and
- certain disclosures required by IFRS 15.

As the consolidated financial statements of Sanctuary Housing Association include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements have been prepared on the historical cost basis.

Going concern

The Company's principal activities, together with factors likely to affect its future performance, are set out on page 3.

Notwithstanding net current liabilities of £1,116,000 at 31 March 2020, the financial statements have been prepared on a going concern basis, which the Directors consider to be appropriate for the following reasons.

Notes to the financial statements for the year ended 31 March 2020 continued

1. Principal accounting policies (continued)

Going concern (continued)

The Directors have prepared a going concern assessment, based on consideration of cash flow forecasts, for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period), which indicate that, taking account of severe but plausible downside scenarios that take into consideration the current economic environment due to Covid-19, the Company will have sufficient funds, through funding from its ultimate parent, Sanctuary Housing Association, to meet its liabilities as they fall due for that period.

These forecasts are dependent on Sanctuary Housing Association not seeking repayment of the amounts currently due to the Group, which at 31 March 2020 amounted to £1,701,000 (note 9), and providing additional financial support during that period. Sanctuary Housing Association has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. 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.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Critical accounting estimates, judgements and assumptions

Carrying value of investment property

Where indicators of impairment exist then an asset's recoverable amount must be estimated to determine if an impairment adjustment is required. The Directors have determined, based on local market data, that property market value exceeds net book value and so no detailed impairment testing has been performed.

Turnover

Turnover represents rental income received from housing accommodation. Turnover is measured at the fair value of the consideration received or receivable, net of discounts, VAT and other sales related taxes. Where charges are billed in advance these are recorded as deferred income.

Value Added Tax (VAT)

The majority of the Company's turnover is exempt from VAT; however certain activities are subject to VAT and give rise to a small amount of VAT recovery. Where appropriate costs are stated including irrecoverable VAT.

Corporation tax

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the Profit and Loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Notes to the financial statements for the year ended 31 March 2020 continued

1. Principal accounting policies (continued)

Expected credit losses on trade receivables

Loss allowances for trade receivables are measured at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are a probability-weighted estimate of credit losses that result from all possible default events over the expected life of the receivable.

When estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. The Company classifies all of its property as investment property. The Company has chosen to apply the cost model to all of its investment properties; they are therefore stated at historical cost less accumulated depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of such properties includes the following:

- a) Cost of acquiring land and buildings
- b) Construction costs including internal equipment and fitting
- c) Directly attributable development administration costs
- d) Cost of capital employed during the development period
- e) Expenditure incurred in respect of improvements and extensions to existing properties
- f) Construction costs incurred but not yet certified at the Balance Sheet date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Expenditure on housing properties which is capable of generating increased future rents, extends their useful life, or significantly reduces future maintenance costs, is capitalised.

All other repairs and maintenance are charged to the Profit and Loss Account during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Structure	40 - 125 years
Door and door entry systems	10 - 40 years
Bathrooms	15 - 40 years
External works	20 - 25 years
Heating system	15 - 40 years
Kitchens	30 years
Lifts	10 years
Renewables	25 years
Roof covering	50 years
Windows	40 years
Electrical wiring	30 years

The acquisition and disposal of properties is accounted for on the date when completion takes place.

Notes to the financial statements for the year ended 31 March 2020 continued
Impairment testing – property

When an impairment indicator is identified, an impairment review is performed at an individual property level and compared against its recoverable amount, which is defined as the higher of:

- the fair value less selling costs of the property, or
- its value in use (VIU).

Should the net book value of the property exceed the higher of these measures, it is impaired to this value, with the movement going through the Statement of Comprehensive Income.

Fair value is deemed to be the market value of the property based on its existing use.

VIU is calculated using an assessment of future cash flows discounted in perpetuity.

Provisions

A provision is recognised when the Company has a measurable present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Preference shares

The Company has preference shareholders who receive dividends prior to ordinary shareholders. The shares are classified as a source of debt and any dividends payable as part of interest payable, in accordance with IAS 32 Financial Instruments: Presentation.

2. Turnover

	2020 £'000	2019 £'000
Rental income	67	67
	<u>67</u>	<u>67</u>

All turnover is UK based.

3. Operating profit

Operating profit is arrived at after charging:

	2020 £'000	2019 £'000
Depreciation – investment property (note 7)	16	16
Auditor remuneration	<u>1</u>	<u>1</u>

No non-audit services were provided in the year (2019: none).

4. Interest receivable

	2020 £'000	2019 £'000
Bank interest receivable	<u>4</u>	<u>2</u>

Sanctuary (NW Management) Limited

Notes to the financial statements for the year ended 31 March 2020 continued

5. Directors' emoluments

In the current and prior year all Directors were employed by the ultimate parent undertaking, Sanctuary Housing Association, and their costs were not recharged as they were incidental to their services provided to other Sanctuary Group companies. Expenses borne by the ultimate parent undertaking are negligible. The Company has no employees (2019: none).

6. Taxation for the year

(a) Analysis of tax (credit)/charge for the year

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax on profit for the year	-	-
Deferred tax:		
Temporary timing differences	(6)	-
Total deferred tax credit	(6)	-
Total tax credit for the year	(6)	-

The tax charge for the year is lower than (2019: higher than) that calculated at the main rate of corporation tax in the UK. The differences are explained below.

(b) Factors affecting the tax charge for the year

	2020	2019
	£'000	£'000
Profit/(loss) before taxation	12	(76)
Profit/(loss) multiplied by main company rate of corporation tax in the UK of 19% (2019: 19%)	2	(14)
Effects of:		
Non deductible expenses	3	3
Current year losses for which no deferred tax asset is recognised	-	11
Utilisation of brought forward losses	(5)	-
Deferred tax credit	(6)	-
Total tax credit for the year	(6)	-

(c) Factors affecting future tax charge

Following the introduction of the Finance Bill 2020, the rate of corporation tax is set to remain at 19% for 2020/2021. When passed into law, the Finance Act 2020 will override previous legislation that enacted a reduction in the rate to 17% from April 2020.

Notes to the financial statements for the year ended 31 March 2020 continued
7. Investment Property

	Investment Property £'000
Cost	
At 1 April 2019 and at 31 March 2020	<u>1,245</u>
Depreciation	
At 1 April 2019	288
Charge for the year	<u>16</u>
At 31 March 2020	<u>304</u>
Net book value	
At 31 March 2020	<u>941</u>
At 31 March 2019	<u>957</u>

Fair value of investment property

The estimated fair value of the investment property is £1,332,000 (2019: £1,305,000). The fair value for the year ended 31 March 2020 has been determined by applying a 2.09 per cent increase to the prior year value. The percentage increase is based on information from the UK house price index. In the prior year it was determined by the use of indicative values provided by a third party. A formal valuation has not been performed by an independent valuer. In accordance with fair value measurement hierarchy these are deemed to be Level 3 valuations.

The fair value has been determined by Directors' valuations and may contain a material uncertainty regarding the impact that Covid-19 might have on the future real estate market.

Impairment

The Company annually reviews investment properties for indicators of potential impairment. Properties that reveal indicators are then subjected to further review. For the year ended 31 March 2020 no properties were identified as having indicators of potential impairment (2019: none). There is a material uncertainty regarding the impact that Covid-19 might have on the future real estate market. Consequently, less certainty should be attached to the valuation than would normally be the case.

Restrictions

At 31 March 2020, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal for the Company (2019: none).

Assets pledged as security

No assets have been pledged to secure borrowings (2019: none).

Freehold and leasehold

All investment property is long leasehold.

Sanctuary (NW Management) Limited

Notes to the financial statements for the year ended 31 March 2020 continued

7. Investment Property (continued)

Items recognised in the Profit and Loss Account

Rental income from investment property during the year amounted to £67,000 (2019: £67,000).

Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the year amounted to £31,000 (2019: £32,000).

The Company has no investment property that does not generate rental income.

8. Debtors

	2020 £'000	2019 £'000
Trade debtors	1	2
Deferred tax asset	6	-
	<u>7</u>	<u>2</u>

An impairment loss allowance is held against trade debtors totalling £nil (2019: £6,000).

9. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	1	2
Amounts owed to Group undertakings	1,701	1,662
Preference shares ("B" shares) classified as financial liabilities	50	50
Other creditors	6	6
Accruals and deferred income	1	-
	<u>1,759</u>	<u>1,720</u>

Amounts owed to Group undertakings are trading in nature and do not incur interest. No security is provided against any of the above liabilities.

The "B" £1 ordinary shares do not have any voting rights unless the Company is in arrears with the "B" dividend.

The "B" shareholders are entitled to a dividend of 8% on the nominal value of the "B" share capital. On winding up the "B" shareholders have priority before "A" shareholders.

"B" shareholders can require the shares to be redeemed after 1 April 2018. The Company is under an obligation to redeem by 1 April 2028.

Notes to the financial statements for the year ended 31 March 2020 continued
10. Provisions

	2020 £'000	2019 £'000
Provisions	85	85
	<u>85</u>	<u>85</u>

The £85,000 provision held is in relation to the cost of terminating a joint venture agreement and is expected to be settled within a period of 12 months.

11. Operating leases receivable

The Company rents out its investment properties. At the balance sheet date, the following future minimum lease payments were contractually receivable from tenants:

	2020 £'000	2019 £'000
Land and buildings:		
Under one year	7	2
	<u>7</u>	<u>2</u>

12. Called up share capital

	2020 £	2019 £
Authorised		
1 "A" ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>
Allotted and fully paid		
1 "A" ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

13. Ultimate controlling party

The ultimate parent undertaking and controlling party is Sanctuary Housing Association being the largest group to consolidate these financial statements, registered in England as a Registered Society (Number 19059R) and with The Regulator of Social Housing (Number L0247).

14. Joint venture agreement

The Company has a joint venture agreement, dating from 2007, with White Property Services Limited, regarding development of the Company's property at Cathedral Point, Liverpool. There are currently on-going discussions over terminating the arrangement and a provision of £85,000 (note 10) in relation to this was recognised in the Profit and Loss Account for the year ended 31 March 2019.

15. Post balance sheet events

There are no post balance sheet events to report.