

**Report of the Directors and
Financial Statements
for the Year Ended 31 March 2024
for
Epsom & Ewell Property Investment
Company Limited**

**Epsom & Ewell Property Investment
Company Limited (Registered number: 10922872)**

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for the Year Ended 31 March 2024**

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**Epsom & Ewell Property Investment
Company Limited**

**Company Information
for the Year Ended 31 March 2024**

DIRECTORS: M D C Shephard
R Brown
B J Bradley

SECRETARY: R K O Appiah- Ampofo

REGISTERED OFFICE: Town Hall
The Parade
Epsom
Surrey
KT18 5BY

REGISTERED NUMBER: 10922872 (England and Wales)

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

**Epsom & Ewell Property Investment
Company Limited (Registered number: 10922872)**

**Report of the Directors
for the Year Ended 31 March 2024**

The directors present their report with the financial statements of the company for the year ended 31 March 2024.

PRINCIPAL ACTIVITY

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

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2023 to the date of this report.

M D C Shephard
R Brown
B J Bradley

POLITICAL DONATIONS AND EXPENDITURE

None.

BUSINESS STRUCTURE

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

COMPANY HIGHLIGHTS

- Property portfolio of £51.2m.
- Gross profit of £3.340m.
- Profit before tax (excluding property revaluations) of £1.366m.
- Dividend paid of £614,986

BUSINESS MODEL

Our strategy is to maintain 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.

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Williams & Co Epsom LLP, will be proposed for re-appointment at a subsequent Board Meeting.

**Epsom & Ewell Property Investment
Company Limited (Registered number: 10922872)**

**Report of the Directors
for the Year Ended 31 March 2024**

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

18 July 2024

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

Opinion

We have audited the financial statements of Epsom & Ewell Property Investment Company Limited (the 'company') for the year ended 31 March 2024 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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.

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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.

Auditors' 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our assessment of the financial statements susceptibility to material misstatement, including how fraud may occur, highlighted that revenue recognition and management override of controls would be the key risk areas..

In determining the audit procedures we took into account our assessment of the company's control environment and based on our findings our work was predominantly substantive in nature.

We performed procedures including :

- testing of income for completeness
- testing of payments to ensure they were properly authorised and in relation to the company
- testing of ownership of the investment properties

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.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

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

18 July 2024

**Epsom & Ewell Property Investment
Company Limited (Registered number: 10922872)**

**Income Statement
for the Year Ended 31 March 2024**

	Notes	2024 £	2023 £
TURNOVER		3,468,357	3,542,785
Cost of sales		<u>(127,989)</u>	<u>(138,402)</u>
GROSS PROFIT		3,340,368	3,404,383
Administrative expenses		<u>(170,243)</u>	<u>(180,022)</u>
		3,170,125	3,224,361
Other operating income		<u>-</u>	<u>4,539</u>
OPERATING PROFIT		3,170,125	3,228,900
Interest receivable and similar income		<u>4,410</u>	<u>1,465</u>
		3,174,535	3,230,365
Gain/loss on revaluation of investment property		<u>290,600</u>	<u>(8,620,200)</u>
		3,465,135	(5,389,835)
Interest payable and similar expenses	4	<u>(1,808,783)</u>	<u>(1,808,783)</u>
PROFIT/(LOSS) BEFORE TAXATION		1,656,352	(7,198,618)
Tax on profit/(loss)	5	<u>(341,437)</u>	<u>(303,630)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>1,314,915</u>	<u>(7,502,248)</u>

The notes form part of these financial statements

**Epsom & Ewell Property Investment
Company Limited (Registered number: 10922872)**

**Balance Sheet
31 March 2024**

	Notes	2024		2023	
		£	£	£	£
FIXED ASSETS					
Investment property	6		51,191,900		50,901,300
CURRENT ASSETS					
Debtors	7	2,204,902		2,103,266	
Cash at bank		<u>1,251,375</u>		<u>1,152,323</u>	
		3,456,277		3,255,589	
CREDITORS					
Amounts falling due within one year	8	<u>1,124,409</u>		<u>1,348,104</u>	
NET CURRENT ASSETS			<u>2,331,868</u>		<u>1,907,485</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			53,523,768		52,808,785
CREDITORS					
Amounts falling due after more than one year	9		(36,175,650)		(36,175,650)
PROVISIONS FOR LIABILITIES	11		<u>(160,696)</u>		<u>(145,642)</u>
NET ASSETS			<u>17,187,422</u>		<u>16,487,493</u>
CAPITAL AND RESERVES					
Called up share capital	12		24,117,100		24,117,100
Fair value reserve	13		(8,746,583)		(9,037,183)
Retained earnings	13		<u>1,816,905</u>		<u>1,407,576</u>
SHAREHOLDERS' FUNDS			<u>17,187,422</u>		<u>16,487,493</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 18 July 2024 and were signed on its behalf by:

B J Bradley - Director

M D C Shephard - Director

**Epsom & Ewell Property Investment
Company Limited (Registered number: 10922872)**

**Statement of Changes in Equity
for the Year Ended 31 March 2024**

	Called up share capital £	Retained earnings £	Fair value reserve £	Total equity £
Balance at 1 April 2022	24,117,100	892,552	(416,983)	24,592,669
Changes in equity				
Dividends	-	(602,928)	-	(602,928)
Total comprehensive income	-	1,117,952	(8,620,200)	(7,502,248)
Balance at 31 March 2023	<u>24,117,100</u>	<u>1,407,576</u>	<u>(9,037,183)</u>	<u>16,487,493</u>
Changes in equity				
Dividends	-	(614,986)	-	(614,986)
Total comprehensive income	-	1,024,315	290,600	1,314,915
Balance at 31 March 2024	<u>24,117,100</u>	<u>1,816,905</u>	<u>(8,746,583)</u>	<u>17,187,422</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 March 2024**

1. STATUTORY INFORMATION

Epsom & Ewell Property Investment Company Limited 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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

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.

The economic and societal disruption cause by Covid-19 has increased the level of valuation uncertainty. However, the valuations have been professionally undertaken to RICS standards and therefore represent the best estimate at the current time.

Turnover

Turnover represents rental income, service charge income and insurance income, exclusive of value added tax. Income is recognised in respect the rental period.

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 depreciation is charged on investment property.

Movements in any deferred tax liability are recognised in profit or loss and transferred into the fair value reserve.

Taxation

Taxation for the year 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 year 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.

**Epsom & Ewell Property Investment
Company Limited (Registered number: 10922872)**

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2024**

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

	2024	2023
	£	£
Wages and salaries	<u>138,927</u>	<u>119,615</u>

The average number of employees during the year was as follows:

	2024	2023
Directors	<u>3</u>	<u>4</u>

During the period, no staff were directly employed by Epsom & Ewell Property Investment Company Ltd, with staffing costs being recharged by the parent company.

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2024	2023
	£	£
Loan interest	<u>1,808,783</u>	<u>1,808,783</u>

5. TAXATION

Analysis of the tax charge

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

	2024	2023
	£	£
Current tax:		
UK corporation tax	326,383	257,563
Deferred tax	15,054	46,067
Tax on profit/(loss)	<u>341,437</u>	<u>303,630</u>

6. INVESTMENT PROPERTY

FAIR VALUE

	Total £
At 1 April 2023	50,901,300
Revaluations	290,600
At 31 March 2024	<u>51,191,900</u>
NET BOOK VALUE	
At 31 March 2024	<u>51,191,900</u>
At 31 March 2023	<u>50,901,300</u>

**Epsom & Ewell Property Investment
Company Limited (Registered number: 10922872)**

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2024**

6. INVESTMENT PROPERTY - continued

The company's two investment properties were revalued on the 31st March 2024 by chartered surveyors, regulated by RICS.

The valuations were carried out in accordance with the RICS Valuation Professional Standards Global and UK 2017, with the CIPFA guidance incorporated.

If the two investment properties were not carried at fair value, they would be held at their cost of £59,938,483.

If either property became vacant, it's fair value would reduce accordingly.

7. DEBTORS

	2024	2023
	£	£
Amounts falling due within one year:		
Trade debtors	141,710	574,151
Other debtors	18,082	-
Prepayments	5,011	22,924
	<u>164,803</u>	<u>597,075</u>
Amounts falling due after more than one year:		
Accrued income	<u>2,040,099</u>	<u>1,506,191</u>
Aggregate amounts	<u>2,204,902</u>	<u>2,103,266</u>

Accrued income due in more than one year represents rents payable by a tenant following a renegotiation of rents post Covid. A rent free period was agreed which is being clawed back over the remainder of the lease.

Should the tenant at either property go into liquidation or otherwise exit their lease, there is a risk that accrued income may not be recoverable in future years. Both property leases are protected by guarantors who, in the event of non-performance by the tenant, become liable for at least one year's rental income. However this may not fully cover the rent free period being amortised over the length of the lease.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Tax	326,382	257,563
VAT	119,063	160,204
Accruals and deferred income	678,964	930,337
	<u>1,124,409</u>	<u>1,348,104</u>

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

	2024	2023
	£	£
Amounts owed to group undertakings	<u>36,175,650</u>	<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.

**Epsom & Ewell Property Investment
Company Limited (Registered number: 10922872)**

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2024**

10. SECURED DEBTS

The following secured debts are included within creditors:

	2024 £	2023 £
Other loans	36,175,650	36,175,650

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

11. PROVISIONS FOR LIABILITIES

	2024 £	2023 £
Deferred tax		
Accelerated capital allowances	160,696	145,642

		Deferred tax £
Balance at 1 April 2023		145,642
Provided during year		15,054
Balance at 31 March 2024		160,696

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value: £1	2024 £	2023 £
Number: Class:				
24,117,100 Ordinary			24,117,100	24,117,100

13. RESERVES

	Retained earnings £	Fair value reserve £	Totals £
At 1 April 2023	1,407,576	(9,037,183)	(7,629,607)
Profit for the year	1,314,915		1,314,915
Dividends	(614,986)		(614,986)
Transfer gain/loss on revaluation	(290,600)	290,600	-
At 31 March 2024	1,816,905	(8,746,583)	(6,929,678)

14. CONTINGENT LIABILITIES

Current government regulations require that to enter into new commercial property leases or renewals from 2027, the property must have an Energy Performance Certificate (EPC) rating of C or above. One EEPIC property is currently EPC rated B, so meets the regulations. The second property is rated D. As it is already leased out until 2036, it is not expected to be impacted by the regulations until 2036, when work will be mandatory to bring it up to the necessary EPC rating. Should the tenant exit their lease early, to be re-let from 2027 the property would need to be upgraded to EPC C or above, at an estimated cost (based on current prices) of £10m (to level C).

**Epsom & Ewell Property Investment
Company Limited (Registered number: 10922872)**

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2024**

15. RELATED PARTY DISCLOSURES

Costs totalling £138,927 (2023: £119,615) were paid to Epsom & Ewell Borough Council in respect of staff and support services.

Loan interest totalling £1,808,783 (2023: £1,808,783) was paid to Epsom & Ewell Borough Council.

16. ULTIMATE CONTROLLING PARTY

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.