

**Company Registration Number: 06927929**

**Sovereign Advances Limited  
Annual Report and Financial Statements  
For the year ended 31 March 2019**

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COMPANIES HOUSE

**Directors**

Barry Nethercott  
Gordon Holdcroft  
Ann Santry  
Mark Washer  
Heather Bowman  
Rita Akushie  
Mark Hattersley

Appointed 2 January 2019

Resigned 18 June 2018

Appointed 18 June 2018

Appointed 14 December 2018

Appointed 15 October 2018, Resigned 14 December 2018

Resigned 15 October 2018

**Company Secretary**

Claire McKenna

**Registered Office**

Woodlands  
90 Bartholomew Street  
Newbury  
Berkshire  
RG14 5EE

**Auditor**

**KPMG**  
Gateway House  
Tollgate  
Chandlers Ford  
SO53 3TG

**Principal Solicitor**

**Trowers & Hamblins LLP**  
3 Bunhill Row  
London  
EC1Y 8YZ

**Principal Banker**

**National Westminster Bank plc**  
Abbey Gardens  
4 Abbey Street  
Reading  
RG1 3BA

## Directors' Report

The board of directors (the "Board") is pleased to present the report and audited financial statements for the year ended 31 March 2019. This report gives an overview of the financial affairs of Sovereign Advances Limited (the "Company") during the year ended 31 March 2019.

The Directors are listed on page 1. None of the Directors held, at any time during the year, any beneficial interest in the shares of the Company.

## Principal Activities

The principal activity of the Company is to receive bond issue proceeds from Sovereign Housing Capital plc on behalf of those registered providers within the Group comprising Sovereign Housing Association Limited (the "Parent Undertaking" or the "Association") and its subsidiaries (the "Group") that are registered borrowers within the Group's bond structure. It is the 'Group Borrower' within the bond funding structure. The Company generates a positive cash flow from this on-lending agreement.

The Company is a wholly owned subsidiary of the Parent Undertaking.

## Performance During the Year

During the year, the Company continued to on-lend the proceeds of the Group bond issue received in 2009 to the Parent Undertaking. The Parent Undertaking is currently the only registered provider within the Group that is a formal party to the Group's bond funding structure.

## Proposed Dividend

The directors do not recommend the payment of a dividend (2018: £nil).

## Gift Aid

Gift aid of £1k is committed at the year end and will be paid prior to 31 December 2019 (2018: £2k).

## Going Concern

As a result of its enquiries, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

## Employees

The Company has no employees (2018: nil).

## Political and Charitable Contributions

The Company made no donations for political or charitable purposes other than Gift Aid to the Parent Undertaking (2018: £nil).

## Annual General Meeting

Pursuant to the provisions of the Companies Act 2006, no Annual General Meeting is required for 2018.

## 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.

## Statement of Directors' Responsibilities for the Directors' Report and 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 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Internal Control Assurance Statement

The Directors have overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Directors recognise that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable, but not absolute, assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of the Company's assets and interests.

In meeting its responsibilities, the Directors have adopted a risk-based approach to internal controls which are embedded within the normal management and governance process.

In particular the Company has adopted the same rigorous authorisation and control procedures for commitments, expenditure, bank accounts and accounting transactions as that of the Parent Undertaking, and is in the process of implementing an internal audit schedule to ensure these procedures are being complied with.

The Directors' Report was approved on 18 July 2019 and signed on its behalf by:

BY ORDER OF THE BOARD



**Claire McKenna**  
Company Secretary

## Independent Auditor's Report to the Members of Sovereign Advances Limited

### Opinion

We have audited the financial statements of Sovereign Advances Limited ("the company") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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.

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### 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, including the impact of Brexit, 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 this 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 this report for the financial year is consistent with the financial statements; and
- in our opinion this report has been prepared in accordance with the Companies Act 2006.

**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 in preparing the directors' report and 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 3, 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/auditors-responsibilities](http://www.frc.org.uk/auditors-responsibilities).

**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.



**Victoria Sewell (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Gateway House  
Tollgate  
Chandlers Ford  
SO53 3TG

30 July 2019



## Statement of Comprehensive Income

### For the Year Ended 31 March 2019

	Note	2019 £'000	2018 £'000
Operating expenses		(8)	(7)
<b>Operating loss</b>	3	<u>(8)</u>	<u>(7)</u>
Interest receivable and similar income	4	10,003	10,003
Interest payable and similar expenses	5	(9,994)	(9,994)
<b>Profit before taxation</b>		<u>1</u>	<u>2</u>
Tax on profit	6	-	-
<b>Profit for the year</b>		<u>1</u>	<u>2</u>

All the amounts above relate to continuing activities.

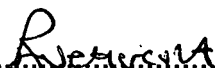
The notes on pages 11 to 18 form part of the financial statements.

**Statement of Financial Position****As at 31 March 2019**

	Note	2019 £'000	2018 £'000
<b>Fixed Assets</b>			
Investments	8	50	50
<b>Current assets</b>			
Debtors ( <i>including £175,000k (2018: £175,000k) due after more than one year</i> )	9	175,438	175,446
Cash at bank and in hand	10	68	61
		<u>175,506</u>	<u>175,507</u>
Creditors: amounts falling due within one year	11	(543)	(544)
<b>Net current assets</b>		<u>174,963</u>	<u>174,963</u>
Creditors: amounts falling due after more than one year	12	(175,000)	(175,000)
<b>Net assets</b>		<u>13</u>	<u>13</u>
<b>Capital and reserves</b>			
Called up share capital	14	13	13
Profit and loss account		-	-
<b>Equity shareholders' funds</b>		<u>13</u>	<u>13</u>

The notes on pages 11 to 18 form part of the financial statements.

These financial statements were approved by the Board on 18 July 2019 and were signed on its behalf by:

  
 .....  
 Barry Nethercott  
 Director

Company registration no. 06927929

**Statement of Changes in Equity****Statement of Changes in Equity****As at 31 March 2019**

	Share capital £'000	Profit and loss account £'000	Total equity £'000
<b>Balance at 1 April 2017</b>	<b>13</b>	<b>-</b>	<b>13</b>
<b>Total comprehensive income for the year</b>			
Profit for the year	-	2	2
<i>Effect of Gift Aid:</i>			
Gift Aid payment	-	(2)	(2)
Current tax credit	-	-	-
<b>Balance at 31 March 2018</b>	<b>13</b>	<b>-</b>	<b>13</b>
<b>Total comprehensive income for the year</b>			
Profit for the year	-	1	1
<i>Effect of Gift Aid:</i>			
Gift Aid payment	-	(1)	(1)
Current tax credit	-	-	-
<b>Balance at 31 March 2019</b>	<b>13</b>	<b>-</b>	<b>13</b>

The notes on pages 11 to 18 form part of the financial statements.

## Notes

### For the Year Ended 31 March 2019 (Forming part of the financial statements)

#### 1. Legal Status

Sovereign Advances Limited (the "Company") is a private limited company limited by shares and incorporated and domiciled in England and the United Kingdom.

#### 2. Principal Accounting Policies

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102").

The Company's ultimate parent undertaking, Sovereign Housing Association Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Sovereign Housing Association are available to the public and may be obtained from the address given in note 16. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the Statement of Cash Flows and related notes, disclosures of transactions with key management personnel and related party transactions with wholly owned group entities.

The Directors have not made any judgements in application of these accounting policies that have significant effect on the financial statements with a significant risk of material adjustments in the next year.

The financial statements are presented in pounds sterling and rounded to the nearest £1,000.

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

##### (a) Basis of accounting

The financial statements are prepared on the historical cost basis.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are directly related to the overall position of the Parent Undertaking and its subsidiaries (the "Group"). The details of this Group-wide position are described in the consolidated financial statements of the Parent Undertaking, available to the public from the address in note 16.

The Directors have concluded there is no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of this Parent Undertaking to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and support from the Parent Undertaking, the Directors have no reason to expect that the Company will not be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern of accounting in preparing the annual financial statements.

##### (b) Interest Income and Expense

Interest is recognised on an accruals basis and included in the year to which it relates.

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**(c) Basic Financial Instruments**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents comprise cash balances.

**(d) Taxation**

Corporation tax is provided on the Company's taxable profits at the current rate.

Tax on the profit or loss for the year comprises current and deferred 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 or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Profits are gift aided to the Parent Undertaking, a charitable organisation, to minimise the tax liability to the Company.

**(e) Deferred Tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date, with the following exception:

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable surplus from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**(f) Gift Aid**

Gift aid payment presented within shareholders' funds.

Gift Aid payment is only recognised at the year end to the extent that it has been paid prior to the year end, there is a deed of covenant prior to the year end or a Companies Act s288 written resolution has been approved by the shareholder in the year to pay the taxable profit for the year to its parent by a certain payment date.

**3. Operating Loss**

	Note	2019 £'000	2018 £'000
Operating loss is stated after charging:			
<b>Auditors' remuneration</b>			
- in their capacity as auditor		4	3
- in respect of tax advice		-	2
		<u>          </u>	<u>          </u>

**4. Interest Receivable and Similar Income**

	2019 £'000	2018 £'000
Loans to other Group companies	10,003	10,003
	<u>10,003</u>	<u>10,003</u>

**5. Interest Payable and Similar Expenses**

	2019 £'000	2018 £'000
<b>In respect of loans</b>		
Loans from other Group companies	(9,994)	(9,994)
	<u>(9,994)</u>	<u>(9,994)</u>

**6. Taxation**

	2019 £'000	2018 £'000
Current tax on income for the period	-	-
Total current tax	<u>-</u>	<u>-</u>
Total tax	<u>-</u>	<u>-</u>
<b>Reconciliation of effective tax rate:</b>		
Profit for the year	1	2
Total tax expense	-	-
Profit excluding taxation	<u>1</u>	<u>2</u>
Tax using the UK corporation tax rate of 19% (2018: 19%)	-	-
Total tax expense included in profit and loss	<u>-</u>	<u>-</u>

## 6. Taxation (continued)

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

## 7. Staff Numbers and Costs

No emoluments were paid to the directors who served during the current or prior year. These costs were borne by Sovereign Housing Association Limited. Remuneration costs of £1k (2018: £1k) relating to these individuals were recharged in the year. The Directors are remunerated in the Parent Undertaking and their levels of remuneration are disclosed in those financial statements.

The Company has no employees (2018: nil). Work is performed on the Company's behalf by employees of the Parent Undertaking. An amount of £1k (2018: £1k) was charged for these services to the Company by the Parent Undertaking.

## 8. Fixed Assets – Investments

	2019 £'000	2018 £'000
<b>Cost</b>		
Shares in Group undertakings	50	50
	<u>50</u>	<u>50</u>

Investment in Group undertakings represents a 99% holding of the ordinary share capital of Sovereign Housing Capital plc. The registered office of Sovereign Housing Capital plc is Woodlands, 90 Bartholomew Street, Newbury, Berkshire, RG14 5EE.

## 9. Debtors

	2019 £'000	2018 £'000
Amount owed by Group undertakings	175,438	175,446
	<u>175,438</u>	<u>175,446</u>
Amounts falling due in more than one year	175,000	175,000
Amounts falling due within one year	438	446
	<u>175,438</u>	<u>175,446</u>

Amounts due from group undertakings falling due within one year are trading balances, repayable on demand and non interest bearing.

Amounts due from group undertakings falling due in more than one year relate directly to the long term creditor in note 12.

**10. Cash at Bank and in Hand**

	2019 £'000	2018 £'000
Cash at bank	68	61
	<u>68</u>	<u>61</u>

**11. Creditors – Amounts falling due within one year**

	2019 £'000	2018 £'000
Accruals	9	6
Amounts due to Group undertakings	534	538
	<u>543</u>	<u>544</u>

Amounts due to group undertakings are trading balances, repayable on demand and non interest bearing.

**12. Creditors – Amounts falling due after more than one year**

	2019 £'000	2018 £'000
Housing loans	175,000	175,000
	<u>175,000</u>	<u>175,000</u>
Analysis of debt:		
Repayable other than by instalments in more than five years	<u>175,000</u>	<u>175,000</u>



**12. Creditors – Amounts falling due after more than one year (continued)**

The repayment profile of the Company's gross undiscounted liabilities including interest is as follows:

	On demand	Less than 12 months	1 to 5 years	More than 5 years	Total
	£'000	£'000	£'000	£'000	£'000
<b>31 March 2019</b>					
Amounts due to Sovereign Housing Capital plc	-	9,994	39,977	329,911	379,882
	-	9,994	39,977	329,911	379,882
<b>31 March 2018</b>					
Amounts due to Sovereign Housing Capital plc	-	9,994	39,976	339,905	389,875
	-	9,994	39,976	339,905	389,875

The Company has a total loan facility of £175m. This comprises a single fixed rate loan of £175m held with Sovereign Housing Capital plc. Interest is charged at a rate of 5.71%. Sovereign Housing Capital plc issued a bond of £175m which is on-lent to the Company. The bond issue is secured on property assets held within the Group.

**Financial Risk Management**

The Association's treasury function is responsible for the management of funds and control of associated risks. Its activities are governed by the Association's board which is responsible for treasury issues in all the legal entities of the Group. The treasury function does not operate as a profit centre. The Group has met its covenant compliance measures. The Company meets its objectives in managing its capital by on lending within the Group, minimising any exposure.

**Interest Rate Risk Hedging**

The Company currently borrows funds on a fixed rate basis from Sovereign Housing Capital plc and then on-lends these funds to the Association on a similar fixed rate basis. The Company does not bear any credit risk, apart from the underlying credit risk to the Association which is discussed below. The Company does not undertake any hedging activities and it does not have any derivatives.

**Credit Risk**

All of the Company's capital markets financing proceeds are on-lent to the Association and its subsidiaries which represents the only credit risk to the Company. The Association generates positive cash flows through operating activities. The maximum credit risk to the Company is £175m. The credit risk is mitigated by a number of factors, including the overall creditworthiness of the Association, the guarantees which the Association have issued to the Company and the contractual protections in the loan agreement itself. It should be noted that the Association's Group companies benefit from strong credit ratings with Moody's Investor services (A2) and Standard & Poor's (A+) at 31 March 2019.

### 13. Financial Instruments

The fair values of all financial assets and liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	2019		2018	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
<b>Financial assets</b>				
Other loans and receivables	<u>175,068</u>	<u>244,738</u>	<u>175,061</u>	<u>253,014</u>
<b>Financial liabilities measured at amortised cost</b>				
that	<u>175,000</u>	<u>244,670</u>	<u>175,000</u>	<u>252,953</u>

Sovereign Advances Limited has no financial instruments measured at fair value, so fair value hierarchy disclosure requirements do not apply. All financial assets held by the Company qualify to be held at amortised cost, therefore the requirements to disclose the effect of changing inputs in the calculation of fair values is not considered applicable. The terms of the loan to the Association are fixed and it is intended that the loan will be in place until maturity. Therefore no adjustment has been made to align the book value to fair value.

The fair value of financial liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material. The terms of the Bond issue are fixed and it is intended that they will be in place until maturity. Therefore no adjustment has been made to align the book value to fair value.

### 14. Capital and Reserves

	2019 £'000	2018 £'000
<b>Authorised 12,500 ordinary shares of £1 each</b>	<u>13</u>	<u>13</u>
<b>Issued and fully paid</b>	<u>13</u>	<u>13</u>

Each share has equal voting rights.

The profit and loss account shows the accumulated gains and losses for the Company.

**15. Related Party Transactions**

As the Company is a wholly owned subsidiary of Sovereign Housing Association Limited, the Company has taken advantage of the exemption contained in FRS 102 Section 33 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the Group (or investees of the group qualifying as related parties).

There are no other related party transactions to be reported.

**16. Parent Undertaking**

The Company's ultimate Parent Undertaking is Sovereign Housing Association Limited, which is registered in England in the United Kingdom under the Co-operative and Community Benefit Societies Act 2014. The results of the Company are consolidated with those of the Association and its subsidiaries and the consolidated financial statements are contained in the financial statements for the Association which are available from the Association's registered office at Woodlands, 90 Bartholomew Street, Newbury, Berkshire RG14 5EE.