

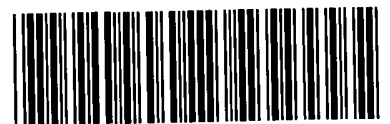
SOVINI COMMERCIAL LIMITED

Report and Financial Statements

Year ended 31 March 2017

Company Number: 08020013

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Sovini Commercial Limited

Report and Financial Statements for the year ended 31 March 2017

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Sovini Commercial Limited

**Executives and Advisors
for the year ended 31 March 2017**

Directors

Roy Williams	director
Tracey Liggett	director
Ian Fazakerley	director
Philip Leong	director

Company secretary and registered office

Tracey Liggett
Atlantic House
Dunnings Bridge Road
Bootle
L30 4TH

Company number

08020013

Auditors

BDO LLP
5 Temple Square
Temple Street
Liverpool
L2 5RH

Principal solicitors

Trowers and Hamlins LLP
55 Princess Street
Manchester
M2 4EW
DX 14323 Manchester 1

Bankers

Royal Bank of Scotland Plc
10th Floor, The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

Sovini Commercial Limited

Directors' Report for the year ended 31 March 2017

Directors

The directors of the company throughout the year were:

Roy Williams	director
Tracey Liggett	director
Ian Fazakerley	director
Philip Leong	director

Results

The company commenced trading during the year, having previously been dormant, and carries out the activities of an intermediate holding company of the commercial division of the Sovini group.

On 1 April 2016, Sovini Commercial Limited, a group undertaking, acquired the shares in Sovini Trade Supplies Limited, Sovini Homes Limited and Sovini Building Maintenance Limited from its parent, Sovini Limited. The sale was completed for £155 based on the book value of the shares held in each company. Also, on the 1 April 2016, Sovini Commercial Limited purchased Sovini Property Services Limited for £4m from its parents and fellow group undertakings, One Vision Housing and Pine Court Housing Association. On 16 June 2016, Sovini Commercial Limited acquired the Carroll Group, which comprises of Carroll Group Limited, Carroll Build Limited and Carroll Waste Limited for a purchase price of £5.55m. Sovini Limited remains the ultimate parent undertaking.

The profit for the year, prior to taxation, amounted to £1,792k (2016: £nil).

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all of the directors of Sovini Commercial Limited.

Auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

Political donations

During the year, the company made no political donations.

Financial instruments

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is not exposed to credit risk from credit sales.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The following financial institutions were used and the credit ratings were acceptable to the board.

	Rating at 31 March 2017		Balance at 31 March 2017 £'000	Rating at 31 March 2016		Balance at 31 March 2016 £'000
RBS	P2/A-2/F2	A3/BBB+/BBB+	58	P-2/A-2/F2	A3/BBB+/BBB+	-
Total			58			-

Sovini Commercial Limited

Directors' Report for the year ended 31 March 2017 (continued)

Financial instruments (continued)

Liquidity risk

Liquidity risk arises from the company's management of working capital and any finance charges and principal repayments on debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

Rolling 12-month cash flow projections are prepared and cash balances are monitored on a daily basis, together with the value of the company's cash investments. At the end of the financial year, these projections indicated that the company expects to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The company has also reduced liquidity risk by fixing interest rates on all of its long-term borrowings.

Cash flow interest rate risk

The company is not exposed to cash flow interest rate risk as all borrowings are at a fixed rate of interest.

A Sovini Commercial treasury policy has been approved in June 2016 which states that any additional borrowing required should be funded (where possible) from the wider Sovini group.

Likely future developments in the business of the company

This is the first year of trading for the company, and it reflects the expansion of our activities through the strategic acquisition of the Carroll Group (a construction, roofing, house building and waste management group) on 16 June 2016. We have set ambitious financial targets for the coming five years, to ensure that we can support the supply chain, construction and house building needs of the wider Sovini group and our external customers.

This growth will be achieved through the expansion of our commercial product range, increasing our house building capacity and organic growth of our commercial waste management and environmental services offering. During 2017, we opened a second warehouse site in Liverpool, to accommodate the expanding growth of Sovini Trade Supplies Limited, our building materials supplier and commence the development of our first executive home development scheme in Formby, Liverpool.

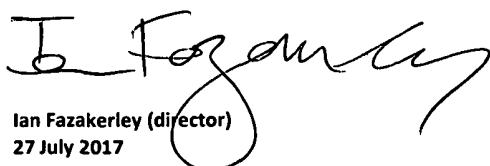
Our medium-term strategy is to:

- Consolidate our commercial presence outside of the North West, whilst recognising our strong North West position, by actively seeking and targeting commercial opportunities and contracts;
- Exploit growth opportunities. In addition to this, we retain an opportunistic approach to potential turnover growth, particularly if these opportunities present themselves in the growth regions we are targeting; and
- Drive down our operating costs, without detriment to the quality of service we provide, particularly through the efficient management of our workforce, material, fleet and wider supply chain costs.

Approval

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This Directors' Report was approved by the board of directors on 27 July 2017.



Ian Fazakerley (director)
27 July 2017

Sovini Commercial Limited

Statement of Directors' Responsibilities for the year ended 31 March 2017

Directors' responsibilities

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 the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 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 accounting 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Sovini Commercial Limited

Independent Auditor's Report for the year ended 31 March 2017

We have audited the financial statements of Sovini Commercial Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an 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 Financial Reporting Council's (FRC'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 FRC'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 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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.
- the directors were not entitled to prepare the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

BDO LLP

Hamid Ghafoor (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Liverpool 18/08/2017

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

Sovini Commercial Limited

**Statement of Comprehensive Income
for the year ended 31 March 2017**

	Note	2017 £'000	2016 £'000
Turnover	3	361	-
Cost of sales		-	-
Gross profit		361	-
Administrative expenses		(463)	-
Operating (loss)/profit	4	(102)	-
Other interest receivable and similar income		1	-
Investment income - dividend from subsidiaries		2,091	-
Interest payable and similar charges	6	(198)	-
Profit on ordinary activities before taxation		1,792	-
Taxation on profit on ordinary activities	7	-	-
Profit for the financial year		1,792	-
Other comprehensive income		-	-
Total comprehensive income for the year		1,792	-

All operations are continuing.

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

Sovini Commercial Limited

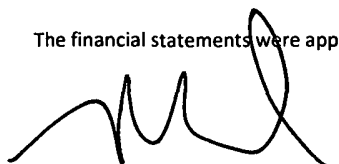
**Statement of Financial Position
as at 31 March 2017**

Company Number: 08020013

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments	8	9,546	-
		9,546	-
Current assets			
Debtors	9	1,217	-
Cash at bank and in hand		58	-
		1,275	-
Creditors: amounts falling due within one year	10	(3,455)	-
Net current (liabilities)/assets		(2,180)	-
Total assets less current liabilities		7,366	-
Creditors: amounts falling due after more than one year	11	(5,574)	-
Net assets		1,792	-
Capital and reserves			
Share capital	12	-	-
Profit and loss account		1,792	-
		1,792	-

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

The financial statements were approved by the board of directors and authorised for issue on 27 July 2017.



Roy Williams (director)
27 July 2017

Sovini Commercial Limited

**Statement of Changes in Equity
for the year ended 31 March 2017**

	Share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
1 April 2016	-	-	-
Comprehensive income for the year			
Profit for the year	-	1,792	1,792
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,792	1,792
Contributions by and distributions to owners			
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
31 March 2017	-	1,792	1,792

**Statement of Changes in Equity
for the year ended 31 March 2016**

	Share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
1 April 2015	-	-	-
Comprehensive income for the period			
Profit for the period	-	-	-
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	-	-
Contributions by and distributions to owners			
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
31 March 2016	-	-	-

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

Sovini Commercial Limited

Notes Forming Part of the Financial Statements for the year ended 31 March 2017

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Sovini Commercial Limited

Notes Forming Part of the Financial Statements for the year ended 31 March 2017 (continued)

1 Accounting policies

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Basic Financial Instruments;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sovini Limited as at 31 March 2017 and these financial statements may be obtained from their registered office at Atlantic House, Dunning's Bridge Road, Bootle, L30 4TH.

The following principal accounting policies have been applied:

Revenue

Income will be recognised and measured in the financial statements at the fair value, i.e. the point at which it is received or receivable. All turnover arises within the United Kingdom and relates to management activities on behalf of subsidiary undertakings.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

Current taxation

The tax expense for the period comprises current tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the company operates and generates taxable income.

Consolidation

The financial statements do not present consolidated financial information for the group of which the company is the parent undertaking. This is because the results of the company and its subsidiary undertakings are included by full consolidation in the financial statements of 100% parent undertaking, Sovini Limited.

Fixed asset investments

Investments in subsidiary undertakings are held at cost less and provision for impairment.

Sovini Commercial Limited

Notes Forming Part of the Financial Statements for the year ended 31 March 2017 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's fixed asset investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the subsidiary undertaking.

Other key sources of estimation uncertainty

There are no other key sources of estimation uncertainty

3 Analysis of turnover

All turnover was generated and arose in the United Kingdom from the principal activity of the company.

4 Operating (loss)/profit

	2017 £'000	2016 £'000
This is arrived at after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's annual accounts	4	-
Fees payable to the company's auditor for other services to the company		
Taxation compliance services	3	-

5 Directors' remuneration

	2017 £'000	2016 £'000
Directors' emoluments	219	-
Amounts receivable under long-term incentive schemes	19	-
	238	-

Three directors are remunerated within Sovini Commercial Limited. No remuneration was made to the other directors during the reporting period. The remuneration of those directors is paid by Sovini Limited, the parent company, and it is not possible to distinguish the split of roles and responsibilities and as such the remuneration of the directors is included and shown in the accounts of Sovini Limited. Emoluments of the highest paid director were £89,000 (2016: £nil).

6 Interest payable and similar charges

	2017 £'000	2016 £'000
Interest payable on loan from group subsidiary undertaking	135	-
Other interest - deferred consideration	63	-
	198	-

Sovini Commercial Limited

**Notes Forming Part of the Financial Statements
for the year ended 31 March 2017 (continued)**

7 Taxation on profit on ordinary activities

	2017	2016
	£'000	£'000
UK corporation tax		
Current tax on profits of the year	-	-
Adjustment in respect of previous years	-	-
Total current tax	-	-
Deferred tax	-	-
Taxation on profit on ordinary activities	-	-

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2017	2016
	£'000	£'000
Profit on ordinary activities before tax	1,792	-
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2016: 20%)	358	-
Effects of		
Expenses not deductible for tax purposes	60	-
Income not subject to tax	(418)	-
Total tax charge for year	-	-

Sovini Commercial Limited

Notes Forming Part of the Financial Statements for the year ended 31 March 2017 (continued)

8 Fixed asset investments

	Group undertakings £
Cost	
At 1 April 2016	-
Additions	9,546
At 31 March 2017	9,546

The company's investments at Statement of Financial Position date in the share capital of companies include the following:

Name	Registered address	Nature of business	2017 £	2016 £
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Subsidiary undertakings

All subsidiary undertakings were incorporated in the UK and 100% of voting rights and ordinary share capital is held by Sovini Commercial Limited.

Carroll Group Limited	Atlantic House	Building contractors, skip hire and waste transfer / environmental services	1,190	-
Aggregate capital and reserves	Dunnings Bridge Road		(121)	-
Profit/(loss) for the year	Bootle, L30 4TH			
Carroll Build Limited	Atlantic House	Building contractor and house builder	107	-
Aggregate capital and reserves	Dunnings Bridge Road		(386)	-
Profit/(loss) for the year	Bootle, L30 4TH			
Carroll Waste Limited	Atlantic House	Skip hire, waste transfer and environmental services	202	-
Aggregate capital and reserves	Dunnings Bridge Road		83	-
Profit/(loss) for the year	Bootle, L30 4TH			
Sovini Property Services Limited	Atlantic House	Repair and maintenance services to the Sovini group	1,357	-
Aggregate capital and reserves	Dunnings Bridge Road		1,538	-
Profit/(loss) for the year	Bootle, L30 4TH			
Sovini Trade Supplies Limited	Units 3 and 5 Valentines Buildings	Building materials supplier / trade counter	549	-
Aggregate capital and reserves	Antree Racecourse Retail and Business Park		503	-
Profit/(loss) for the year	Liverpool, L9 5AT			
Sovini Homes Limited	Atlantic House	Property development for outright sale	4	-
Aggregate capital and reserves	Dunnings Bridge Road		(7)	-
Profit/(loss) for the year	Bootle, L30 4TH			
Amianto Services Limited (formerly Sovini Building and Maintenance Limited)	Atlantic House	Repair and maintenance services	9	-
Aggregate capital and reserves	Dunnings Bridge Road		(2)	-
Profit/(loss) for the year	Bootle, L30 4TH			

On 1 April 2016, Sovini Commercial Limited, a group undertaking, acquired the shares in Sovini Trade Supplies Limited, Sovini Homes Limited and Sovini Building Maintenance Limited from its parent, Sovini Limited. The sale was completed for £155 based on the book value of the shares held in each company. Also, on the 1 April 2016, Sovini Commercial Limited purchased Sovini Property Services Limited for £4m from its parents and fellow group undertakings, One Vision Housing and Pine Court Housing Association. On 16 June 2016, Sovini Commercial Limited acquired the Carroll Group, which comprises of Carroll Group Limited, Carroll Build Limited and Carroll Waste Limited for a purchase price of £5.55m. Sovini Limited remains the ultimate parent undertaking.

Sovini Commercial Limited

Notes Forming Part of the Financial Statements for the year ended 31 March 2017 (continued)

9 Debtors

	2017 £'000	2016 £'000
Amounts owed by group undertakings	1,216	-
Prepayments and accrued income	1	-
	1,217	-

All amounts shown under debtors fall due for payment within one year.

10 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Amounts owed to group undertakings	1,094	-
Accruals and deferred income	78	-
Other creditors	2,283	-
	3,455	-

11 Creditors: amounts falling due after more than one year

	2017 £'000	2016 £'000
Amounts owed to group undertakings	5,574	-

This includes a 10-year term loan for £3.5m at 3.4% interest, paid quarterly in arrears. Payments throughout the 10-year term are interest only, with full capital repayment at the end of the loan, 16 June 2026.

12 Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
155 ordinary shares of £1.00	-	155
15,500 ordinary shares of £0.01	155	-
2,736 A ordinary shares of £0.01	27	-
	182	155

On 19 August 2016, the 155 ordinary shares of £1.00 were sub-divided into 15,500 ordinary shares of £0.01. Immediately subsequent to the sub-division, there was an additional allocation of 2,736 A ordinary shares of £0.01.

13 Controlling party and related party transactions

The company is a wholly owned subsidiary of Sovini Limited and has taken advantage of the exemption conferred by section 33.7A of FRS 102 not to disclose transactions with Sovini Limited or other wholly owned subsidiaries within the group.