

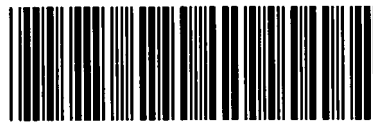
SOUTHERN DEVELOPMENT SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Company No. 05400187

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SOUTHERN DEVELOPMENT SERVICES LIMITED

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SOUTHERN DEVELOPMENT SERVICES LIMITED THE BOARD AND ADVISERS

The Board

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Yvette Carter (appointed 16 December 2022)	Chair
Richard White (appointed 16 December 2022, resigned 10 May 2023)	
Alan Townshend (resigned 16 December 2022)	
Kerry Kyriacou (resigned 31 August 2022)	
Luke Chandler (appointed 10 May 2023)	

Secretary and Registered Office

Puneet Rajput (appointed 2 May 2023)
Noreen Adams (resigned 1 March 2023)

Fleet House
59-61 Clerkenwell Road
London
EC1M 5LA

Independent Auditors

BDO LLP
Chartered Accountants and Statutory Auditors
55 Baker Street
London
W1U 7EU

Principal Bankers

National Westminster Bank Plc
Second Floor, County Gate 2
Staceys Street
Maidstone
Kent
ME14 1ST

SOUTHERN DEVELOPMENT SERVICES LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2023

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 March 2023. The company is a private limited company, incorporated in England and limited by shares.

Principal activities

Southern Development Services Limited operates in London and throughout Southeast England, providing a design and build service to other entities within the Southern Housing Group. This is done by engaging subcontractors to perform the development work and invoicing to the entities within the Group with a small profit margin.

Review of results

The Company made a profit before taxation for the year of £2k (2022: £nil). Activity was low with the final retention payments on the multi tenure developments at Preston Road and Vanston Place still due to be finalised at the end of the year.

Future plans

The Company will fulfil its contractual obligations and will remedy any defects during the defects period for Southern Housing. It is therefore anticipated that this Company will become dormant upon final payment of the retention payments due which is expected to be in the year ended March 2024.

The Board and senior management

The Board members are listed on page 1. Southern Housing holds one hundred shares of £1 each in Southern Development Services Limited which is 100% of the share capital of the Company. Board members and senior management hold no interest in the share capital of the Company.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Independent auditors

As per the regulatory requirements and in accordance with our company policy, Southern Housing will be retendering the audit services for the upcoming fiscal year. This is in line with the maximum tenure limit of 10 years with our current auditors, BDO LLP. The Board will oversee the retendering process to select an auditing firm to ensure an independent and comprehensive audit of our financial statements.

Going concern

The Company will complete the design and build work it is contracted to for its parent Southern Housing. The activity has significantly reduced over recent years, with contractual retention payments to be paid in connection with 2 contracts. All costs associated with these schemes will be recharged to the parent company at an agreed cost plus 5% basis. Therefore, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Stress testing is done at the parent Group level and the Group Board's assessment of going concern is focused on the Group's liquidity and its compliance with loan covenants.

SOUTHERN DEVELOPMENT SERVICES LIMITED
DIRECTORS' REPORT (continued)
For the year ended 31 March 2023

Group structure

The Company is a subsidiary of Southern Housing which is the ultimate parent company incorporated in the UK and registered in England as a Co-operative and Community Benefit Society (No. 8983). Southern Housing is the ultimate parent undertaking by virtue of holding all shares in the company.

The largest and smallest group in which the results of the Company are consolidated is that headed by Southern Housing, incorporated in England. The consolidated accounts of this Company are available to the public via the Group website or from Fleet House, 59-61 Clerkenwell Road, London, EC1M 5LA. No other group accounts include the results of the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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


In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- 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 auditors are aware of that information.

SOUTHERN DEVELOPMENT SERVICES LIMITED
DIRECTORS' REPORT (continued)
For the year ended 31 March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

The report of the directors has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies which gives exemption from preparing the full directors' and strategic report.



Yvette Carter

Chair

Approved by the Board and signed on its behalf

Date: 28 September 2023

Company No. 05400187

SOUTHERN DEVELOPMENT SERVICES LIMITED

Independent auditors' report to the members of Southern Development Services Limited

Report on the audit of the financial statements

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 2023 and of the its result 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 Southern Development Services Limited ("the Company") for the year ended 31 March 2023, which comprise the statement of comprehensive income, statement of financial position, 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 remain 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 Report and Financial Statements 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.

SOUTHERN DEVELOPMENT SERVICES LIMITED
Independent auditors' report to the members of Southern Development Services Limited (continued)

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 has 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 Director's 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 the 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 industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Companies Act 2006 and relevant Tax Legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

SOUTHERN DEVELOPMENT SERVICES LIMITED
Independent auditors' report to the members of Southern Development Services Limited (continued)

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

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

In addition, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Data Protection and Health and Safety Legislation.

Audit procedures capable of detecting irregularities including fraud performed by the engagement team included:

- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing items included in the fraud register;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments.

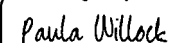
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, 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 Charitable 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 Charitable 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Paula Willock (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
Gatwick

Date: 28 September 2023

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

SOUTHERN DEVELOPMENT SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

	Note	2023 £000s	2022 £000s
Turnover		-	8
Cost of sales		-	(8)
Gross profit		-	-
Administrative expenses		2	-
Operating profit		2	-
Profit before taxation	4	2	-
Tax on profit	5	-	-
Profit for the financial year and total comprehensive income		2	-

The notes on pages 10 to 14 form part of these financial statements.


There were no other gains or losses in the current or prior years other than as disclosed in the above Statement of Comprehensive Income.

The turnover and profit before taxation for the year and prior year relates to continuing activities.

SOUTHERN DEVELOPMENT SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 March 2023

	Note	2023 £000s	2022 £000s
Current assets			
Debtors	6	51	150
Cash and cash equivalents		133	34
		184	184
Creditors: amounts falling due within one year	7	(182)	(184)
Net current assets		2	-
Total assets less total liabilities		2	-
Capital and reserves			
Called up share capital		-	-
Profit and loss account		2	-
Total shareholders' funds		2	-

The financial statements on pages 7 to 14 were approved and authorised for issue by the Board of Directors on **Date:** 28 September 2023 and signed on its behalf by



Yvette Carter
Chair

Company No. 05400187

SOUTHERN DEVELOPMENT SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2023

	Called up share capital £000s	Profit and loss account £000s	Total shareholders' funds £000s
Reserves at 1 April 2021	-	34	34
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
Qualifying charitable donation	-	(34)	(34)
Reserves at 31 March 2022	-	-	-
Profit for the year	-	2	2
Total comprehensive income for the year	-	2	2
Qualifying charitable donation	-	-	-
Reserves at 31 March 2023	-	2	2

The called up share capital at 31 March 2023 and 31 March 2022 comprised 100 ordinary shares of £1 each.

SOUTHERN DEVELOPMENT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

1. Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historic cost convention in accordance with applicable Accounting Standards in the United Kingdom, including Financial Reporting Standard 102 and the reporting requirements of the Companies Act 2006. The accounting policies have been consistently applied. The company is incorporated in the United Kingdom. The financial statements are presented in £ sterling and rounded in thousands.

Key accounting judgements and estimation uncertainty

In the process of applying the accounting policies in preparing the financial statements, the company is required to make certain estimates, judgements and assumptions. Estimates, judgements and assumptions will, by definition, seldom equal the related actual results. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable based on the information available. Management is required to make decisions on project design and costs that it is contracted to deliver.

There are no other key judgements and estimates relevant to the accounting policies set out below.

Going concern

The Company will complete the design and build work it is contracted to for its parent Southern Housing. The activity has significantly reduced over recent years, with contractual retention payments to be paid in connection with 2 contracts. All costs associated with these schemes will be recharged to the parent company on an agreed cost plus 5% basis. Therefore, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Stress testing is done at the parent Group level and the Group Board's assessment of going concern is focused on the Group's liquidity and its compliance with loan covenants.

Turnover

Turnover represents fees receivable from the design and build service provided and is recognised as work is completed. A mark-up is applied to contractors' costs which is charged on to group entities and is all generated within the UK.

Cost of sales

Costs relating to sales, which are the expenses related to engaging contractors, are recognised as they are incurred.

Financial assets

Basic financial assets, including trade receivables and other receivables, cash and bank balances are initially recognised at transaction price. Financial assets are subsequently carried at amortised cost.

Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

SOUTHERN DEVELOPMENT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2023

1. Principal accounting policies (continued)

Cash flow statement

Under FRS 102 Section 1.12b the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the Company in its own published consolidated statement.

VAT

The Company is separately registered for Value Added Tax purposes, and therefore does not form part of the Group's VAT registration. Turnover and costs are shown exclusive of VAT.

2. Directors' emoluments

No director received any remuneration for their role as director of Southern Development Services Limited during the year (2022: £nil). No expenses were reimbursed to directors during the year (2022: £nil).

The Group Chief Executive and the senior management team are employed by Southern Housing, with whom administration costs are shared; the relevant emoluments are dealt with in the financial statements of that organisation.

3. Employee information

No staff were directly employed by Southern Development Services Limited in the current or previous year. Administrative resources are provided by Southern Housing which are charged to Southern Development Services Limited via a management fee.

4. Profit before taxation

	2023	2022
	£000s	£000s
Profit before taxation is stated after charging:		
External audit fee (included within management fees, excluding VAT)	10	10

Audit fees are borne by the parent entity in the current and prior year.

SOUTHERN DEVELOPMENT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2023

5. Tax on profit

Taxation

The company is liable to corporation tax, and the charge is based on the profit for the year taking into account differences between certain items for taxation and accounting purposes. Taxable profits are normally distributed to its parent association by a qualifying charitable donation. The tax effect of these payments relating to the period are recognised when a payment within 9 months of the year end is probable.

UK Corporation tax	2023	2022
	£000s	£000s
Current tax at 19% (2022: 19%)	-	-
Current tax reconciliation	2023	2022
	£000s	£000s
Profit before taxation	2	-
Current tax at 19% (2022: 19%)	-	-
Impact of probable qualifying charitable donation to be paid post year end	-	-
Total tax charge	-	-

Factors that may affect future tax charges

The standard rate of corporation tax in the UK remained at 19% in 2023. From 1 April 2023 the corporation tax rate will increase to 25% on profits over £250k and 19% on profits under £50k with marginal relief applied for profits between the two limits.

The tax impact of a qualifying charitable donation is accounted for when it is probable that the payment will be made.

6. Debtors

	2023	2022
	£000s	£000s
Amounts owed by group undertakings	51	150
	51	150

SOUTHERN DEVELOPMENT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2023

7. Creditors: amounts falling due within one year

	2023	2022
	£000s	£000s
Accruals and deferred income	182	184
	182	184

8. Legislative provisions

The Company is incorporated under the Companies Act 2006 (Company number: 05400187).

9. Related parties

The Company has taken advantage of the exemptions in FRS 102 allowing no disclosure to be made in respect of related party transactions relating to group companies.

10. Controlling party

The Company is a subsidiary of Southern Housing which is the ultimate parent company incorporated in the UK and registered in England as a Co-operative and Community Benefit Society (No. 8983). Southern Housing is the ultimate parent undertaking by virtue of holding all shares in the company.

The largest and smallest group in which the results of the Company are consolidated is that headed by Southern Housing, incorporated in England. The consolidated accounts of this Company are available to the public via Group website or from Fleet House, 59-61 Clerkenwell Road, London, EC1M 5LA. No other group accounts include the results of the Company.