

Bath & North East Somerset Council		
MEETING:	Corporate Audit Committee	
MEETING DATE:	24th November 2022	AGENDA ITEM NUMBER
TITLE:	Council Company Aequus (ADL & ACL) Annual Accounts 2021/22	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – ADL Signed Annual Accounts 2021/22		
Appendix 2 – ACL Signed Annual Accounts 2021/22		

1 THE ISSUE

- 1.1 This report is to provide the Committee with the final approved and signed Aequus Developments Ltd (ADL) and Aequus Construction Ltd (ACL) Accounts for 2021/22.

2 RECOMMENDATION

- 2.1 In line with the Committees Terms of Reference the Corporate Audit Committee notes on behalf of the Council the audited accounts of ADL & ACL (Council wholly owned companies).

3 THE REPORT

ADL Statutory Accounts 2021/22

- 3.1 The ADL Profit before taxation for the year was £321,607. When you exclude the impact of the annual revaluation of the property portfolio and unrealised pension costs as a result of the international accounting standards the profit before taxation is £162,655. 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.
- 3.2 B&NES Council revenue returns from ADL for the year totalled £81k from commercial interest payments on asset backed loans. A total of £17k in capital payments were made to the Council during the year for refurbishment works carried out on 1a Monmouth Street Flat 3 previously transferred. No other properties were transferred during the year.

- 3.3 Full details of the company performance for the year are covered in the Directors Report on pages 4 to 6 of the ADL accounts attached at Appendix 1.

ACL Statutory Accounts 2021/22

- 3.4 The ACL profit before taxation for the year was £467,979 with Sales Income of £3.1m from Riverside View apartment sales and £922k from St Josephs Court (Sladebrook Road) units completed during the financial year. Turnover reached over £5.6m including support to develop planning applications and project management services for future development sites for South Gloucestershire Council and B&NES Council.
- 3.5 The profits were generated from the completion of the 12 remaining apartments at Riverside View and, 2 homes at St Josephs Court (Sladebrook Road) which were acquired at a discount by B&NES Council for shared ownership during the year. A relevant margin is also applied on all other activities.
- 3.6 B&NES Council Revenue returns for the year of £919k include commercial interest payments on development loans of £210k and dividend payment of £709k. A dividend payment for financial years 2020/21 and 2021/22 of £1.169m was paid to the Council following approval by the Shareholder.
- 3.7 The property at 117 Newbridge Hill, Bath was purchased from B&NES Council by ACL during the financial year and is being refurbished into 7 apartments. These will be acquired by the Council during 2022/23 as affordable homes for social rent.
- 3.8 Full details of the company performance for the year are covered in the Directors Report on pages 4 to 6 of the ACL accounts attached at Appendix 2.

4 STATUTORY CONSIDERATIONS

- 4.1 Aequus is a wholly owned B&NES group of companies, established by the Executive in accordance with the powers set out under S1 of the Localism Act 2011(the general power of competence). The Council approved a Transfer Agreement with Aequus in January 2020 which provides for the transfer of development sites from the Council to the Company, to support the delivery of the Shareholder objectives and subject to Shareholder approval of development business cases.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The approved Aequus Business Plan sets out the Company's financial assumptions and projections, including delivery against the Council's Medium Term Financial plan target of £1M of revenue returns each year.

6 RISK MANAGEMENT

- 6.1 A proportionate risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.
- 6.2 The Corporate Audit Committee has responsibility for ensuring the Council's Risk Management and Financial Governance framework is robust and effective.

7 EQUALITIES

- 7.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

8 CLIMATE CHANGE

- 8.1 The Company aims set out by the Council as sole Shareholder include the requirement to support the Council to meet its climate emergency objectives and best practice for property development. The Company's approved business plan addresses how the company will do this in detail, including the use of the AECB Building Standard as the benchmark for all new Aequus housing developments.

9 OTHER OPTIONS CONSIDERED

- 9.1 No other options to consider related to this report.

10 CONSULTATION

- 10.1 The Council's Section 151 Officer has had the opportunity to input to this report and has cleared it for publication.

Contact person	<i>Andy Rothery (01225 477103); Tim Richens Managing & Finance Director Aequus</i>
Background papers	
Please contact the report author if you need to access this report in an alternative format	