

Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	1st November 2023	AGENDA ITEM NUMBER
TITLE:	Council Company Aequus (ADL, ACL & AGHL) Annual Accounts 2022/23	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 - ADL Signed Annual Accounts 2022/23		
Appendix 2 - ACL Signed Annual Accounts 2022/23		
Appendix 3 – AGHL Signed Annual Accounts 2022/23		

1 THE ISSUE

- 1.1 This report is to provide the Committee with the final approved and signed accounts for Aequus Developments Ltd (ADL), Aequus Construction Ltd (ACL) & Aequus Group Holding Limited (AGHL) for 2022/23.

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 & AGHL (Council wholly owned companies).

3 THE REPORT

ADL Statutory Accounts 2022/23

- 3.1 The ADL Profit before taxation for the year was £217,035 including gains on revaluation of investment property of £63,016 and unrealised pension costs of £156,000 as a result of the IAS19 accounting standards which reports current service costs, admin and interest expenses. 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 7 One property at Parsonage Lane, Bath was transferred back to the Council for use as affordable housing on the 31st March 2023. There were no new properties transferred from the Council to ADL during the financial year.
- 3.3 Council revenue returns from ADL for the year totalled £95k from commercial interest payments on asset backed loans.
- 3.4 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 2022/23

- 3.5 The ACL Profit before taxation for the year is £353,422 with sales income of £4.2m from the completion of 7 units at St Josephs Court (Sladebrook Road), Bath and £2.2m from the refurbished of 7 apartments at 117 Newbridge Hill, Bath that were sold back to B&NES Council for affordable homes for social rent. Turnover reached over £8.1m including support to develop planning applications and project management services for future development sites for South Gloucestershire Council and B&NES Council.
- 3.6 Council revenue returns for the year of £905k includes commercial interest payments on development loans of £57k and a dividend payment of £848k. Dividend payments for the financial years 2020/21 and 2021/22 of £1.169m was paid during this financial year.
- 3.7 Council capital finance returns include an increase in market asset valuation for 117 Newbridge Hill of £155k for the property purchase at £2,160k revalued at £2,315k.
- 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.

AGHL Statutory Accounts 2022/23

- 3.9 As AGHL is purely an investment holding company profit before taxation for the year is net nil. Operational costs are kept to a minimum and paid via ACL to ensure that AGHL remains a thin company with no operational activity.
- 3.10 An interim dividend of £848k based on the financial outturn for 2022/23 was paid in October 2023. Dividends of £1,169,000 were paid during the financial years to meet the financial returns for 2020/21 and 2021/22.
- 3.11 Full details of the company performance for the year are covered in the Directors Report on pages 1 to 4 of the AGHL accounts attached at Appendix 3.

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.

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Background papers	
Please contact the report author if you need to access this report in an alternative format	

