

# Commercial Ventures Executive Sub- Committee Agenda

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30 October 2019

## To the Members of the COMMERCIAL VENTURES EXECUTIVE SUB-COMMITTEE

<b>Councillors:</b>	T. Archer	Portfolio Holder for Investment and Companies
	T. Schofield	Deputy Leader and Portfolio Holder for Finance
	M. A. Brunt	Leader of the Council
	V. H. Lewanski	Portfolio Holder for Corporate Direction and Governance

For a meeting of the **COMMERCIAL VENTURES EXECUTIVE SUB-COMMITTEE** to be held on **THURSDAY, 7 NOVEMBER 2019** at **6.30 pm** or on the rising of the Commercial Ventures Executive Sub-Committee, if later, in the Executive Meeting Room - Town Hall.

John Jory  
Chief Executive

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Notice is given of the Executive's intention to hold part of its meeting on Thursday, 7 November 2019 in private for consideration of reports containing "exempt" information

1. **MINUTES** (Pages 7 - 10)

To confirm as a correct record the Minutes of the Commercial Ventures Executive Sub-Committee held on 5 September 2019.

2. **APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

3. **DECLARATIONS OF INTEREST**

To receive any declarations of interest.

4. **CREATION OF A HOUSING ASSOCIATION** (Pages 11 - 16)

**Executive Member: Portfolio Holder for Investment and Companies**

To consider the creation of a Housing Association.

5. **ACQUISITION OF PROPERTY IN REDHILL EAST** (Pages 17 - 22)

**Executive Member: Portfolio Holder for Investment and Companies**

To consider the acquisition of a property in Redhill East.

6. **COMPANIES PERFORMANCE UPDATE, AUTUMN 2019** (Pages 23 - 86)

**Executive Member: Portfolio Holder for Investment and Companies**

To consider an update on the performance of Council companies.

7. **SHAREHOLDER ACTIONS**

**Executive Member: Portfolio Holder for Investment and Companies**

To undertake actions on behalf of the Council with regard to shareholder / partnerships functions for Greensand Holdings Limited; Horley Business Park Development LLP; RBBC Limited; and Pathway for Care Limited.

**A. GREENSAND HOLDINGS LIMITED SHAREHOLDER (To Follow)  
CONSENT MATTER**

8. **INVESTMENT OPPORTUNITIES**

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any investment opportunities.

9. **PROPERTY ACQUISITIONS AND DISPOSALS**

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any property acquisitions or disposals.

10. **LOANS, GRANTS AND DRAW DOWN AGREEMENTS**

**Executive Member: Portfolio Holder for Investment and Companies**

To review loans, grants or draw down agreements.

11. **ANY OTHER URGENT BUSINESS**

To consider any item(s) which, in the opinion of the Chairman, should be considered as a matter of urgency – Local Government Act 1972, Section 100B(4)(b).

(Note: Urgent business must be submitted in writing but may be supplemented by an oral report).

12. **EXEMPT BUSINESS**

RECOMMENDED that members of the Press and public be excluded from the meeting for the following item of business under Section 100A(4) of the Local Government Act 1972 on the grounds that:

- i. it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act; and
- ii. the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

13. **CREATION OF A HOUSING ASSOCIATION (EXEMPT)** (Pages 87 - 108)

**Executive Member: Portfolio Holder for Investment and Companies**

To consider exempt information in relation to the creation of a Housing Association.

14. **ACQUISITION OF PROPERTY IN REDHILL EAST (EXEMPT)** (Pages 109 - 118)

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any exempt information in relation to the acquisition of a property in Redhill East.

15. **COMPANIES PERFORMANCE UPDATE, AUTUMN 2019 (EXEMPT)** (Pages 119 - 122)

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any exempt information in relation to the Companies Performance Update.

16. **SHAREHOLDER ACTIONS (EXEMPT)**

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any exempt information in relation to shareholder actions.

**A. GREENSAND HOLDINGS LIMITED SHAREHOLDER (To Follow)  
CONSENT MATTER (EXEMPT)**

17. **INVESTMENT OPPORTUNITIES (EXEMPT)**

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any exempt information in relation to investment opportunities.

18. **PROPERTY ACQUISITIONS AND DISPOSALS (EXEMPT)**

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any exempt information in relation to property acquisitions or disposals.

19. **LOANS, GRANTS AND DRAW DOWN AGREEMENTS (EXEMPT)**

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any exempt information in relation to investment opportunities.

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# Agenda Item 1

Commercial Ventures Executive Sub-Committee  
5 September 2019

Minutes

## **BOROUGH OF REIGATE AND BANSTEAD**

### **COMMERCIAL VENTURES EXECUTIVE SUB-COMMITTEE**

Minutes of a meeting of the Commercial Ventures Executive Sub-Committee held at the New Council Chamber - Town Hall, Reigate on 5 September 2019 at 6.30 pm.

Present: Councillors T. Archer (Chairman), T. Schofield (Vice-Chair) and M. A. Brunt (Leader).

Also present: Councillors M. S. Blacker, N. D. Harrison and K. Sachdeva.

#### **18. MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** that the minutes of the Commercial Ventures Executive Sub-Committee meeting held on 17 July 2019 be approved as a correct record and signed.

#### **19. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor V. H. Lewanski.

#### **20. DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **21. SHAREHOLDER ACTIONS**

It was noted that there was exempt information to consider in relation to Pathway for Care as set out below.

##### **21.1 Shareholder Actions, Pathway For Care Limited**

Councillor T Archer, Executive Member for Investment and Companies (Chairman) introduced the report which explained the history of Pathway for Care and its relationship with the Council and the intention to transfer ownership of the shares currently owned by Fairhome Care plc.

The Sub-Committee discussed the potential sale of Fairhome Care plc's shares in Pathway for Care and enquired if the Council's £1.1m preference shareholding in the Company would also be transferred and honoured. The Sub-Committee also requested assurances that, following the share sale, Pathway for Care or the Council would not be liable for any debt owed to Fairhome Care plc; and whether Pathway for Care would have the right to transfer the existing leases and tenancies from the existing Housing Associations to a new Community Benefit Society or Housing Association.

Mr J Jory, Chief Executive Officer, confirmed that the Share Transfer Agreement should contain the required assurances and this document would be reviewed before the share sale could proceed.

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The report noted that the transfer of shares was expected to take place on 31 August 2019, however it was confirmed that the transfer of shares had not yet taken place as shareholder written consent was required.

**RESOLVED** that:

- 1) John Jory, Director of Pathway for Care Limited, be authorised to approve the sale of Pathway for Care Limited's 70 A Ordinary shares from Fairhome Care plc as set out in the exempt Part 2 section of the agenda.
- 2) The Head of Legal and Governance be authorised to investigate the possibility of creating a Community Benefit Society, as set out in the exempt Part 2 section of the agenda, and to assess whether this would be worthwhile for the Council.

**Reason for decisions**

- (i) The CVESC were asked to authorise John Jory, Director of Pathway for Care Limited, who would be representing RBBC as shareholder, to approve the sale of the shareholdings in Pathway for Care Limited as set out in the exempt Part 2 section of the agenda, to allow Pathway for Care Limited to continue to provide supported living services.
- (ii) The CVESC were also asked to authorise the investigation of creating a Community Benefit Society as set out in the exempt Part 2 section of the agenda, as a Community Benefit Society had the potential to support the Council's investments.

**Alternative Options:** To authorise Mr J Jory to approve the sale of Pathway for Care Limited's shares from Fairhome Care plc and to take no steps to investigate the CBS/Housing Association option; or to do nothing.

**22. INVESTMENT OPPORTUNITIES**

There was no business to be considered under this agenda item.

**23. PROPERTY ACQUISITIONS**

There was no business to be considered under this agenda item.

**24. LOANS, GRANTS AND DRAW DOWN AGREEMENTS**

There was no business to be considered under this agenda item.

**25. EXEMPT BUSINESS**

**RESOLVED** that members of the Press and public be excluded from the meeting for the following item of business under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act; and (ii)



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Commercial Ventures Executive Sub-Committee  
5 September 2019

Minutes

the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

## **26. SHAREHOLDER ACTIONS (EXEMPT)**

It was noted that there was exempt information to consider in relation to Pathway for Care Limited as set out below.

### **26.1 Shareholder Actions, Pathway For Care Limited (Exempt)**

**RESOLVED** that the exempt information in relation to the Shareholder Actions, Pathway for Care Limited report be noted.

## **27. INVESTMENT OPPORTUNITIES (EXEMPT)**

There was no exempt business to be considered under this agenda item.

## **28. PROPERTY ACQUISITIONS (EXEMPT)**

There was no exempt business to be considered under this agenda item.

## **29. LOANS, GRANTS AND DRAW DOWN AGREEMENTS (EXEMPT)**

There was no exempt business to be considered under this agenda item.

## **30. ANY OTHER URGENT BUSINESS**

There was no urgent business.

The Meeting closed at 7.11 pm

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# Agenda Item 4



<b>SIGNED OFF BY</b>	Chief Executive
<b>AUTHOR</b>	Caroline Waterworth, Head of Legal and Governance
<b>TELEPHONE</b>	Tel: 01737 276025
<b>EMAIL</b>	Caroline.Waterworth@reigate-banstead.gov.uk
<b>TO</b>	Commercial Ventures Executive Sub-Committee
<b>DATE</b>	Thursday 7 November 2019
<b>EXECUTIVE MEMBER</b>	Portfolio Holder for Investment and Companies

<b>KEY DECISION REQUIRED</b>	Yes
<b>WARDS AFFECTED</b>	(All Wards);

<b>SUBJECT</b>	Creation of a Housing Association
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## RECOMMENDATIONS

- (i) That the Head of Legal and Governance be authorised to complete and file the necessary paperwork to establish a Community Benefit Society (CBS) for the purpose of becoming a housing association.
- (ii) That the Head of Legal and Governance be authorised to take the necessary steps to establish the CBS as an arm's length company through an appropriate company structure in consultation with the Members of the Commercial Ventures Executive Sub-Committee.

## REASONS FOR RECOMMENDATIONS

On 5 September 2019, the Commercial Ventures Executive Sub-Committee (CVESC) authorised John Jory, in his capacity as Director of Pathway for Care Limited, to approve the sale of Pathway for Care Limited's 70 A Ordinary shares from Fairhome Care plc. The Sale of the shares was completed on 27 September 2019.

Currently, the supported living facilities tenancy and maintenance work are provided by housing associations based in the north of England. It has been identified by Pathway's directors and shareholders (which includes the Council) that a closer working relationship between care provider and housing association would minimise the risk of poor tenancy and maintenance provision for the properties where the care service is provided. The Head of Legal and Governance was tasked with investigating the possibility of the Council creating a Housing Association through the vehicle of a Community Benefit Society.

# Agenda Item 4

The financial business case for the establishment of the CBS, the costs associated with incorporation and operation and the completed governance checklist are provided attachments to the exempt report set out in the Part 2 section of this agenda.

**The Commercial Ventures Executive Sub-Committee has the authority to approve the above recommendations**

## STATUTORY POWERS

1. The Council has wide ranging powers to promote the economic, environmental and social well-being of the borough. These powers are derived from the Local Government Act 2000 and also include the powers of general competence under section 1 of the Localism Act 2011 to do anything that individuals with full capacity generally may do, subject to the provisions of the Act.

## BACKGROUND

2. Following the creation of Pathway for Care Limited ('the Company') in August 2016 to offer a better care service to local residents, the Company diversified into supported living which required further investment which the Council was not prepared to support and the then Directors sought external investment from Fairhome Care plc for 70% of its business. That change in shareholding took place in April 2018.
3. The current landlords for Pathway for Care's supported living properties are located at quite some distance from the Borough of Reigate and Banstead.
4. Should the Council opt to establish a housing association either directly, or through a holding company, the various regulatory bodies which scrutinise housing associations, require detailed business plans to take account of (amongst many matters) cash-flows and void provision. This gives an added layer of assurance to the Council around the financial security of such entities as clearly, housing associations have a significant role to play in the delivery of stable and secure housing and it is in no-one's interest to allow a housing association to operate in anything other than a strong financial environment.
5. It would also be possible for the CBS to carry out the role of tenancy and maintenance support for the Council's own properties in the future and not just support Pathway for Care Limited.

## KEY INFORMATION

### Extent of External Advice

6. Confidential external legal advice has been obtained to support the work around this and whilst it is not disclosed in this report, some of the salient points which could be found in the public arena are summarised below:
  - a) the powers that the Council has as a local authority to establish a housing association as a CBS;
  - b) the process and documentation that would be required;
  - c) relevant considerations on formation such as content of the Rules, number of

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- members, personnel requirements;
- d) timescales for registration;
- e) the ongoing regulatory requirements and accounting requirements; and
- f) eligibility requirements to be registered as an registered provider, application process and timescales and regulatory framework.

## **Local Authority Powers**

7. If the Council provides this service directly by establishing a housing association, it will rely on its general power of competence (GPOC) to do so. A council can rely on GPOC to charge for services (and it is recommended that the Council do charge for the provision of this service as part of the commercial activities of the Council). Operating a housing association directly requires that the income from charges does not exceed the costs of provisions i.e. this prevents the Council making a surplus on the provision of such a service.
8. The Council does have the authority to set up arms-length companies. Due to the possible surplus aspect, it is recommended that the housing association, if established, is set-up as a subsidiary company of the Council; on the current cash flow projections for the proposed new property, the housing association should generate a modest surplus (after provision for generous void coverage and a maintenance fund). This could present a problem for a directly held housing association function.
9. A review of the Commercial Governance Checklist has been completed and the supporting financial information and checklist are provided as attachments to the exempt report set out in the Part 2 section of this agenda.

## **Process and Documentation**

10. A community benefit society must be carrying on an 'industry, business or trade' which must be 'being, or intended to be, conducted for the benefit of the community'. This is the condition for registration. A community benefit society would be registered with the Financial Conduct Authority (FCA) under the Co-operative and Community Benefit Societies Act 2014. Societies are limited by shares. All societies must have share capital which is its initial finance. Housing associations invariably satisfy the criteria for community benefit.
11. The purpose of a community benefit society is to benefit 'the community'; which can be said to be the community at large. Societies can specify a defined community, such as a locality but in serving the needs of any defined community, the society should not inhibit the benefit to the community at large.
12. To register a society, the required application form must be completed and submitted together with one electronic copy of the signed rules. An application using the pre-published model rules is recommended as the more time efficient registration process.
13. A community benefit society can be wholly charitable or benevolent but it doesn't have to be as long as it is conducting its business for the benefit of the community. There are some advantages to being charitable as this allows applications to be made for grants from various bodies such as Homes England. The FCA's view is that the conduct of a community benefit society's business must be entirely for the benefit of the community.

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14. Any surplus made by a community benefit society must be used for the benefit of the community, which may include ploughing the money back into the business so that the society can continue to benefit the community. Alternatively, additional surplus, if properly accounted for, could be used to advance the Council's work within the community as that would satisfy the criteria.

## **Formation and Timescales**

15. The legislation sets out the specific formation rules as any company incorporation provides for. In addition, societies can decide that specific rules are 'fundamental' to the operation of the CBS and require a higher threshold of shareholder action for change. They can also seek to entrench rules to try and prevent those rules from amendment in the future.
16. A community benefit society can also put in place a statutory asset lock which imposes a legal restriction on how the society can use its assets. Societies can include the relevant wording at the time the society is registered, or the wording can be added at any point in the society's lifetime by special resolution. Once included, the wording cannot be removed and the asset lock will apply for the rest of the society's life. In this way, the community benefit can be guaranteed. The work of the housing association would expect to continue irrespective of any potential change of political direction and this facility is recommended to the Council to safe guard the independence of operation of the CBS, if established.
17. The FCA assess at least 90% of the application within 15 working days. It is expected that if the Council approved the establishment of a CBS at the meeting, the Society would be operational within approximately 8-9 weeks. This allows time to draft the rules, prepare the application, consult with the appropriate members, submit the application and receive approval.

## **Ongoing Responsibility**

18. Every society must keep proper books of account giving a true and fair view of the state of the society's affairs and explaining its transactions. Societies are also required to maintain satisfactory systems of control of their books, cash holdings and receipts, and payments. The accounts and revenue account(s) together with any balance sheet must give a true and fair view of the society's income and expenditure and of its affairs at the date of the balance sheet. Filing of audited annual returns is also required and on-going compliance with the FCA rules.
19. If a CBS were established, it is recommended that this financial function be supported by external providers until such time as the Council has the necessary internal skills and capacity to support this work. This would be in line with how the other Council companies are supported.

## **Registered Provider Status**

20. There are limited circumstances where registration is compulsory. This may arise where:
  - funding provided by Homes England or the Greater London Authority to an entity to develop low cost rental accommodation imposes a condition that the entity who will be landlord of the accommodation must be registered as a registered provider

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of social housing (section 31 of the Housing and Regeneration Act 2008);

- a local authority is providing social housing or is intending to provide social housing. The local authority is under an obligation to notify the Social Housing Regulator (SHR) as soon as it becomes subject to compulsory registration (section 114A of the Housing and Regeneration Act 2008). This would arise where the local authority is providing or intending to provide social housing itself or in-house without setting up a separate entity such as a CBS.

21. Whilst registration would not be necessary at the outset, it is a status that is recommended to the Council for additional assurance around business plans as the Governance and Financial Viability Standard would have to be met as this means that sustainable financial viability has to be demonstrated. This would give additional comfort to any tenant of a Pathway for Care Limited property. It has the additional benefit of allowing the CBS, if established, to attract Homes England funding.

## OPTIONS

22. The options available to the Commercial Ventures Executive Sub-Committee are set out below:

**Option 1:** (i) authorise the Head of Legal and Governance to prepare and submit the necessary paperwork to establish a CBS for the purpose of becoming a housing association; and (ii) authorise the Head of Legal and Governance to establish the CBS as a subsidiary company of the Council, for the reasons detailed in the exempt report set out in the Part 2 section of this agenda, in consultation with the members of the CVESC. **This is the recommended option** to enable the Council to support the on-going work of Pathway Care Limited in the short-term and to support the housing work of the Council in the longer term against the back drop of ensuring good governance for all commercial related activities.

**Option 2** establish a CBS directly held by the Council. **This is not the recommended option** given the surplus aspect of establishing a CBS in this way.

**Option 3** would be for the CVESC to do nothing. **This is not the recommended option** as Pathway for Care Limited would need to find an alternative housing association to provide the required services and an unrelated housing association would not have the same commitment to the provision of care to residents in our community.

## LEGAL IMPLICATIONS

23. Beyond the legal implications set out above in reference to the establishment of the CBS, there are no further direct legal implications.

## FINANCIAL IMPLICATIONS

24. The financial implications of the CBS establishment, including income and expenditure forecasts, have been prepared by Pathway for Care Limited and are provided as an attachment (Annex 1) to the exempt report set out in the Part 2 section of this agenda.

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25. The costs of establishing the CBS can be accommodated within existing council budgets.

## **EQUALITIES IMPLICATIONS**

26. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
  - Advance equality of opportunity between people who share those protected characteristics and people who do not;
  - Foster good relations between people who share those characteristics and people who do not.
27. The three parts of the duty applies to the following protected characteristics: age; disability; gender reassignment; pregnancy/maternity; race; religion/faith; sex and sexual orientation. In addition, marriage and civil partnership status applies to the first part of the duty.
28. The Committee should ensure that it has regard for these duties by considering them through the course of its work. This should include considering:
- How policy issues impact on different groups within the community, particularly those that share the nine protected characteristics;
  - Whether the impact on particular groups is fair and proportionate;
  - Whether there is equality of access to service and fair representation of all groups within the Borough;
  - Whether any positive opportunities to advance equality of opportunity and/or good relations between people, are being realised.
29. Should a CBS be established, it will also be expected to act in line with the Council's equality objectives. The implications of this regard for equalities will be considered during the development of the associated business case and due diligence.

## **RISK MANAGEMENT CONSIDERATIONS**

30. The risks associated with establishing and operating a CBS, beyond the requirements set out above, will be considered during the development of the associated business case and due diligence.

## **POLICY FRAMEWORK**

31. The recommendations of this report are compatible with the Council's Policy Framework.



# Agenda Item 5



<b>SIGNED OFF BY</b>	Caroline Waterworth, Head of Legal and Governance
<b>AUTHOR</b>	Derek Beck, Property Advisor Tom Borer, Policy Officer
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<b>TO</b>	Commercial Ventures Executive Sub-Committee
<b>DATE</b>	Thursday, 7 November 2019
<b>EXECUTIVE MEMBER</b>	Executive Member for Investment and Companies

<b>KEY DECISION REQUIRED</b>	Yes
<b>WARDS AFFECTED</b>	Redhill East

<b>SUBJECT</b>	Acquisition of Property in Redhill East - 7 November 2019
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## RECOMMENDATIONS

- (i) **Subject to satisfactory due diligence, the Head of Legal and Governance, in consultation with the Head of Finance & Assets, Members of the Commercial Ventures Executive Sub-committee plus the Executive Member with responsibility for Housing & Benefits, be authorised:**
- a. **To acquire the leasehold of the properties in Redhill East, as detailed in the exempt report set out in the Part 2 section of this agenda, and to finalise and agree all associated agreements to support the acquisition, in line with the principles and financial requirements of this report and the accompanying exempt report.**
  - b. **To fund the acquisition and supporting costs from the funding allocated within the approved Capital Programme for 2019/20 to 2023/24 for investment in capital schemes to support delivery of the Corporate Plan, Housing Delivery Strategy and Investment Strategy, as detailed in the exempt report set out in the Part 2 section of this agenda.**

## REASONS FOR RECOMMENDATIONS

To obtain authority to acquire, subject to due diligence, the leasehold of the specified residential properties in Redhill East, which will provide the opportunity to support the provision of housing in the borough and also allow for the potential to generate income for

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the Council, thereby supporting the delivery of the Council's Corporate Plan objectives.

## **EXECUTIVE SUMMARY**

This report seeks authority to acquire the leasehold of a number of properties in Redhill East ward.

The acquisition of these properties would provide the opportunity to support the provision of housing in the borough as the Council would control a number of residential units, which it can then ensure are managed in a responsible and effective manner. The Council would also have the opportunity to prioritise providing support for potential tenants in line with its Housing Strategy. This opportunity would also support the Council's Corporate Plan objectives around housing. Additional details are set out in the exempt report in the Part 2 section of this agenda.

In addition, acquisition of these properties would provide the opportunity to generate income for the Council, as set out in the exempt report in the Part 2 section of this agenda. This income would help to support the wider Council services, and would support the Council's Corporate Plan objectives around the Council becoming financially sustainable.

**The Commercial Ventures Executive Sub-Committee has authority to approve the above recommendations.**

## **STATUTORY POWERS**

1. The Council has wide ranging powers to promote the economic, environmental and social well-being of the borough. These powers are derived from the Local Government Act 2000 and also include the powers of general competence under section 1 of the Localism Act 2011 to do anything that individuals with full capacity generally may do, subject to the provisions of the Act.
2. It is considered that the proposed acquisition would promote the well-being of the borough through supporting the provision of housing in the area, along with the opportunity to support the financial sustainability of the Council and the wider provision of Council services.
3. Funding for the acquisition is allocated within the approved Capital Programme for 2019/20 to 2023/24 for investment in capital schemes to support delivery of the Corporate Plan, Housing Strategy and Investment Strategy.

## **BACKGROUND**

4. The Council's current and emerging 5 Year Corporate Plan include objectives to support the provision of housing for local people. In line with this, the Council has a developing Housing Delivery Strategy, which was considered by the Overview and Scrutiny Committee on 17 October 2019.
5. The developing Housing Delivery Strategy includes a vision to make best use of housing development opportunities and to take commercial decisions to secure more housing choice. It is considered that the proposed acquisition of these properties would support this vision.
6. In addition to supporting housing provision, the proposed acquisition would also

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provide the opportunity for the Council to generate funding to support other services. By way of general context for the consideration of investments, funding for Local Authorities has reduced in recent years and there is a likelihood of further significant reductions to available funding from 2021/22 onwards. Simultaneously, the demands faced by Local Authorities have increased in many areas.

7. The Council's Corporate Plan contains a priority for the Council to be financially self-sufficient, without impacting on the priorities of its residents. As such, to enable the Council to continue to deliver the current level of services to the borough and its residents, it is necessary for the Council to acquire additional sources of income. The acquisition of the leasehold properties identified offers the opportunity to generate income to support these objectives.

## KEY INFORMATION

8. The details of the properties in question, the acquisition thereof, and the associated financial information are contained in the exempt report set out in the Part 2 section of this agenda. This information is confidential as it relates to the financial and business affairs of the Council (in addition to the housing impact), and the public interest in maintaining this confidentiality is judged to outweigh the public interest in disclosing this information. This is in keeping with paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
9. As identified above, the acquisition is intended to support the provision of housing in the local area, as well as providing an opportunity to generate income for the Council. This would support the Council's current and emerging 5 Year Corporate Plan objectives and the vision of the developing Housing Delivery Strategy. Any income generated would support the Council's financial sustainability and the provision of its services
10. As identified, the recommended authorisations are subject to due diligence to confirm that there are no problems with the legal title, purchase price, surveys, environmental considerations or other significant factors, and that projections regarding financial considerations are accurate.
11. Details of the risk management considerations are set out under the Risk Management Considerations section below, and the in exempt report set out in the Part 2 section of this agenda.

## OPTIONS

12. The options available to the Commercial Ventures Executive Sub-Committee are set out below:

Option 1: Authorise the acquisition of the leaseholds of the properties and associated delegations and use of funding. **Subject to the identified due diligence, this is the recommended option** as it will provide the opportunity to support the provision of housing in the local area, along with the potential to generate income for the Council, and support the objectives of the Corporate Plan.

Option 2: Do not authorise the acquisition of the leaseholds of the properties and associated delegations and use of funding. **This is not the recommended option** as it will not provide support the provision of housing the local area, the opportunity to generate income for the Council, or support the objectives of the Corporate Plan.

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## **LEGAL IMPLICATIONS**

13. As identified in the Statutory Powers section of this report, the Council has the power to acquire the leasehold of the properties, subject to the provision of the Localism Act 2011.
14. The Council has wide ranging powers to promote the economic, environmental and social well-being of the borough, particularly with regard to the general power of competence granted by section 1 of the Localism Act 2011.
15. There is no legal duty to consult the public on any commercial terms of the acquisition. These are matters for the authority. The Commercial Ventures Executive Sub-Committee is entitled to determine them at its discretion, having considered the contents of this report.
16. The Council must have regard to its fiduciary duties to its Council Tax payers and its best value duty.
17. Legal and valuation advice shall be sought as necessary throughout the acquisition process.

## **FINANCIAL IMPLICATIONS**

18. As identified in paragraph 3, funding for the acquisition is allocated within the approved Capital Programme for 2019/20 to 2023/24 for investment in capital schemes to support delivery of the Corporate Plan, Housing Delivery Strategy and Investment Strategy. The costs will be funded through prudential borrowing through the Council's treasury management arrangements and provision will be made for the associated loan repayments in the revenue budget going forward.
19. The proposed acquisition in this report also offers the potential to generate a revenue income stream and a financial return as the asset increases in value. However, there are also financial risks inherent in the proposed acquisition, and members of the Commercial Ventures Executive Sub-Committee should consider these in making their decision.
20. Additional financial information is detailed in the exempt report set out in the Part 2 section of this agenda.

## **EQUALITIES IMPLICATIONS**

21. There are no direct equalities implications of this decision. The acquisition of the identified leaseholds should have no negative or discriminatory effects upon any individuals with protected characteristics.
22. The use of the properties, if acquired, will be determined by a subsequent decision of the appropriate Council body. This decision will be supported by an Equalities Impact Assessment on the implications of the decision and its potential impacts upon individuals with protected characteristics, and will have regard for the Council's Public Sector Equality Duty.
23. Any financial benefit secured for the Council will be used to support the Council's Corporate Plan. The Council's Corporate Plan and associated policy documents have been developed with due regard for equalities implications.
24. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have

# Agenda Item 5

due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between people who share those protected characteristics and people who do not;
- Foster good relations between people who share those characteristics and people who do not.

25. The three parts of the duty applies to the following protected characteristics: age; disability; gender reassignment; pregnancy/maternity; race; religion/faith; sex and sexual orientation. In addition, marriage and civil partnership status applies to the first part of the duty.

## **COMMUNICATION IMPLICATIONS**

26. No communications would be issued until the Council has exchanged contracts on the proposed acquisition, in line with the confidential nature of the contract negotiations.
27. Further communication matters are detailed in the exempt report set out in the Part 2 section of this agenda.

## **RISK MANAGEMENT CONSIDERATIONS**

28. With regard to its function as an investment, the proposed acquisition is not without risk. The opportunity to generate a financial return for the Council depends upon the rental and/or sale value of the properties acquired, which will be supported by independent valuation where appropriate. At present, it is judged that this value is sufficient to provide a positive return under the proposed terms, but, in the event of a significant decline in the property market, there is the potential for this return to be reduced or to become negative.
29. Additional risk management considerations are detailed in the exempt report set out in the Part 2 section of this agenda.

## **CONSULTATION**

30. The Leader of the Council and Executive Members with responsibility for Finance, Investment & Companies, and Housing & Benefits have been consulted with regard to the recommendations of this report.

## **POLICY FRAMEWORK**

31. As identified, the proposed acquisition would support the Council's Corporate Plan objectives through support the financial sustainability of the Council and the provision of housing in the local area.
32. The proposed acquisition is in line with the Council's Capital Investment Strategy.

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# Agenda Item 6



<b>SIGNED OFF BY</b>	Head of Legal and Governance, Interim Head of Finance and Assets
<b>AUTHOR</b>	Tom Borer, Policy Officer
<b>TELEPHONE</b>	Tel: 01737 276717
<b>EMAIL</b>	tom.borer@reigate-banstead.gov.uk
<b>TO</b>	Overview and Scrutiny Committee
<b>DATE</b>	Thursday, 7 November 2019
<b>EXECUTIVE MEMBER</b>	Portfolio Holder for Investment and Companies

<b>KEY DECISION REQUIRED</b>	N
<b>WARDS AFFECTED</b>	(All Wards);

<b>SUBJECT</b>	Companies Performance Update, 17 October 2019
----------------	---

<b>RECOMMENDATIONS</b>
(i) To note the 17 October 2019 Companies Performance Update, as set out in this report, and to consider any observations from the Overview and Scrutiny Committee from its meeting of 17 October 2019.
<b>REASONS FOR RECOMMENDATIONS</b>
To consider the performance of companies owned or part-owned by the Council, as of October 2019.
<b>EXECUTIVE SUMMARY</b>
<ol style="list-style-type: none"> <li>1. This report provides an overview of the performance of the companies currently owned, or part-owned, by the Council.</li> <li>2. These companies currently consist of Greensand Holdings Ltd, Horley Business Park Development LLP, Pathway for Care Ltd and RBBC Ltd.</li> <li>3. All these companies are currently considered to be performing in line with the Council's objectives, or are on target to be once actions currently being undertaken are completed.</li> <li>4. Additional supporting information is detailed in the exempt report set out in the Part 2 section of this agenda.</li> </ol>

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**The Commercial Ventures Executive Sub-Committee has authority to approve the above recommendations**

## **STATUTORY POWERS**

5. Section 1 of the Localism Act 2011 gives local authorities a general power of competence that enables them to do anything that a private individual is entitled to do, as long as it is not expressly prohibited by other legislation. Section 4 of the same Act directs that anything which is done for purely commercial purposes should be done through a company structure.
6. Companies and the rights of shareholders are governed by the Companies Act 2006.

## **BACKGROUND**

7. Central Government funding for local authorities has reduced considerably in recent years, whilst the demand for services has increased. To enable the Council to continue to deliver and maintain the level of services that residents currently benefit from it is essential that alternative sources of income are found. Commercial activity is one such source of income, and has in recent years formed part of the Council's strategy to be financially self-sustaining.
8. The Council conducted a Commercial Governance Review in 2018.
9. The Executive considered the findings and recommendations of the review on 18 March 2019, and agreed the adoption and implementation of the proposed Commercial Governance Framework.
10. The Executive approved updates to its Commercial Governance arrangements on 30 May 2019, including the establishment of a Commercial Ventures Executive Sub-Committee.
11. The Commercial Ventures Executive Sub-Committee has authority to undertake the shareholder and partnership function of the Council with regard to companies owned and part-owned by the Council, and to manage and monitor the performance of Council investment in companies, within financial limits initially set out by the Executive decision establishing the Sub-Committee on 30 May 2019, and henceforth to be set out as part of the annual Service and Finance Planning process
12. The Commercial Ventures Executive Sub-Committee has been in operation since July 2019 and meets on a monthly basis. Sub-Committee members have been considering the Council's asset base and appraisal framework, and are working to develop the Council's future commercial approach and investment strategy. These will be brought forward for formal approval in the coming months. Sub-Committee members have been examining best practice arrangements at other local authorities and made visits to other local authorities to view arrangements first hand and meet with other members of those local authorities.
13. To support good governance of the Council's companies, the Overview and Scrutiny Committee currently receives six-monthly updates on the performance of companies owned or part-owned by the Council. This reports sets out the update for October 2019.



# Agenda Item 6

## KEY INFORMATION

### **Greensand Holdings Limited**

14. Greensand Holdings Limited is a property investment and development company, established to facilitate the Council's property investment activities. It is wholly owned by the Council. The creation of the company was authorised by the Executive on 15 September 2016.
15. The company received initial funding through a loan from the Council, authorised on 15 September, and with additional details noted by the Property Executive Sub-Committee on 14 November 2016, and provides an income to the Council through repayments and interest on the loan.
16. The company has received £2,269,500 in loan funding from the Council.
17. The company currently holds one property, which provides a rental income sufficient for the company to meet its repayment and loan obligations to the Council and to generate a profit.
18. The Council received a revenue income of £102,000 from the company in 2018/19.
19. There is potential for additional opportunities for company activity to emerge in line with the Council's emerging commercial and housing strategies.
20. On 19 September 2019, the Executive granted authority for a loan of funds to Greensand Holdings Limited, in order to enable the company to explore a time sensitive business opportunity. As specified in the report supporting this decision, that loan, if advanced, will be at a commercial rate. The specific terms of the loan are to be agreed.
21. Derek Beck, a Council Property Advisor, was appointed to a vacant director post of the company in May 2019 on an interim basis, pending review of the director appointments across all of the companies.
22. The company is currently judged to be performing well.
23. The Annual Report and Financial Statement for Greensand Holdings Limited for the year ended 31 December 2018 are provided as Annex 1 to this item.
24. Additional details are available in the exempt report set out in the Part 2 section of this agenda.

### **Horley Business Park Development Limited Liability Partnership**

25. Horley Business Park Development LLP is a joint venture which was set up to bring forward planning, and subsequent development, of employment land in the Horley area. The creation of the company was authorised by the Executive on 15 October 2015, and a joint venture with Millhill Properties (Horley) Limited was established in 2016.
26. Following promotion of the site by the LLP through the local plan-making process, the Horley Business Park site was allocated for employment purposes in the Reigate & Banstead Development Management Plan (2018-2027) (DMP), adopted by full Council on 26 September 2019. The DMP policy confirms the extent of the site, the uses that will be acceptable and (in general terms) the infrastructure and mitigation measures that will be required to make the development acceptable in planning

## Agenda Item 6

terms.

27. Steps to acquire land within the site that is owned by a third party are well progressed. In May 2019, the Executive received an updated report about this acquisition opportunity and agreed to proceed, and to fund the acquisition and supporting costs from funding allocated within the approved Capital Programme for 2019/24.
28. Another section of the land within the site is owned by Surrey County Council (SCC), and it is intended to work with SCC to deliver a mutually supported development. Negotiations with Surrey County Council are ongoing, to reach consensus over the form of agreement by which to include it as a partner in the development. SCC will not enter into the existing partnership. Therefore discussions are also taking place with the Council's existing partner in the LLP (Millhill) as to the structure of any future agreement.
29. Given the scale of the scheme, the updated Horley Business Park partnership (see above) will need to seek external funding to bring the development forward. Advice is being sought from independent experts as to the best way to proceed with scheme development and the identification of a funding partner. The Commercial Ventures Executive Sub Committee have been briefed about this advice to date. Initial steps will include the preparation of a masterplan (in accordance with the requirements of the DMP) which will be used to market the site to prospective funders and inform a planning application in due course.
30. Conversations are also ongoing with Gatwick Airport which, since the last update, has published its final Masterplan. The Masterplan sets out the Airport's aspiration to bring its standby runway into permanent use; and there is clearly a complementarity between the two proposals, not least because they rely on the same primary road access. Gatwick's initial Masterplan proposals suggest that a small part of the area allocated in the DMP may be required for junction improvements/road widening and/or temporary storage of construction material and the Council will be seeking further clarification on this issue.
31. In January 2018, the Executive received a report outlining that Local Enterprise Funding had been secured to assist in delivering the Horley Business Park project. An element of this funding has subsequently been drawn down. In the last six months, further information has been provided to the LEP about project progress, and the we are continuing to engage to agree how the remaining funding element is spent.
32. In the coming six months, it is anticipated that the third party land deal will be concluded; a revised partnership structure (including Surrey County Council) will be agreed; and positive progress will have been made to prepare a development masterplan and seek a funding partner. In order to ensure that project momentum is maintained now that a policy allocation has been secured, the Council intends to appoint a project manager to oversee progress, potentially in conjunction with SCC. The Commercial Ventures Executive Sub Committee will continue to be briefed on progress.
33. As a strategic venture, the company's current purpose is not to generate a revenue return for the Council, but it is judged to be performing well in supporting the strategic objective of bringing forward the Business Park and associated benefits for the local area. In the long term, it is expected that a capital (and potentially income) return for

# Agenda Item 6

the Council will be generated from its share in the development.

34. To date, the Council has provided £602,000 in funding to the company, as loans at a commercial rate. These loans have accrued £113,984 in interest to date.
35. The Annual Report and Financial Statement for Horley Business Development LLP for the year ended 31 December 2018 are provided as Annex 2 to this item.
36. Additional details are available in the exempt report set out in the Part 2 section of this agenda.

## **Pathway for Care Limited**

37. Pathway for Care Limited provides supporting living facilities and support for their residents at a number of sites in the borough and surrounding areas. As a shareholder, the Council is able to provide local expertise and experience in supporting vulnerable residents. The creation of the company was authorised by the Executive on 14 July 2016.
38. The Council is a minority shareholder in the company, with the majority shareholding held by Paul Green, a founder and former Director of Fairhome Group PLC, which was the previous majority shareholder in the company. The Council has the right to appoint a director to the board of the company.
39. The Council holds £1.1m in redeemable preference shares in the company, redeemable in April 2023, which were converted from the Council's £1.1m loan to the company. When redeemed, these will provide a capital return for the Council, subject to the company holding sufficient funds to honour the redemption at that time.
40. The Council also stands to receive income from any dividends paid by the company. Total dividends are stipulated to be 50% of profits generated by the company. Whilst the company has been investing in growing its services, it has not generated a profit, and therefore has not yet provided a dividend income to the Council.
41. As of the performance update in March 2019, the company was growing well, and performing in line with business plan targets, supported by investment for growth from the previous majority shareholder, Fairhome Group PLC. Since then, Fairhome undertook an internal restructure and subsequently reduced investment in Pathway for Care. This therefore caused a reduction in the performance of the company relative to business plan targets.
42. However, the majority shareholding was sold to Paul Green in September 2019, with the business transfer agreement also removing remaining liabilities to Fairhome, and establishing an option to transfer associated supporting living properties previously owned by Fairhome to a new provider.
43. The sale of these shares was approved by the Commercial Ventures Executive Sub-Committee on 5 September 2019. The new owner met with the members of the Commercial Ventures Executive Sub-Committee in August to discuss his intentions ahead of the purchase.
44. With the change of majority ownership, the company will develop an updated business plan, which will be shared with the Council once complete. The new business plan is expected to include the provision of investment to support the growth of Pathway for Care and performance and growth are therefore projected to return to target levels.

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45. The company is projected to generate a net profit in 2020.
46. The Annual Report and Financial Statement for Pathway for Care Limited for the year ended 31 July 2018 are provided as Annex 3 to this item. The Annual Report and Financial Statement for the year ended 31 July 2019 have not yet been approved.
47. Additional details are available in the exempt report set out in the Part 2 section of this agenda.

## **RBBC Limited (Pathway Digital)**

48. RBBC Limited was split from Pathway for Care in April 2018, as a potential digital technology business supported by external investment.
49. In the event, no suitable external investment was secured, and the company is therefore in the process of being closed, as reported in the performance update in March 2019. This process will be completed following confirmation of the most appropriate accounting treatment.
50. The company is currently neither generating an income for the Council, nor incurring any significant costs.
51. RBBC Limited was incorporated on 4 April 2018 and its financial report and accounts are due by 4 January 2020 (newly incorporated entities are allowed to lodge their first accounts with Companies House 21 months after the date of incorporation). Its report and accounts have therefore not been prepared to date, and as it is intended to dissolve the company these will not be required if it is dissolved before of 4 January 2020.

## **Future Commercial Agenda**

52. In July, the members of the Commercial Ventures Sub-Committee received a paper regarding taking forward a commercial agenda. The sub-committee members were asked to consider the Council's investment approach, objectives and level of risk appetite, in order to help address the forecast budget challenge based on the following questions:

- The scale of commercial investment opportunities to be pursued;
- The type of investments that the commercial strategy should focus on;
- The extent of borrowing to purchase income-generating assets;
- Whether commercial investment should be through joint-ventures with partners;
- Whether commercial investments should be focussed on assets within the Reigate and Banstead borough;

The members of the Sub-Committee also considered a draft assessment matrix for considering future property investment opportunities, the need to set aside resources to maintain current investment assets, how to convert the Council's asset register into a programme of opportunities to consider, and if and how targets are set for investment opportunities, particularly regarding Greensand Holdings, and potential Revenues and Benefits commercial activities.

53. The members of the sub-committee noted the questions, and supported their use on an ongoing basis, to support consideration in the coming months, and around forthcoming visits to examine commercial models in use by other local authorities.

# Agenda Item 6

54. The above questions, along with the question of the relative importance of commercial and local benefit objectives when considering a new investment opportunity, were also considered by the Overview and Scrutiny Committee on 11 July 2019, and the Committee provided feedback to the Executive.
55. The Council's developing commercial approach will be shaped by the responses to these questions, and is expected to be reported for consideration by Members alongside the finalised service and financial plans for 2020/21.

## OPTIONS

56. The options available to the Commercial Ventures Executive Sub-Committee are set out below:  
**Option 1:** To note the performance of companies owned, or part-owned, by the Council, as set out in this report. **This is the recommended option** as it will support good governance of the Council's companies.  
**Option 2:** To request additional information on the performance of companies owned, or part-owned, by the Council. **This is not the recommended option** as additional information will be provided to the members of the Commercial Ventures Executive Sub-Committee and Overview and Scrutiny Committee as part of regular performance monitoring of the Council's investments, and not noting the available information at this juncture will delay the formal governance of the Council's companies.

## LEGAL IMPLICATIONS

57. There are no direct legal implications of this report.
58. Where decisions are made which effect the Council's companies, the legal implications of these decisions will be considered as part of the decision making process in each case.

## FINANCIAL IMPLICATIONS

59. There are no direct financial implications of this report. The Council's annual statement of accounts incorporates the financial position of its companies as part of its group financial statements.
60. Where decisions are made which effect the Council's companies, the financial implications of these decisions will be considered as part of the decision making process in each case.

## EQUALITIES IMPLICATIONS

61. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
  62. Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
  63. Advance equality of opportunity between people who share those protected characteristics and people who do not;

# Agenda Item 6

64. Foster good relations between people who share those characteristics and people who do not.
65. The three parts of the duty applies to the following protected characteristics: age; disability; gender reassignment; pregnancy/maternity; race; religion/faith; sex and sexual orientation. In addition, marriage and civil partnership status applies to the first part of the duty.
66. There are no direct equalities implications of this report.
67. Where decisions are made which effect the Council's companies, the equalities implications of these decisions will be considered as part of the decision making process in each case.
68. The Commercial Ventures Executive Sub-Committee shall generally have regard to the obligations of the Equality Act (2010) in conducting its role as the representative of the Council as a shareholder or partner in companies owned or part-owned by the Council.

## **COMMUNICATION IMPLICATIONS**

69. There are no direct communication implications as a result of this report. However, as identified in the Commercial Governance Framework, the Commercial Ventures Executive Sub-Committee shall have regard for the Local Authorities (Companies) Order 1995, which sets out the rights for authorities and individual Members to receive company specific information.

## **RISK MANAGEMENT CONSIDERATIONS**

70. All commercial ventures and investment activities contain an element of risk, and the Commercial Ventures Executive Sub-Committee shall consider these as part of the decision making process for any future decisions relating to companies owned or part-owned by the Council.
71. In monitoring the performance of companies owned or part-owned by the Council, the Commercial Ventures Executive Sub-Committee has regard to the fiduciary duty the Council owes to its rate and local tax payers, to the public law requirements to exercise the general power of competence for a proper purpose, and the requirements of the Commercial Governance Framework which forms part of the terms of reference of the sub-committee.

## **CONSULTATION**

72. The Members of the Commercial Ventures Executive Sub-Committee are consulted on an ongoing basis as to the performance and actions of companies owned or part-owned by the Council, along with other Members of the Executive or wider Council where appropriate.
73. The Overview and Scrutiny Committee considered this report on 17 October 2019 as part of consultation with the wider membership. The Committee noted the report and asked a number of questions. With regard to these:
  - It was confirmed that the Council had not yet adopted a position regarding Gatwick's proposals for the expanded use of its reserve runway, or formally

# Agenda Item 6

responded as a local authority to a possible future application for a Development Consent Order.

- It was identified that a report from the Monitoring Officer regarding non-executive directors of Council owned or part-owned companies would be considered by the Commercial Ventures Executive Sub-Committee early in the new year.
- It was noted that David Beck had been appointed by the Commercial Ventures Executive Sub-Committee as an interim Council Property Advisor to a vacant director post in the company in May 2019. This was a temporary post to ensure that the appropriate number of directors were on the Board. The Commercial Ventures Executive Sub-Committee had approved the appointment and had oversight of his work.

74. No additional observations were noted.

## **POLICY FRAMEWORK**

75. The recommendations of this report are not in conflict with the Council's Policy Framework.

76. All actions undertaken by the Council shall have regard to the objectives of the Council's Corporate Plan and supporting policy framework, unless otherwise specified by statute.

## **BACKGROUND PAPERS**

77. None.

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**Registered number**  
**10508302**

**GREENSAND HOLDINGS LIMITED**  
**DIRECTORS' REPORT AND AUDITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**GREENSAND HOLDINGS LIMITED**

**COMPANY INFORMATION**

---

**Directors**

J Jory  
W Pallett  
J C Reed - (resigned 14 October 2018)

**Auditor**

Kreston Reeves LLP  
Springfield House  
Springfield Road  
Horsham  
West Sussex  
RH12 2RG

**Registered office**

Town Hall  
Castlefield Road  
Reigate  
Surrey  
RH2 0SH

**Registered number**

10508302

**GREENSAND HOLDINGS LIMITED**

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## GREENSAND HOLDINGS LIMITED

### DIRECTORS' REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their report and audited financial statements for the year ended 31 December 2018. The prior period reflects 13 months activity from the date of incorporation on 2 December 2016 and therefore the comparatives are not entirely comparable.

#### Principal activities

The company's principal activity during the year was that of commercial property investment.

#### Directors

The directors who served during the year were as follows:

J Jory

W Pallett

J C Reed - (resigned 14 October 2018)

#### Directors' responsibilities

The directors are responsible for preparing the Directors' 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 International Financial Reporting Standards (IFRSs) (as adopted by the European Union) and applicable UK 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;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

#### Disclosure of information to the auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### Small company special provisions

The report of the directors has been prepared taking advantage of the small companies exemption in Part 15 of the Companies Act 2006.

This report was approved by the board on 23/05/19 and signed on behalf of the board by

---

W Pallett  
Director

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF  
GREENSAND HOLDINGS LIMITED**

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**Opinion**

We have audited the financial statements of Greensand Holdings Limited (the "company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis of 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF  
GREENSAND HOLDINGS LIMITED**

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**Opinions on other matters prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

In the light of our 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
- 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 and the Directors' Report in accordance with the small companies regime 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 set out on page 1, 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: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF  
GREENSAND HOLDINGS LIMITED**

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**Use of our report**

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

**Graham Hunt BA FCA (Senior Statutory Auditor)**

for and on behalf of Kreston Reeves LLP  
Statutory Auditor, Chartered Accountants  
Horsham

Date: 29 May 2019





**GREENSAND HOLDINGS LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	Year ended 31 December 2018 £	Period ended 31 December 2017 £
Revenue		177,015	164,953
Administrative expenses		(51,851)	(78,229)
Fair value movement on investment property		48,900	243,785
<b>Operating profit</b>	6	<b>174,064</b>	<b>330,509</b>
Finance income		298	6
Finance costs	7	(102,361)	(89,239)
<b>Profit before taxation</b>		<b>72,001</b>	<b>241,276</b>
Tax expense	8	1,407	(41,000)
<b>Profit for the period</b>		<b>73,408</b>	<b>200,276</b>
<b>Total comprehensive income for the period attributable to shareholders</b>		<b>73,408</b>	<b>200,276</b>

**Statement of total recognised gains and losses**

The company has no recognised gains or losses other than the profit for the above financial period.

The above results were derived from continuing operations.

**GREENSAND HOLDINGS LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT-31 DECEMBER 2018**

**COMPANY REGISTRATION NUMBER: 10508302**

	Notes	31 December 2018		31 December 2017	
		£	£	£	£
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment property	9	2,592,500		2,543,600	
<b>Current assets</b>					
Trade and other receivables	10			100	
Cash and cash equivalents	11	42,663		68,404	
<b>TOTAL ASSETS</b>		<b>2,635,163</b>		<b>2,612,104</b>	
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	12	45,865		90,650	
Current tax liabilities	12	10,194		10,439	
		56,059		101,089	
<b>Non-current liabilities</b>					
Borrowings	13	2,269,639		2,269,639	
Provisions	15	35,681		41,000	
		2,305,320		2,310,639	
<b>TOTAL LIABILITIES</b>		<b>2,361,379</b>		<b>2,411,728</b>	
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	16	100		100	
Revaluation reserve	17	257,004		202,785	
Retained earnings	17	16,680		(2,509)	
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,635,163</b>		<b>2,612,104</b>	

The financial statements were approved by the board and authorised for issue on 23/05/19 and signed on behalf of the board by

W Pallett  
Director

**GREENSAND HOLDINGS LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<u>Equity attributable to equity holders of the company</u>			
	Issued share capital £	Revaluation reserve £	Retained earnings £	Total equity £
<b>At 1 January 2018</b>	100	202,785	(2,509)	200,376
Profit for the year	-	-	73,408	-
Transfer to revaluation reserve	-	54,219	(54,219)	-
<b>Total comprehensive income for the period</b>	-	54,219	19,189	73,408
<b>At 31 December 2018</b>	<b>100</b>	<b>257,004</b>	<b>16,680</b>	<b>273,784</b>

	<u>Equity attributable to equity holders of the company</u>			
	Issued share capital £	Revaluation reserve £	Retained earnings £	Total equity £
<b>At 2 December 2016</b>	-	-	-	-
Profit for the period	-	-	200,276	200,276
Transfer to revaluation reserve	-	202,785	(202,785)	-
<b>Total comprehensive income for the period</b>	-	202,785	(2,509)	200,276
Shares issued in period	100	-	-	100
<b>At 31 December 2017</b>	<b>100</b>	<b>202,785</b>	<b>(2,509)</b>	<b>200,376</b>

The notes on pages 9 to 18 form part of the financial statements

**GREENSAND HOLDINGS LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Year ended 31 December 2018 £	Period ended 31 December 2017 £
<b>Cash flows from operating activities</b>		
Profit for the period	73,408	200,276
Adjustments to cash flows from non-cash items:		
Finance Income	(298)	(6)
Finance costs	102,361	89,239
Revaluation	(48,900)	(243,785)
Corporation tax	3,912	-
Deferred tax	(5,319)	41,000
Operating cash flows before movements in working capital	125,164	86,724
Working capital adjustments:		
(Decrease)/increase in payables	(48,942)	75,288
Decrease in receivables	100	-
	(48,842)	75,288
<b>Cash generated by operations</b>	<b>76,322</b>	<b>162,012</b>
<b>Net cash from operating activities</b>	<b>76,322</b>	<b>162,012</b>
<b>Investing activities</b>		
Interest received	298	6
Purchase of investment property	-	(2,299,815)
<b>Net cash used in investing activities</b>	<b>298</b>	<b>(2,299,809)</b>
<b>Financing activities</b>		
Loan from shareholder	-	2,269,639
Interest paid	(102,361)	(63,438)
<b>Net cash generated by financing activities</b>	<b>(102,361)</b>	<b>2,206,201</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(25,741)</b>	<b>68,404</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>68,404</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>42,663</b>	<b>68,404</b>

The notes on pages 9 to 18 form part of the financial statements

## GREENSAND HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2018

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##### 1 General information

Greensand Holdings Limited is a private company limited by share capital and incorporated in the United Kingdom under the Companies Act 2006. The nature of the company's operations and its principal activities are set out in the Directors' Report.

The address of its registered office and principal place of business is:

Town Hall  
Castlefield Road  
Reigate  
Surrey  
RH2 0SH

##### 2 Adoption of new and revised standards

During the financial year, there were no new IFRSs or IFRIC interpretations that were effective for the first time that would be expected to have a material impact on the company.

The following pronouncements have been adopted in the year and either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

- IFRS 9 'Financial Instruments' (2014); effective 1 January 2018
- IFRS 15 'Revenue from contracts with customers'; effective 1 January 2018
- IFRIC 22 'Foreign currency transactions and advance consideration'; effective 1 January 2018

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the company, which have not been applied in these financial statements, were in issue but not yet effective. In some cases these standards and guidance had not been endorsed by the European Union:

- IFRS 16 'Leases'; effective 1 January 2019
- IFRIC 23 'Uncertainty over Income tax treatments'; effective 1 January 2019
- Annual Improvements (2015-2017); effective 1 January 2019

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the company.

##### 3 Significant accounting policies

###### ***Statement of compliance and basis of accounting***

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and are consistent with the IFRSs as issued by the International Accounting Standards Board and IFRIC interpretations issued and effective at the time of preparing these financial statements and are in accordance with the Companies Act 2006.

## GREENSAND HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 3 Significant accounting policies - continued

##### ***Basis of accounting***

These financial statements have been prepared on the historical cost basis as modified by the accounting policies below.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates and rounded to the nearest £.

The following principal accounting policies have been applied:

##### ***Presentation of financial statements in accordance with IAS 1 (Revised 2007)***

The financial statements are presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007).

##### ***Revenue***

Revenue is measured at the fair value of the consideration recoverable, net of VAT. The company's policy for the recognition of revenue from operating leases is described in the leasing policy below.

##### ***Investment properties***

Investment property, which is property held to earn rentals and/or capital appreciation is initially recognised at cost, including associated transaction costs, and subsequently at fair value at the balance sheet date. The fair value is based on market values as determined by professionally qualified external valuers. Gains or losses arising from changes in the fair value of the investment property are included in profit or loss for the period in which they arise.

##### ***Trade and other receivables***

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

##### ***Cash and cash equivalents***

Cash and cash equivalents at the end of the reporting period comprise cash at bank and in hand.

##### ***Trade and other payables***

Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

## GREENSAND HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 3 Significant accounting policies - continued

##### ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the periods of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

##### ***Borrowing costs***

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

##### ***Taxation***

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

##### ***Current tax***

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The company's corporation tax liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### ***Deferred tax***

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that such taxable profits will be available, against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

##### ***Accounting for financial assets and liabilities***

The company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk and liquidity risk. The directors consider that the company does not have material exposures in any of these areas and consequently does not use derivative financial instruments to manage these exposures.

The company's financial assets consist of trade and other receivables, and are summarised in note 4. Trade and other receivables are financial assets with fixed or determinable payments, none of which are quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest rate method, less provision for impairment.

Receivables are considered for impairment on a case-by-case basis when they are past due at the balance sheet date or when objective evidence is received that a specific counterparty will default.

The company's financial liabilities include borrowings, trade and other payables which are measured at amortised cost using the effective interest rate method. A summary of the company's financial liabilities is given in note 4.

##### ***Going concern***

The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

##### ***Leasing***

##### ***The company as lessor***

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant leases.

**GREENSAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**4 Financial risk management**

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management programme focuses on the unpredictability of the marketplace and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the Board of Directors.

**Market risk**

The company is exposed to market risk, primarily related to interest rates and market value of the Investment property.

**Interest rate risk**

The company monitors interest rate cash flow exposures on its long term borrowing. The company does not use derivative financial instruments to mitigate these risks.

**Credit risk**

The company's exposure to credit risk is limited to the carrying value of financial assets recognised at the balance sheet date, as summarised below:

	2018	2017
	£	£
<b>Classes of financial assets - carrying amounts</b>		
<b>Cash and receivables</b>		
Cash and cash equivalents	42,663	68,404
Trade and other receivables	-	100
	<u>42,663</u>	<u>68,504</u>

The maximum exposure to credit risk in relation to trade and other receivables is equivalent to the period end balance.

The company continuously monitors the creditworthiness of tenants and other counterparties. The company's policy is only to deal with creditworthy counterparties.

The directors consider that all the above financial assets are not impaired at the reporting date under review and are of good quality credit, based on all available financial information.

The company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics other than those debtors which are disclosed in note 10. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

**Liquidity risk**

Liquidity needs are monitored carefully on a day-to-day basis. Longer term liquidity needs are assessed through monthly, quarterly, and annual cash flow forecasts.

As of 31 December 2018, the company's liabilities have maturities which are summarised below:

	Within 6 months	6 to 12 months	2 to 5 years	Later than 5 years
	£	£	£	£
Trade and other payables	45,865	-	-	-
Other taxes and social security costs	6,282	-	-	-
Corporation tax	3,912	-	-	-
Borrowings	-	-	-	2,269,639
	<u>56,059</u>	<u>-</u>	<u>-</u>	<u>2,269,639</u>



**GREENSAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**4 Financial risk management - continued**

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

	<i>Within 6 months</i>	<i>6 to 12 months</i>	<i>2 to 5 years</i>	<i>Later than 5 years</i>
	£	£	£	£
Trade and other payables	90,650	-	-	-
Other taxes and social security costs	10,439	-	-	-
Corporation tax	-	-	-	-
Borrowings	-	-	-	2,269,639
	<u>101,089</u>	<u>-</u>	<u>-</u>	<u>2,269,639</u>

***Capital management policies***

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern; and
- to provide an adequate return to shareholders.

Capital for the reporting period under review is summarised as follows:

	2018	2017
	£	£
Share capital	100	100
Revaluation reserve	257,004	202,785
Retained earnings	16,680	(2,509)
Borrowings	2,269,639	2,269,639
	<u>2,543,423</u>	<u>2,470,015</u>

The company has no covenant obligations with respect to capital ratios.

**5 Critical accounting judgements**

***Critical judgements in applying the company's accounting policies***

In the process of applying the company's accounting policies, the following judgements have had the most significant effect on the amounts recognised in the financial statements:

***Investment properties***

The valuation of the company's investment property.

**6 Operating profit**

	Year ended 31 December 2018	Period ended 31 December 2017
	£	£
This is stated after charging/(crediting):		
Auditor's remuneration - audit work	2,600	2,600
Auditor's remuneration - other services	1,750	1,750
	<u>4,350</u>	<u>4,350</u>

**GREENSAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>7 Finance costs</b>	<b>Year ended 31 December 2018 £</b>	<b>Period ended 31 December 2017 £</b>
Loan interest	<u>102,361</u>	<u>89,239</u>

<b>8 Taxation</b>	<b>Year ended 31 December 2018 £</b>	<b>Period ended 31 December 2017 £</b>
<b>Analysis of tax (credit) / charge in year</b>		
Total current tax (see below)	3,912	-
Deferred tax (see below and note 15)	<u>(5,319)</u>	<u>41,000</u>
	<u>(1,407)</u>	<u>41,000</u>

**Factors affecting tax (credit) / charge for year**

The (credit) / charge for the period can be reconciled to the profit in the statement of comprehensive income as follows:

	<b>Year ended 31 December 2018 £</b>	<b>Period ended 31 December 2017 £</b>
Profit before tax on continuing operations	<u>72,001</u>	<u>241,276</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	13,680	45,842
Effects of:		
Fair value movement not taxable	(9,291)	(46,319)
Losses carried forward	-	477
Utilisation of losses brought forward	<u>(477)</u>	<u>-</u>
Total current tax (see above)	3,912	-
Total deferred tax (see above)	<u>(5,319)</u>	<u>41,000</u>
Total tax (credit) / charge for the year	<u>(1,407)</u>	<u>41,000</u>

**GREENSAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**9 Investment property**

	Freehold property £
<b>Fair value</b>	
<b>At 1 January 2018</b>	2,543,600
Revaluation	48,900
<b>At 31 December 2018</b>	<u>2,592,500</u>
<b>Fair value</b>	
At 31 December 2018	<u>2,592,500</u>
At 31 December 2017	<u>2,543,600</u>

Investment property with a fair value of £2,592,500 was held as security against borrowings.

The company's investment property is classed as level 2, as defined by IFRS 13 Fair Value Measurement, in the fair value hierarchy as at 31 December 2018. Level 2 inputs are observable and comprise an assessment of current market conditions, recent sales prices and other relevant information for similar assets in the locality.

The fair value of the company's investment property as at 31 December 2018 was determined by an independent external valuer at that date. The valuations are in accordance with the Royal Institution of Chartered Surveyors ("RICS") valuation - Professional Standards ("The Red Book"). Fair values of investment properties are calculated using an income approach and the main assumptions supporting the valuation are in respect of rents due, extant leases and yields.

The valuation of the investment property was undertaken by Wilks Head & Eve LLP.

The property income earned by the company from its investment property, which is leased to tenants under non-cancellable operating leases, amounted to £177,015 for the year.

The historical cost of the investment property is £2,299,815.

**10 Trade and other receivables**

	2018 £	2017 £
Other receivables - unpaid share capital	<u>-</u>	<u>100</u>

All amounts are due within one year. The carrying value of receivables is considered a reasonable approximation of fair value.

**11 Cash and cash equivalents**

	2018 £	2017 £
Cash at bank	<u>42,663</u>	<u>68,404</u>

**GREENSAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**12 Current liabilities**

	<b>2018</b>	<b>2017</b>
	£	£
Accruals	<u>45,865</u>	<u>90,650</u>
Trade and other payables	<u>45,865</u>	<u>90,650</u>
Other taxes and social security costs	<u>6,282</u>	<u>10,439</u>
Corporation tax payable	<u>3,912</u>	-
	<u><u>56,059</u></u>	<u><u>101,089</u></u>

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note. The company's exposure to market and liquidity risks, including maturity analysis relating to trade and other payables, is disclosed in the financial risk management note.

**13 Non-current liabilities**

	<b>2018</b>	<b>2017</b>
	£	£
Borrowings	<u>2,269,639</u>	<u>2,269,639</u>
	<u><u>2,269,639</u></u>	<u><u>2,269,639</u></u>

**14 Borrowings**

	<b>2018</b>	<b>2017</b>
	£	£
<b>Secured borrowings</b>		
Loan from shareholder	<u>2,269,639</u>	<u>2,269,639</u>
Amount due for settlement within 12 months	<u>-</u>	<u>-</u>
Amount due for settlement after 12 months	<u>2,269,639</u>	<u>2,269,639</u>

The loan from Reigate and Banstead Borough Council is denominated in sterling with an interest rate equivalent to the rate charged by the Public Works Loan Board plus 2%. The final repayment date is 19 February 2032. The loan is secured on the freehold investment property.

**15 Provisions for liabilities**

Deferred taxation provided in the financial statements is as follows:

	<b>Provided</b>	<b>Provided</b>
	<b>2018</b>	<b>2017</b>
	£	£
Unrealised gain on revalued assets	<u>35,681</u>	<u>41,000</u>

Under IAS 12, a deferred tax provision is made for the tax that would potentially be payable on the revaluation of investment property at its fair value in these financial statements.

During the year £5,319 of the provision was released to the Statement of Comprehensive Income.

**GREENSAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**16 Share capital**

	Nominal value	2018 Number	2018 £
Allotted and fully paid Ordinary shares	£1 each	<u>100</u>	<u>100</u>

**17 Reserves**

Share capital

Represents the nominal value of shares that have been issued.

Revaluation reserve

Represents a non-distributable reserve arising on the revaluation of the investment property to its fair value.

Retained earnings

Represents accumulated realised profits less accumulated realised losses.

**18 Operating lease arrangements**

Property rental income earned during the year was £177,015. The lessees do not have an option to purchase the property at the expiry of the lease period.

At the balance sheet date the company had contracted with tenants for the following total future minimum lease payments:

	2018 £	2017 £
Within one year	174,690	174,690
Within two to five years inclusive	494,253	211,610
In over five years	32,667	-
	<u>701,610</u>	<u>386,300</u>

**19 Related party transactions**

**Reigate and Banstead Borough Council (Shareholder)**

During the year Reigate and Banstead Borough Council provided a loan to the company totalling £2,269,639. The interest on the loan in the year totalled £102,361 (2017: £89,239). The balance on the loan outstanding at the year end is £2,269,639 and £25,801 (2017: £25,801) of interest is included in accruals. Reigate and Banstead Borough Council also recharged its officer time spent dealing with company management and administration and this amounted to £38,114 (2017: £60,499). Reigate and Banstead Borough Council also reimbursed £7,315 (2017: £nil) that had previously been incorrectly charged to, and paid by, the company. The balance outstanding at the year end is £15,714 (2017: £60,499) which is included in accruals.

**W Pallett (Director)**

During the year the company was charged £1,015 (2017: £357) for management services by Mr W Pallett.

**GREENSAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**20 Financial Instruments**

**Categories of financial instruments**

The company held the following financial assets:

	<b>2018</b>	<b>2017</b>
	£	£
Trade and other receivables	-	100
Cash and cash equivalents	<u>42,663</u>	<u>68,404</u>
	<u>42,663</u>	<u>68,504</u>

The company held the following financial liabilities:

	<b>2018</b>	<b>2017</b>
	£	£
Trade and other payables	45,865	90,650
Borrowings	<u>2,269,639</u>	<u>2,269,639</u>
	<u>2,315,504</u>	<u>2,360,289</u>

**21 Ultimate controlling party**

The company is controlled by Reigate and Banstead Borough Council which owns 100% of the company's share capital.

# Horley Business Park Development LLP

Annual Report and Financial Statements

For the year ended 31 December 2018

# Horley Business Park Development LLP

## Limited Liability Partnership Information

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**Designated members** Reigate & Banstead Borough Council  
Berwick Hill Properties Limited  
Millhill Properties (Horley) Limited

**Limited liability partnership number** OC407343

**Registered office** Reigate & Banstead Borough Council  
Town Hall  
Castlefield Road  
Reigate  
Surrey  
RH2 0SH

**Auditor** Kingston Smith LLP  
Betchworth House  
57-65 Station Road  
Redhill  
Surrey  
RH1 1DL

**Business address** Reigate & Banstead Borough Council  
Town Hall  
Castlefield Road  
Reigate  
Surrey  
RH2 0SH



# Horley Business Park Development LLP

## Members' Report

For the year ended 31 December 2018

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The members present their annual report and financial statements for the year ended 31 December 2018.

### **Principal activities**

The principal activity of the Limited Liability Partnership ("LLP") continued to be the development of a business park.

### **Members' drawings, contributions and repayments**

Each member's subscription to the capital of the LLP and its conditions for repayment are determined by the members' agreement.

Members capital is classified as a liability and on ceasing to be a member of the LLP, a member is entitled to a return of their capital.

Details of changes in members' capital in the year ended 31 December 2018 are set out in the Reconciliation of Members' Interests.

Certain members have also provided loans to the LLP in accordance with loan agreements and the members' agreement. The loans have been treated as a liability and included as 'members' capital classified as a liability' rather than as loans made to the LLP which would be included as part of creditors. The members' consider this accounting treatment more accurately reflects the substance of the loan transactions. The loans are repayable in accordance with the member's agreement.

The availability of drawings is dependent on the cash requirements of the LLP. The member's agreement makes provision for certain members to receive development management fees and other service fees prior to the allocation of the remaining profits among the members. There is no requirement for the members to make good losses.

### **Designated members**

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

Reigate & Banstead Borough Council  
Berwick Hill Properties Limited  
Millhill Properties (Horley) Limited

### **Auditor**

Kingston Smith LLP were appointed as auditor to the limited liability partnership and in accordance with section 485 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), a resolution proposing that they be re-appointed will be put at a General Meeting.

# Horley Business Park Development LLP

## Members' Report (Continued)

For the year ended 31 December 2018

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### Statement of members' responsibilities

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing these financial statements, the members 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 limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

Each of the members in office at the date of approval of this annual report confirms that:

- so far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditor is unaware, and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the limited liability partnership's auditor is aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This report was approved by the members on 23/7/2019 and signed on their behalf by:

Reigate & Banstead Borough Council  
Designated Member

Berwick Hill Properties Limited  
Designated Member

Millhill Properties (Horley) Limited  
Designated Member

# Horley Business Park Development LLP

## Independent Auditor's Report

### To the Members of Horley Business Park Development LLP

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#### **Opinion**

We have audited the financial statements of Horley Business Park Development LLP (the 'limited liability partnership') for the year ended 31 December 2018 which comprise the Profit And Loss Account, the Balance Sheet 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 limited liability partnership's affairs as at 31 December 2018 and of its loss 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

#### **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 limited liability partnership 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 members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership'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.

# Horley Business Park Development LLP

## Independent Auditor's Report (Continued)

### To the Members of Horley Business Park Development LLP

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#### **Other information**

The members are responsible for the other information. The other information comprises the information included in the members' 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.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small limited liability partnerships regime.

#### **Responsibilities of members**

As explained more fully in the Members' Responsibilities Statement, the members 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 members 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 limited liability partnership 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.

# Horley Business Park Development LLP

## Independent Auditor's Report (Continued)

### To the Members of Horley Business Park Development LLP

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As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the limited liability partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the limited liability partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the limited liability partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Ian Matthews (Senior Statutory Auditor)**  
for and on behalf of Kingston Smith LLP

25 July 2019

**Chartered Accountants**  
**Statutory Auditor**

Betchworth House  
57-65 Station Road  
Redhill  
Surrey  
RH1 1DL

## Horley Business Park Development LLP

### Profit and loss account

For the year ended 31 December 2018

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	2018 £	2017 £
Administrative expenses	(8,542)	(10,319)
<b>Loss for the financial year before taxation</b>	<u>(8,542)</u>	<u>(10,319)</u>
<b>Loss for the financial year before members' remuneration and profit shares</b>	<u>(8,542)</u>	<u>(10,319)</u>
Loss for the financial year before members' remuneration and profit shares	(8,542)	(10,319)
Members' remuneration charged as an expense	-	-
<b>Loss for the financial year available for discretionary division among members</b>	<u>(8,542)</u>	<u>(10,319)</u>

# Horley Business Park Development LLP

## Balance Sheet

As at 31 December 2018

	Notes	2018 £	£	2017 £	£
<b>Current assets</b>					
Stocks		1,086,314		636,595	
Debtors	3	49,637		34,353	
Cash and cash equivalents		17,482		4,391	
		<u>1,153,433</u>		<u>675,339</u>	
<b>Creditors: amounts falling due within one year</b>	4	<u>(256,169)</u>		<u>(110,305)</u>	
<b>Net current assets</b>			<u>897,264</u>		<u>565,034</u>
<b>Represented by:</b>					
<b>Loans and other debts due to members</b>					
Members' capital classified as a liability			928,146		587,374
<b>Members' other interests</b>					
Other reserves classified as equity			(30,882)		(22,340)
			<u>897,264</u>		<u>565,034</u>
<b>Total members' interests</b>					
Amounts due from members			(20,100)		(20,100)
Loans and other debts due to members			928,146		587,374
Members' other interests			(30,882)		(22,340)
			<u>877,164</u>		<u>544,934</u>

These financial statements have been prepared in accordance with the provisions applicable to limited liability partnerships subject to the small limited liability partnerships' regime.

The financial statements were approved by the members and authorised for issue on 23/7/2019 and are signed on their behalf by:

Reigate & Banstead Borough Council  
Designated member

Berwick Hill Properties Limited  
Designated Member

Millhill Properties (Horley) Limited  
Designated Member

Limited Liability Partnership Registration No. OC407343

# Horley Business Park Development LLP

## Reconciliation of Members' Interests

For the year ended 31 December 2018

<i>Current financial year</i>	EQUITY		DEBT		TOTAL
	Members' other interests	Loans and other debts due to members less any amounts due from members in debtors	Members' capital (classified as debt)	Other amounts	MEMBERS' INTERESTS
	Other reserves			Total	Total 2018
	£		£	£	£
Amounts due to members			(20,100)		
Members' interests at 1 January 2018	(22,340)	587,374	(20,100)	567,274	544,934
Loss for the financial year available for discretionary division among members	(8,542)	-	-	-	(8,542)
Members' interests after loss for the year	(30,882)	587,374	(20,100)	567,274	536,392
Introduced by members	-	259,400	-	259,400	259,400
Interest on capital	-	81,372	-	81,372	81,372
Members' interests at 31 December 2018	(30,882)	928,146	(20,100)	908,046	877,164
Amounts due to members			(20,100)		
			(20,100)		



# Horley Business Park Development LLP

## Reconciliation of Members' Interests (Continued)

For the year ended 31 December 2018

<i>Prior financial year</i>	EQUITY		DEBT		TOTAL
	Members' other interests	Loans and other debts due to members less any amounts due from members in debtors	Members' capital (classified as debt)	Other amounts	MEMBERS' INTERESTS
	Other reserves			Total	Total
	£		£	£	£
Amounts due from members			(20,100)		
Members' interests at 1 January 2017	(12,021)	396,504	(20,100)	376,404	364,383
Loss for the financial year available for discretionary division among members	(10,319)	-	-	-	(10,319)
Members' interests after loss for the year	(22,340)	396,504	(20,100)	376,404	354,064
Introduced by members	-	146,400	-	146,400	146,400
Interest on capital	-	44,470	-	44,470	44,470
Members' interests at 31 December 2017	(22,340)	587,374	(20,100)	567,274	544,934
Amounts due to members			(20,100)		
			(20,100)		

# Horley Business Park Development LLP

## Notes to the Financial Statements

For the year ended 31 December 2018

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### 1 Accounting policies

#### Limited liability partnership information

Horley Business Park Development LLP is a Limited Liability Partnership incorporated in England and Wales. The registered office is Reigate & Banstead Borough Council, Town Hall, Castlefield Road, Reigate, Surrey, United Kingdom, RH2 0SH.

The Limited Liability Partnership's principal activities are disclosed in the Members' Report.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together 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 financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £.

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

#### 1.2 Going concern

The LLP is in the process of developing a new business park with all directly attributable project costs incurred to date being carried forward as work in progress in the balance sheet. The development is currently in the approval phase and has yet to reach the stage where an application can be submitted for planning consent. The members are not aware of any matters that will prevent a planning application being made through although there can be no certainty in this regard. The members have confirmed that sufficient funds will be made available to the LLP to enable it to continue with the development process and, accordingly, the members consider that it is reasonable for the financial statements to be prepared on a going concern basis.

# Horley Business Park Development LLP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### 1 Accounting policies

(Continued)

#### 1.3 Members' participating interests

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Where there exists an asset and liability component in respect of an individual member's participation rights, they are presented on a gross basis unless the LLP has both a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis or to settle and realise these amounts simultaneously, in which case they are presented net.

Where members incur expenses on behalf of the LLP and then recharge those expenses to the LLP at cost, the costs are treated as administrative expenses and, if applicable, capitalised as work in progress. The recharged costs do not fall to be treated by the LLP as 'members' remuneration charged as an expense'. This accounting policy represents a departure from the SORP, which sets out the accounting principles of classifying amounts paid to members as 'members' remuneration charged as an expense'. The members consider that this accounting policy adopted represents the substance of the underlying transaction and is necessary in order that the financial statements give a true and fair view.

The profit and losses due to or from members, which have not been allocated until after the balance sheet date, are treated in these financial statements as unallocated at the balance sheet date and included within other reserves. In accordance with the members' agreement, there is no requirement for the members to make good any losses or negative balances on 'other reserves'.

#### 1.4 Stocks

Work in progress comprises the development of a new business park. It is valued at the lower of cost and estimated net realisable value of the completed project. Cost includes all direct costs.

Borrowing costs which are directly attributable to the work in progress project are capitalised as work in progress and carried forward as an asset on the balance sheet. In the year borrowing costs of £81,372 (2017: £44,470) were capitalised in work in progress.

#### 1.5 Cash and cash equivalents

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.

#### 1.6 Financial instruments

The LLP only has financial instruments classified as basic and measured at amortised cost. The LLP has no financial instruments that are classified as 'other' or financial instruments measured at fair value.

# Horley Business Park Development LLP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 1 Accounting policies (Continued)

#### 1.7 Equity instruments

Equity instruments issued by the limited liability partnership are recorded at the proceeds received, net of direct issue costs.

#### 1.8 Taxation

No provision has been made for taxation in the financial statements. Each member is exclusively liable for any tax liabilities arising out of their interest in the LLP, which will be assessed on the individual member and not on the LLP.

### 2 Judgements and key sources of estimation uncertainty

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Realisation of work in progress

The members estimate the net realisable value of work in progress, taking into account all available information at the reporting date. The work in progress is not forecast to be completed in the short to medium term and its ultimate successful completion may be affected by the outcome of uncertain future events. The success of the development is not currently assured. Having made appropriate enquiries, the members have a reasonable expectation that the development will progress to completion and that sufficient funding will be available to enable this to happen. On this basis, work in progress has been carried forward at cost.

### 3 Debtors

	2018	2017
	£	£
<b>Amounts falling due within one year:</b>		
Amounts due from members	20,100	20,100
Other debtors	29,537	14,253
	<u>49,637</u>	<u>34,353</u>

### 4 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	116,204	106,235
Other creditors	139,965	4,070
	<u>256,169</u>	<u>110,305</u>

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# Horley Business Park Development LLP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### **5 Loans and other debts due to members**

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

### **6 Related party transactions**

All members are considered to be related parties of the LLP.

During the year, development and other administrative expenses of £nil (2017: £11,550) were recharged at cost by the members of the LLP. At the year end, the LLP owed £nil (2017: £28,018) to its members in respect of these recharged expenses. This balance is included within trade creditors.



Registered number: 10339398

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**PATHWAY FOR CARE LIMITED**

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**UNAUDITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 JULY 2018**

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**PATHWAY FOR CARE LIMITED**

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**PATHWAY FOR CARE LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 JULY 2018**

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The directors present their report and the financial statements for the period ended 31 July 2018.

**Directors**

The directors who served during the period were:

P S Green (appointed 5 April 2018)  
I Hutchinson (appointed 5 April 2018)  
J R Jory  
R C Sidebottom (appointed 5 April 2018)  
T J Kealey (resigned 5 April 2018)  
S Laker (resigned 23 August 2018)

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

*W May 19*

and signed on its behalf.

R C Sidebottom  
Director



**Report to the directors on the preparation of the unaudited statutory financial statements of Pathway For Care Limited for the period ended 31 July 2018**

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We have compiled the accompanying financial statements of Pathway For Care Limited based on the information you have provided. These financial statements comprise the Statement of Financial Position of Pathway For Care Limited as at 31 July 2018, the Statement of Comprehensive Income for the period then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Board of Directors of Pathway For Care Limited, as a body, in accordance with the terms of our engagement letter dated 29 April 2019. Our work has been undertaken solely to prepare for your approval the financial statements of Pathway For Care Limited and state those matters that we have agreed to state to the Board of Directors of Pathway For Care Limited, as a body, in this report in accordance with our engagement letter dated 29 April 2019. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Pathway For Care Limited and its Board of Directors, as a body, for our work or for this report.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at [www.icaew.com](http://www.icaew.com).

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

**Grant Thornton UK LLP**

Chartered Accountants

Manchester

Date:

13/5/19

**PATHWAY FOR CARE LIMITED**  
**REGISTERED NUMBER:10339398**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JULY 2018**

	Note	31 July 2018 £	31 December 2017 £
<b>Fixed assets</b>			
Tangible assets	4	5,361	125,317
		<u>5,361</u>	<u>125,317</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	5	71,447	170,948
Cash at bank and in hand	6	19,271	26,832
		<u>90,718</u>	<u>197,780</u>
Creditors: amounts falling due within one year	7	(226,915)	(86,846)
<b>Net current liabilities</b>		<u>(136,197)</u>	<u>110,934</u>
<b>Total assets less current liabilities</b>		<u>(130,836)</u>	<u>236,251</u>
Creditors: amounts falling due after more than one year		(768,606)	(964,920)
<b>Net liabilities</b>		<u>(899,442)</u>	<u>(728,669)</u>
<b>Capital and reserves</b>			
Called up share capital		100	100
Profit and loss account		(899,542)	(728,769)
		<u>(899,442)</u>	<u>(728,669)</u>

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**PATHWAY FOR CARE LIMITED**  
**REGISTERED NUMBER:10339398**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 JULY 2018**

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The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

10 May 19

**R C Sidebottom**  
Director

The notes on pages 7 to 13 form part of these financial statements.

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PATHWAY FOR CARE LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2018

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	100	(728,769)	(728,669)
<b>Comprehensive income for the period</b>			
Loss for the period	-	(170,773)	(170,773)
	<hr/>	<hr/>	<hr/>
<b>Other comprehensive income for the period</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	-	(170,773)	(170,773)
	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 July 2018</b>	<b>100</b>	<b>(899,542)</b>	<b>(899,442)</b>

The notes on pages 7 to 13 form part of these financial statements.

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PATHWAY FOR CARE LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

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	Called up share capital £	Profit and loss account £	Total equity £
<b>Comprehensive income for the period</b>			
Loss for the period	-	(728,769)	(728,769)
	<hr/>	<hr/>	<hr/>
<b>Other comprehensive income for the period</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	-	(728,769)	(728,769)
Shares issued during the period	100	-	100
	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners</b>	100	-	100
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2017</b>	100	(728,769)	(728,669)

The notes on pages 7 to 13 form part of these financial statements.

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**PATHWAY FOR CARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

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**1. General information**

Pathway For Care Limited is a private company limited by shares & incorporated in England and Wales. Registered number 10339398. Its registered head office is located at 16 Carolina Way, Quays Reach, Salford, England, M50 2ZY.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

**2.2 Revenue**

Revenue relates to income received from local authorities and Clinical Commissioning Groups (CCGs) for the provision of residential care and support living services. Revenue is recognised at the point of delivery of services in line with contractual arrangements. Revenue is typically invoiced on a 28 day cycle, therefore will include accruals for services delivered but not yet invoiced.

**2.3 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.4 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

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PATHWAY FOR CARE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018

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2. Accounting policies (continued)

2.5 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	33%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.



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**PATHWAY FOR CARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

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**2. Accounting policies (continued)**

**2.8 Cash**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.10 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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PATHWAY FOR CARE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018

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2. Accounting policies (continued)

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

3. Employees

The average monthly number of employees, including directors, during the period was 5 (2017 - 0).

**PATHWAY FOR CARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

**4. Tangible fixed assets**

	<b>Office equipment £</b>
<b>Cost or valuation</b>	
At 1 January 2018	146,501
Disposals	(138,532)
At 31 July 2018	7,969
<b>Depreciation</b>	
At 1 January 2018	21,184
Charge for the period on owned assets	17,840
Disposals	(36,416)
At 31 July 2018	2,608
<b>Net book value</b>	
At 31 July 2018	5,361
At 31 December 2017	125,317

**5. Debtors**

	<b>31 July 2018 £</b>	<b>31 December 2017 £</b>
Trade debtors	71,328	-
Prepayments and accrued income	119	87
Deferred taxation	-	170,861
	71,447	170,948

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PATHWAY FOR CARE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018

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6. Cash

	31 July 2018 £	31 December 2017 £
Cash at bank and in hand	19,271	26,832

7. Creditors: Amounts falling due within one year

	31 July 2018 £	31 December 2017 £
Trade creditors	11,141	86,846
Amounts owed to group undertakings	187,974	-
Other taxation and social security	737	-
Other creditors	1,180	-
Accruals and deferred income	25,883	-
	<u>226,915</u>	<u>86,846</u>

8. Creditors: Amounts falling due after more than one year

	31 July 2018 £	31 December 2017 £
Other creditors	-	964,920
Share capital treated as debt	768,606	-
	<u>768,606</u>	<u>964,920</u>

9. Pension commitments

The Company operates a defined contributions pension scheme. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,771. Contributions totalling £1,048 were payable to the fund at the reporting date and are included in creditors.

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**PATHWAY FOR CARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

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**10. Related party transactions**

Pathway for Care Limited, is related to Fairhome Care Plc, by virtue of the fact Paul Green and Robin Sidebottom are directors of both companies. Included in amounts owed to group undertakings is £138,438 (2017: £nil) that is owed to Fairhome Care Plc.

Pathway for Care Limited, is related to Fairhome Group Plc, by virtue of the fact Paul Green is a director of both companies. Included in amounts owed to group undertakings is £49,536 (2017: £nil) that is owed to Fairhome Care Plc.

**11. Controlling party**

The ultimate parent company is Fairhome Care Plc, a company registered in England and Wales. Copies of the ultimate parent company's financial statements are available from Companies House.

