

Bath & North East Somerset Council		
MEETING	Council	
MEETING DATE:	13 September 2018	
TITLE:	COUNCIL COMPANY ANNUAL ACCOUNTS	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 - ADL annual report and accounts		
Appendix 2 - ACL annual report and accounts		
Appendix 3 - BTP annual report and accounts (to follow)		

1 THE ISSUE

- 1.1 To note the annual accounts of Aequus Developments Limited (ADL), Aequus Construction Limited (ACL) and Bath Tourism Plus (BTP).

2 RECOMMENDATION

The Council is recommended to:

- 2.1 Note the ADL 2017/18 year end audited accounts (Appendix 1)
- 2.2 Note the ACL 2017/18 year end audited accounts (Appendix 2)
- 2.3 Note the BTP 2017/18 year end audited accounts (Appendix 3 to follow)

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 The resource implications including the specific financial impact on the Council for each company is set out within the body of the report.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 ADL, ACL and BTP are governed in accordance the agreed company governance arrangements, articles of association and other operating

agreements. These accounts are provided to the Council for consideration in accordance with the Local Authorities (Companies) Order 1995

5 THE REPORT

- 5.1 The Council wholly owns the property investment company, ADL and its subsidiary company ACL, to develop, deliver, own and manage property as well as delivering new development on a case by case basis. Both ADL and ACL are companies limited by shares.
- 5.2 As shareholder of ADL (and ultimately ACL), the Council is asked to note the accounts of these companies.
- 5.3 The Council acquired sole ownership of BTP which is a company limited by guarantee, with the Council as sole member of the company.
- 5.4 As sole member of BTP, the Council is asked to note the accounts of this company.

ADL & ACL – COMPANY ACCOUNTS

- 5.5 The ADL 2017/18 accounts attached at Appendix 1, cover the second trading period for the company and shows that the company has made an operating profit of £316k. This performance reflects an underlying desktop revaluation of the portfolio together with an underlying operating surplus of £35k. This compares to the first-year operating deficit of £136k reflecting the initial set up costs for the company. During this period ADL has provided some £545k of capital receipts and £34k of revenue interest and loan arrangement fee payments to the Council.
- 5.6 The ACL 2017/18 accounts attached at Appendix 2 cover the first trading period for the company. As anticipated the company made a small operating deficit of £164k. This is fully in line with projections and reflect the company's costs incurred with the commencement of its first development, Riverside View in Keynsham. Income from sales of the first completed properties is anticipated to commence towards the end of the next year's trading and significant financial returns will be delivered for the Council. During this accounting period ACL has already delivered £1.6m worth of capital receipt for the Council and has returned £46k of revenue interest and loan arrangement fee payments to the Council.
- 5.7 Further details for each of the company activities are provided within the Director's Reports forming part of the accounts for each company.

BTP Company Accounts

- 5.8 The BTP 2017/18 accounts are currently being finalised by their external accountants and auditors Moore Stephens. These are expected to be completed week commencing 3rd September 2018 and will be despatched separately for the Council's consideration (Appendix 3 – to follow).
- 5.9 Further details on the company's activities will be provided in the Director's Report within the company accounts.

6 RATIONALE

- 6.1 The recommendation complies with the legal and best practice requirements for the governance of local authority companies.

7 OTHER OPTIONS CONSIDERED

- 7.1 None

8 CONSULTATION

- 8.1 The ADL, ACL and BTP accounts have been drawn up with support from external experts and the Monitoring and S151 Officers have had the opportunity to review and input into this report.
- 8.2 Consultation has taken place with the Boards of ADL and ACL and the Board of BTP.

9 RISK MANAGEMENT

- 9.1 Each of the companies are required to maintain appropriate risk management arrangements specific to their activities and operations for which the relevant company Board is responsible. Full details are reported to the Council (as Shareholder) as part of the annual business planning processes for each company.

Contact person	<i>Tim Richens, Commercial Director. Tel: 07980 998655 (for ADL and ACL).</i> <i>John Wilkinson, Director of Economy & Growth. Tel: 01225 396593 (for BTP).</i>
Background papers	<i>None</i>
Please contact the report author if you need to access this report in an alternative format	