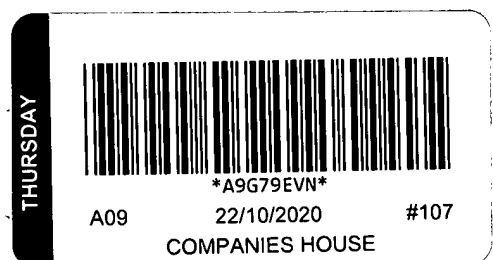


**Company Registration Number: 06195779**

**Sovereign Housing Design and Build Limited  
(Formerly Doubloon Developments Limited)  
Annual Report and Financial Statements  
For the year ended 31 March 2020**



**Directors**

Heather Bowman  
Barry Nethercott  
Tracey Barnes

Resigned 21 November 2019  
Appointed 21 November 2019

**Company Secretary**

Claire McKenna

**Registered Office**

Sovereign House  
Basing View  
Basingstoke  
Hampshire  
RG21 4FA

**Auditor**

KPMG LLP  
Gateway House  
Tollgate  
Chandlers Ford  
SO53 3TG

**Principal Solicitor**

Trowers & Hamlins LLP  
3 Bunhill Row  
London  
EC1Y 8YZ

**Principal Banker**

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

## Strategic Report

### Principal Activities and Business Performance

Sovereign Housing Design and Build Limited (the "Company") has been established by Sovereign Housing Association (the "Parent Undertaking") and its subsidiaries (the "Group") in order to provide design and build services as a one-stop package. This service is currently aimed at Group members and is being provided to facilitate housing development work in an efficient manner to be carried out in furtherance of the charitable aims of the members of the Group.

The Company achieved a profit before tax of £1,318k (2019: £1,130k) in the year which is to be distributed as gift aid to the Parent Undertaking. Gift aid of £1,318k (2019: £1,130k) is committed at the year end and will be paid prior to 31 December 2020. At the end of the year there is £286m (2019: £240m) contracted and committed expenditure for future developments.

Turnover has increased by 9% to £128,678k (2019: £118,552k) as the Company continues to deliver quality design and build services to the Parent Undertaking and remains in a strong position to continue to provide such services. The Company manages its cash position tightly by reviewing forecasts in order to ensure liabilities can be met.

### Principal Risks

The principal risks facing the Company are driven by external economic conditions. The level of development undertaken by the Company can be dependent on conditions in the wider economy influencing the attractiveness of housing construction at a particular point in time. The development program within the Group is forward looking and planned over a number of years.

### Going Concern

The Company has net assets of £40k as at 31 March 2020 (2019: £Nil). 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. The Company has ongoing committed work for the Group that ensures its future trading. There are uncertainties concerning the Coronavirus pandemic, and there may be some implications on operational matters and possibly future revenues for a period during 2020, however, it is not anticipated that there will be a lasting impact on the companies' medium to long future trading activities. For this reason, it continues to adopt the going concern basis in the Financial Statements. The Directors are confident that the current contracted spend will allow the Company's performance to remain strong.



.....  
Tracey Barnes  
Director

## **Directors' Report**

The board of directors (the "Board") is pleased to present the report and audited financial statements for the year ended 31 March 2020. This report gives an overview of the financial affairs the Company during the year to 31 March 2020.

The Directors are listed on page 1.

### **Principal Activities**

The Company provides design and build services under contract to other members of the Group. The Company changed its name from Doubloon Developments Limited to Sovereign Housing Design and Build Limited on 1 July 2020 as part of a wider review of group company names and activities.

### **Proposed Dividend**

The Directors do not recommend the payment of a dividend (2019: £nil).

### **Employees**

The Company has no employees (2019: nil).

### **Political and Charitable Contributions**

The Company made no donations for political or charitable purposes other than Gift Aid when committed to the Parent Undertaking (2019: £nil).

### **Annual General Meeting**

Pursuant to the provisions of the Companies Act 2006, no annual general meeting of members is required in 2020.

### **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 Strategic Report and the Directors' Report and Financial Statements

The directors are responsible for preparing the Strategic Report, 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;
- 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.

## Disclosure of Information to Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- a) so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- b) each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

The Directors' Report was approved on 30 July 2020 and signed on its behalf by:

BY ORDER OF THE BOARD



Claire McKenna  
Company Secretary

## **Independent Auditor's Report to the Members of Sovereign Housing Design and Build Limited (Formerly Doubloon Developments Limited)**

### **Opinion**

We have audited the financial statements of Sovereign Housing Design and Build Limited (formerly Doubloon Developments Limited) ("the company") for the year ended 31 March 2020 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 2020 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.

### **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.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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.

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](http://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.



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

31 July 2020



# Statement of Comprehensive Income

## For the Year Ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	3	137,351	118,552
Operating expenses	3	(136,033)	(117,422)
<b>Profit on ordinary activities before taxation</b>	4	<b>1,318</b>	<b>1,130</b>
Tax on profit	5	-	-
<b>Profit for the year</b>		<b>1,318</b>	<b>1,130</b>

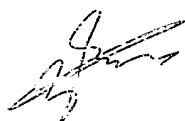
The notes on pages 11 to 16 form part of the financial statements.

**Statement of Financial Position**  
As at 31 March 2020

	Note	2020 £000	2019 £000
<b>Current assets</b>			
Debtors	7	9,933	14,450
Cash at bank and in hand	8	312	156
		<u>10,245</u>	<u>14,606</u>
Creditors: amounts falling due within one year	9	(10,205)	(14,606)
<b>Net assets</b>		<u>40</u>	<u>-</u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account		40	-
<b>Equity shareholders' funds</b>		<u>40</u>	<u>-</u>

The notes on pages 11 to 16 form part of the financial statements.

These financial statements were approved by the Board on 30 July 2020 and were signed on its behalf by:



.....

**Tracey Barnes**  
Director

Company registration no. 06195779

# Statement of Changes in Equity

## As at 31 March 2020

	Share capital £'000	Profit and loss account £'000	Total equity £'000
<b>Balance at 1 April 2018</b>	-	-	-
<b>Total comprehensive income for the year</b>			
Profit for the year	-	1,130	1,130
<i>Effect of Gift Aid:</i>			
Gift Aid payment	-	(1,130)	(1,130)
<b>Balance at 31 March 2019</b>	-	-	-
<b>Total comprehensive income for the year</b>			
Profit for the year	-	1,318	1,318
<i>Effect of Gift Aid:</i>			
Gift Aid adjustments for prior periods		40	40
Gift Aid payment	-	(1,318)	(1,318)
<b>Balance at 31 March 2020</b>	-	40	40

The notes on pages 11 to 16 form part of the financial statements.

**Notes****For the Year Ended 31 March 2020***(Forming part of the financial statements)***1. Legal Status**

Sovereign Housing Design and Build Limited (the "Company") is a private limited company limited by shares and incorporated and domiciled in England.

**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 12. 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 Cash Flow Statement and related notes and disclosures of transactions with key management personnel and related parties.

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

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

**(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 Strategic Report. The financial position of the Company, its cash flows and its liquidity position are directly related to the overall position of the Group. Details of this Group wide position are described in the consolidated financial statements of Sovereign Housing Association Limited, available to the public from the address in note 12.

There are uncertainties concerning the Coronavirus pandemic, and there may be some implications on operational matters and possibly future revenues for a period during 2020, however, it is not anticipated that there will be a lasting impact on the companies' medium to long future trading activities. The Parent Undertaking has reviewed its operations in the light of the pandemic and expects to continue to contract with the Company at historical levels of activity in the medium and long term. The Directors have no reason to expect that the Company will not be able to continue in operational existence for 12 months from the approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**(b) Turnover**

Turnover of design and build services to the Parent Undertaking is recognised on an accruals basis and is exempt of VAT. Revenue is recognised at defined stages of scheme completion and determined by professional valuations of works completed.

**(c) Expenses**

Expenses are accounted for on an accruals basis and included in the year to which they relate.

**(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.

Where possible, profit is gift aided to the Parent Undertaking, a charitable organisation, prior to the calculation of a tax charge.

**(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 periods in which timing differences reverse, based on tax rates and laws enacted or subsequently enacted at the balance sheet date.

**(f) 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 and instant access deposits.

**(g) Gift Aid Payment Presented Within Shareholder's Funds**

Gift Aid payment is only recognised as a liability 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.

Under the amendment to FRS102 issued in December 2017, the tax effect of gift aid may be offset on the case of the profit and loss account and there is no longer a requirement to disclose them separately. The prior year comparatives have been restated to reflect this change, resulting in a £215k tax credit on gift aid which was previously taken through the Statement of Changes in Equity being offset against the £215k tax charge in the profit and loss account. The impact of equity shareholder's funds is £nil.

**3. Turnover and Operating Costs**

Turnover consists entirely of income from Group undertakings for the provision of design and build services as part of the Group's activities in the provision of social housing.

Operating costs include external costs incurred in the provision of design and build services, legal fees for standard contracts and charges from Group undertakings' overhead for services provided by the Parent Undertaking's staff to the Company.

	2020 £'000	2019 £'000
Income from Group undertakings	<u>137,351</u>	<u>118,552</u>
<b>Expenditure:</b>		
Management fee to Group undertakings	34	36
Other	<u>135,999</u>	<u>117,386</u>
	<u>136,033</u>	<u>117,422</u>

**4. Profit on Ordinary Activities Before Taxation**

	2020 £'000	2019 £'000
<b>Profit on ordinary activities before taxation is stated after charging:</b>		
<b>Auditor's remuneration</b>		
- in their capacity as auditor	<u>5</u>	<u>5</u>

**5. Taxation**

	2020 £'000	2019 £'000
Current tax on income for the period	-	-
Total current tax	-	-
<b>Reconciliation of effective tax rate:</b>		
Profit before taxation	<b>1,318</b>	1,130
Tax using the UK corporation tax rate of 19% (2019: 19%)	<b>250</b>	215
Effect of current year Gift Aid to be paid by 31 December (included in the statement of changes in equity)	<b>(250)</b>	(215)
Total tax expense included in profit and loss	-	-

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly.

**6. 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 £2k (2019: £2k) relating to these services were recharged in the year.

The Company had no employees during the year (2019: nil). Work is performed on the Company's behalf by employees of the parent undertaking and the cost of these services is charged to the Company by the parent undertaking. Staff costs of £32k (2019: £34k) were recharged from Sovereign Housing Association.

**7. Debtors**

	2020 £'000	2019 £'000
Amount due from other Group Undertakings	<b>9,909</b>	14,420
Other debtors	<b>24</b>	30
	<b>9,933</b>	14,450

Amounts due from group undertakings are trading balances repayable on demand and non-interest bearing.

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

	2020 £'000	2019 £'000
Cash at bank	312	156
	<u>312</u>	<u>156</u>

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

	2020 £'000	2019 £'000
Trade creditors	1,609	1,111
Other creditors	-	1,867
Accruals	8,596	11,628
	<u>10,205</u>	<u>14,606</u>

**10. Capital and Reserves**

	2020 £	2019 £
<b>Allotted, issued and fully paid</b>		
At 1 April	100	100
At 31 March	<u>100</u>	<u>100</u>
<b>Authorised</b>		
100 ordinary shares at £1 each	<u>100</u>	<u>100</u>

Each share has equal voting rights.

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

**11. 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. There are no other related party transactions to report.



## **12. 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 Parent Undertaking and its subsidiaries and the consolidated financial statements are contained in the financial statements for the Parent Undertaking which are available from the Parent Undertaking's registered office at Sovereign House, Basing View, Basingstoke, Hampshire RG21 4FA.

## **13. Estimates and Judgements**

### **Debtors**

Debtor balances are reviewed and a provision applied if it is believed there is a risk to recoverability. Management do not believe there is such a risk arising from amounts due to the Company.