

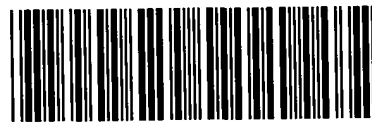
Sovereign Harbour Limited

Annual report and financial statements

Registered number 2217605

For the year ended 31 December 2014

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Directors' report

Sovereign Harbour Limited
Annual report and financial statements
Year ended 31 December 2014

The directors present their annual report together with the audited financial statements for the year ended 31 December 2014.

Principal activities and business review

The company is principally engaged in the development of the harbour village complex at Eastbourne and a development in Swansea. The directors anticipate that the company will continue in its present role within the Carillion plc group during the next financial year.

Profits and dividends

The company's profit on ordinary activities before taxation for the year was £292,187 (2013: £551,977 loss).

The directors do not recommend the payment of a dividend (2013: £nil).

Political donations

The company did not make any political donations during the year (2013: £nil).

Directors

The directors serving during the year and subsequently were:

SP Eastwood
RF Tapp
MW Orriss

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

KPMG Audit Plc resigned as auditor on 4 December 2014 pursuant to section 516 of the Companies Act 2006. On 7 April 2015 the Directors appointed KPMG LLP as auditor of the company to fill the casual vacancy as auditor under section 485(3) of the Companies Act 2006. KPMG LLP has indicated its willingness to continue in office and a resolution to reappoint it as auditor will be proposed at the next annual general meeting.

Approved by the Board on

24 September 2015

and signed on its behalf by:



SP Eastwood
Director

84 Salop Street
Wolverhampton
WV3 0SR

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

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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; 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. They 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.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Sovereign Harbour Limited

We have audited the financial statements of Sovereign Harbour Limited for the year ended 31 December 2014 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit, and express opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 exemption in preparing the Directors' Report and in not preparing the Strategic Report.

Peter Meehan
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

24 September 2015

Profit and loss account
for the year ended 31 December 2014

		2014	2013
	<i>Note</i>	£	£
Turnover	2	2,930,280	34,441
Cost of sales		(1,950,000)	-
Gross profit		<u>980,280</u>	<u>34,441</u>
Administrative expenses		(207,289)	(114,611)
Operating profit/(loss)		<u>772,991</u>	<u>(80,170)</u>
Interest receivable and similar income	5	542,282	518,800
Interest payable and similar charges	6	(1,023,086)	(990,607)
Profit/(loss) on ordinary activities before taxation	3	292,187	(551,977)
Taxation on ordinary activities	7	(194,124)	89,958
Profit/(loss) for the financial year	14	<u><u>98,063</u></u>	<u><u>(462,019)</u></u>

There is no difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis in either the current or preceding financial year.

There were no recognised gains or losses in either the current or preceding financial year other than those reported above. All activities relate to continuing operations.

The notes on pages 8 to 11 form part of these financial statements.

Balance sheet
at 31 December 2014

	Note	£	2014 £	2013 £
Fixed assets				
Investments	8		6,159,603	6,159,603
Current assets				
Stocks	9	1,153,188		5,875,396
Debtors	10	21,817,900		22,112,525
Cash at bank and in hand		1,379,476		54,698
		<u>24,350,564</u>		<u>28,042,619</u>
Creditors: amounts falling due within one year	11	<u>(472,996)</u>		<u>(73,903)</u>
Net current assets			23,877,568	27,968,716
Creditors: amounts falling due after more than one year	12		(30,163,998)	(34,353,209)
Net liabilities			(126,827)	(224,890)
Capital and reserves				
Called up share capital	13	100,000		100,000
Profit and loss account	14	(226,827)		(324,890)
Equity shareholder's deficit	15		(126,827)	(224,890)

These financial statements were approved by the Board of Directors on 24 September 2015 and were signed on its behalf by :



SP Eastwood
Director

Company registered number 2217605

Sovereign Harbour Limited

Notes

(forming part of the financial statements)

1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial information.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' report

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £126,827,000, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Carillion plc, the company's ultimate parent undertaking. Carillion plc has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

The company participates in the Carillion plc group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's ultimate parent Carillion plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Carillion group to continue as a going concern or its ability to continue with the current banking arrangements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate.

Group accounts

The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements and deliver them to the Registrar of Companies. The financial statements therefore present information about the company as an individual undertaking and not about its group. The company is included within the consolidated financial statements of Carillion plc, the company's ultimate parent undertaking.

Cash flow statement

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that Carillion plc, the company's ultimate parent undertaking, includes the company's cash flows in its own published consolidated cash flow statement.

Investments

Fixed asset investments are stated at cost less provisions for any impairment in the carrying value of the investment.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes appropriate overheads.

Taxation

The charge for taxation is based on the result for each year and takes into account deferred taxation, calculated in accordance with the requirement of "FRS 19 Deferred taxation". Deferred tax assets or liabilities, which arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation are calculated on a non-discounted full provision basis.

2. Turnover

Turnover represents rental income, which is recognised when earned, and the value of realisations made during the year, excluding value added tax. All turnover arises in the United Kingdom.

3. Profit/(loss) on ordinary activities before taxation

The audit fee for the year ended 31 December 2014 amounting to £330 (2013: £400) was borne by Carillion Construction Limited, a fellow group subsidiary.

Fees paid to the company's auditor, KPMG LLP and its associates, for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of the company's parent, Carillion plc, are required to disclose non-audit fees on a consolidated basis.

4. Directors' remuneration

The directors, who are the only employees of the company, neither received nor waived any remuneration during the year (2013: £nil).

5. Interest receivable and similar income

	2014 £	2013 £
Interest receivable from group undertakings	526,631	518,035
Bank interest receivable	15,651	765
	<u>542,282</u>	<u>518,800</u>

6. Interest payable and similar charges

	2014 £000	2013 £000
Interest payable to group undertakings	1,023,086	990,607
	<u>1,023,086</u>	<u>990,607</u>

7. Taxation on ordinary activities*(a) Analysis of taxation charge/(credit) in the year*

	2014 £	2013 £
UK corporation tax		
Current tax	75,548	(118,576)
Adjustment in respect of prior periods	118,576	151,415
Total current taxation	<u>194,124</u>	<u>32,839</u>
Deferred taxation		
Origination and reversal of timing differences	-	(141,217)
Adjustment in respect of change in rate	-	18,420
Total deferred taxation	<u>-</u>	<u>(122,797)</u>
Total taxation on profit on ordinary activities	<u>194,124</u>	<u>(89,958)</u>

(b) Factors affecting the tax charge for the current year

The current tax charge (2013: credit) for the year is higher (2013: lower) than the standard rate of 21.5% (2013: 23.25%). The difference is explained below:

	2014 £	2013 £
Current tax reconciliation		
Profit/(loss) on ordinary activities before taxation	292,188	(551,977)
Taxation on ordinary activities at 21.5% (2013: 23.25%)	62,820	(128,335)
Effects of:		
Permanent differences	12,728	9,759
Adjustment in respect of previous periods	118,576	151,415
Current tax charge for the year	<u>194,124</u>	<u>32,839</u>

(c) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

Notes (continued)

8. Investments

	Shares in subsidiary undertakings £
Cost	
At beginning and end of year	<u>6,209,603</u>
Impairment	
At beginning and end of year	<u>50,000</u>
Net book value	
At 31 December 2014	<u>6,159,603</u>
At 31 December 2012	<u>6,159,603</u>

Investments are in the entire issued share capital of Eastbourne Harbour Company Limited and Sovereign Harbour Waterfront Holdings Limited and 50% of SA1 Developments LLP. All investments are in companies registered in England and Wales.

9. Stocks	2014 £	2013 £
Development work in progress	<u>1,153,188</u>	<u>5,875,396</u>

10. Debtors

	2014 £	2013 £
Trade debtors	8,275	12,402
Amounts owed by group undertakings	20,285,311	21,977,325
Deferred tax	122,798	122,798
Other debtors	<u>1,401,516</u>	-
	<u>21,817,900</u>	<u>22,112,525</u>

Included within debtors are the following amounts falling due after more than one year:

Amounts owed by group undertakings	<u>20,285,311</u>	<u>19,975,508</u>
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Amounts owed by group undertakings attract interest at a rate which reflects the cost of borrowing to the group.

11. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	17,985	32,299
Other creditors	10,887	8,765
Corporation tax	194,124	32,839
Accruals and deferred income	<u>250,000</u>	-
	<u>472,996</u>	<u>73,903</u>

12. Creditors: amounts falling due after more than one year

	2014 £	2013 £
Amounts owed to group undertakings	<u>30,163,998</u>	<u>34,353,209</u>

Amounts owed to group undertakings bear interest at a rate which reflects the cost of borrowing to the group.

13. Called up share capital

	2014 £	2013 £
Allotted, called up and fully paid: 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

14. Reserves

	Profit and loss account £
At beginning of year	(324,890)
Profit for the financial year	98,063
At the end of the year	<u>(226,827)</u>

15. Reconciliation of movement in shareholder's (deficit)/funds

	2014 £	2013 £
Profit/(loss) for the financial year	<u>98,063</u>	<u>(462,019)</u>
Net increase/(decrease) in equity shareholder's (deficit)/funds	98,063	(462,019)
Equity shareholder's (deficit)/funds at the beginning of the year	<u>(224,890)</u>	<u>237,129</u>
Equity shareholder's deficit at the end of the year	<u>(126,827)</u>	<u>(224,890)</u>

16. Related party transactions

As a wholly-owned subsidiary of Carillion plc, the company has taken advantage of the exemption under FRS 8: "Related party disclosures" not to provide information on related party transactions with other undertakings within the Carillion plc group. Note 17 gives details of how to obtain a copy of the published financial statements of Carillion plc.

17. Controlling and parent companies

The company's controlling company is Carillion plc, its ultimate parent company, which is incorporated in Great Britain and registered in England and Wales.

Copies of the group financial statements of Carillion plc are available from 84 Salop Street, Wolverhampton, WV3 0SR.