

Report of the Directors and

Financial Statements

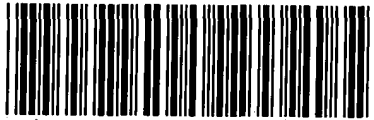
for the Period 18 August 2017 to 31 March 2018

for

Epsom & Ewell Property Investment ~~Co Ltd~~

*Company limited
LLP*

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for the Period 18 August 2017 to 31 March 2018**

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**Company Information
for the Period 18 August 2017 to 31 March 2018**

DIRECTORS:

Ms K Beldon
L G Duffy
M D C Shephard
R Brown

SECRETARY:

Ms L Mathie

REGISTERED OFFICE:

Town Hall
The Parade
Epsom
Surrey
KT18 5BY

REGISTERED NUMBER:

10922872 (England and Wales)

AUDITORS:

Williams & Co
Statutory Auditors
8-10 South Street
Epsom
Surrey
KT18 7PF

**Report of the Directors
for the Period 18 August 2017 to 31 March 2018**

The directors present their report with the financial statements of the company for the period 18 August 2017 to 31 March 2018.

INCORPORATION

The company was incorporated on 18 August 2017 and commenced trading on 13 October 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of property rental.

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS

The directors who have held office during the period from 18 August 2017 to the date of this report are as follows:

Ms K Beldon - appointed 21 September 2017
L G Duffy - appointed 21 September 2017
M D C Shephard - appointed 18 August 2017
S D Young - appointed 21 September 2017 - resigned 17 January 2018
R Brown - appointed 21 September 2017

POLITICAL DONATIONS AND EXPENDITURE

None.

BUSINESS STRUCTURE

The company is wholly owned by Epsom & Ewell Borough Council.

COMPANY HIGHLIGHTS

- Property portfolio of £59.9m.
- Gross profit of £1.4m.
- Profit before tax of £0.5m.
- Dividend proposed of £0.42m.

BUSINESS MODEL

Our strategy is to build a diversified, balanced and low risk property portfolio to provide income over the long term to our ultimate shareholder, Epsom & Ewell Borough Council.

Finance is secured through a balance of debt and equity obtained from Epsom and Ewell Borough Council.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**Report of the Directors
for the Period 18 August 2017 to 31 March 2018**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Williams & Co, will be proposed for re-appointment at the forthcoming Board Meeting.

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

ON BEHALF OF THE BOARD:



M D C Shephard - Director

31 May 2018

**Report of the Independent Auditors to the Members of
Epsom & Ewell Property Investment ~~Co Ltd~~ Company Limited Ltd**

Opinion

We have audited the financial statements of Epsom & Ewell Property Investment Co Ltd (the 'company') for the period ended 31 March 2018 which comprise the Statement of Income and Retained Earnings, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the period 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.

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 Auditors' 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 in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
Epsom & Ewell Property Investment ~~Co Ltd~~**

Company Limited un

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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 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
- 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 the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

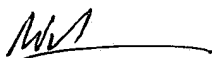
As explained more fully in the Statement of Directors' Responsibilities set out on pages two and three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary 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.

Our 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.



Mark Williams FCA (Senior Statutory Auditor)
for and on behalf of Williams & Co
Statutory Auditors
8-10 South Street
Epsom
Surrey
KT18 7PF

Date: 31 May 2018.

**Statement of Income and Retained Earnings
for the Period 18 August 2017 to 31 March 2018**

	Notes	£
TURNOVER		1,466,680
Cost of sales		<u>37,384</u>
GROSS PROFIT		1,429,296
Administrative expenses		<u>141,592</u>
OPERATING PROFIT		1,287,704
Interest payable and similar expenses	4	<u>764,169</u>
PROFIT BEFORE TAXATION		523,535
Tax on profit	5	<u>99,472</u>
PROFIT FOR THE FINANCIAL PERIOD		424,063
Dividends		<u>(424,063)</u>
		<u><u> </u></u>

**Balance Sheet
31 March 2018**

	Notes	£	£
FIXED ASSETS			
Investment property	6		59,938,483
CURRENT ASSETS			
Debtors	7	33,275	
Cash at bank		<u>1,466,449</u>	
			1,499,724
CREDITORS			
Amounts falling due within one year	8	<u>1,116,359</u>	
NET CURRENT ASSETS			<u>383,365</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			60,321,848
CREDITORS			
Amounts falling due after more than one year	9		(36,175,650)
PROVISIONS FOR LIABILITIES	11		<u>(29,098)</u>
NET ASSETS			<u><u>24,117,100</u></u>
CAPITAL AND RESERVES			
Called up share capital	12		100
Other reserves	13		<u>24,117,000</u>
SHAREHOLDERS' FUNDS			<u><u>24,117,100</u></u>

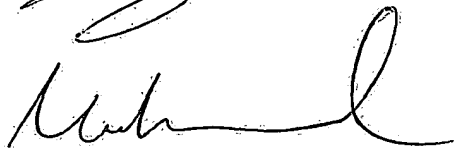
The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 31 May 2018 and were signed on its behalf by:

L G Duffy - Director



M D C Shephard - Director



The notes form part of these financial statements

**Notes to the Financial Statements
for the Period 18 August 2017 to 31 March 2018**

1. STATUTORY INFORMATION

Epsom & Ewell Property Investment Co Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

Investment properties are professionally valued using methodology outlined by the Royal Institute of Chartered Surveyors. Market values and market rents are taken into account when establishing the valuation. There is a degree of judgement involved in that each property is unique and value can only be reliably tested in the market itself.

Turnover

Turnover represents rental income, service charge income and insurance income, exclusive of value added tax.

Investment property

Investment property is measured initially at its cost at recognition, including transaction costs. The fair value shall be measured at each subsequent reporting date with changes in fair value recognised in profit or loss.

No revaluation is required at the reporting date of the first year of acquisition.

No depreciation is charged on investment property.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Notes to the Financial Statements - continued
for the Period 18 August 2017 to 31 March 2018**

2. ACCOUNTING POLICIES - continued

Recognition of income and expenditure

Income from rents, service charges and insurance is recognised over the period for which the service is provided.

Expenses are recognised as expenditure when the services are consumed.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.

3. EMPLOYEES AND DIRECTORS

During the period, no staff were directly employed by Epsom & Ewell Property Investment Company Ltd

4. INTEREST PAYABLE AND SIMILAR EXPENSES

Loan interest	£ <u>764,169</u>
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5. TAXATION

Analysis of the tax charge

The tax charge on the profit for the period was as follows:

	£
Current tax:	
UK corporation tax	70,374
Deferred tax	<u>29,098</u>
Tax on profit	<u>99,472</u>

6. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
Additions	<u>59,938,483</u>
At 31 March 2018	<u>59,938,483</u>
NET BOOK VALUE	
At 31 March 2018	<u>59,938,483</u>

The company's investment properties were valued at the time of purchase by an independent, professionally qualified valuer. The valuations are undertaken in accordance with the Royal Institution of Chartered Surveyors' Valuation- Global Standards 2017.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade debtors	15,679
Prepayments	<u>17,596</u>
	<u>33,275</u>

**Notes to the Financial Statements - continued
for the Period 18 August 2017 to 31 March 2018**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Tax	70,374
VAT	229,388
Accruals and deferred income	<u>816,597</u>
	<u>1,116,359</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	£
Amounts owed to group undertakings	<u>36,175,650</u>

Intra-group loans totalling £36,175,650 have been provided by Epsom & Ewell Borough Council. The loans are interest only and the interest rate on each loan is 5%. All loans are due to be repaid in full fifty years from the original loan draw down.

10. SECURED DEBTS

The following secured debts are included within creditors:

	£
Other loans	<u>36,175,650</u>

The loans from Epsom & Ewell Council are secured by way of a 1st charge over the properties and a debenture.

11. PROVISIONS FOR LIABILITIES

	£
Deferred tax	
Accelerated capital allowances	<u>29,098</u>
	Deferred tax
	£
Provided during period	<u>29,098</u>
Balance at 31 March 2018	<u>29,098</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	£
100	Ordinary	£1	<u>100</u>

100 Ordinary shares of £1 each were allotted and fully paid for cash at par during the period. On 27th April 2018 the company issued 24,117,000 Ordinary shares of £1 each at par.

**Notes to the Financial Statements - continued
for the Period 18 August 2017 to 31 March 2018**

13. RESERVES

	Retained earnings £	Other reserves £	Totals £
Profit for the period	424,063		424,063
Dividends	(424,063)		(424,063)
Shares awaiting issue	<u>-</u>	<u>24,117,000</u>	<u>24,117,000</u>
At 31 March 2018	<u>-</u>	<u>24,117,000</u>	<u>24,117,000</u>

14. RELATED PARTY DISCLOSURES

Costs totalling £160,615 were recharged to Epsom & Ewell Property Investment Company Limited by Epsom & Ewell Borough Council in relation to staff, support services and insurance.

15. POST BALANCE SHEET EVENTS

On 27th April 2018 the company issued 24,117,000 Ordinary shares of £1 each at par to its parent company, Epsom & Ewell Borough Council.

16. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Epsom & Ewell Borough Council by virtue of its 100% shareholding.

**Trading and Profit and Loss Account
for the Period 18 August 2017 to 31 March 2018**

	£	£
Turnover		
Rental income	1,429,296	
Service charge income	17,152	
Insurance income	<u>20,232</u>	
		1,466,680
 Cost of sales		
Service charge	17,152	
Insurance	<u>20,232</u>	
		<u>37,384</u>
 GROSS PROFIT		 1,429,296
 Expenditure		
Staff and support services	140,383	
Computer costs	85	
Sundry expenses	<u>1,101</u>	
		<u>141,569</u>
		1,287,727
 Finance costs		
Bank charges	23	
Loan interest	<u>764,169</u>	
		<u>764,192</u>
 NET PROFIT		 <u><u>523,535</u></u>