

SANCTUARY HOMES (SCOTLAND) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 17 FEBRUARY 2017 TO 31 MARCH 2018

Company Number: SC558027



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Directors and advisors

Directors

Patricia Cahill
Kenneth Gibb
James Whitmore

Company Secretary

Nicole Seymour

Bankers

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

Legal advisors

TC Young
7 West George Street
Glasgow
G2 1AB

Independent statutory auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Internal auditor

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Registered office

Sanctuary House
7 Freeland Drive
Glasgow
G53 6PG

Registration number

Company Number: SC558027

Directors' Report for the period ended 31 March 2018

The Directors submit their first Annual Report and the audited financial statements for the period from 17 February 2017 to 31 March 2018.

Principal activities

Sanctuary Homes (Scotland) Limited (the Company) was registered on 17 February 2017 under the Companies Act 2006 number SC558027, with the purpose of letting of mid-market rental properties in Scotland.

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

Going Concern

The Directors confirm that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, as it acts in an agency capacity for its immediate parent Sanctuary Scotland Housing Association and has its full support. Accordingly, the Company continues to adopt the going concern basis in its financial statements.

Review of business and future developments

The Company acts in an agency capacity, letting mid-market rental properties within Scotland on behalf of its immediate parent undertaking, Sanctuary Scotland Housing Association Limited, who is the principal in the arrangement.

The Company makes no margin on the services it provides to the Association and so accordingly, as an agent, does not reflect mid-market rental activities within its own financial statements; these are presented gross in the financial statements of the Association, as principal.

The majority of rental units will become available during the 2018/2019 financial year and beyond; however, rental income has been collected during the period for those units that have already become available for letting. Total rent from mid-market properties during the period totalled £101,000.

Results

As detailed above, the Company acts in an agency capacity, with no margin applied, and therefore makes neither a profit nor a loss.

Key performance indicators

Given the nature of the Company the Directors are of the opinion KPIs are not necessary for an understanding of the performance of the business.

Risk management

The Company is part of the Group and is therefore subject to Group financial management and monitoring of performance. Major business risks of the Company are identified through a system of continuous monitoring, 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' Report for the period ended 31 March 2018 continued

Directors

Directors who have served during the period and to the date of the financial statements being approved were:

Patricia Cahill	(appointed 17 February 2017)
Kenneth Gibb (Chairman)	(appointed 17 February 2017)
James Whitmore	(appointed 17 February 2017)

Company Secretary

Nicole Seymour

Directors' Report for the period ended 31 March 2018 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 period. 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.

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.

Independent statutory auditor

KPMG LLP were appointed as the Company's first auditor and have 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.



James Whitmore
Director

7 September 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY HOMES (SCOTLAND) LIMITED

Opinion

We have audited the financial statements of Sanctuary Homes (Scotland) Limited (the Company) for the period from 17 February 2017 to 31 March 2018 which comprise the Profit and Loss Account, the Balance Sheet and 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 2018 and of its profit for the period 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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 period is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY HOMES (SCOTLAND) LIMITED

Directors' responsibilities

As explained more fully in their statement set out on page 5, 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 (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

14 September 2018

Profit and Loss Account for the period from 17 February 2017 to 31 March 2018

	Notes	Period from 17 February 2017 to 31 March 2018 £'000
Turnover		-
Operating expenses		-
Profit before taxation		-
Tax on profit	4	-
Profit for the financial period		-

The profit for the financial period relates wholly to continuing activities.

There are no differences between the profit before taxation and the profit for the financial period stated above and their historical cost equivalents.

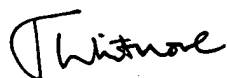
There are no recognised gains and losses other than those included in the Profit and Loss Account above and therefore no separate Statement of Other Comprehensive Income has been presented.

The notes on pages 11 to 13 form part of these financial statements.

Balance Sheet as at 31 March 2018

	Notes	2018 £'000
Current assets		
Cash at bank and in hand		155
		<u>155</u>
Creditors: amounts falling due within one year	5	(155)
Net current assets		<u>-</u>
Net assets		<u>-</u>
Capital and reserves		
Share capital	6	-
Profit and loss account		-
Total shareholders' funds		<u><u>-</u></u>

The financial statements were approved and authorised by the Board of Directors on 7 September 2018 and signed on its behalf by:



James Whitmore
 Director

The notes on pages 11 to 13 form part of these financial statements.

Statement of Changes in Equity 31 March 2018

	Share capital £'000	Profit and Loss Account £'000	Total £'000
At 17 February 2017	-	-	-
Profit for the financial period	-	-	-
At 31 March 2018	<u>-</u>	<u>-</u>	<u>-</u>

The notes on pages 11 to 13 form part of these financial statements.

Notes to the Financial Statements for the period ended 31 March 2018

1. Principal accounting policies

General information

Sanctuary Homes (Scotland) 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'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, 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:

- a Cash Flow Statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries of the Group; and
- the effects of new but not yet effective IFRSs;

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 has the continued support of its ultimate parent, Sanctuary Housing Association and is viewed as a going concern by the Directors as it has adequate resources to continue in operational existence for a period of at least 12 months from signing of this report. Accordingly the Company continues to adopt the going concern basis in its financial statements.

Notes to the Financial Statements for the period ended 31 March 2018

1. Principal accounting policies (continued)

Critical accounting estimates, judgements and assumptions

The Directors have considered the nature of the relationship between the Company and the Association with reference to IAS 18 *Revenue* and with consideration of the forthcoming revised revenue standard IFRS 15 *Revenue from Contracts with Customers*. Whilst neither of these standards contains clear guidelines on principal and agent relationships, they both provide indicators that may be used in determining if such a relationship exists. Based on a review of these indicators the Directors have determined that the relationship between the Association and the Company is one of principal and agent.

Turnover

The Company, as agent, recognises only the net amount of consideration it retains after paying the other party the consideration received in exchange for the services provided. In the arrangement with the Association the retained amount is nil; consequently no amounts are shown within the Profit and Loss Account.

Taxation

Tax on the profit or loss for the period 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 period, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Financial instruments

Financial liabilities

All financial liabilities within the Company are deemed to be classified as other financial liabilities.

They are valued at fair value at inception and then amortised cost subsequently. Other financial liabilities are all financial liabilities that have value to the supplying party, for instance debt finance, trade payables, other payables and accruals.

2. Auditor remuneration

The auditor's remuneration for the period of £1,000 was borne by the Company's parent undertaking and was not recharged.

3. Directors' emoluments & employee information

The Company has no employees.

The Directors do not receive any remuneration from the Company for their services. Patricia Cahill and James Whitmore are employees of the Company's parent and ultimate parent respectively and the amounts relevant to services to the Company are negligible.

Notes to the Financial Statements for the period ended 31 March 2018 continued

4. Tax on profit

(a) Analysis of tax charge for the period

2018
£'000

UK corporation tax:

Current tax on profit for the period

Tax on profit

-

-

b) Factors affecting the tax charge in the period

The tax charge for the period is at the main rate of corporation tax in the UK of 19% (2017: 20%):

2018
£'000

Profit before tax

-

Profit multiplied by main rate of corporation tax in the UK of 19% (2017: 20%)

-

Total tax charge for the period

-

(c) Factors affecting future tax charge

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the Company's future current tax charge accordingly.

5. Creditors: amounts falling due within one year

2018
£'000

Amounts owed to parent undertaking

155

155

Amounts owed to parent undertaking are trading in nature, repayable on demand and do not bear interest.

6. Share capital

2018
£'000

Authorised, allotted and issued:

1 ordinary share of £1

All share capital is classified as part of shareholders' funds.

-

7. Post balance sheet events

There are no post balance sheet events to report.

8. Ultimate controlling party

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