

Trading and Enterprise Board

Minutes of a Meeting of the Trading and Enterprise Board held in Committee Room No. 1 (Fougères Room), Civic Centre, Tannery Lane, Ashford on the **7th November 2016**.

Present:

Cllr. Bell (Chairman);

Cllrs. Bennett, Galpin

Apologies:

Cllrs. Shorter, Powell

Also Present:

Head of Finance (in his capacity as the Council's Section 151 Officer), Head of Development Delivery (in his capacity as Director of A Better Choice for Building Consultancy Limited), Commercial, Development and Regeneration Officer (representing both Companies), Economic Development Manager (in his capacity as Director of A Better Choice for Building Consultancy Limited), Accountancy Manager (in her capacity as Director of A Better Choice for Property Limited), Senior Accountant (ABC Accountant) , Accountant (Company Accountant for both Companies), Audit Manager, Senior Auditor, Member Services Manager.

Tom Slaughter – Grant Thornton Engagement Manager.

184 Minutes

Resolved:

That the Minutes of the meeting of the Board held on the 9th May 2016 be approved and confirmed as a correct record.

185 Appointment of Auditors

The report asked the Board to approve the appointment of Grant Thornton for the financial year 2016/17.

Resolved:

That the appointment of Grant Thornton as the Auditors of both Companies for the financial year 2016/17 be approved.

186 Final Audit of Financial Statements for the Year Ended 31st March 2016 – A Better Choice for Property Limited and A Better Choice for Building Consultancy Limited

The report presented the Draft Financial Statements for the Companies for the period 2015/2016.

In terms of the Property Company, the report also highlighted performance against key financial covenants and explained why the Company had breached one of the two covenants during the year. Tabled at the meeting was a report which highlighted the final adjustments to the financial statements which had been published as part of the agenda papers. The amendments did not affect the main financial statements for either Company.

The Head of Finance gave details of the breach in terms of one of the loan covenants and explained that steps would be put in place to monitor the work to rectify the breaches. The Council had received income in the region of £100,000 from loan payments the Company had made. The Head of Finance acknowledged the knock-on effect this had had on the profitability of the Company.

In terms of the Better Choice for Building Consultancy Company, the Head of Finance advised that the report presented a more straightforward trading account and he drew attention to the question set out within paragraph 7 of the report in that the Directors of the Company should be questioned on any aspects of the Director's report, in particular as to whether the Company would be in a position to pay a dividend to the Council.

The Head of Development Delivery advised that the loss of a key member of staff would affect progress in terms of the development of the Company and that until that situation was rectified he was not in a position to advise when a dividend would be paid.

With reference to the Property Company report, a Member considered that it was important for members of the Trading and Enterprise Board to have clear and regular information in terms of the Company's performance. The Accountancy Manager confirmed that work was in hand to develop the production of bi-monthly reports on performance and would also provide more information generally on the overall effectiveness of the Company.

Tom Slaughter, Grant Thornton's Engagement Manager advised that the audit of the two Companies had now been completed and they had issued an unqualified opinion on both accounts. He advised there had been minor issues which had taken time to resolve. For Building Control these issues largely centred upon tightening up the year-end procedures. He advised that the Audit fee for Building Control was £6,500 which was £500 more than the original estimate which was due to the additional testing required as a result of resolving the minor issues.

In terms of the Property Company he advised that adjustments had been necessary in terms of revenue as a gap had been identified on the ABC rent system. He also

advised that at the year end, large balances had been netted off. In terms of the two breaches, he advised that one was the Companies not making interest payments to the Council on the set dates and the other one related to the debt to investment covenant. He advised that the Audit fee for the Property Company was £10,000 plus VAT.

The Accountant confirmed that matters associated with resources at year end had been resolved and an appropriate payment process had been put in place.

In response to a question about the Property Company, the Accountancy Manager confirmed that any growth would need to be considered alongside the provision of additional resources.

Resolved:

- That**
- (i) the 2015/2016 Financial Statements for A Better Choice for Property be noted.**
 - (ii) the Company's position against its financial covenants be noted.**
 - (iii) the Council's financial benefits from A Better Choice for Property be noted.**
 - (iv) the 2015/2016 Financial Statements for A Better Choice for Building Consultancy be noted.**
 - (v) it be noted that no dividend was proposed from the Better Choice for Building Consultancy Limited for 2015/2016.**

Recommended:

That no action be taken by the Council in response to the breach of the debt to the cash flow covenant by the Better Choice for Property Company and that this would be the position for the next 18 months.

187 Exclusion of the Public

Resolved:

That pursuant to Section 100A(4) of the Local Government Act 1972 as amended the public be excluded from the meeting during consideration of the following item, namely, Financial Statements and Unaudited Accounts for the First Six Months – 2016/17, as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the public were present there would be disclosure of exempt information hereinafter specified by reference to Paragraph 3 of Schedule 12A of the Act.

188 Financial Statements and Unaudited Accounts for the First Six Months – 2016/17

The report asked the Board to note the financial performance of the Companies for the period 1st April 2016 to 30th September 2016.

Resolved:

That the Financial Statements and Unaudited Accounts for the Companies for the first six months of 2016/17 be noted.

(KRF/AEH)

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Queries concerning these Minutes? Please contact Keith Fearon:
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