

Third Party Companies Update at Quarter 1 2021/22

1.0 Introduction

- 1.1 The purpose of this Annex is to provide information in line with the Local Government Ethical Standards and The Review undertaken by the Committee on Standards in Public Life. This identified areas of 'best practice' for local authorities which represent a benchmark for ethical practice. It recommends that the Council should report on separate bodies they have set up / created or which they own and publish the separate bodies annual reports and minutes in an accessible place. Reporting on the separate bodies will also be included in the Council's annual governance statement which is presented to the Audit Governance and Standards Committee on an annual basis usually in July each year.
- 1.2 In order for the Council to provide a full picture of the relationship with separate bodies and abide by the Nolan principle of openness and to be transparent, the information included here reports on the financial position of the Council's third party bodies and also provides information on the location of the annual reports.
- 1.3 The Council has set up third party bodies, in line with legal requirements, as set out in the Council Plan to ensure ongoing financial sustainability and further information is included below. The Council creates and supports new opportunities and new income streams to ensure the on-going affordability of council services.

2.0 Third Party Companies

- 2.1 The Council currently has a Joint Venture Partnership with Wykeland – Central Northallerton Development Company Ltd - that was formed in October 2017. Further information is detailed below.
- 2.3 In addition, two further companies limited by shares have been set up in line with the September 2019 Council approval of the Commercial Property Investment Portfolio and delegated authority given to the Chief Executive to set up a further wholly owned company for the purpose of acquiring and managing investment properties. The two companies are:
 - Hambleton District Holdings
 - Hambleton Property Limited
- 2.4 At Quarter 1, 30 June 2021, no investment had occurred as the Council, in September 2020, suspended the Commercial Investment Strategy.

3.0 Central Northallerton Development Company Limited

- 3.1 **Annual Accounts 2020/21** – Central Northallerton Development Company Limited has produced final accounts for four years where the draft annual report and financial statements 31 March 2021 are published at Companies House and are also available on the Council's website. The link is as follows:
<https://www.hambleton.gov.uk/budget-spending/statement-accounts/3>

3.2 **Quarter 1 2021/22 as at 30 June 2021** - Attached at Appendix A is Central Northallerton Development Company Limited's financial position at Quarter 1 2021/22, which is supplied for transparency purposes. The following highlights information from the accounts:

- The accounts show a loss for the financial period from 1 April 2021 to 30 June 2021 of £8,876.
- The 'Turnover' includes the rent received from Crosby Road Car Park of £18,413 where HDC receives 100% of the initial £55,000, £55,000 to £70,000 goes to CNDCL (of which HDC will receive 50%) and then after £70,000 HDC receives 60% and Wykeland 40%. This is detailed in the 4 September 2018 Cabinet report. Furthermore £35,425 is from Project Management fees of Phase 2.
- The 'Investment Properties' detailed in the balance sheet mainly relate to the Crosby Road Car park, where there is also a small amount of 'Plant' at £1,580.
- The 'Inventories' figure £44,958, in the balance sheet mainly relates to the development of the south side of the Treadmills site where the historic buildings are located. The expenditure has been funded by Hambleton District Council in line with Council approval of the process to purchase the south side of The Treadmills site in July 2018.
- The 'Loan from Hambleton District Council' in the balance sheet of £385,248 is in relation to the land transfer of the former prison site for the development of Treadmills along with Wykeland.
- The profit brought forward from previous years is £242,190, after a dividend of £1,400,000 was paid to Wykeland during Quarter 4 of 2020/21 and the current profit after accounting for this quarter's loss is £233,318.
- A loan repayment of £2,030,000 was made to Hambleton District Council during Quarter 4 2020/21 and a balance of £385,248 remains outstanding.

Appendix A

Statement of comprehensive income for the year ended 31 March 2022 - for the period ending 30 June 2021

Notes	Period ended 30-Jun-21	Year ended 31-Mar-21
Gross profit (loss)	53,838	2,281,144
Other Income	0	134,000
Administrative expenses	(62,174)	(310,943)
Profit/(Loss) on ordinary activities before taxation	(8,876)	2,104,201
Tax on profit on ordinary activities	0	(385,655)
Profit/(Loss) on ordinary activities after taxation	(8,876)	1,718,546
Dividend	0	(1,400,000)
Profit/(Loss) for the financial year/period	(8,876)	318,546

Balance Sheet for the for the period ending 30 June 2021

Notes	30-Jun-21	31-Mar-21
Fixed Assets		
Investment Properties	97,880	97,880
Plant	1,580	1,778
	99,460	99,568
Current Assets		
Inventories	44,958	525,155
Debtors	513,847	226,706
Cash at bank and in hand	2,344,043	2,603,499
	2,902,848	3,355,360
Creditors: amounts falling due in within one year	(2,383,742)	(2,827,576)
Net Current Assets/(Liabilities)	519,106	527,784
Total assets less current liabilities	618,566	627,442
Creditors: amounts falling due after more than one year	(385,248)	(385,248)
Net Assets/(Liabilities)	233,318	242,194
Capital and Reserves		
Called up share capital	4	4
Profit and loss account	233,214	242,190
Total shareholder' equity	233,318	242,194

Statement of changes in equity for the year ended 31 March 2022 - for the period ending 30 June 2021

	Called up share capital £	Profit and (Loss) account £	Total shareholders' deficit £
Balance at 31 March 2021	4	242,190	242,194
Profit/(Loss)for the financial year to date	-	(8,876)	(8,876)
Balance at 30 June 2021	4	233,314	233,318