Registered number: 04410176

East Kent Spatial Development Company

(A company limited by guarantee)

Directors' Report and Financial Statements

For the year ended 31 March 2023

East Kent Spatial Development Company
(A company limited by guarantee)

Company Information

Member Organisations	Kent County Council (KCC) University of Kent (UoK) Locate in Kent (LiK) Thanet District Council (TDC) Dover District Council (DDC) Folkestone & Hythe District Council (FHDC) Canterbury City Council (CCC)
Directors	C Barron (UoK) (resigned 24 August 2022) R J Thomas (KCC) (resigned 14 September 2022) M J Whiting (KCC) (resigned 15 May 2022) A Baldock (CCC) (appointed 16 August 2023) A Lockwood (FHDC) (appointed 20 July 2023) R J Everitt (TDC) (appointed 21 September 2023) D Monk (FHDC) (resigned 25 May 2023) T Bartlett (DDC) (resigned 25 May 2023) D Murphy (KCC) S Ryan (LiK) (resigned 3 January 2023) T Periera (UoK) K Mills (DDC) (appointed 28 July 2023) S Bittorf (CCC) (appointed 20 July 2023) K L Barber (UoK) (appointed 13 October 2022) B A Fitter-Harding (CCC) (appointed 16 September 2022, resigned 25 May 2023)
Company secretary & Chief executive officer	D Spalding
Registered number	04410176
Registered office	Clover House John Wilson Business Park Harvey Drive, Chestfield Whitstable Kent CT5 3QZ
Independent auditors	Kreston Reeves LLP Statutory Auditor & Chartered Accountants 37 St Margaret's Street Canterbury Kent CT1 2TU
Bankers	NatWest Bank Plc 11 The Parade Canterbury Kent CT1 2SQ

East Kent Spatial Development Company
(A company limited by guarantee)

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East Kent Spatial Development Company

(A company limited by guarantee)

Directors' Report
For the year ended 31 March 2023

The Directors present their report and the financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Principal activity

The company's principal activity is to promote the economic development and regeneration, with a view to promoting the economic and environmental wellbeing, of an area within the districts of Thanet District Council, Dover District Council, Shepway District Council and Canterbury City Council including, without limitation.

a) primarily to undertake or procure the provision of infrastructure works and wider regeneration activities, and

b) subject thereto to promote, provide and procure the provision of economic development activities and to promote, provide and procure the provision of other appropriate support activities, including without limitation, advice and training, in each case within or for the benefit of the Target Area.

Directors

The Director who served during the year was:

C Barron (UoK) (resigned 24 August 2022)
R J Thomas (KCC) (resigned 14 September 2022)
M J Whiting (KCC) (resigned 15 May 2022)
D Monk (FHDC) (resigned 25 May 2023)
T Bartlett (DDC) (resigned 25 May 2023)
D Murphy (KCC)
S Ryan (LiK) (resigned 3 January 2023)
T Periera (UoK)
K L Barber (UoK) (appointed 13 October 2022)
B A Fitter-Harding (CCC) (appointed 16 September 2022, resigned 25 May 2023)

Directors' Report (continued)
For the year ended 31 March 2023

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 13 December 2023 and signed on its behalf.

Chairman Cllr Alan Baldock
Director

Independent Auditors' Report to the Members of East Kent Spatial Development Company

Opinion

We have audited the financial statements of East Kent Spatial Development Company (the 'Company') for the year ended 31 March 2023, which comprise the Statement of comprehensive income, the Balance sheet and the related notes, 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 2023 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 United Kingdom, including the Financial Reporting Council'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.

Emphasis of matter

Valuation of other debtors

Utility loans

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in notes 2.6, 3, 9 and 13 to the financial statements concerning the value of utility provider loans included in other debtors which is dependant upon performance criteria outside the company's control. The ultimate value of these other debtors cannot be presently determined.

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.

Independent Auditors' Report to the Members of East Kent Spatial Development Company (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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.

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report 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 Directors' report.

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1, 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 is 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.

Independent Auditors' Report to the Members of East Kent Spatial Development Company (continued)

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 an Auditors' report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks.

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Statement of Recommended Practice, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management override. Audit procedures performed by the engagement team:

- Detailed discussions were held with management to identify any known or suspected instances of non-compliance with laws and regulations;
- The engagement team were made aware of the identified laws and regulations to ensure they remained alert to any indications of non-compliance throughout their audit procedures;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risk of material misstatement due to fraud;
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.
- Confirmations of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent Auditors' Report to the Members of East Kent Spatial Development Company (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 an Auditors' report 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.

Peter Manser FCA DChA (Senior statutory auditor)
for and on behalf of
Kreston Reeves LLP
Statutory Auditor
Chartered Accountants
Canterbury

14 December 2023

East Kent Spatial Development Company
(A company limited by guarantee)

Statement of Comprehensive Income
For the year ended 31 March 2023

	Note	2023 £	2022 £
Turnover		**1,210,969**	1,092,612
Cost of sales		**(363,387)**	(417,316)
Gross profit		**847,582**	675,296
Administrative expenses		**(362,128)**	(316,954)
Fair value movements		**(160,622)**	87,013
Operating profit		**324,832**	445,355
Fair Value movements from Investment Property		**1,475,000**	-
Interest receivable and similar income		**9,917**	186
Profit before tax		**1,809,749**	445,541
Tax on profit	6	**(310,764)**	(510,097)
Profit/(loss) for the financial year		**1,498,985**	(64,556)

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 9 to 19 form part of these financial statements.

East Kent Spatial Development Company

(A company limited by guarantee)
Registered number: 04410176

Balance Sheet
As at 31 March 2023

	Note		2023 £		2022 £
Fixed assets					
Tangible assets	7		**31,752**		744,053
Investment property	8		**9,737,443**		7,549,049
			9,769,195		8,293,102
Current assets					
Debtors	9	**3,247,322**		3,402,779	
Cash at bank and in hand		**2,640,286**		2,151,598	
		5,887,608		5,554,377	
Creditors: amounts falling due within one year	10	**(1,367,420)**		(1,129,498)	
Net current assets			**4,520,188**		4,424,879
Total assets less current liabilities			**14,289,383**		12,717,981
Creditors: amounts falling due after more than one year	11		**(4,575,189)**		(4,813,536)
Provisions for liabilities					
Deferred tax	14	**(2,126,518)**		(1,815,754)	
			(2,126,518)		(1,815,754)
Net assets			**7,587,676**		6,088,691
Capital and reserves					
Profit and loss account			**7,587,676**		6,088,691
			7,587,676		6,088,691

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Chairman Cllr Alan Baldock
Director
Date: 13 December 2023

The notes on pages 9 to 19 form part of these financial statements.

1. General information

East Kent Spatial Development Company is a company limited by guarantee incorporated in England. The address of the registered office is Clover House, John Wilson Business Park, Harvey Drive, Chestfield, Whitstable, CT5 3QZ.

The company's principal activity is to promote the economic development and regeneration, with a view to promoting the economic and environmental wellbeing, of an area within the districts of Thanet District Council, Dover District Council, Shepway District Council and Canterbury City Council.

The financial statements are presented in sterling which is the functional currency of the company. The financial statements are rounded to the nearest pound.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

There is no certainty over the timing and future value of the other debtor loan repayments and consequently the carrying value of the loans which are valued at the Directors' best estimate of fair value.

The company made a profit after tax of £1,498,985 (2022: £64,556 loss). The company has £2,640,286 (2022: £2,151,598) included in cash at the bank. As a consequence the Directors believe that the company is well place to manage its business risks successfully despite the current uncertain economic outlook and uncertainty over the carrying value of utility loans (see notes 2.6, 3, 9 and 13).

After making enquiries, the Directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office Equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Investment properties

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.6 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Utility loans

Other debtors include loans made to a utility provider to finance new infrastructure works in East Kent. The loans (utility loans) are index linked to RPI and are repayable as and when third parties pay the utility provider to connect to the new utility infrastructure. The amount of the utility loan repayable is proportionate to the capacity connected as a percentage of the total capacity of the new utility network.

In order to make these utility loans the company has received grants (see note 2.9). At the point of repayment, the grant made to finance the utility loan is transferred from designated grants in advance to unrestricted grants in advance.

The utility loans have been treated as other financial instruments and are measured at fair value, being the present value of future payments discounted at a market rate of interest for a similar debt instrument. Any movement in the value of this estimate, other than from draw down or repayment, is taken to the Statement of comprehensive income.

The directors do not envisage 100% connection to the network and therefore they have made a provision to reduce the value of utility loans to their estimated fair value. There is no certainty over the timing and percentage connection to the network that will be achieved. As such there is significant uncertainty over the carrying value of utility loans.

Fair value is the directors' best estimate of the discounted future income stream arising from the repayment of the utility loans based on the latest independent professional consideration of the likely repayments. Repayments are linked to the Retail Price Index up to March 2019 and it is assumed this will continue to rise at 3.5% per annum. The discount rate applied is also assumed to be 3.5%.

2. Accounting policies (continued)

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Grants

Grants received in respect of investment properties and assets under construction

Investment property related grants are accounted for in accordance with the performance model. Under the performance model:

- A grant that specified performance conditions is recognised in other operating income when the performance criteria is met;
- A grant that does not specify performance conditions is recognised in other operating income when the proceeds are received or receivable;
- A grant received before the recognition criteria are satisfied is recognised as a liability.

Grants received in respect of revenue expenditure

Grants relating to revenue expenditure are accounted for in accordance with the accrual model. Under the accrual model grants relating to revenue shall be recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Grants received to finance utility loans

Grants receivable to finance utility loans are accounted for under the accrual model. Under the accrual model grants relating to utility loans shall be transferred from designated grants in advance to unrestricted grants in advance in the period in which repayment or other reduction of the other debtor to which they relate is made.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Assets under construction

Assets under construction are carried at cost less impairment.

2.13 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.15 Jointly controlled assets

Jointly controlled assets have been recognised by recognising the company's share of jointly controlled assets, liabilities, income and expenses.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgments, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgments have had the most significant impact on amounts recognised in the financial statements:

Going concern

In the judgment of the directors it is appropriate to prepare the financial statements in accordance with the going concern basis of accounting. See note 2.2 for further details.

Investment properties

The company holds investment properties with fair value of £9,737,443 at the year end (see note 8). In order to determine the fair value of investment property the directors have used a valuation technique based on comparable market data and valuation reports from independent suitably qualified experts. The determined fair value of the investment properties is most sensitive to fluctuations in the property market.

Assets under construction

The company recognised assets under construction at cost less impairment. The nature of these assets whilst under construction makes assessment of impairment judgemental.

Debtors - infrastructure loans

The company has made loans to a utility provider. The utility loans have been treated as other financial instruments and are measured at fair value, being the present value of future payments discounted at a market rate of interest for a similar debt instrument. Fair value is taken as the Directors' best estimate of the discounted future income stream arising from the repayment of the utility loans (see note 2.6).

Any movement in the value of this estimate, other than from the draw down or repayment, is taken to the statement of comprehensive income.

The Directors do not envisage 100% connection to the network and therefore they have made a provision to reduce the value of utility loans to their estimated fair value. There is no certainty over the timing and percentage connection to the network that will be achieved. As such there is significant uncertainty over the carrying value of utility loans.

Grants

Grants relating to investment properties are accounted for under the performance model. In the opinion of the Directors' all performance criteria have been met and thus all appropriate grant income has been released.

4. Employees

The average monthly number of employees, including directors, during the year was 6 (2022 - 7).

5. Fair value movement

The company has made loans to a utility provider. The utility loans have been treated as other financial instruments and are measured at fair value, being the present value of future payments discounted at a market rate of interest for a similar debt instrument. £160,622 (2022: £87,013) represents the fair value movement in the year.

The company had a revaluation in the current year on the investment properties, this created an uplift of £1,475,000 (2022:£NIL).

6. Taxation

	2023 £	2022 £
Total current tax	**-**	-
Deferred tax		
Origination and reversal of timing differences	**310,764**	510,097
Total deferred tax	**310,764**	510,097
Taxation on profit on ordinary activities	**310,764**	510,097

Notes to the Financial Statements
For the year ended 31 March 2023

7. Tangible fixed assets

	Furniture, fittings and equipment £	Assets under the course of construction £	Total £
Cost or valuation			
At 1 April 2022	**105,023**	**713,394**	**818,417**
Additions	**19,968**	**-**	**19,968**
Disposals	**(9,594)**	**-**	**(9,594)**
Transfers between classes	**-**	**(713,394)**	**(713,394)**
At 31 March 2023	**115,397**	**-**	**115,397**
Depreciation			
At 1 April 2022	**74,364**	**-**	**74,364**
Charge for the year on owned assets	**18,875**	**-**	**18,875**
Disposals	**(9,594)**	**-**	**(9,594)**
At 31 March 2023	**83,645**	**-**	**83,645**
Net book value			
At 31 March 2023	**31,752**	**-**	**31,752**
At 31 March 2022	30,659	713,394	744,053

8. Investment properties

	Long term Leasehold investment properties £
Valuation	
At 1 April 2022	**7,549,049**
Surplus on revaluation	**1,475,000**
Transfers between classes	**713,394**
At 31 March 2023	**9,737,443**

The 2023 valuations were made by BTF Partnership, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2023 £	2022 £
Historic cost	**12,245,810**	10,674,402
Accumulated depreciation and impairments	**(2,508,367)**	(5,723,496)
	9,737,443	4,950,906

9. Debtors

	2023 £	2022 £
Due after more than one year		
Other debtors	**2,399,707**	2,560,329
	2,399,707	2,560,329
Due within one year		
Trade debtors	**12,696**	13,351
Other debtors	**820,889**	820,889
Prepayments and accrued income	**14,030**	8,210
	3,247,322	3,402,779

Other debtors include loans made to a utility service provider to finance the installation of new network infrastructure. Repayment of this loan is dependant on connections to the infrastructure, see notes 2.6, 3 and 13.

10. Creditors: Amounts falling due within one year

	2023 £	2022 £
Grants received in advance (see note 12)	**238,347**	-
Trade creditors	**5,076**	10,826
Other taxation and social security	**25,959**	12,226
Other creditors	**1,087,140**	1,092,046
Accruals and deferred income	**10,898**	14,400
	1,367,420	1,129,498

11. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Grants received in advance (see note 12)	**4,575,189**	4,813,536
	4,575,189	4,813,536

12. Grants received in advance

	2023 £	2022 £
Designated grants - other debtors	**3,044,774**	2,962,378
Unrestricted grants	**1,768,763**	1,851,159
	4,813,537	4,813,537

Designated grants
These relate to grants received in order to finance other debtor loans made by the company. They are converted to unrestricted grants once the repayment of the other debtors falls due. The balance includes Single Regeneration Budget funding administered through TDC of £767,567 (2022: £746,796) and other third party funding of £2,277,207 (2022: £2,215,582).

Unrestricted grants
These relate to those grants received by the company that the company is able to use for whatever purpose it deems appropriate. The balance includes unreleased general grant funding of £57,304 (2022: £57,304) and converted other debtor grants of £1,711,460 (2022: £1,793,855)

13. Financial instruments

	2023 £	2022 £
Financial assets		
Financial assets measured at fair value through profit or loss	**2,399,707**	2,560,329
	2,399,707	2,560,329

Financial assets measured at fair value through profit or loss comprise loans made to a utility provider which are held in other debtors. The valuation principles of these loans and related uncertainties are described in note 2.6.

14. Deferred taxation

	2023 £
At beginning of year	**(1,815,754)**
Charged to the profit or loss	**(310,764)**
At end of year	**(2,126,518)**

The deferred tax liability is made up as follows:

	2023 £	2022 £
Grant funding of property acquisitions	**(2,126,518)**	(1,815,754)
	(2,126,518)	(1,815,754)

15. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

16. Contingent liabilities

The company has received grants contingent on meeting certain performance criteria. The Directors are confident that the company will meet these performance criteria.

17. Controlling party

There is no controlling party for the company.