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Contact Officer:

John Armstrong, Democratic Services Manager

16 May 2020

Dear Councillor

Your attendance is requested at a meeting of the **EXECUTIVE SHAREHOLDER AND TRUSTEE COMMITTEE** to be held in the Council Chamber, Millmead House, Millmead, Guildford, Surrey GU2 4BB on **TUESDAY, 24 MARCH 2020** at 6.00 pm.

Yours faithfully

James Whiteman  
Managing Director

**MEMBERS OF THE EXECUTIVE SHAREHOLDER AND TRUSTEE COMMITTEE**

Chairman:  
Councillor Caroline Reeves

Vice-Chairman:  
Councillor Fiona White

Councillor Joss Bigmore  
Councillor Jan Harwood  
Councillor Pauline Searle

**Authorised Substitute Members:**

**WEBCASTING NOTICE**

This meeting will be recorded for live and/or subsequent broadcast on the Council's website in accordance with the Council's capacity in performing a task in the public interest and in line with the Openness of Local Government Bodies Regulations 2014. The whole of the meeting will be recorded, except where there are confidential or exempt items, and the footage will be on the website for six months.

If you have any queries regarding webcasting of meetings, please contact Committee Services.

**QUORUM 3**

## THE COUNCIL'S STRATEGIC FRAMEWORK

### Vision – for the borough

For Guildford to be a town and rural borough that is the most desirable place to live, work and visit in South East England. A centre for education, healthcare, innovative cutting-edge businesses, high quality retail and wellbeing. A county town set in a vibrant rural environment, which balances the needs of urban and rural communities alike. Known for our outstanding urban planning and design, and with infrastructure that will properly cope with our needs.

### Three fundamental themes and nine strategic priorities that support our vision:

- |                     |  |
|---------------------|--|
| <b>Place-making</b> | Delivering the Guildford Borough Local Plan and providing the range of housing that people need, particularly affordable homes |
|                     | Making travel in Guildford and across the borough easier   |
|                     | Regenerating and improving Guildford town centre and other urban areas   |
| <b>Community</b>    | Supporting older, more vulnerable and less advantaged people in our community  |
|                     | Protecting our environment   |
|                     | Enhancing sporting, cultural, community, and recreational facilities   |
| <b>Innovation</b>   | Encouraging sustainable and proportionate economic growth to help provide the prosperity and employment that people need       |
|                     | Creating smart places infrastructure across Guildford  |
|                     | Using innovation, technology and new ways of working to improve value for money and efficiency in Council services             |

### Values for our residents

- We will strive to be the best Council.
- We will deliver quality and value for money services.
- We will help the vulnerable members of our community.
- We will be open and accountable.
- We will deliver improvements and enable change across the borough.

## AGENDA

### ITEM NO.

#### **1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES**

#### **2 DISCLOSURE OF INTERESTS**

In accordance with the Councillors' Code of Conduct, a councillor is required to disclose at the meeting any disclosable pecuniary interest (DPI) that they may have in respect of any matter for consideration on this agenda. Any councillor with a DPI must not participate in any discussion or vote regarding that matter and they must also withdraw from the meeting immediately before consideration of the matter.

If that DPI has not been registered, the councillor must notify the Monitoring Officer of the details of the DPI within 28 days of the date of the meeting.

Councillors are further invited to disclose any non-pecuniary interest which may be relevant to any matter on this agenda, in the interests of transparency, and to confirm that it will not affect their objectivity in relation to that matter.

#### **3 MINUTES**

To confirm the minutes of the meeting of the Committee held on 21 January 2020 as a correct record.

#### **4 ALLEN HOUSE PAVILLION (Pages 5 - 14)**

#### **5 \* NORTH DOWNS HOUSING LTD AND GUILDFORD BOROUGH COUNCIL HOLDINGS LTD (Pages 15 - 48)**

#### Key Decisions:

Any item on this agenda that is marked with an asterisk is a key decision. The Council's Constitution defines a key decision as an executive decision which is likely to result in expenditure or savings of at least £200,000 or which is likely to have a significant impact on two or more wards within the Borough.

Under Regulation 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, whenever the Executive intends to take a key decision, a document setting out prescribed information about the key decision including:

- the date on which it is to be made,
- details of the decision makers,
- a list of the documents to be submitted to the Executive in relation to the matter,
- how copies of such documents may be obtained

must be available for inspection by the public at the Council offices and on the Council's website at least 28 clear days before the key decision is to be made. The relevant notice in respect of the key decisions to be taken at this meeting was published as part of the Forward Plan on 2017.

**Please contact us to request this document in an  
alternative format**

## **EXECUTIVE SHAREHOLDER AND TRUSTEE COMMITTEE**

21 January 2020

- \*Councillor Caroline Reeves (Chairman)
- \*Councillor Fiona White (Vice-Chairman)
  - \*Councillor Joss Bigmore
  - \*Councillor Jan Harwood
  - \*Councillor Pauline Searle

\* present

Councillors Angela Goodwin, David Goodwin, and James Steel were also in attendance.

### **4. APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES**

There were no apologies for absence.

### **5. DISCLOSURE OF INTERESTS**

There were no disclosures of interest.

### **6. MINUTES**

The minutes of the meeting of the Committee held on 26 November 2019 were confirmed as a correct record. The Chairman signed the minutes.

### **7. ANNUAL RETURNS FOR CHARITIES**

The Committee noted that the Council was charitable trustee in respect of the following trusts:

- The Guildford Sports Ground Charity (also known as the Woodbridge Road Sports Ground);
- The Burpham War Memorial Recreational Grounds Charity;
- The Public Walks and Pleasure Grounds Charity;
- The Racks Close Open Spaces Charity
- The Allen House Charity.

In its role as trustee, the Council (acting through this Committee) was required to submit annual accounts and a Trustee Report within 10 months of the end of each financial year setting out, amongst other things, the charities' expenditure and income which have promoted the charitable objects. The deadline to file the annual accounts and Trustee Reports (where required) was on or before 31 January 2020.

The Committee was informed that the aim of account returns and Trustee Reports was to provide a clear picture of the charity's activities and financial position. A Trustee Report was required only for those charities whose gross income exceeded £25,000.

The Director of Resources had noted that the staffing resources and expertise required to satisfy external auditor queries in order to produce the accounts had increased significantly over the last two years following the increase in income received by some

of the charities. As a result, the Finance Team had been unable to finalise the various charitable accounts in a timely fashion to enable scrutiny by the Committee.

In order to meet the account filing deadline and ensure proper Trustee scrutiny, it was proposed that the accounts be reviewed by the Leader of the Council in consultation with the Lead Councillor for Finance and Assets, Customer Services and the Director of Resources.

There had been significant capital investment in the Guildford Sportsground Charity. The Parks and Landscape Manager would provide the practical insight into the impact of this investment on the regular charitable activity as well as the long-term strategy to ensure that the charity flourished.

The Committee

RESOLVED:

(1) That the review and approval of the charitable accounts for the Guildford Sportsground Charity be delegated to the Leader of the Council in consultation with the Lead Councillor responsible for Finance and Assets, Customer Services and the Director of Resources and the Parks and Landscape Manager.

(2) That the review and approval of charitable accounts for:

- The Burpham War Memorial Recreational Grounds Charity;
- The Public Walks and Pleasure Grounds Charity;
- The Racks Close Open Spaces Charity
- The Allen House Charity

be delegated to the Leader of the Council in consultation with the Lead Councillor responsible for Finance and Assets, Customer Services and the Director of Resources.

(3) That the Specialist Solicitor (Projects, Corporate and Commercial) be authorised in consultation with the Lead Specialist (Finance) to complete any documentation pursuant to the submission of charitable accounts to the Charity Commission.

(4) That the Parks and Landscape Manager be requested to circulate to the Committee a summary of the background and purpose of the charities referred to in paragraph (2) above, together with guidance issued by the Charity Commission.

Reason:

To comply with the legal requirement that the Charity must submit annual accounting returns to the Charity Commission. If the Trustee fails to submit these returns, it could result in the Charity Commission removing the charity from its register and taking further action.

The meeting finished at 6.10 pm

Signed .....

Date .....

Chairman

Executive Shareholder and Trustee Committee Report

Ward(s) affected: Holy Trinity

Report of Director of Strategic Services

Author: Simon Goldsworthy

Tel: 01483 444593

Email: [simon.goldsworthy@guildford.gov.uk](mailto:simon.goldsworthy@guildford.gov.uk)

Lead Councillor responsible: Joss Bigmore

Tel: 07974 979369

Email: [joss.bigmore@guildford.gov.uk](mailto:joss.bigmore@guildford.gov.uk)

Date: 24 March 2020

## **Allen House Pavilion – Lease Renewal to the Matrix Trust**

### **Executive Summary**

Allen House Pavilion (“the Pavilion”) is located in Allen House Grounds (“the Grounds”) and is currently subject to a tenancy at will to the Matrix Trust (“Matrix”) following the expiry of their lease on 22 December 2019. Matrix is a locally based registered Christian charity, providing services through schools and community-based projects, such as youth hubs, sports activities and social action opportunities for the last 18 years. Matrix currently uses the Pavilion for basic youth work and as an office.

The Grounds were gifted to the Council on 1 September 1914. The Council holds the Grounds as a charitable trust (“the Trust”) subject to a covenant restricting the use of the Grounds to “public walks and pleasure grounds”.

On 14 April 2014, the Deed of Gift was varied to allow the Pavilion to be leased to “any local charity for any charitable projects and activities which benefit the inhabitants of the Borough of Guildford”. This allows the Trust to grant a lease of the Pavilion without having to obtain an order from the Charity Commission, provided the lease complies with the provisions of the Deed of Variation.

Matrix would like to renew the lease for a 20-year term and undertake a major refurbishment of the Pavilion using their own funding to create a social enterprise community and youth café and hub for providing enhanced youth services. This would involve improvements to the building and allow Matrix to generate an income, making Matrix more financially sustainable. The proposals will also allow Matrix to expand its youth work. Matrix has obtained planning consent for the proposed works and part change of use.

The roof of the pavilion also needs to be replaced. The Trust is responsible for this work and a budget of £50,000 was approved by the Committee at its meeting on 26 November 2019 to allow the works to be carried out in Spring 2020.

A valuation has been obtained from an external surveyor recommending that the annual rent is increased from £7,197 to £8,550. The next stage is to finalise the lease with Matrix. The Executive Shareholder and Trustee Committee has authority to approve the lease with Matrix (including consent to undertake the proposed alterations to the building).

**Recommendation to Executive Shareholder and Trustee Committee**

That the Director of Strategic Services be authorised to complete the lease to the Matrix Trust for a new 20-year term, in accordance with the Heads of Terms set out in this report, including rights for Matrix to undertake proposed works to the Pavilion and open a community café.

Reasons for Recommendation:

The lease to Matrix expired on 22 December 2019, the tenant is currently occupying the Allen House Pavilion on a tenancy at will. The new lease will generate more rental income for the Trust, allow Matrix to improve the building and open a community café. This will make Matrix more financially sustainable and allow it to expand its youth work.

**Is the report (or part of it) exempt from publication? No**

**1. Purpose of Report**

1.1 To request the agreement of the Executive Shareholder and Trustee Committee (“the ESTC”) to complete the lease of Allen House Pavilion to the Matrix Trust.

**2. Strategic Priorities**

2.1 The grant of a new lease will allow the Matrix Trust to obtain funding to improve Allen House Pavilion and create a community and youth café. This will generate income and allow the Matrix Trust to become more financially sustainable. This will also facilitate an increase in the impact of its youth services, which supports the Council’s priority to support “older, more vulnerable and less advantaged people in our community” (Corporate Plan 2018-2023).

**3. Background**

3.1 Allen House Pavilion “the Pavilion” is a former bowls clubhouse located within Allen House Grounds (“the Grounds”) and is currently let to the Matrix Trust (“Matrix”). The Pavilion is shown edged in red and the Grounds edged in blue on the plan attached at Appendix 1.

3.2 The Grounds were gifted to the Council on 1 September 1914 by Jane Allen Broad and are held by the Council as sole charitable trustee under the provisions of a charitable trust (“the Trust”). The Deed of Gift contains covenants restricting the use of the Grounds to “public walks and pleasure grounds”.

3.3 On 14 April 2014 the Deed of Gift was varied to allow the Pavilion to be leased to “any local charity for any charitable projects and activities which benefit the



- inhabitants of the Borough of Guildford”. This allows the Trust to grant a lease of the Pavilion without having to obtain an order from the Charity Commission, provided the lease complies with the provisions of the Deed of Variation.
- 3.4 Matrix is a registered charity and currently uses the Pavilion for basic youth work and as an office. The lease to Matrix expired on 22 December 2019 and Matrix wishes to enter into a new 20-year lease. This will allow Matrix to obtain funding to undertake a major refurbishment of the Pavilion.
  - 3.5 The refurbishment will involve the conversion of part of the Pavilion to a café and other improvements, including the provision of a terrace for customer seating and improved wheelchair access. Drawings of the current and proposed building layout are attached at Appendix 2. The cafe will operate as a social enterprise community and youth cafe and a hub for providing enhanced youth services. Planning consent has been obtained by Matrix for the works and part change of use of the Pavilion.
  - 3.6 The community cafe will operate Monday to Saturday between 08:00 and 15:30 (with the option to extend the Saturday opening hours to 18:00) and will create an income stream for Matrix, helping it to become more financially sustainable and expand its work with young people. The community cafe will also provide an opportunity to teach business skills to young people through accredited schemes.
  - 3.7 From 15:30 to 18:00 the Pavilion will close to the general public and be used as a youth cafe, which Matrix believes will double the impact of its youth services. On Sundays, the Pavilion will be made available for hire to local groups and for events such as children’s parties. Matrix states that income generated from the proposed uses will make it more financially sustainable
  - 3.8 In addition to the works proposed by Matrix, the roof of the Pavilion also needs to be replaced. This is the responsibility of the Trust under the terms of the current lease. The Trust has authorised the procurement of a contractor to replace the roof of the Pavilion at a cost of up to £50,000.
  - 3.9 A valuation has been obtained from an external surveyor and an increase in the annual rent payable by Matrix from £7,197 to £8,550 has been recommended and the inclusion of a 6 month rent free period. This is deemed to be the market rent for the Pavilion with the benefit of the cafe use proposed by Matrix but subject to the restrictions contained in the Deed of Variation regarding charitable use. The surveyor also recommended that there would be no advantage to the Trust in formally advertising the proposed 20-year lease term on the open market under the provisions of the Charities Act 2011.
  - 3.10 The public consultation ended on 3 January 2020, and no amendments were required as a consequence. Legal Services have advised that authority to proceed in the documentation of the lease must be obtained from the ESTC. The ESTC, as representative of the charitable trust responsible for the maintenance of charitable assets, must authorise the finalisation of Heads of Terms with Matrix and for the proposed works to the Pavilion. The Heads of Terms are therefore summarised below:

<b>Summary of Lease Terms:</b>
Rent = £8,550 (Exempt from VAT)
Rent Free = 6 months (as approved by the Charity Valuer)
Term = 20 years
Break = Tenant only at 5 & 10 years, mutual at 15 years
Rent Review = 5 yearly rent reviews linked to RPI
Tenant Responsibility = All internal aspects of the building and the terrace area, which Matrix will be constructing, in accordance with the planning permission. Any further alterations will be subject to Landlord consent.
Landlord Responsibility = The landlord will be responsible for the roof and the structure of the property.

#### **4. Consultations**

- 4.1 The Parks and Landscape Manager has been consulted regarding the proposals set out in this report and is supportive of the Trust granting a new lease to Matrix.

#### **5. Equality and Diversity Implications**

- 5.1 Current access into the Pavilion is very limited for wheelchair users. Access will be greatly improved by the proposed works with the inclusion of a ramp as part of the terrace area to be constructed by Matrix. This will enable wheelchair access to the front of the Pavilion. Matrix will also widen the main double doors on the front of the Pavilion to accommodate wheelchair use and increase circulation space both inside and outside the Pavilion to ensure that wheelchair users are able to make full use of the Pavilion. The raised terrace area will enable all users of the Pavilion to better interact with the grounds to the front of the Pavilion. Internal circulation within the Pavilion will be improved by the open plan layout with provision for a wheelchair accessible toilet.

#### **6. Financial Implications**

- 6.1 The grant of the new lease to Matrix will result in an increase in rental income from £7,197 per annum to £8,550 per annum. The additional income can be used by the Trust towards the cost of managing and maintaining the Grounds.

#### **7. Legal Implications**

- 7.1 The Heads of Terms have been finalised with Matrix and the public consultation has been completed, authority to proceed with granting the lease to Matrix must be obtained from the ESTC.

#### **8. Human Resource Implications**

- 8.1 There will be staff resource implications arising from completing the new lease to Matrix. This will be managed within existing staff resources.

## **9. Summary of Options**

### Option 1

- 9.1 The Trust could renew the lease to Matrix for a further five years. It would still be necessary to undertake a public consultation and seek the ESTC's approval before undertaking the consultation and finalising terms with Matrix. This would not provide Matrix with a long enough term to obtain funding for the proposed works to the building. Consequently, the building would not be improved, and the change of use would not be implemented, meaning that Matrix would not be able to create an income stream to invest into the charity.

### Option 2

- 9.2 The Trust could advertise the opportunity to lease the building on the open market and seek best offers. Given that the 2014 Deed of Variation restricts leases granted in respect of the Pavilion to charitable uses and projects, the demand for the building is likely to be extremely limited. A report has also been obtained from an external surveyor on the market rent and the surveyor commented that there would be no advantage to the Trust in formally advertising the proposed 20-year lease term on the open market.

### Option 3

- 9.3 The Trust could renew the lease to Matrix for a 20-year term. This would generate more rental income for the Trust and enable Matrix to obtain grant funding and make improvements to the Pavilion. Income generated from the café use will make Matrix more financially sustainable and allow the expansion of their youth work. This is the preferred option.

## **10. Conclusion**

- 10.1 The grant of a new 20-year lease to Matrix will generate more rental income for the Trust, which will be used to help fund the management and maintenance of the Grounds. The improvements to the building proposed by Matrix will make it more accessible to wheelchair users and allow Matrix to open a community café. This will support improved and expanded youth services and generate an income for Matrix, making it more financially sustainable.
- 10.2 In order to finalise the lease with Matrix it is necessary to obtain authority from the ESTC.

## **11. Background Papers**

None

## **12. Appendices**

Appendix 1: location plan

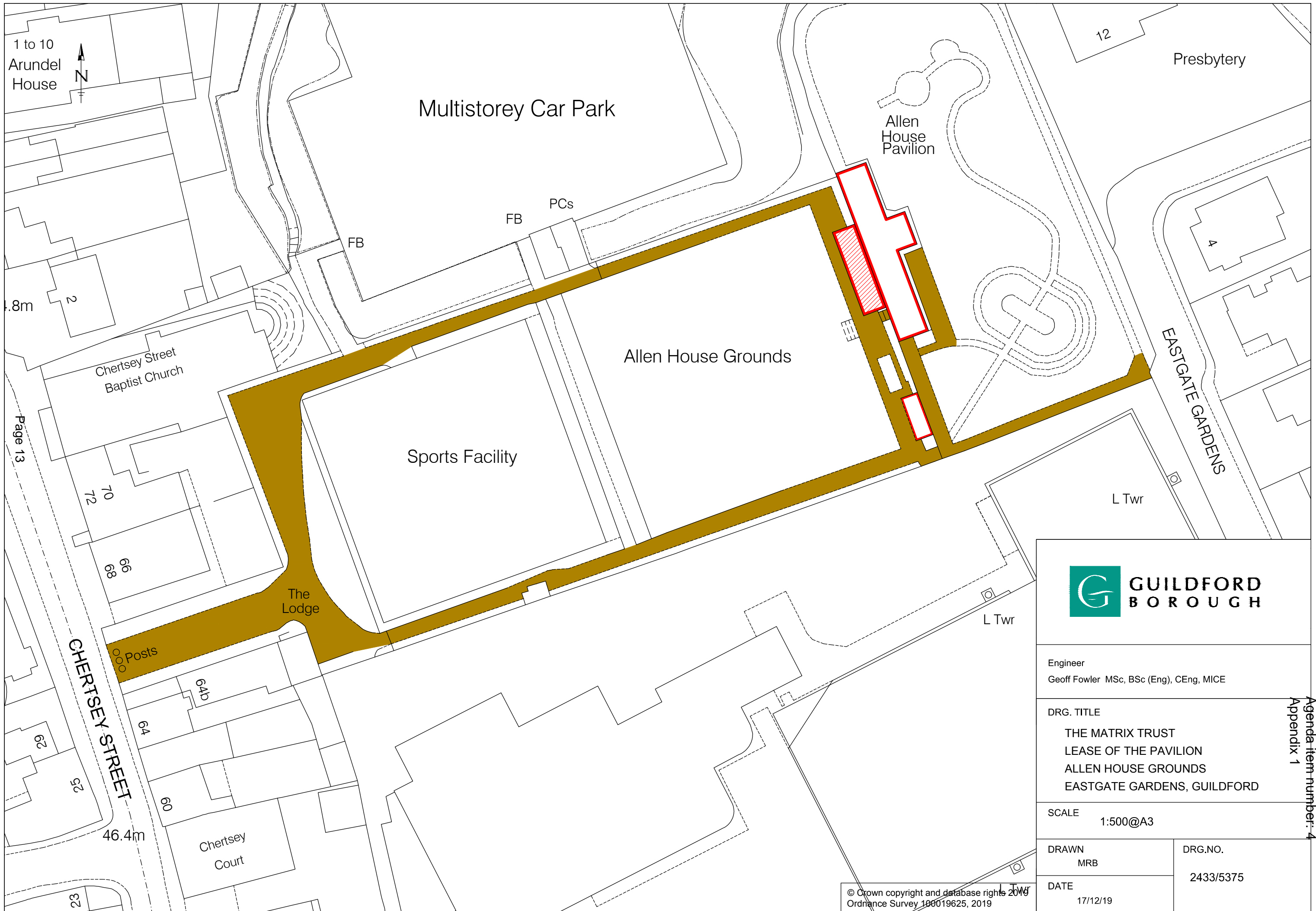
Appendix 2: current and proposed layout drawings

*Please ensure the following service areas have signed off your report. Please complete this box and do not delete*

<b>Service</b>	<b>Sign off date</b>
<i>Finance / 151 Officer</i>	<i>27/02/2020</i>
<i>Legal / Governance</i>	
<i>HR</i>	
<i>Equalities</i>	<i>N/A</i>
<i>Lead Councillor</i>	<i>27/02/2020</i>
<i>CMT</i>	<i>27/02/2020</i>
<i>Committee Services</i>	<i>27/02/2020</i>

*Does the report contain confidential or exempt information?*

	<i>tick ✓ as appropriate below</i>	
NO	✓	
YES (whole report to be included in part 2)		
YES (part of report to be included in part 2)		



1 to 10  
Arundel  
House



Multistorey Car Park

Allen  
House  
Pavilion

Presbytery

4.8m

FB

FB

PCs

Chertsey Street  
Baptist Church

Allen House Grounds

Sports Facility

EASTGATE GARDENS

Page 13

70

72

66

68

The Lodge

L Twr

L Twr

Posts

64D

64

60

Chertsey  
Court

CHERTSEY STREET

46.4m



**GUILDFORD  
BOROUGH**

Engineer  
Geoff Fowler MSc, BSc (Eng), CEng, MICE

DRG. TITLE  
**THE MATRIX TRUST  
LEASE OF THE PAVILION  
ALLEN HOUSE GROUNDS  
EASTGATE GARDENS, GUILDFORD**

SCALE  
1:500@A3

DRAWN  
MRB

DRG.NO.  
2433/5375

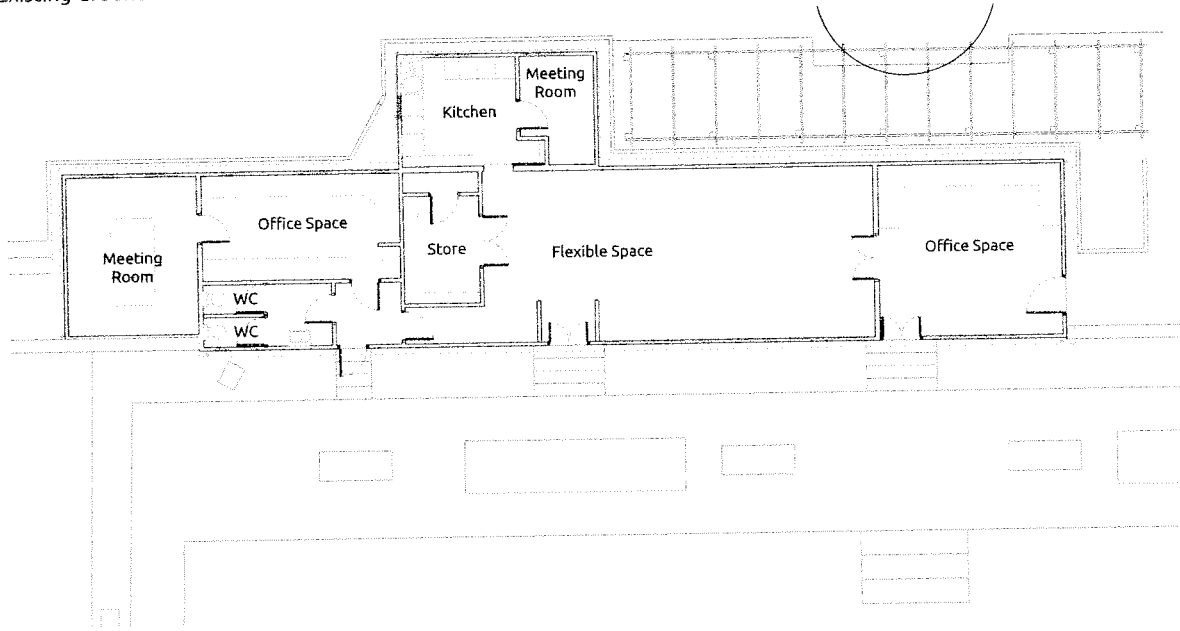
DATE  
17/12/19

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Ordnance Survey 100019625, 2019

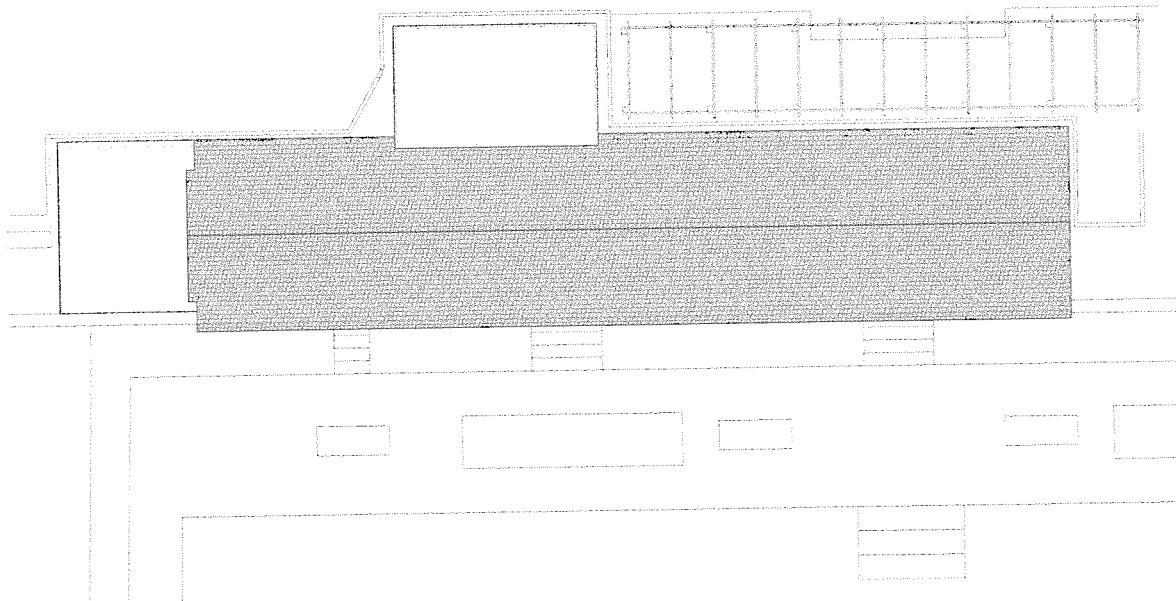
Appendix 1  
Agenda item number: 4

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Existing Ground Floor Plan



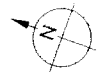
Existing Roof Plan



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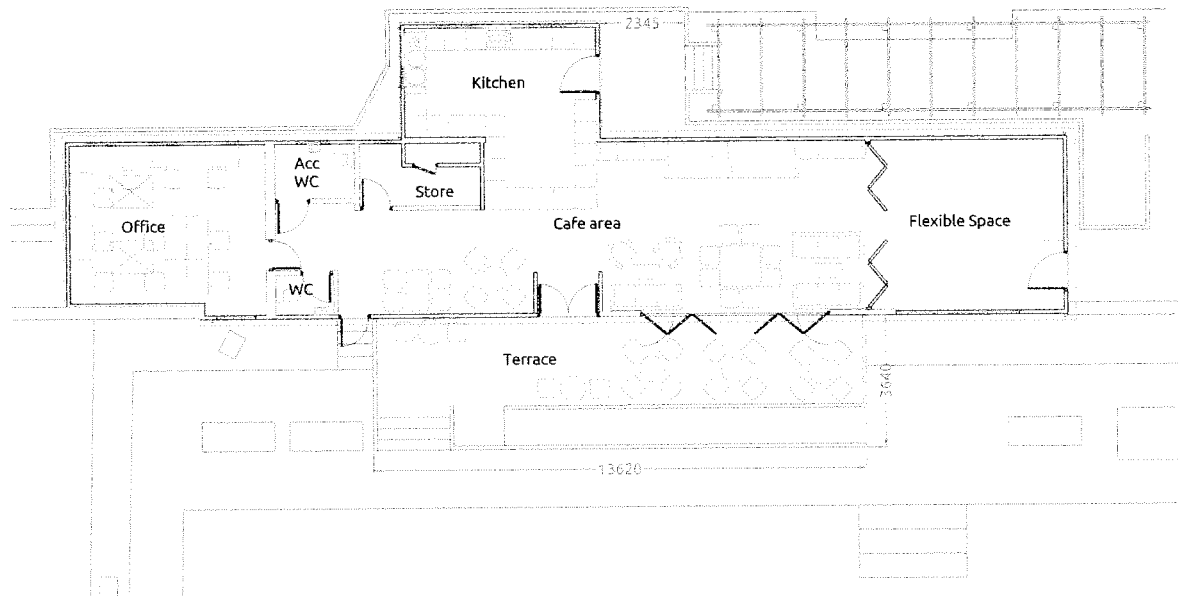
Drawing Title  
Existing Ground Floor and Roof Plans  
Status  
Planning

Client Name  
The Matrix Trust  
Project Title  
Redesign & change of use of  
Allen House Pavilion, Eastgate  
Gardens, Guildford GU1 4AZ

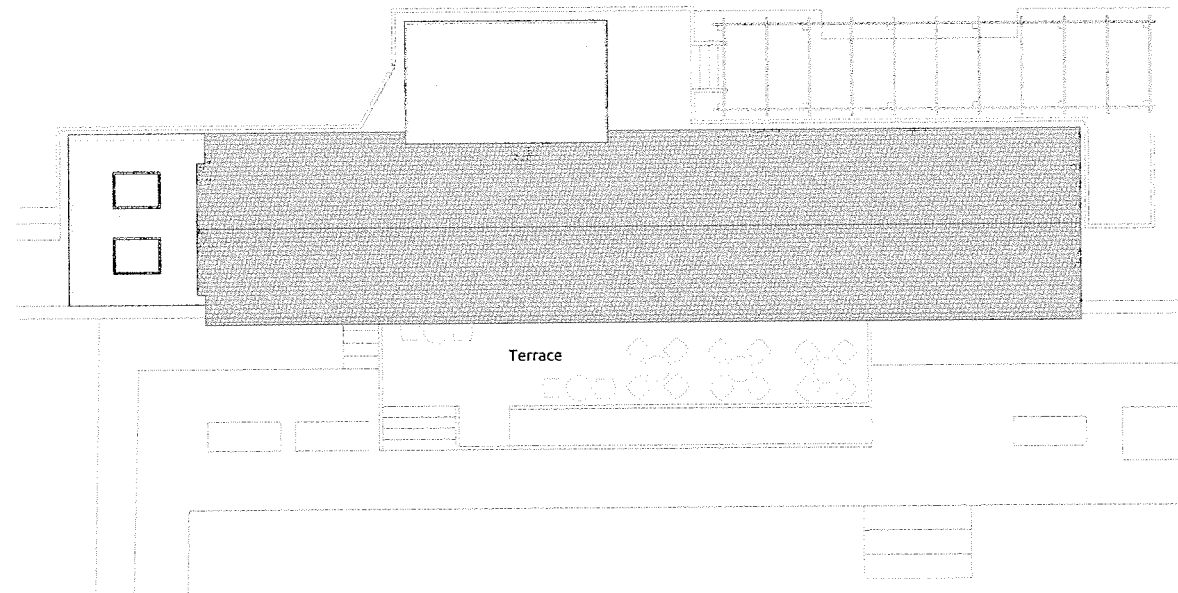
**Jeremy Taylor  
Architecture**  
53 Palace Road, Epsom, Surrey KT15 7EA  
e: info@jt-architecture.co.uk t: 01970 647276

Drawn by  
JIT  
Drawing Number  
19AH-PL-010  
Date  
18/03/19  
Revision  
-  
Scale @ A2:  
1:100

Proposed Ground Floor Plan



Proposed Roof Plan



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Agenda item number: 4  
Appendix 2



Drawing Title  
Proposed Ground Floor and Roof Plans

Status  
Planning

Client Name  
The Matrix Trust  
Project Title  
Redesign & change of use of  
Allen House Pavilion, Eastgate  
Gardens, Guildford GU1 4AZ

**Jeremy Taylor  
Architecture**

53 Holes Road, Epsom, Surrey KT19 9AA  
e: info@jta-architecture.co.uk t: 07970 041276

Drawn by:  
JIT  
Drawing Number  
19AH-PL-101  
Date  
11/04/19  
Revision  
2  
Scale @ A2  
1:100





Executive Shareholder and Trustee Committee Report

Ward(s) affected: All

Report of Director of Resources

Author: Claire Morris, Director of Resources

Tel: 01483 444827

Email: Claire.morris@guildford.gov.uk

Lead Councillor responsible: Joss Bigmore

Tel: 07974 979369

Email: joss.bigmore@guildford.gov.uk

Date: 24 March 2020

## **North Downs Housing Limited and Guildford Borough Council Holdings Limited Annual Accounts 2018-19**

### **Executive Summary**

On 23 February 2016, the Executive resolved to establish two wholly owned companies; North Downs Housing Limited (the "Housing Company") and Guildford Borough Council Holdings Limited (the "Holding Company"). The Council is the sole shareholder of Guildford Borough Council Holdings Ltd and in turn Guildford Borough Council Holdings Ltd is the sole shareholder of North Downs Housing Ltd.

At its meeting on 26 September 2017, the Executive Shareholder and Trustee Committee (ESTC) held a shareholder Annual General Meeting (AGM) for both companies. At the meeting, the committee:

- appointed the Directors of each company for a 4-year term
- agreed a delegations matrix setting out the role of the directors of each board and the role of the ESTC
- approved the updated North Downs Housing Business Plan 2016-2046

It is noted that no AGM has been held by either company since September 2017 and that there is no requirement to hold an AGM, as neither company is a publicly traded company. However, under local government transparency requirements the holding of an AGM and publication of relevant board minutes would be good practice.

The accounts of each company have been prepared and approved by each Board and submitted to companies house in line with relevant timescales. The accounts of North Downs Housing Ltd are disclosed at Appendix 1 and the accounts of Guildford Borough Council Holdings Ltd are disclosed at Appendix 2. The ESTC are asked to note the accounts in respect of each company.

**Recommendation to Executive/ Committee/ Council** *(delete as appropriate)*

That the Committee

1. Notes that the Board of North Downs Housing have approved the annual report and accounts at Appendix 1 and submitted them to Companies House
2. Notes that the Board of Guildford Borough Council Holdings Ltd have approved the annual report and accounts at Appendix 2 and submitted them to Companies House
3. Notes the resignation of Adrian Maunders from the Board of the Holding Company
4. Notes the appointment of Councillor Tom Hunt to the Board of the Holding Company
5. Notes the appointment of Directors of North Downs Housing as set out in paragraph 3.7

Reason(s) for Recommendation:

To fulfil the Council's corporate governance duties in respect of its subsidiary companies.

**Is the report (or part of it) exempt from publication?** *(delete as appropriate)*

No

**1. Purpose of Report**

- 1.1 This report presents several company documents and reports to ensure the Council, as sole shareholder, is fully briefed and up to date with company business. This will assist the shareholder to perform its role and monitor performance.
- 1.2 This report also presents details of the nominations for appointment of the Directors for both the Housing Company and the Holding Company.

**2. Strategic Priorities**

- 2.1 The Council is in the process of updating its Corporate Plan and Strategic Priorities. At its meeting on 21 January 2020 the Executive approved the draft strategic priorities for public consultation. The strategic key theme 'Improved Council' proposes a key priority to improve transparency, consultation and community engagement and to use new ways of working to improve value for money and customer service.
- 2.2 The establishment of the Housing Company in 2016 was part of introducing new ways of working at the Council. The objectives of the Housing Company are:
  - To meet in such manner as the Company thinks fit identified housing need and increase the provision of new housing in the Guildford Borough and surrounding areas;

- To generate returns for the Council's general fund;
- To accelerate development of brownfield land in the Guildford Borough; and
- To carry on any other business or do such other things which may seem to the Company capable of being conveniently carried on in connection with any of the specified objects, or calculated to enhance the value of the Company's services, assets, property or rights

### **3. Background**

- 3.1 The most effective Boards of Council companies strike the right balance between commercial decision-making and accountability. These two concepts are not mutually exclusive as elected members may have commercial business acumen that can add value to a company board.
- 3.2 On 23 February 2016, the Executive resolved to establish two wholly owned companies; North Downs Housing Limited (the "Housing Company") and Guildford Borough Council Holdings Limited (the "Holding Company"). The Council is the sole shareholder of Guildford Borough Council Holdings Ltd and in turn Guildford Borough Council Holdings Ltd is the sole shareholder of North Downs Housing Ltd.
- 3.3 At its meeting on 26 September 2017, the Executive Shareholder and Trustee Committee (ESTC) held a shareholder annual general meeting for both companies. At the meeting, the committee:
- appointed the Directors of each company for a 4-year term
  - agreed a delegations matrix setting out the role of the directors of each board and the role of the ESTC
  - approved the updated North Downs Housing Business Plan 2016-2046
- 3.4 The nominated directors appointed in September 2017 were as follows:

#### ***Guildford Borough Council Holdings Ltd***

Adrian Maunders: Chief Executive, English Rural Housing

Andrew Hodges: Accountant (Retired)

Dennis Paul: former Councillor, Guildford Borough Council

James Whiteman: Managing Director, Guildford Borough Council

#### ***North Downs Housing Ltd***

Sarah Creedy: Chair – Strategic Policy Direction – Lawyer (Retired) & Honorary Alderman

Gordon Jackson: Councillor, Guildford Borough Council

Nigel Manning: Councillor, Guildford Borough Council

Steve White: Deputy Managing Director, Guildford Borough Council

Sue Reekie: Accountant (Retired)

- 3.5 Since 2017, Adrian Maunders has resigned from the Board of the Holding Company and Nigel Manning and Steve White have resigned from the Board of the Housing Company. In line with the Delegations Matrix, the relevant boards appointed replacement directors but the appointments need to be confirmed by the ESTC at the next Annual General Meeting.
- 3.6 In 2018, Councillor Mike Parsons replaced Councillor Nigel Manning and Councillor Caroline Reeves replaced Councillor Gordon Jackson as Directors of North Downs Housing. The change was due to the re-appointment of Councillors Manning and Jackson to the Council's Executive.
- 3.7 Following the local borough election in May 2019, Councillor Caroline Reeves subsequently resigned from and Councillor Gordon Jackson was re-appointed to the board of North Downs Housing Ltd. In addition, Councillor Tom Hunt has been appointed to replace Adrian Maunders on the Board of Guildford Borough Council Holdings Ltd. The current Directorships are now summarised as follows:-

<b>Guildford Borough Council Holdings Ltd</b>	<b>North Downs Housing Ltd</b>
Hon. Freeman Andrew Hodges	Hon. Alderman Sarah Creedy
Councillor Tom Hunt	Councillor Gordon Jackson
James Whiteman	Sue Reekie
Dennis Paul	Mike Parsons

- 3.8 The duty of any company director is to act in the best interests of the company for the benefit of its shareholders as a whole. An elected member on a board of directors therefore has a statutory duty to promote the success of the company and to exercise independent judgement in the same manner as any other director.
- 3.9 The Council as the sole shareholder of the Holding Company is the ultimate owner of both the Housing Company and the Holding Company. Under the Companies Act 2006, a director must exercise the care, skill and diligence, which would be exercised by a reasonably diligent person (the full test is set out in more detail within the Companies Act; there is both an objective test and a subjective test).
- 3.10 The Housing Company is a private company limited by shares. Part 4 of the Articles of Association for the Housing Company sets out the parameters for decision making by its shareholder. (See also articles 37 to 47 Companies Act 2006 for further background).
- 3.11 The Housing Company and the Holding Company are not public companies or private traded companies, therefore under the Companies Act; they are not required to hold an Annual General Meeting (AGM) however they can do so if they wish. It is noted that an AGM has not been held since September 2017 for either company.

- 3.12 The companies have both appointed an external company secretary; Quorum Corporate Services Limited who have undertaken the relevant filing of information with Companies House on behalf of the Companies.

#### **North Downs Housing Ltd**

- 3.13 The accounts of North Downs housing Ltd are presented at Appendix 1. The North Downs Housing Business Plan for 2016 to 2046 did not anticipate the company being profit making until year 5 however, the accounts show that the Company made an operating profit of £22,941 for the financial year 2018-19. Unfortunately due to the need to recognise an unrealised loss on the revaluation of property assets on its balance sheet, the company recognised an overall loss for the financial year of £638,536.
- 3.14 The company held fixed asset investments on its balance sheet of £7.1million. The investments comprise of residential property for rent in the borough of Guildford. The long term liabilities of the company of £4.9million relate to the loan between the Council and the company. After liabilities, the net assets of the company are £2.3million. The called up share capital of the company is £3million.

#### **Guildford Borough Council Holdings Ltd**

- 3.15 The accounts of Guildford Borough Council Holdings Ltd are presented at Appendix 2. The company has no tradeable activities of its own and its main purpose is to be the holding company shareholder for North Downs Housing Ltd and any other wholly owned companies that the Council may choose to set up in due course. As such the income and expenditure account records a small loss relating to administrative and interest expenses of £444. The company has recorded assets of £3million representing its equity shareholding of North Downs Housing Ltd.

### **4. Consultations**

- 4.1 No consultations have been undertaken in relation to this report.

### **5. Key Risks**

- 5.1 The Council currently manages the financial, housing management and housing acquisitions functions for the companies under a Service Level Agreement (SLA). However, due to changes in staffing some of these roles are currently vacant which puts the Council's ability to meet its SLA at risk. In addition, as the companies expand, additional resource to service them will also be required. A further risk and consideration is that the company secretariat role is currently outsourced. To improve governance arrangements, it is considered it would be beneficial to bring this function back in house. It is proposed that the Director of Service Delivery and the Director Resources discuss this matter with the relevant company boards.

### **6. Financial Implications**

- 6.1 The Council has an approved a budget of £25.3million split between £15.2million loan financing to North Downs Housing (60%) and £10.1million equity financing

to Guildford Borough Council Holdings Ltd (40%) to enable North Downs Housing to implement the first four years of its 2016 to 2046 business plan.

- 6.2 As at 31 March 2019, the Council had spent £7.7million of its approved budget and a further £5.6million has been spent to date during 2019-20.

## **7. Legal Implications**

- 7.1 The Council, acting through the Executive Shareholder and Trustee Committee, has the power to operate and manage the above mentioned companies using the General Power of Competence under Section 1 of the Localism Act 2011. In exercising its powers over the company, the Council remains subject to its general duties, such as its fiduciary duty, and must exercise the power with a proper purpose.
- 7.2 S2 of the Localism Act 2011 confirms that the Council's exercise of powers over the companies is limited where it overlaps with a power which pre-dates it. Accordingly, the Council must comply with S95 of the Local Government Act 2003 and the Local Government (Best Value Authorities)(Power to Trade)(England) Order 2009.
- 7.3 This report is prepared in compliance with the abovementioned legislation as well as The Companies Act 2006.
- 7.4 It is confirmed that the appointments detailed within this report comply with the requirements of the Articles of Association for Guildford Borough Council Holdings Ltd and North Downs Housing Ltd.

## **8. Human Resource Implications**

- 8.1 There are no human resources implications as a result of this report.

## **9. Equality and Diversity Implications**

- 9.1 There are no equality and diversity implications as a result of this report.

## **10. Climate Change/Sustainability Implications**

- 10.1 There are no climate change / sustainability implications from this report.

## **11. Executive Advisory Board comments**

- 11.1 EAB has not been consulted about this report on the basis that the accounts report historic performance of the company. It would be relevant for the EAB to be involved in reviewing any update to the business plan for North Downs Housing going forward however, this is being covered by the Overview and Scrutiny Committee (see below).

**12. Suggested issues for overview and scrutiny**

- 12.1 A review of North Downs Housing Business Plan is scheduled for the O&S committee on 2 June 2020.

**13. Summary of Options**

- 13.1 No options have been considered.

**14. Conclusion**

- 14.1 The Executive Shareholder and Trustee Committee is asked to note the accounts for the Council's subsidiary companies, Guildford Borough Council Holdings Ltd and North Downs Housing Ltd which have been presented as part of this report. The ESTC is also asked to approve the change in directorship for both companies.

**15. Background Papers**

1. Executive report 23 February 2016 'Establishment of North Downs Housing Ltd'  
(<http://www2.guildford.gov.uk/councilmeetings/documents/s4601/Item%2006%20-%20North%20Downs%20Housing%20Ltd%202.pdf>)
2. Executive Report 18 July 2017 'North Downs Housing Ltd Business Plan 2016 to 2046'  
(<http://www2.guildford.gov.uk/councilmeetings/documents/s8240/Item%2010%20-%20North%20Downs%20Housing%20Ltd%20report%20with%20amends%204%20july%202017.pdf>)
3. Executive Shareholder and Trustee Committee report 26 September 2017 'Shareholder general meeting of North Downs Housing Ltd and Guildford Borough Council Holdings Ltd'  
(<http://www2.guildford.gov.uk/councilmeetings/documents/s8673/Item%2005%20-%20Shareholder%20General%20Meeting%20of%20North%20Downs%20Housing%20Ltd.pdf>) where an update business plan for North Downs Housing was also approved  
(<http://www2.guildford.gov.uk/councilmeetings/documents/s8675/Item%2005%20-%20Shareholder%20General%20Meeting%20of%20North%20Downs%20Housing%20Ltd%20-%20App%203%20-%20NDH%20Business%20Plan.pdf>)

**16. Appendices**

Appendix 1 – North Downs Housing Ltd Annual Report and Financial Statements for the year ended 31 March 2019

Appendix 2 – Guildford Borough Council Holdings Ltd Annual Report and Financial Statements for the year ended 31 March 2019

Agenda item number: 5





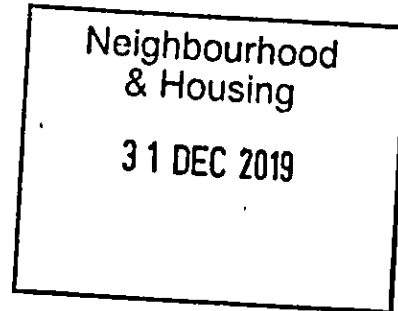
**Companies House**

CFS (FES)  
Companies House  
Crown Way  
Cardiff  
CF14 3UZ

T +44(0) 303 1234 500  
E [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)  
Twitter @CompaniesHouse  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

DX 33050 Cardiff

NORTH DOWNS HOUSING LIMITED  
C/O P.O'DWYER MILLMEAD HOUSE  
MILLMEAD  
GUILDFORD  
ENGLAND  
GU2 4BB



Your Ref  
Our Ref AA/10153122/LW  
Date 27/12/2019

Dear Sir/Madam

**NORTH DOWNS HOUSING LIMITED**

Thank you for your enclosed document. Unfortunately, we have been unable to accept it for the following reason(s):

The name of the signatory is not present on the Directors' Report. Please print the name of the person who signed the Directors' Report.

The printed name of the director who signed the accounts on behalf of the board must be included on the balance sheet.

To avoid a late filing penalty, acceptable accounts must be received at Companies House by 31/12/2019. Please submit acceptable accounts without delay.

Find out if your company can file online, which is faster and more reliable, by visiting the forms page at <https://www.gov.uk/topic/company-registration-filing/forms>

Yours faithfully

Companies House

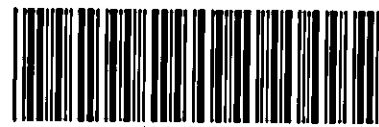
6/1/2020 : Amendment made + sent.



Registration number: 10153122



**NORTH DOWNS HOUSING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**



LD6 20/12/2019 #223  
COMPANIES HOUSE

**NORTH DOWNS HOUSING LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH  
2019**

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**NORTH DOWNS HOUSING LIMITED**

**COMPANY INFORMATION**

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**Directors:**                    **S K Creedy**  
   **M G F Parsons**  
   **S Reekie**  
   **G A Jackson**

**Company Secretary:**        **Quorum Secretaries Limited**

**Registered Office:**         **Millmead House**  
   **Millmead**  
   **Guildford**  
   **Surrey**  
   **GU2 4BB**

**Registered Number:**        **10153122**

**NORTH DOWNS HOUSING LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

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**Directors' Report**

The Directors present their report with the financial statements for the period ended 31<sup>st</sup> March 2019. This is the Company's third annual report and financial statements.

**Principal Activities**

North Downs Housing Ltd was established in 2016 to deliver on the following objectives:

- to meet in such a manner as the Company thinks fit, identified housing need and increase the provision of new housing in the Guildford borough and surrounding areas;
- to generate returns for the Council's General Fund;
- to accelerate development of brownfield land in the Guildford borough;
- to carry on any other business or do such other things which may seem to the company capable of being conveniently carried on in connection with any of the above specified objectives, or calculated to enhance the value of the Company's services, assets, property or rights.

In pursuance of the above objectives, the Company acquired 11 residential properties in the period to 31<sup>st</sup> March 2019, bringing the total number of residential properties owned to 26. At the reporting date 21 of the properties were let on the open market in accordance with the Company's stated policies.

**Directors**

The Directors, who have held office during the year, are as follows:

Name	Date of Appointment	Date of resignation
S K Creedy	28 <sup>th</sup> April 2016	N/A
G A Jackson	28 <sup>th</sup> April 2016	30 <sup>th</sup> August 2018
G A Jackson	25 <sup>th</sup> June 2019	N/A
N Manning	28 <sup>th</sup> April 2016	30 <sup>th</sup> August 2018
M G F Parsons	30 <sup>th</sup> August 2018	N/A
S Reekie	28 <sup>th</sup> April 2016	N/A
C A Reeves	30 <sup>th</sup> August 2018	25 <sup>th</sup> June 2019

Company Secretary	Date of Appointment
Quorum Secretaries Limited	1 <sup>st</sup> February 2017

**Statement of Going Concern**

The Company's business activities together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of exposure to liquidity and cash flows have been considered by the Directors.

**NORTH DOWNS HOUSING LIMITED**

**DIRECTORS' REPORT**

**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

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**The Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

The directors have elected to prepare the accounts, as permitted by the Companies Act 2006, in accordance with United Kingdom Generally Accepted Accounting Practice (UK accounting standards and applicable law). Under company law the directors must not approve the accounts 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 accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- 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 the accounts 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.

This report was approved by the Board on 17<sup>th</sup> December 2019.

**Small Company Provisions**

This report has been prepared in accordance with the small companies' regime under the Companies Act 2006.

By order of the Board:



Michael Parsons - Director

Date: 18/12/2019

**NORTH DOWNS HOUSING LIMITED**

**DIRECTORS' REPORT**

**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

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**Basis of Preparation**

These financial statements have been prepared on the going concern basis and in accordance with section 1A of FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland, Small Entities), section 396 of the Companies Act 2006 and The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008. The Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company for the reporting period and are presented in Pounds Sterling.

North Downs Housing Ltd is a private limited company incorporated in England and Wales, and is a wholly owned subsidiary of Guildford Borough Council Holdings Limited. The Company's ultimate parent is Guildford Borough Council, which is required to prepare accounts in accordance with IFRS adapted for the UK public sector by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

**1. Accounting Policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the financial statements.

**Accrual Accounting**

Activity is accounted for in the year that it takes place and when a right to consideration exists, not simply when cash payments are made or received.

**Expenditure**

- Expenditure is debited to the relevant expenses account, unless it properly represents capital expenditure.
- Where payments are made in advance of a service being received, a payment in advance is recognised as a debtor in the balance sheet.
- Interest payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows determined by the contract.
- Where expenditure has been recognised but cash has not been paid, a creditor for the relevant amount is recorded in the balance sheet.

**Income**

- Fees, charges and rents due from customers are accounted for as income at the date the Company provides the relevant goods or services.
- Revenue is measured at the fair value of the consideration received or receivable and recognised when prescribed conditions are met.
- Where income has been recognised but cash has not been received, a debtor for the relevant amount is recorded in the balance sheet.
- Where payments are received in advance of a service being provided a receipt in advance is recognised as a creditor in the balance sheet.

#### **NORTH DOWNS HOUSING LIMITED**

##### **2. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of less than 24 hours.

##### **3. Fixed Asset Investments**

Investment property is initially measured at cost plus directly attributable expenditure. Directly attributable expenditure includes professional fees for legal services, property transfer taxes and other transaction costs.

After initial recognition, investment property is measured at fair value in accordance with Section 16 of FRS102. Valuations have been carried out by independent valuers, Bruton Knowles, on properties acquired prior to 1<sup>st</sup> April 2018. Properties acquired during the reporting period are measured at cost plus directly attributable expenditure. The fair value has been provided for each property by having regard to the investment potential of each property relative to market rent, reflecting the tenanted status and current leases, cash flows and reasonable assumptions about the future rental income or outgoings.

Note 2 provides further details on the valuation of the company's investment property.

##### **4. Financial Instruments**

###### **Financial Liabilities**

Financial liabilities are initially measured at the transaction price. For loans received at the market rate of interest, this is the amount of cash received less separately incurred transaction costs. For goods and services purchased from a supplier on short-term credit, a payable is recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Loans are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the loan shown in notes five and six, this means that the amount presented in the balance sheet is the outstanding principal repayable and interest charged to the profit and loss account is the amount payable for the year according to the loan agreement.

###### **Financial Assets**

Financial assets are initially measured at the transaction price. For goods or services provided to a customer on short-term credit, or similar, a receivable is recognised at the undiscounted amount of cash receivable from that customer, which is normally the invoice price. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of cash or other consideration expected to be paid or received.

##### **5. Overheads and Support Services**

Costs relating to finance and legal services, for example, are purchased as a supply and form part of the Company's administration costs.



**6. VAT**

**VAT payable is included as an expense. The short-term rental of residential properties is exempt from VAT.**

**7. Corporation Tax**

**Corporation tax is accounted for in the profit and loss account on an accrued basis using an estimate of the corporate tax liability or asset for the year. Any losses are to be offset against future profits.**

**NORTH DOWNS HOUSING LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

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	Notes	2018-19 £	2017-18 £
Turnover		193,318	59,895
Cost of sales		<u>(161,673)</u>	<u>(106,213)</u>
Gross profit or (loss)		31,645	(46,318)
Distribution costs		0	0
Administrative expenses		<u>(8,704)</u>	<u>(7,110)</u>
Operating profit		22,941	(53,428)
Other operating income		3,717	115
Gain on disposal of freehold property		0	0
Unrealised gain or (loss) on revaluation of investment property	2	(618,051)	0
Other Interest receivable		0	0
Interest payable and similar charges	1	<u>(196,985)</u>	<u>(92,014)</u>
Profit or (loss) before tax		(788,377)	(145,327)
Tax on profit or loss on ordinary activities		149,721	27,608
Profit or (loss) for the financial year		<u>(638,586)</u>	<u>(117,719)</u>

**NORTH DOWNS HOUSING LIMITED**  
**BALANCE SHEET**  
**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

	Notes	2018-19 £	2017-18 £
<b>Fixed assets</b>			
Investments	2	<u>7,182,628</u>	<u>4,420,351</u>
		7,182,628	4,420,351
<b>Current assets</b>			
Trade debtors	3	15,342	2,200
Other debtors		210,298	31,985
Cash at bank and in hand		15,584	77,612
		241,154	111,797
<b>Creditors: amounts falling due within one year</b>			
Trade creditors	4	(200,125)	(67,570)
<b>Net current assets</b>		41,099	44,227
<b>Total assets less current liabilities</b>		7,223,727	4,464,578
<b>Creditors: amounts falling due after more than one year</b>			
Bank loans and overdrafts	5, 6	<u>(4,913,732)</u>	<u>(2,796,397)</u>
		2,309,995	1,668,181
<b>Capital and reserves</b>			
Called up share capital: Allotted ordinary £1 shares	7	3,080,380	1,799,980
Profit and loss account		<u>(770,385)</u>	<u>(131,799)</u>
		2,309,995	1,668,181

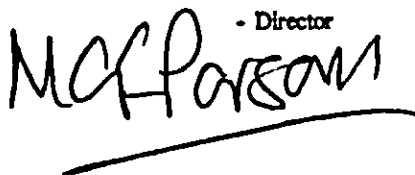
**NORTH DOWNS HOUSING LIMITED**  
For the period ended 31<sup>st</sup> March 2019, the company has an exemption from audit under section 477 of the Companies Act 2006.

**Directors' responsibilities:**

- The members have not required the company to obtain an audit of its accounts for the year in accordance with section 476 of the 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 accounts.
- These accounts have been prepared in accordance with the provisions applicable to companies' subject to the small companies' regime of the Companies Act 2006.

The financial statements were approved by the Board of directors on 17<sup>th</sup> December 2019 and were signed on its behalf by:

Date: 18/12/2019

- Director  


Michael Parsons - Director

**NORTH DOWNS HOUSING LIMITED**  
**NOTES TO THE FINACIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

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**1. Interest payable and similar charges**

	2018-19	2017-18
Interest payable	196,735	91,775
Bank charges	250	239
	<u>196,985</u>	<u>92,014</u>

**2. Fixed Asset Investments**

	Investment Property £	Other Investments £	Total £
<b>Fair value</b>			
At 1 April 2018	4,420,351	0	4,420,351
Additions	3,380,328	0	3,380,328
Revaluation	(618,051)	0	(618,051)
At 31 March 2019	7,182,628	0	7,182,628
<b>Provisions</b>			
At 1 April 2018	0	0	0
At 31 March 2019	0	0	0
<b>Net book value</b>			
At 1 April 2018	4,420,351	0	4,420,351
At 31 March 2019	7,182,628	0	7,182,628

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. North Downs Housing Ltd is responsible for the repair and maintenance requirements of all investment properties.

Properties acquired prior to 1<sup>st</sup> April 2018 were valued during December 2018. The fair value of these properties at 31<sup>st</sup> March 2018 was £4,420,351, reflecting the purchase price plus transaction costs as required under section 16 of FRS102. Transaction costs include legal fees, property transfer taxes and land registry charges. Total transaction costs relating to revalued investment property were £214,800.

The independent valuation provided by Bruton Knowles, reflecting the tenanted status of the properties, was £3,802,300, a reduction of £618,051 against the initial cost valuation. It should be

the acquisition of investment property.

**3. Debtors**

	2018-19	2017-18
	£	£
Trade debtors	15,342	2,200
Other debtors:		
Deferred taxation	180,701	30,909
Prepayments and accrued income	29,597	1,076
	<u>225,640</u>	<u>34,185</u>

**4. Creditors: amounts falling due within one year**

	2018-19	2017-18
	£	£
Bank loans and overdrafts: secured	0	0
Trade creditors	200,125	67,570
Corporation tax	0	0
Other creditors	0	0
Accruals and deferred income	0	0
	<u>200,125</u>	<u>67,750</u>

The 'Trade Creditors' total includes £62,240 payable to a related party, Guildford Borough Council, for services provided in the period to 31<sup>st</sup> March 2018 (this amount was settled in 2019-20) and £112,265 for services provided in the period to 31<sup>st</sup> March 2019.

**5. Amounts repayable after more than one year**

	2018-19	2017-18
	£	£
Loan repayable in instalments	<u>4,913,732</u>	<u>2,796,397</u>

**6. Secured borrowings**

	2018-19	2017-18
	£	£
Loan: secured on the property and other assets of the Company	<u>4,913,732</u>	<u>2,796,397</u>

**7. Share Capital**

	2018-19	2017-18
	£	£
£1 Ordinary shares allotted during the period	1,280,400	839,980

1,280,400 shares were allotted during the period to 31<sup>st</sup> March 2019 at a nominal value of £1.00. Total shares in issue at 31<sup>st</sup> March are 3,080,380. All shares have a nominal value of £1.00.

**8. Employee numbers**

	2018-19	2017-18
The average number of persons employed by the company was	0	0

North Downs Housing Ltd does not directly employ any staff. A services agreement is in place between the North Downs Housing Ltd and Guildford Borough Council to provide tenancy management, property acquisition, finance and legal services.

**9. Related Party Disclosures**

**Immediate Parent**

The Directors of the Company regard Guildford Borough Council Holdings Limited as the immediate parent.

**Ultimate Parent**

The Directors of the Company regard Guildford Borough Council, a local authority in England and Wales, as the ultimate parent of the Company. The address of the Council's principal place of operations is Guildford Borough Council, Millmead House, Millmead, Guildford, Surrey GU24BB.

**Related party transactions**

A summary of the Company's transactions with Guildford Borough Council and other companies controlled by Guildford Borough Council is outlined below:

- Under a services agreement, Guildford Borough Council provides support services to North Downs Housing Ltd, these are included in administration costs. Amounts owed to Guildford Borough Council in respect of these services are included in trade creditors (note 4).
- Guildford Borough Council has provided loan finance to North Downs Housing of £4,913,732, including accrued interest (notes 5 and 6). Interest on the loan is included within 'Interest payable and similar charges' (note 1).
- North Downs Housing Ltd is 100% owned by Guildford Borough Council Holdings Ltd. Up to the period to 31<sup>st</sup> March 2019, Guildford Borough Council Holdings Ltd. acquired 1,280,400 £1.00 ordinary shares in the Company, bringing the total number of £1.00 ordinary

**10. Events arising after the reporting date**

**No significant events arose after the reporting date that require disclosure in the accounts.**



**GUILDFORD BOROUGH COUNCIL HOLDINGS LIMITED  
ANNUAL REPORT AND THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

**GUILDFORD BOROUGH COUNCIL HOLDINGS LIMITED**

**ANNUAL REPORT AND THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup>  
MARCH 2019**

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**GUILDFORD BOROUGH COUNCIL HOLDINGS LIMITED**

**COMPANY INFORMATION**

**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

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**Directors:**                   A J E Hodges  
                                      A H Maunders  
                                      D Paul  
                                      J M Whiteman

**Company Secretary:**       Quorum Secretaries Limited

**Registered Office:**       The Office  
                                      47 Watchetts Drive  
                                      Camberley  
                                      Surrey  
                                      GU15 2PQ

**Registered Number:**       10152910

**GUILDFORD BOROUGH COUNCIL HOLDINGS LIMITED**

**DIRECTORS' REPORT**

**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

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**Directors' Report**

The Directors present their report with the financial statements of the company for the period ended 31<sup>st</sup> March 2019. This is the company's third annual report and financial statements.

**Principal Activities**

To act as a holding company, owning shares of other companies to form a corporate group.

**Directors**

The Directors, who have held office during the year, are as follows:

<b>Name</b>	<b>Date of Appointment</b>	<b>Date of resignation</b>
A J E Hodges	28 <sup>th</sup> April 2016	N/A
A H Maunder	28 <sup>th</sup> April 2016	N/A
D Paul	28 <sup>th</sup> April 2016	N/A
J M Whiteman	26 <sup>th</sup> September 2017	N/A

<b>Company Secretary</b>	<b>Date of Appointment</b>
Quorum Secretaries Limited	17 <sup>th</sup> May 2017

**Statement of Going Concern**

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified.

**GUILDFORD BOROUGH COUNCIL HOLDINGS LIMITED**

**DIRECTORS' REPORT**

**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

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**The Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

The directors have elected to prepare the accounts, as permitted by the Companies Act 2006, in accordance with United Kingdom Generally Accepted Accounting Practice (UK accounting standards and applicable law). Under company law the directors must not approve the accounts 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 accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- 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 the accounts 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.

This report was approved by the Board on 18<sup>th</sup> December 2019.

**Small Company Provisions**

This report has been prepared in accordance with the small companies' regime under the Companies Act 2006.

**By order of the Board:**



J M Whiteman - Director

Date: 18/12/19

**GUILDFORD BOROUGH COUNCIL HOLDINGS LIMITED**

**STATEMENT OF ACCOUNTING POLICIES**

**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

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**Basis of Preparation**

These financial statements have been prepared on the going concern basis and in accordance with section 1A of FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland, Small Entities), section 396 of the Companies Act 2006 and The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008. The Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company for the reporting period and are presented in Pounds Sterling.

The Company is a private limited company incorporated in England and Wales and is a wholly owned subsidiary of Guildford Borough Council, which is required to prepare accounts in accordance with IFRS adapted for the UK public sector by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

**1. Accounting Policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the financial statements.

**Accrual Accounting**

Activity is accounted for in the year that it takes place and when a right to consideration exists, not simply when cash payments are made or received.

**2. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of less than 24 hours.

**3. Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Liabilities**

Financial liabilities are initially measured at the transaction price. For goods and services purchased from a supplier on short-term credit, for example, a payable is recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

**Financial Assets**

Financial assets are initially measured at the transaction price. Fixed asset investments are included at cost less impairment.

**GUILDFORD BOROUGH COUNCIL HOLDINGS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

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	<b>2018-19</b>	<b>2017-18</b>
	£	£
Turnover	0	0
Cost of sales	0	0
Gross profit	0	0
Distribution costs	0	0
Administrative expenses	(405)	(793)
Operating profit	(405)	(793)
Other operating income	0	0
Gain on disposal of freehold property	0	0
Unrealised surplus on revaluation of property and investments	0	0
Other interest receivable	0	0
Interest payable and similar expenses	(39)	(43)
Profit/(loss) before tax	(444)	(836)
Tax on profit /(loss)	0	0
Profit/(loss) after taxation	(444)	(836)

**GUILDFORD BOROUGH COUNCIL HOLDINGS LIMITED**

**BALANCE SHEET**

**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

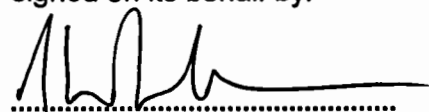
	<i>Notes</i>	<b>2018-19</b>	<b>2017-18</b>
		£	£
<b>Fixed assets</b>			
<b>Investments</b>			
Shares in group undertakings and participating interests	1	3,080,380	1,799,980
<b>Current assets</b>			
Cash at bank and in hand		1,682	2,184
Debtors and pre-payments	2	58	0
		<u>2,184</u>	<u>2,184</u>
<b>Creditors: amounts falling due within one year</b>		0	0
<b>Net current assets</b>		<u>1,740</u>	<u>2,184</u>
<b>Total assets less current liabilities</b>		<u><b>3,082,120</b></u>	<u><b>1,802,164</b></u>
<b>Capital and reserves</b>			
Called up share capital: ordinary £1 shares		3,083,400	1,803,000
Profit and loss account		<u>(1,280)</u>	<u>(836)</u>
		<u><b>3,082,120</b></u>	<u><b>1,802,164</b></u>

For the period ended 31<sup>st</sup> March 2019, the company was entitled, as a small company, to exemption from audit under section 477 of the Companies Act 2006.

**Directors' responsibilities:**

- The members have not required the company to obtain an audit of its accounts for the year in accordance with section 476 of the 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 accounts.
- These accounts have been prepared in accordance with the provisions applicable to companies' subject to the small companies' regime of the Companies Act 2006.

The financial statements were approved by the Board of directors on XX<sup>th</sup> December 2019 and were signed on its behalf by:



J M Whiteman - Director

Date: 18/12/19



**GUILDFORD BOROUGH COUNCIL HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**

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**1. Fixed Assets**

<b>Investments</b>	<b>£</b>
At 1 April 2018	1,799,980
Additions	1,280,400
Revaluation	0
Disposals	0
At 31 March 2019	<u>3,080,380</u>

Fixed asset investments relate solely to the company's 100% ownership of North Downs Housing Limited and are shown at cost.

During the period to 31st March 2019, the Company paid £1,280,400 to North Downs Housing Limited in consideration for 100% of the £1.00 ordinary shares allotted during the period.

**2. Debtors**

	2018-19	2017-18
	£	£
Trade debtors	0	0
Other debtors:	0	0
Prepayments and accrued income	58	0
	<u>0</u>	<u>0</u>

**3. Employee numbers**

	2018-19	2017-18
The average number of persons employed by the company was	<u>0</u>	<u>0</u>

#### 4. Subsidiary undertakings

The Company had the following subsidiaries at 31 March 2019:

Name of Company:	North Downs Housing Limited
Country of incorporation and place of business:	United Kingdom
Nature of business:	Rental of residential property
Proportion of ordinary shares held directly by the company:	100%
Net assets as at 31 March 2019:	£2,309,995
Profit / (Loss) for the period to 31 March 2019:	(£638,586)

#### 5. Related Party Disclosures

##### Ultimate parent

The Directors of the company regard Guildford Borough Council, a local authority in England and Wales, as the ultimate parent of the Company. The address of the Council's principal place of business is Guildford Borough Council, Millmead House, Millbrook, Guildford, Surrey GU2 4BB. Guildford Borough Council own 100% of the 3,083,400 £1.00 ordinary shares issued by Guildford Borough Council Holdings Ltd.

##### Related party transactions

A summary of the Company's transactions with Guildford Borough Council and other companies controlled by Guildford Borough Council is shown below:

- In the period to 31<sup>st</sup> March 2019, the Company received equity finance of £1,280,400 from Guildford Borough Council which was used to acquire 1,280,400 ordinary shares in North Downs Housing Limited (see note 1).

#### 6. Events arising after the reporting date

There are no significant events after the reporting date requiring disclosure.