

SOVEREIGN HARBOUR (SEA DEFENCES) CIC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Company Registration No. 07078140 (England and Wales)

SOVEREIGN HARBOUR (SEA DEFENCES) CIC

COMPANY INFORMATION

Directors	Mr G A Collins Mr J M Cervenka Mrs J A Weeks Councillor P Di Cara Mr M C Pursglove
Secretary	Mr S Leney
Company number	07078140
Registered office	Number 22 Mount Ephraim Tunbridge Wells Kent TN4 8AS
Auditor	Plummer Parsons 18 Hyde Gardens Eastbourne East Sussex BN21 4PT
Business address	Number 22 Mount Ephraim Tunbridge Wells Kent TN4 8AS
Solicitors	Cripps LLP Number 22 Mount Ephraim Tunbridge Wells Kent TN4 8AS

SOVEREIGN HARBOUR (SEA DEFENCES) CIC

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SOVEREIGN HARBOUR (SEA DEFENCES) CIC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their annual report and financial statements for the year ended 30 September 2020.

Principal activities

The principal activity of the company continued to be that of the preservation and protection of property by the provision and maintenance of sea defences (which expression, for the avoidance of doubt, shall be deemed to include the harbour areas) at Sovereign Harbour, Eastbourne and to advance the education of the public in all matters relating to the environment and the preservation of Sovereign Harbour and its surrounding areas by the collection and application of rent charge funds paid by home owners.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G A Collins
Mr J M Cervenka
Mrs J A Weeks
Councillor P Di Cara
Mr M C Pursglove

Auditor

Plummer Parsons were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board



Mr S Leney
Secretary

7 December 2020

SOVEREIGN HARBOUR (SEA DEFENCES) CIC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2020


The directors are responsible for preparing the annual 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- 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.

By order of the board



Mr S Leney
Secretary

7 December 2020

SOVEREIGN HARBOUR (SEA DEFENCES) CIC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF SOVEREIGN HARBOUR (SEA DEFENCES) CIC

Opinion

We have audited the financial statements of Sovereign Harbour (Sea Defences) CIC (the 'company') for the year ended 30 September 2020 which comprise the profit and loss account, the balance sheet, the **statement** of changes in equity and notes to the **financial statements**, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the **financial statements** does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial **statements** or our **knowledge** obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material **misstatement** in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

SOVEREIGN HARBOUR (SEA DEFENCES) CIC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF SOVEREIGN HARBOUR (SEA DEFENCES) CIC

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

for and on behalf of Plummer Parsons

7 December 2020

**Chartered Accountants
Statutory Auditor**

18 Hyde Gardens
Eastbourne
East Sussex
BN21 4PT

SOVEREIGN HARBOUR (SEA DEFENCES) CIC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 £	2019 £
Turnover	733,149	717,405
Cost of sales	(572,971)	(543,785)
	<hr/>	<hr/>
Gross profit	160,178	173,620
Administrative expenses	(160,490)	(173,581)
	<hr/>	<hr/>
Operating (loss)/profit	(312)	39
Interest receivable and similar income	786	951
	<hr/>	<hr/>
Profit before taxation	474	990
Tax on profit	(90)	(188)
	<hr/>	<hr/>
Profit for the financial year	<u>384</u>	<u>802</u>

SOVEREIGN HARBOUR (SEA DEFENCES) CIC

BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Current assets					
Debtors	3	291,050		283,798	
Cash at bank and in hand		163,442		206,678	
		<u>454,492</u>		<u>490,476</u>	
Creditors: amounts falling due within one year	4	<u>(420,290)</u>		<u>(456,658)</u>	
Net current assets			<u>34,202</u>		<u>33,818</u>
Capital and reserves					
Called up share capital			1		1
Other reserves	5		34,201		33,817
Total equity			<u>34,202</u>		<u>33,818</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 7 December 2020 and are signed on its behalf by:


Mr G A Collins
Director

Company Registration No. 07078140

SOVEREIGN HARBOUR (SEA DEFENCES) CIC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 October 2018	1	33,015	-	33,016
Year ended 30 September 2019:				
Profit and total comprehensive income for the year	-	-	802	802
Transfers	-	802	(802)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2019	1	33,817	-	33,818
Year ended 30 September 2020:				
Profit and total comprehensive income for the year	-	-	384	384
Transfers	-	384	(384)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2020	<u>1</u>	<u>34,201</u>	<u>-</u>	<u>34,202</u>

SOVEREIGN HARBOUR (SEA DEFENCES) CIC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Company information

Sovereign Harbour (Sea Defences) CIC is a private company limited by shares incorporated in England and Wales. The registered office is Number 22 Mount Ephraim, Tunbridge Wells, Kent, TN4 8AS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view. The company is a public benefit entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the date of this report, there exists considerable uncertainty regarding the potential impact of the Coronavirus and the economic consequences, both within the U.K. and overseas, which may result from government policies to contain the spread. The duration and geographical extent of any possible lockdown or future government policies are unknown. Whilst we are unable to predict what the economic consequences may be and the impact on the company's future ability to continue trading, we have continued to use the going concern basis as appropriate in the preparation of these accounts.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable from ordinary activities and represents amounts receivable from the residents and users of the Sovereign Harbour area in respect of the Southern Water (SW) charge, as defined in the Sovereign Harbour Beaches Sea Defence Deed dated 24 August 2001 entered into by Sovereign Harbour Trust. Under the Deed of Assignment for Estate Rentcharges for Sovereign Harbour Eastbourne dated 21 December 2011, the commitments of the Trust, including the collection of the SW charge, were transferred to the CIC.

1.4 Cost of sales

Cost of sales represents amounts payable to the Environment Agency and Premier Marinas (Eastbourne) Limited for sea defence works and harbour maintenance respectively, in accordance with the Sea Defence Deed.

1.5 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

SOVEREIGN HARBOUR (SEA DEFENCES) CIC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at **amortised** cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade **creditors** are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at **amortised** cost using the effective interest method.

Changes in the fair value of derivatives that are **designated** and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or **deductible** in other years and it further excludes items that are never taxable or deductible. The company's liability for **current** tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

SOVEREIGN HARBOUR (SEA DEFENCES) CIC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	-	-

3 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	54,530	42,737
Amounts owed by group undertakings	1	1
Other debtors	236,519	241,060
	<u>291,050</u>	<u>283,798</u>

4 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	124,350	148,655
Corporation tax	90	188
Other creditors	295,850	307,815
	<u>420,290</u>	<u>456,658</u>

The designated fund from Sovereign Harbour Trust has been transferred into the company and is shown in Other creditors. This balance is due to be paid to Premier Marinas Limited when it is called upon.

5 Other reserves

As per the Sovereign Harbour Beaches Sea Defences Deed the company is bound to maintain other reserves of £20,000 increased in line with the Retail Price Index.

SOVEREIGN HARBOUR (SEA DEFENCES) CIC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

6 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

The parent company, Sovereign Harbour Trust, owed £1 (2019: £1) to the company at the Balance Sheet date.

Directors Mr G A Collins and Mr J M Cervenka are also directors of Premier Marinas (Eastbourne) Limited. Premier Marinas (Eastbourne) Limited is entitled to half the balance of the CIC's net surplus at the 31 March, for harbour maintenance, after accounting for the requirement for the index linked reserve as detailed above in accordance with the Sea Defences Deed. The amount allocated to Premier Marinas (Eastbourne) Limited in these accounts is £256,397 (2019: £242,200) and is shown in Cost of sales.

In addition, the CIC collects the Marina Charge element of the annual Rent Charges issued to homeowners on behalf of Premier Marinas (Eastbourne) Limited. The amount paid to Premier Marinas (Eastbourne) Limited in respect of this during the year was £191,733 (2019: £223,728).

7 Parent company

The immediate and ultimate parent company is Sovereign Harbour Trust, a company limited by guarantee incorporated in England and Wales which owns 100% of the CIC's share capital. Its registered office address is Number 22 Mount Ephraim, Tunbridge Wells, Kent, TN4 8AS.