

Bath & North East Somerset Council

MEETING:	Council
MEETING:	14th November 2019
TITLE:	COUNCIL COMPANY ANNUAL ACCOUNTS
WARD:	All
AN OPEN PUBLIC ITEM	
List of attachments to this report: Appendix 1 - ADL annual report and accounts 2018/19 Appendix 2 - ACL annual report and accounts 2018/19 Appendix 3 – Visit Bath annual report and accounts 2018/19	

1 THE ISSUE

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

2 RECOMMENDATION

Council is asked to;

- 2.1 Note the ADL 2018/19 year end audited accounts (Appendix 1)
2.2 Note the ACL 2018/19 year end audited accounts (Appendix 2)
2.3 Note the Visit Bath 2018/19 year end audited accounts (Appendix 3)

3 THE REPORT

- 3.1 The Council wholly owns the property company, ADL and its subsidiary 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.
- 3.2 As shareholder of ADL (and ultimately ACL), the Council is asked to note the accounts of these companies.
- 3.3 The Council has sole ownership of Visit Bath (formerly Bath Tourism Plus) which is a company limited by guarantee, with the Council as sole member of the company.
- 3.4 As sole member of Visit Bath, the Council is asked to note the accounts of this company.

ADL & ACL – COMPANY ACCOUNTS

- 3.5 The draft ADL and ACL Accounts were approved by the company Board on 6th June 2019 and the Shadow Holding Company Board on 19th June 2019. They have been subject to independent audit by the appointed auditors, Monahans, and their report is included in both sets of accounts. The Audited Accounts were then approved by the company AGM (with the Leader as Shareholder) on 12th July 2019.
- 3.6 The ADL 2018/19 accounts (appendix 1) show that the company has made a profit before tax of £471k. This includes an underlying desktop revaluation of the portfolio of £458k together with an underlying operating surplus of £13k. This compares to the previous year's profit before tax of £283k. It should be noted that revaluations of the property portfolio are for accounting purposes only and do not create distributable profits. The assets are returned at nil cost to the Council at the end of their 50-year lease ensuring all capital appreciation is retained by the Council.
- 3.7 Capital receipts of £1,219k have been paid to the Council by ADL during the year together with interest and arrangement payments on loans to a value of £49k, as well as a net property rental income share of £26k.
- 3.8 The ACL 2018/19 accounts (appendix 2) cover the second trading period for the company and shows that the company made a loss before tax of £448k. This compares to the previous period loss before tax of £164k. This is as expected and in line with projections reflecting the company's costs incurred with the Riverside View development during the construction phase. The sales of the first phase of apartments started to complete from the end of September 2019.
- 3.9 ACL returns to the Council for 18/19 are £268k including interest and arrangement payments of £224k and management charges of £43k.
- 3.10 Further details for each of the company activities are provided within the Director's Reports forming part of the accounts for each company.

Visit Bath Company Accounts

- 3.11 The Visit Bath 2018/19 final accounts (appendix 3) were approved by the Board on the 9th September 2019. They have been subject to independent audit by the appointed auditors, Moore Stephens.
- 3.12 The Visit Bath 2018/19 accounts show that the company has made a gross surplus of £349k, however after operating costs this resulted in a deficit for the financial year of £126k. This is a £53k improvement on the prior year's accounts deficit of £179k which has been achieved through a reduction in operating costs.
- 3.13 The financial position of the company is in line with business plan projections with the deficit position attributable to the repayment of one off transitional costs from office moves and a reduction in income from a smaller Christmas market footprint in 2018/19.
- 3.14 Further details on the company's activities are provided in the Director's Report within the company accounts.

4 STATUTORY CONSIDERATIONS

- 4.1 ADL and ACL are governed in accordance the Council Approved LA Company Protocol including Shareholder Agreement and Reserved Matters.
- 4.2 Visit Bath is a company limited by guarantee and does not currently fit within the holding company structure; company oversight is undertaken by the lead Director who has delegated budgetary authority for managing the contract with the company and associated financial governance and monitoring arrangements.
- 4.3 These accounts for each of the Companies are provided to the Council for consideration in accordance with the Local Authorities (Companies) Order 1995.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

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

6 RISK MANAGEMENT

- 6.1 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 and client monitoring arrangements for each company.

7 CLIMATE CHANGE

- 7.1 This is an information only report about the Council's Company Accounts, it therefore does not include any decisions that have a direct impact on Climate Change.

8 OTHER OPTIONS CONSIDERED

- 8.1 None.

9 CONSULTATION

- 9.1 The ADL, ACL and Visit Bath 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.
- 9.2 The accounts have been subject to rigorous review by the individual company Boards, independent audit, and for Aequus the Shadow Holding Company Board and the Annual general Meeting with the Shareholder.
- 9.3 Corporate Policy Development & Scrutiny Panel received the accounts on 24th September and agreed to note their contents.

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Background papers	None
Please contact the report author if you need to access this report in an alternative format	