

SHAREHOLDER CABINET SUB-COMMITTEE

MONDAY 24 JUNE 2019
10.00 AM

Bourges/Viersen Room - Town Hall

AGENDA

Page No

1. Apologies for Absence
2. Declarations of Interest
3. Shareholder Cabinet Sub-Committee - Overview Report 3 - 216

Emergency Evacuation Procedure – Outside Normal Office Hours

In the event of the fire alarm sounding all persons should vacate the building by way of the nearest escape route and proceed directly to the assembly point in front of the Cathedral. The duty Beadle will assume overall control during any evacuation, however in the unlikely event the Beadle is unavailable, this responsibility will be assumed by the Committee Chair.

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There is an induction hearing loop system available in all meeting rooms. Some of the systems are infra-red operated, if you wish to use this system then please contact Pippa Turvey on 01733 452460 as soon as possible.

Committee Members:

Councillors: Allen, M Cereste, W Fitzgerald (Chair), D Seaton and I Walsh

Substitutes: Councillors:

Further information about this meeting can be obtained from Pippa Turvey on telephone 01733 452460 or by email – Philippa.turvey@peterborough.gov.uk

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SHAREHOLDER CABINET SUB-COMMITTEE	AGENDA ITEM No. 3
24 June 2019	PUBLIC REPORT

Report of:	Acting Corporate Director, Resources	
Cabinet Member(s) responsible:	Cllr Wayne Fitzgerald, Deputy Leader and Cabinet Member for Adult Social Care, Health & Public Health	
Contact Officer(s):	Peter Carpenter, Acting Corporate Director, Resources	Tel. 452520

Shareholder Cabinet Sub-Committee - Overview Report

R E C O M M E N D A T I O N S	
FROM: <i>Acting Corporate Director, Resources</i>	Deadline date: <i>N/A</i>
<p>It is recommended that the Shareholder Cabinet Sub-Committee:</p> <ol style="list-style-type: none"> 1. Note the remit of the Committee and the base data contained in the report. 2. Approve the guidance note "Guidance for Member & Officers who serve on outside bodies" attached at Appendix K to the report and its circulation to all members and officers. 3. Approve the work plan for future meetings as set out at paragraph 6.1 of the report. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to the Shareholder Cabinet Sub-Committee following a resolution from Cabinet on 17 December 2018, which set up the Committee's terms of reference.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to:

- Set out the remit and powers of the Committee (at its inaugural meeting);
- Set the initial baseline in terms of financial performance and purpose of the Council companies, partnerships and charities that the Committee has responsibility for;
- Highlight potential conflicts of interest that members need to be aware of in order to manager interactions more proactively;
- Propose areas to review in more depth in future meetings.

- 2.2 This report is for the Shareholder Cabinet Sub-Committee to consider under its Terms of Reference No. 3.3.2. (a), 'To monitor performance and financial delivery of the companies, partnerships and charities set out above in line with Cabinet approved business plans by means of monthly performance monitoring and scrutiny.'

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 This report:

- Sets out why the Council requires a Shareholder Cabinet Sub-Committee;
- Sets out the Shareholder Cabinet Sub-Committee terms of reference and how it interacts with Cabinet;
- Lists those Council companies, partnerships and charities that the Committee has responsibility for including their purpose and the latest set of accounts;
- Sets out how the client function should work in support of the Council in managing its interactions with these entities;
- Sets out a work programme in order for the Committee to ensure it has clear and effective Council governance and oversight of these entities.

4.2 The Requirement for a Shareholder Cabinet Sub-Committee

The Council has established a governance framework to demonstrate that it is clearly managing its differing responsibilities, as both an owner and separately as client of the Companies, partnerships and charities it has a significant interest in.

Such governance will demonstrate:

- Clear transparent and consistent accountability for the setting of policy, strategy and objectives for these organisations;
- Clear transparent and consistent accountability for the financial and service performance and monitoring of each organisation for the services provided to the residents of Peterborough;
- Oversight by a single Shareholder Cabinet Sub-Committee of all these organisations, meeting in public and subject to scrutiny through the Scrutiny Committee for Growth, Environment and Resources and accounting to the Council's Audit Committee.

To this extent, the Council has obtained external legal advice and has considered how a potential governance structure could operate to show clear and effective Council governance and oversight of these entities.

The chart at Appendix A illustrates the governance structure. As part of this structure, a new overarching Shareholder Cabinet Sub-Committee made up of 5 members would be formed with decision making and advisory powers. The Shareholder Cabinet Sub-Committee will be a sub-committee of Cabinet so it will have the power to make decisions on behalf of the Cabinet in relation to the Council's other organisations such as partnerships and charities.

The benefits of adopting the structure and responsibilities set out in Appendix A are:

- effective protection for the Council against potential poor performance and excessive risk, meeting Teckal requirements, timely decision making;
- 3 tier split decision making in order to reflect and manage the Council's differing responsibilities as owner and a client;
- it monitors the Company's (partnerships and charities) interaction with the Council and with each other in order to make recommendations to Cabinet;
- it is in accordance with the external legal advice set out in the Local Authority Trading Company Report approved by Cabinet on the 17th December 2018.

Whilst there is a risk that under this structure decision making is limited to members on the Shareholder Cabinet Sub-Committee, this can be mitigated by requiring key decisions relating to share ownership, financial investments and reserved matters to be approved only by Cabinet.

The Council's Monitoring Officer and Section 151 Officer will provide support to the Shareholder Cabinet Sub-Committee. In addition, the decisions made by the Shareholder Cabinet Sub-

Committee will be reviewed by the Audit Committee and the Scrutiny Committee for Growth, Environment and Resources.

The “Governance of Council Companies, Partnerships and Charities” report of 4th February 2019 set out the requirements for a Shareholder Committee and requested and gained approval of the Governance structure and arrangements described in section 3 of that Report for the purposes of formal oversight of the Council’s companies and organisations.

4.3 **Shareholder Cabinet Sub-Committee Purpose and Functions**

The Shareholder Cabinet Sub-Committee will meet four times a year, with more or less meetings to be arranged as necessary, with the agreement of the Chairman. The Committee will have responsibility for the Council’s companies, partnerships and charities including, but not limited to:

- (a) Peterborough Limited
- (b) Blue Sky Peterborough,
- (c) Empower Peterborough,
- (d) Opportunity Peterborough,
- (e) Peterborough Investment Partnership LLP,
- (f) Medesham Home LLP,
- (g) NPS Peterborough Ltd,
- (h) Peterborough Museum and Art Gallery,
- (i) The Mayor's Charity. and
- (j) Vivacity Culture and Leisure (“Vivacity”).

The Shareholder Cabinet Sub-Committee will act as a decision making body in relation to the functions delegated to it as well as an advisory body to Cabinet. Support and advice will be provided to the Shareholder Cabinet Sub-Committee by the Monitoring Officer, the Section 151 Officer and other client officers as appropriate.

Functions of the Shareholder Cabinet Sub-Committee

The Shareholder Cabinet Sub-Committee would be responsible for making decisions:

- a) To monitor performance and financial delivery of the companies, partnerships and charities set out above in line with Cabinet approved business plans by means of monthly performance monitoring and scrutiny;
- b) To ensure that those companies, partnerships and charities comply with relevant Council policies, strategies and objectives;
- c) To exercise decisions, where delegated by Cabinet, in relation to a company, partnership or charity’s reserved matters;
- d) To make recommendations to Cabinet in relation to investments, loans and assets;
- e) To oversee the relationships between the Council and the Council’s companies, partnerships and charities, and any such relationships between the Council’s companies, partnerships and charities in accordance with the Council’s objectives.
- f) To review any reports in relation to the Council’s companies, partnerships or charities prior to their submission to the Audit Committee to ensure compliance with Council policies, strategies and objectives;
- g) To determine for each individual company, partnership or charity whether the Shareholder Cabinet Committee recommends to Cabinet the delegation of any functions to the officers of the Council.”

All other matters not falling within the remit of the Shareholder Cabinet Sub-Committee functions set out at a) to g) above will be referred to Cabinet for decision.

Functions Reserved to Cabinet

Cabinet will be responsible for the following functions in relation to the Council's companies, partnerships and charities:

- a) The establishment of any new company, partnership or charity;
- b) The decommissioning/winding up of existing companies, partnerships and charities; c) The determination of Articles of Association;
- d) The determination of the percentage share of ownership;
- e) The determination of the investment of funds or assets;
- f) The determination of any lending facilities to the Council's companies, partnerships and charities;
- g) The determination of decisions reserved to the Council as shareholder or member of a company, partnership or charity;
- h) Scheme of delegations to the Shareholder Cabinet Committee;
- i) Approval of Business Plans;
- j) Approval of changes to service agreements in respect of KPIs, service levels and service standards;
- k) The setting of Policy Strategy and objectives for the operation of the Council's companies, partnerships and charities."

Membership

The Shareholder Cabinet Sub-Committee will comprise five Cabinet Members to be determined by the Leader annually. The Chairman and Vice-Chairman of the Committee will also be appointed by the Leader on an annual basis. 3 members will be required in order for the Committee to be quorate.

Addition to the Audit Committee Terms of Reference

To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.

4.4 Council companies, partnerships, and Charities - Purposes and Accounts

(a) Peterborough Limited

It is the mission of Peterborough Limited to provide high quality services to the residents and businesses of Peterborough in an efficient, effective, flexible and innovative way for the benefit of everyone who lives in, works in or visits our City.

Peterborough Limited aims to:

- Improve and maintain the delivery of high quality services for residents;
- Provide and grow commercial services that support local businesses, the proceeds of which will reduce the level of funding required from the Council in order to deliver services to residents;
- Encourage a culture in which staff can flourish by providing support and development opportunities;
- Promote "Localism" whereby
 - businesses purchasing services from Peterborough Limited know their spend will make a return that is invested in the City in which they operate to the benefit of their employees and families
 - employees of Peterborough Limited are incentivised to improve the quality of services delivered and drive business improvements that control cost, to optimise the return that is invested in the City in which they live
- Offer flexible services that meet the needs of a growing, vibrant and multicultural City;
- Deliver best value for money to the Council and its residents.

Appendix B - Local Authority Trading Company LATCO Report - Cabinet - 17th December 2018

Councillor Representatives: Cllr Farooq; Cllr Simons

(b) Blue Sky Peterborough

Blue Sky Peterborough Ltd was established in 2011 and is a wholly owned subsidiary of Peterborough City Council.

Blue Sky Peterborough, an Energy Services Company (ESCo), has the mission to facilitate investment and development of renewable energy generation projects as well as energy efficiency initiatives.

Blue Sky Peterborough is currently operating as a dormant company.

Appendix C - Blue Sky Peterborough Abbreviated Accounts 1/4/2017 to 31/3/2018

Councillor Representatives: Cllr Allen; Cllr Cereste

(c) Empower Peterborough

A strategic partnership between the Council and Empower Community Management LLP, that's primary purpose was to deliver the installation of solar PV on residential properties in the city and deliver a community benefit scheme to Peterborough making it the first scheme of its type in the UK and in particular, the first of its kind that involves a Council.

Appendix D - Empower Peterborough CIC Accounts year ended 31/3/2018

Councillor Representative: Cllr Cereste

Officer Representative: Peter Carpenter

(d) Opportunity Peterborough

Opportunity Peterborough's mission is to support economic growth across the city, improving prosperity, job opportunities, and life chances for those who live and work here. It does this by engaging with local companies to support growth and development, by marketing Peterborough to attract new businesses, by working with partners at a strategic level to create an enabling environment, and by playing a leading role in the city's skills agenda to ensure the current and future talent pool have the skills they need to drive the city forward.

Appendix E - Opportunity Peterborough Limited Annual Report and Financial Statements year ended 31/3/2018

Councillor Representatives: Cllr Holdich; Cllr Hiller

(e) Peterborough Investment Partnership LLP

PIP was formed in January 2015, with a mandate to secure regeneration of key city centre sites. Its first project was to be the long-desired regeneration of Fletton Quays, formerly part of the wider South Bank master plans developed over the previous decades.

The formation of PIP follows the great strides Peterborough has made as a city, being one of the fastest growing in the UK with a diverse population and diverse – and resilient – economy. This formation recognised that despite success in many areas some long-term aspirations (like Fletton Quays in the south of the city centre and North Westgate in the north) have not been realised. PIP was created to help spearhead delivery of key regeneration areas.

Appendix F - Members & Consolidated Financial Statements Year Ended 31/3/2018
Peterborough Investment Partnership LLP

Councillor Representatives: Cllr Holdich; Cllr Hiller

(f) Medesham Homes LLP

The principal activity of Medesham Homes Limited Liability Partnership (LLP) is that of development of land and construction of "affordable" homes. The current developments are in relation to sites known as Midland Road, Bretton Court, Fengate Connect, Belle Vue, Tenterhill and London Road.

The LLP has been set up as a joint venture between Peterborough City Council and CKH Developments Limited (the designated members) and Medesham Limited.

Appendix G - Medesham Homes LLP Annual Report and Financial Statements Year Ended 31/3/2018

Councillor Representative: Cllr Hiller

(g) NPS Peterborough Ltd

NPS Peterborough Ltd is a ten year Joint Venture between the Council and NPS to deliver property estate and asset management services for the Council. This is an innovative joint venture that the Council has set up to ensure services to the residents of Peterborough and it's partnerships with business and investors in the city and surrounding region are delivered effectively and efficiently.

The joint venture between the Council and NPS is a 50/50 partnership where together we plan, manage, develop and enhance the Council's estate and look for opportunities to acquire and benefit from property based developments and initiatives.

Appendix H - NPS Peterborough Ltd Annual Report and Financial Statements Year Ended 31/3/2018

Councillor Representative: Cllr Hiller

(h) Peterborough Museum and Art Gallery

Aims & Activities - Provision and maintenance of a museum and art gallery for the City of Peterborough and neighbourhood; for the preservation and exhibition of specimens of natural history, geology, archaeology, social history and the fine arts and as a centre for promoting artistic and general knowledge, and providing access to collections for the purpose of knowledge, education, research and learning.

Appendix I - Peterborough Museum and Art Gallery Annual Report and Financial Statements Year Ended 31/3/2018

Councillor Representatives: Cllr Allen

(i) The Mayor's Charities

The Mayor along with a charities committee, fund raise by holding events and through the generosity of donations. At the end of the Mayoral year, funds are divided between the chosen charities and used for these in need in and around the city of Peterborough.

For 2019-2020, The Mayor, Councillor Gul Nawaz has chosen the following three charities:

- Little Miracles
- Carers Trust Peterborough
- Friends of Peterborough Hospitals

(j) Vivacity

Vivacity is an independent, not-for-profit organisation with charitable status. They manage many of Peterborough’s most popular culture and leisure facilities for both residents of the city and visitors to Peterborough.

Vivacity provides a myriad of opportunities for people to take part in cultural and leisure activities. Art, heritage, learning, sport and healthy living form the mainstay of our services, with the specific purpose to enrich and inspire lives in partnership with various organisations and stakeholders.

Councillor Representatives: Cllr Allen; Cllr Bashir

4.5 Overview of Issues

The accounts of the 9 Companies presently in scope of this committee show that:

- 4 have a turnover greater than £1m
- The combined group have fixed assets of £2.1m
- The combined group have reserves of £2.7m

The above data is taken from the latest sets of accounts available which are the 2017/18 accounts.

The Council, as part of its annual governance process allocates members and officers to various companies and boards. One of the significant responsibilities of this Committee is to ensure that Council aims, objectives and requirements are delivered both within these Companies and also across these Companies. As such the Committee will:

- Need to understand potential conflicts of interest between Company Board member’s statutory requirements and Council objectives;
- What needs to be put in place in terms of Governance and Client Management of these Companies in order to ensure Council objectives are delivered. This will involve a review of the role of the Client Function (which is set out in the next section and is based on the Peterborough Limited specification) to ensure that:
 - This is the appropriate client structure (and that there is no duplication of work);
 - There is a client function in place for each of the Companies;
 - That this function and the relationships with the Cabinet members is appropriate;
 - That the various Client functions - are connected to ensure effective use of Council resources.

The Monitoring Officer has prepared a guidance note “Guidance for members & officers who serve on outside bodies” for the Committee’s approval which is attached as Appendix K. Once approved it shall be sent to all councillors and officers.

4.6 Establishment of a “Smart” Client Team

There is a requirement for an in-house client management team to act as the interface between the Council and the various Companies, to act in the best interests of the Council and with responsibility for ownership, management and delivery of a defined set of outcomes in the delivery of Services by the Company.

These client officers will not be the same persons who sit on the Company Board. The remit of the Peterborough Limited client function is set out below:

- contract and project management
- commissioning service and negotiating and agreeing service agreements
- setting performance levels and service standards and monitoring performance against standards, payments, timelines and performance levels/indicators.
- managing changes to service delivery and performance and determining forward strategy.
- acting as first stop forum to consider matters which are outside the Business Plan.
- arranging and obtaining Council approvals through the Council's internal governance process (Contract Rules)
- acting in the Council's best interests The benefits of setting up an in house client team are: i) Interface between the Council and Company Board ii) clear separation of client and provider functions ii) proper resource of client side functions to support the Company

Peterborough Limited has significantly higher turnover levels than other companies and as such there is a formal process for the delivery of the Council client function. Due to the remit, transactional volumes, and existing reporting setu/requirements of other existing companies this client arrangement is totally replicated in other entities.

It is proposed that the Council move to a clienting model for all entities that is similar to the remit of the Peterborough Limited model - appropriately sized for the nature of the entities business with named client lead.

This will then ensure that regular cross client meetings can take place to ensure congruence of purpose across all entities.

5. CONSULTATION

- 5.1 This is the first meeting of this Committee which sets out its remit. This remit was part of the LATCo cabinet paper from December 2018.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 The purpose of this report is to:

- Set out the remit and powers of the Committee (at this inaugural meeting);
- Set the initial baseline in terms of financial performance and purpose of the Council companies, partnerships and charities that the Committee has responsibility for;
- Highlight potential conflicts of interest that members need to be aware of in order to manager interactions more proactively;
- Propose areas to review in more depth in future meetings.

Section 4 sets out the remit and powers of the Committee as well as the initial baselines of the Companies and interests it has responsibility for. Section 4.5 in particular highlights the issues that the Committee will need to be aware of and overcome in order to ensure its aims and objectives are delivered by these organisations.

It is proposed that the following three areas are looked at in more detail at the next meeting:

- Overall Governance Arrangements;
- Medesham Homes LLP (linkages to the delivery of Temporary Accommodation);
- NPS peterborough Limited (linkages to the delivery of Temporary Accommodation).

Following this there should be 2/3 entities looked at in detail at each meeting along with any Governaceor cross cutting issues that might arise. The following schedule is suggested

Meeting 2

- Peterborough Limited
- Empower Peterborough
- The Mayor's Charity

Meeting 3

- Opportunity Peterborough
- Peterborough Investment Partnership LLP

Meeting 4

- Vivacity
- Peterborough Museum and Art Gallery
- Blue Sky Peterborough

7. REASON FOR THE RECOMMENDATION

- 7.1 This is a new Committee and this is the inaugural meeting. The report ensures that members:
- Understand the remit of this Committee;
 - Have a baseline of data in order to understand how these companies perform
 - Have a plan for items to discuss at future meetings (a workplan)

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 This report sets out the baseline for this new committee. This is its first meeting. If this Committee did not meet, existing arrangements for the management of these organisations would continue. These arrangements are not joined up as they span multiple directorates and Scrutiny Committees.

9. IMPLICATIONS

Financial Implications

- 9.1 Accounts for all these entities are in the appendices.

Legal Implications

- 9.2 There are no legal implications arising from this report.

Equalities Implications

- 9.3 There are no equalities implications arising from this report.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 Local Authority Trading Company (LACTo) Report - Cabinet - 17th December 2018
Governance of Council Companies, partnerships and Charities - Cabinet - 4th February 2019

11. APPENDICES

- 11.1 Appendix A - Governance Structure
Appendix B - Local Authority Trading Company LATCO Report - Cabinet - 17th December 2018
Appendix C - Blue Sky Peterborough Abbreviated Accounts 1/4/2017 to 31/3/2018
Appendix D - Empower peterborough CIC Accounts year ended 31/3/2018
Appendix E - Opportunity Peterborough Limited Annual Report and Financial Statements year ended 31/3/2018
Appendix F - Members & Consolidated Financial Statements Year Ended 31/3/2018
Peterborough Investment Partnership LLP
Appendix G - Medesham Homes LLP Annual Report and Financial Statements Year Ended 31/3/2018
Appendix H - NPS Peterborough Ltd Annual Report and Financial Statements Year Ended 31/3/2018
Appendix I - Peterborough Museum and Art Gallery Annual Report and Financial Statements Year Ended 31/3/2018
Appendix J - Vivacity Management Accounts
Appendix K - Guidance for Member & Officers who serve on outside bodies

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CABINET

Cabinet decisions (where Shareholder Cabinet Committee is used)

Decisions:

- a) Establish new companies, partnerships or charities
- b) Decommissioning or winding up of existing companies, partnerships or charities
- c) Determination of Articles of Association
- d) Determination of percentage of share ownership
- e) Determination of investment of funds or assets
- f) Determination of any lending facilities to the Council's companies, partnerships or charities
- g) Identify reserved matters eg appoint or dismiss directors
- h) Scheme of delegations to Shareholder Cabinet Committee

Audit Committee
To consider reports in relation to the performance of the Council's companies, partnerships and charities alongside comments from the Shareholder Cabinet Committee

Overarching Shareholder Cabinet Committee (new)

Scrutiny

Shareholder Cabinet Committee - Decision Making + Advisory

Membership: 5 Members of Cabinet appointed by Leader

Functions:

- a) Approve Business Plans
- b) Monitor performance and financial delivery in line with BP
- c) Act within powers delegated by Cabinet over reserved matters for example. appoint/dismiss directors,
- d) Recommend to Cabinet re investment/loans/assets
- e) Manage interactions with PCC and other PCC organisations
- f) To review reports in relation to the company, partnership or charity prior to submission to the Audit Committee
- g) To determine for each individual company, partnership or charity whether to delegate any of its functions to PCC Client Officer Team

Benefit: effective protection against poor performance, excessive risk, and meet Teckal requirements where Teckal type company is set up, timely decision making, 3 tier split decision making to manage PCC's differing responsibilities as owner and a client. Monitors organisations' interaction with PCC and with each other to recommend to Cabinet.

Risk: decision limited to members on Shareholder Cabinet Committee

PCC Client officer team

PCC Client officer team

Functions:

- Project management, commission services, negotiate and agree service agreements, monitor performance, payments, timelines, obtain approvals in line with internal governance process, obtain finance, HR and legal support, report to Shareholder Cabinet Committee
- first stop forum to consider matters outside the Business Plan or matters reserved to PCC.
- Acting in PCC's best interest.

Benefit :

- Interface between PCC and Company, partnership or Charities Board
- clear separation of client and provider functions
- proper resource of client side functions to support Company, partnership or Charity

Peterborough Limited

Blue Sky Peterborough (BSP)
dormant, never traded

Empower Peterborough
Community Interest Company active

Opportunity Peterborough
active

Peterborough Investment Partnership LLP
active

Medesham Homes LLP
active

NPS Peterborough Ltd
active

Peterborough Museum and Art Gallery
not dormant, but not actively trading

The Mayor Charity
active

Peterborough Limited Board

Functions:

- management and operation of the company
- to act within the remit of the Business Plan
- represent PCC but act in the company's interest

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CABINET	AGENDA ITEM No. 4
17 DECEMBER 2018	PUBLIC REPORT

Report of:	Pete Carpenter, Acting Corporate Director of Resources	
Cabinet Member(s) responsible:	Cllr Marco Cereste, Cabinet Member for Waste and Street Scene	
Contact Officer(s):	Pete Carpenter, Acting Corporate Director for Resources	Tel.01733 452520

Local Authority Trading Company (LATCo)

R E C O M M E N D A T I O N S	
FROM: Cabinet Member for Waste and Street Scene	Deadline date: 7th December 2018
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Adopts the Business Plan of Peterborough Limited. 2. Approves the Governance structure and arrangements described in section 4 of this Report for the purposes of formal oversight of the Council's companies and organisations 3. Recommends to Full Council the changes to the Executive Delegations and agrees the Terms of Reference and functions of a Shareholder Cabinet Committee, and amendments to the Audit Committee's Terms of Reference and the Executive Procedure Rules set out in Appendix B of this Report. 4. Approves the amendment of Peterborough Limited's Articles of Association to adopt the list of reserved matters as set out in Appendix D. 5. Delegates to the Leader, after consultation with the Chief Executive, the appointment of the Council's officer nominees to represent the Council on the Peterborough Limited Board. 6. Delegates to the Leader, after consultation with the Chief Executive, any future changes to the appointment of nominees to represent the Council on the Peterborough Limited Board. 7. Agrees to indemnify the Council's nominees to the Peterborough Limited Board under the Local Authorities (Indemnities for Members and Officers) Order 2004. 8. Approves the terms of the suite of documents including a loan agreement, services agreement, support services agreement, property documentation, pension and employment documentation to be extended or agreed to with or in connection with Peterborough Limited by the Council and delegates authority to the Director of Law and Governance in consultation with the Director of Resources and relevant Service Director to make decisions and enter into legal agreements necessary to give effect to these arrangements. 9. Notes the budget implications of these changes as detailed in section 9.1 of this Report, and that they are reflected in the Council Medium Term Financial Strategy for agreement in the February 2019 Cabinet meeting. 	

1.	ORIGIN OF REPORT		
1.1	The Medium Term Financial Strategy (MTFS) 2017/18 – 2026/27, presented to Council on 8 March 2017, included a proposal for the Council’s current contract for services with Enterprise Managed Services Limited (EMS) to terminate by mutual agreement and for the Council to consider alternative ways of providing those services.		
1.2	Cabinet decision DEC17/CAB/76 authorised the entering into a Deed of Termination relating to the Council’s contract for services with EMS. That contract will currently terminate on 1 February 2019.		
1.3	Cabinet decision “Approval of future arrangements for the existing Enterprise Managed Services contract” KEY/11JUN18/04 approved the creation of a local authority trading company now named Peterborough Limited (the “Company”) to operate all services currently performed under the EMS contract from 2 February 2019.		
2.	PURPOSE AND REASON FOR REPORT		
2.1	The purpose of this report is to seek approval from Cabinet of the Company’s Business Plan and the efficacy of its proposed trading arrangements from 2 February 2019 and to make changes to the Council’s own constitutional arrangements to ensure effective oversight and contract management of the Company and other Council external organisations.		
2.2	This report is for Cabinet to consider under its Terms of Reference No. 3.2.1, ‘To take collective responsibility for the delivery of all strategic Executive functions within the Council’s Major Policy and Budget Framework and lead the Council’s overall improvement programmes to deliver excellent services.’		
2.3	There is an exempt annex attached to this report that is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because it contains commercial information. The public interest test has been applied to the information contained within this exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.		
3.	TIMESCALES		
	Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting 17 December 2018
4.	BACKGROUND AND KEY ISSUES		
4.1	<p>This report sets out:</p> <ul style="list-style-type: none"> ● how the Company will operate in terms of: <ul style="list-style-type: none"> ● governance arrangements (Members and Officers); ● the services that will be delivered and how they will be measured; ● the interactions with the Council and the rules that govern this. ● how the Company will deliver those Services; ● the Council’s evaluation and view of: <ul style="list-style-type: none"> ● the Company’s delivery plan; ● the valuation of assets and liabilities being transferred to the Company; ● the appropriateness of the Company’s Migration and Mobilisation plans. ● how the budget is established to include for the Company for approval in Tranche 3 of the MTFS process; ● the detail required in items 5 and 6 of the July Cabinet Report KEY/11JUN18/04. 		

4.2 Governance Arrangements

The Council will establish a governance framework to demonstrate that it is clearly managing its differing responsibilities, as both an owner and separately as client of the Company. Such governance will demonstrate that :

- The Council is acting in an open and transparent manner in respect of the Company's business
- Objectives of the Council and the Company are being delivered
- Performance and risk are managed
- The extent of delegation to any directors and client officers is clear
- There is transparency around key Council decisions
- Clear separation of owner and provider functions

To this extent, the Council has obtained external legal advice from Bevan Brittan, which is set out in more detail in the legal implications section below, and has considered how a potential governance structure could operate to show clear and effective Council governance and oversight of the Company. The chart at Appendix C illustrates this proposed governance structure: the key functions of each level of the proposed governance options are :

A. Shareholder Cabinet Committee

A new overarching Shareholder Cabinet Committee made up of 5 members would be formed with decision making and advisory powers. The Shareholder Cabinet Committee will be a sub committee of Cabinet so it will have the power to make decisions on behalf of the Cabinet in relation to Peterborough Limited and the Council's other organisations such as partnerships and charities.

While the Cabinet would be responsible for making decisions relating to :

- a) establishing new companies, partnerships or charities
- b) decommissioning or winding up of existing companies, partnerships or charities
- c) determining the articles of association
- d) determining Council's share ownership
- e) determining investments of funds or assets
- f) determining any loans to the companies
- g) identifying reserved matters such as to appoint or dismiss directors.
- h) Scheme of delegations to Shareholder Cabinet Committee

The Shareholder Cabinet Committee would be responsible for making decisions relating to:

- a) approving the Company's Business Plans
- b) the Company's Performance and financial delivery against Business Plan
- c) The exercise of decisions over Reserved matters where delegated by Cabinet
- d) recommendations to Cabinet for investment of funds, assets or loans to the Company.
- e) review reports of the Company prior to submission to the Audit Committee
- f) managing interactions between the Council and the Company, and the Council's other organisations such as partnerships and charities
- g) Delegation of functions to Council officers in a new in-house Smart client team to increase commercial flexibility to act as interface with the Company.

The benefits of adopting the structure and responsibilities set out in Appendix C are:

- effective protection for the Council against potential poor performance and excessive risk, meeting Teckal requirements, timely decision making,
- 3 tier split decision making in order to reflect and manage the Council's differing responsibilities as owner and a client,
- it monitors the Company's (and other Council organisations) interaction with the Council and with each other to recommend to Cabinet,
- it is in accordance with Bevan Brittan's advice

While there is a risk that under this structure decision making is limited to members on the Shareholder Cabinet Committee, this can be mitigated by requiring key decisions relating to share ownership, financial investments and reserved matters to be approved only by Cabinet. The Council's Monitoring Officer and Section 151 Officer will provide support to the Shareholder Cabinet Committee. In addition, the decisions made by the Shareholder Cabinet Committee will be reviewed by the Audit Committee and the Scrutiny Committee for Growth, Environment and Resources.

B. Company Board

Council appointed Company directors will be responsible for:

- Acting in the statutory role of a company director with fiduciary duties to the Company, acting in the best interest of the Company
- Operational control of the company
- Developing and delivering the Business Plan to the Council
- Regular reporting on progress of the Business Plan to the Council

In order to avoid conflicts of interests and accusations of predetermination and bias as highlighted in Bevan Brittan's advice it is recommended that Board Directors should not be officers holding direct responsibility for matters on which the Council needs to retain unfettered decision making ability. In accordance with Bevan Brittan's advice, any Council officer appointed to the Company Board will not be officers who also hold responsibility for statutory or executive duties in the Council.

C. Audit Committee

It is proposed that the existing Audit Committee will review the financial activity on a quarterly basis of all Council companies including the Company. The Audit Committee terms of reference need to be adjusted slightly for this but overall the Committee has powers to require Cabinet to make changes and their remit is the financial health of the Council and ensuring all risk is appropriately managed. Further details are set out in Appendix C.

D. Establishment of a "Smart" Client Team

There is a requirement for the in-house client management team to act as the interface between the Council and the Company, to act in the best interests of the Council and with responsibility for ownership, management and delivery of a defined set of outcomes in the delivery of Services by the Company. These client officers will not be the same persons who sit on the Company Board.

The client officers will be responsible for:

- contract and project management
- commissioning service and negotiating and agreeing service agreements
- setting performance levels and service standards and monitoring performance against standards, payments, timelines and performance levels/indicators.
- managing changes to service delivery and performance and determining forward strategy.
- acting as first stop forum to consider matters which are outside the Business Plan.
- arranging and obtaining Council approvals through the Council's internal governance process (Contract Rules)
- acting in the Council's best interests

The benefits of setting up an in house client team are:

- i) Interface between the Council and Company Board
- ii) clear separation of client and provider functions
- ii) proper resource of client side functions to support the Company

E. Scrutiny

The Audit Committee, and Growth, Environment and Resources Scrutiny Committee will scrutinise the decision making of the Shareholder Cabinet Committee, and the performance of the Company in delivering the outputs of the Services Agreement.

Appointment of Director to the Company's Board

If Cabinet approves the recommendations set out above it is proposed the Council will need to appoint two non-executive members to the Board of Peterborough Limited.

4.3 The Services that will be delivered and how they will be measured

Services Included

- Waste Collection
 - Presently an alternate weekly collection system is in place for residual waste one week and mixed recyclables the following week with a weekly food waste collection across most of the Authority's area. Separately residents can opt into a paid for garden waste collection service, collected the same week as the recycling bin.

- Street Cleansing
 - A change from the original 'output specification' was developed as part of the requirement to reduce costs whereby areas are cleansed on a set frequency based on the intensity of usage. Increasing the area covered by 'low use' reduced the frequency and therefore intensity of the cleaning regime to cut costs. Ad hoc crews are available to cover service requests, graffiti and street washing and tackle fly tipping removal alongside scheduled cleaning visits.

- Buildings Maintenance
 - A multidisciplinary service which includes repair and upkeep of electrical, heating, air conditioning, gas, fire and intruder alarms as well as structural repairs and maintenance. The service also provides for the development and delivery of building extensions and new build for the Council across its services. A number of specialist providers are secured through this arrangement, e.g. lifting equipment.

- Building Cleaning
 - This service provide cleaning of Council buildings, including formal Council spaces like Council Chamber in Town Hall and office spaces like Sand Martin House, as well as other Council properties like multi storey car parks. Provision is also made for specialist service like window cleaning, deep carpet cleaning, pest control and toilet/kitchen cleaning, bin emptying etc.

- Grounds Maintenance
 - Includes grass cutting, shrub and planted bed maintenance, hanging baskets, cleaning of litter from planted areas, tree maintenance and planting. This service area covers general grassed areas, sports pitches, as well as formal parks including Central Park.

- In-House Schools Transport
 - Provision of buses for home to school transport, including Special Educational Needs (SEN) with additional staff to cater for service users specific needs.

Specification

- Appendix E sets out the present specifications

PI/KPI Arrangements and Levers

- Definition of what will be used
- See 'KPI's June 2018.xlsx'
- Definition on how this affects/controls delivery

4.4 The interactions with the Council and the rules that govern this

The Council expects the Company to operate using the following arrangements:

Roles and Responsibilities

- The Council shall provide the policy framework and strategic direction for the delivery of the Services within the Service Specifications. The Company shall work towards delivering against the Service Specification and Services Agreement. These will be updated on a yearly basis.

Appendix F sets out these arrangements for Legal Services, Human Resources & Payroll, and Finance. This includes the important information relating to the formation of the:

- Services Agreement
- Loan Agreement
- Property Agreements

as well as setting out how Peterborough Limited interacts with the Council and the standards expected by the Council.

4.5 The Company's Proposal

Peterborough Limited has delivered its detailed proposal for the delivery of the Services set out in Section 4.3 from the 2nd February 2019. The proposal included the following documentation:

- Business Plan 2019-2024 (Appendix A);
- Appendices to the Business Plan (Appendix A) including
 - 5 Year Financial forecasts;
 - Draft Mobilisation Plan;
 - Financial Regulations and Procedures;
 - Procurement Strategy and Contract Procurement Rules;
 - Draft Performance Indicators; and
 - PESTLE and SWOT analysis .

In addition, to assist the Council's evaluation of the proposal, further detailed financial and asset information was supplied.

The Business Plan and the supporting documentation is attached in the exempt annex to this report.

The Business Plan sets out how Peterborough Limited will deliver these services from the 2nd February 2019. The July Cabinet Report set out the reasons why the Teckal route had been taken by the Council for the delivery of these Services.

The Business Plan includes the Mission Statement, Vision and Values of Peterborough Limited.

Mission Statement

It is the mission of Peterborough Limited to provide high quality services to the residents and businesses of Peterborough in an efficient, effective, flexible and innovative way for the benefit of everyone who lives in, works in or visits our City.

Peterborough Limited aims to:

- Improve and maintain the delivery of high quality services for residents;
- Provide and grow commercial services that support local businesses, the proceeds of which will reduce the level of funding required from the Council in order to deliver services to residents;
- Encourage a culture where staff can flourish by providing support and development opportunities;

- Promote “Localism” whereby businesses purchasing services from Peterborough Limited know their spend will make a return that is invested in the City in which they operate, to the benefit of their employees and families. This will incentivise employees of Peterborough Limited to improve the quality of services delivered and drive business improvements that control cost in order to optimise the return that is invested in the City in which they live;
- Offer flexible services that meet the needs of a growing, vibrant and multi-cultural City;
- Deliver best value for money to the Council and its residents.

Vision Statement

Peterborough Limited’s vision is to support the aims of the Council in delivering high quality sustainable services in a socially responsible and environmentally friendly way. At the same time, it will maximise commercial opportunities that will provide funding for the Company, meaning reduced reliance on taxpayers’ funding that would in turn protect other valuable Council services.

Peterborough Limited will deliver the market opportunities through a Strategic Plan with 4 Phases:

- Phase 1 - Mobilisation and Stabilisation of the current offer up to 90 days after the 1st February “Go Live” date;
- Phase 2 - “Public Service Improvement” to February 2020 where Peterborough Limited will engage with Stakeholders to identify needs and improvements required to the service;
- Phase 3 - Profitable Revenue Growth from Existing Offers which will run in parallel to Phase 2 which will major on the themes of differentiation and localism; and,
- Phase 4 - Commercial Growth from New Business Activities which will start after 2 years.

The financial and resourcing requirements of Peterborough Limited and procedures required to deliver the present services are set out in the final sections. Overall, the following funding is required from the Council over the initial 5 years of operation:

- 2019/20 - £10,462,111;
- 2020/21 - £10,543,450;
- 2021/22 - £10,678,415;
- 2022/23 - £10,817,080;
- 2023/24 - £11,009,517.

These budgets will need to be included in the Council’s Medium Term Financial Plan. In addition, Peterborough Limited has plans in place to start to grow commercial income with the creation of a commercial budget to deliver these plans.

Present risks and how they are being mitigated are also included in the Business Plan.

4.6 The Council Assessment of the Company’s Proposal

An updated Business Case was provided for evaluation on the 22nd November. This included:

- The Business Plan 2019-23
- Appendices that set out:
 - Operating Budgets for 2019/20 through to 2023/24
 - A high level mobilisation Plan
 - Financial Regulations
 - A Procurement Strategy and Contract Procurement Rules
- Draft Performance Indicators
- A SWOT and PESTLE Analysis

In addition to this, and in order to undertake a full due diligence process, the Company also provided:

- Detailed Payroll detail
- Detailed analysis of vehicle costs and other assets to be transferred from Amey to Peterborough Limited

A full analysis of the Due Diligence is contained in exempt Appendix G

Business Plan - This analysis focuses on the present and the transfer of the Amey Services. There is a strategy in place to deal with this although, as is set out in the "Go Live" Section, there is also a requirement to see the detail and movement on key items.

From a financial viewpoint the numbers contained in the Operating Forecasts can be validated with a high degree of confidence around the significant inputs of staffing, vehicle & plant and external income for 2019/20. The purchase of the Refuse vehicle is budgeted in year 1 which could lead to capacity in years 2 and 3. There is still the requirement for a cash flow statement to ensure that the Loan amount will cover operational requirements.

It should be noted however that the delivery of the Services by Peterborough Limited will be an additional cost to the Council as the base budget is lower than both what is being paid to Amey at the moment for which additional budget has been agreed, and the proposed budget of Peterborough Limited. This is summarised in the table in Section 9.1.

Peterborough Limited has revised its Mobilisation Plan following a series of meetings and information exchanges with Amey on the 4th and 5th December. The main headings of this plan are:

- Executive Functions
- ICT
- Human Resources
- Operations
- Health and Safety

There will be significant movement on this in terms of risks as data transfer and agreements are still to be reached in a limited timescale with Amey. This will lead to a number of work-streams working in parallel which the requirement of input from both the Council and Amey over the next 7 weeks.

The Cabinet will be updated on the 17th December on progress against these timescales and the risks to the 2nd February "Go Live" date.

5. CONSULTATION

- 5.1 The Council continues to undertake consultation with relevant stakeholders including: trade unions, affected EMS staff, Cabinet Members and the Corporate Management Team.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 The anticipated outcome is one that allows a smooth transfer of services upon termination of the EMS/Amey contract which would provide better value and control than previously considered.

7. REASON FOR THE RECOMMENDATION

- 7.1 There is a requirement for the Council to carry out the services presently provided by Amey. The Amey contract currently terminates on the 1st February 2019 and at the moment the Council has agreed to transfer operation of these Services on the 2nd February 2019 to Peterborough Limited to ensure continuity of service to its stakeholders and customers.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The alternative options available to the Council have previously been considered by Cabinet and are included in Cabinet Reports DEC17/CAB/76 and KEY/11JUN18/04.

9. IMPLICATIONS

Financial Implications

- 9.1 Sections 4.5 and 4.6 set out the Company proposals for the delivery of services and the Council's Due Diligence of those Proposals.

The table below sets out the requirements Peterborough Limited over the MTFs period and compared to the budget presently in the MTFs. As such - additional budget will be required.

Year	2019/20	2020/21	2021/22
Base Budget	£9,594,231	£9,737,589	£9,737,589
Requirement	£10,462,111	£10,543,450	£10,678,415
Additional Budget	£867,880	£805,861	£940,826

Legal Implications

- 9.2.1 The Council has previously received legal advice regarding the creation of a Local Authority Company. This advice has been detailed in KEY/11JUN18/04 and as a result of this advice the Company is "Teckal" compliant in order to gain the "Teckal" exemption from needing to compete with other companies under procurement legislation, but is likely to be a contracting authority meaning that it should procure under EU rules.

- 9.2.2 In KEY/11JUN18/04 the Council confirmed that it would continue to obtain ongoing internal and external legal advice as necessary in relation to the Business Case supporting the creation of the Company and to ensure that the Company remains state aid and procurement compliant.

- 9.2.3 Since KEY/11JUN18/04 the Council has obtained external legal advice from Bevan Brittan on the best way to achieve an appropriate and effective governance framework. Key points from Bevan Brittan's advice are set out below :

"The Council needs to ensure that the governance framework is clear and that roles and responsibilities do not conflict. Conflicts could amount to a breach of statutory duty and/or result in legal challenge. Where conflicts cannot be avoided then they need to be properly managed.

In summary, the Council should look at how members and officers are involved in creating and managing the Company arrangements holistically:

Strategic decisions about the Council's involvement in the Company (for example, deciding which functions will be undertaken through the Company, how they will be provided and to what standards, approving the annual business plan and the strategy and direction of the Company and the funding, resourcing and other parameters of its operations, including monitoring of financial returns etc.)

Ownership – appointment of a shareholder representative to deal with shareholder consent requirements, such as the reserved matters set out in the Phase 1 Legal Advice (i.e. 'parent' approval of any transactions of a significant scale and matters outside of the agreed business plan).

Board representation – the Council will appoint the directors through its existing protocol at section at Part 3 Section 5 of the Constitution. The directors' role is primarily to promote the success of the Company. As this could bring a director into conflict with Council plans, policies and decision-making, directors should not be involved in taking decisions for the Council about the company when they are acting "Council-side". If they did so, then this could raise the perception of bias. Whilst this may not be a direct breach of the Council's "light touch" Members' Code of Conduct, such behaviour may nevertheless be inconsistent with the Principles of Public Life.

Planning and regulatory functions – the Council needs to ensure that decisions regarding the Company are not 'polluted' by the perception of bias and so Company directors must not participate in Council decisions relating to funding, permissions, licences, registrations and consents.

Commissioning as a recipient of services/ monitoring – ensuring that service specifications are clear and standards of service delivery and performance are received (for example, determining whether KPIs and other performance standards are met and what will be done to address problems in service delivery, ensuring that effective monitoring is undertaken and that the Council and the Company are on track for success).

Members therefore need to decide which interests they wish to pursue i.e. the company's interests as a Director and service provider; or the Council side as owner and/or manager of the Council's interests in the company, or potentially any planning and regulatory issues. It is not possible for one person to represent all of the interests set out above and failure to properly consider those interests could mean that the decisions of the Council are challenged which could cause expense and reputational damage for the Council and the companies concerned.

Elected members acting as directors would not have a Disclosable Pecuniary Interest (unless the company were to pay remuneration - which would need to be no higher than members' allowances and be accounted for in connection with the Council's scheme for members' allowances and offset)."

As a result of the Bevan Brittan advice, the Council has developed the Governance framework set out above, to regulate its relationship with the Company and other external organisations in which it has an interest.

Equalities Implications

9.3 There are no negative equalities implications.

Property Implications

9.5 The Council will enter into various licence and lease arrangements with the Company prior to 2 February 2019 in order to allow the Company to operate from Council premises.

HR Implications

9.6

- Currently the Council structure has a client side function, fulfilled by 2 posts, for the management of the current contracted service.
- It is essential that the account management governance structure is maintained which is supported by external legal advice. his function will remain in place, within the Council thereby giving no rise to TUPE regulations
- The initial mobilisation plan will require the Company to have in place a role that provides detailed knowledge of operational service issues from a Council delivery perspective and contribute to the success of the mobilisation plan.
- With this in mind, the current Head of Environmental Services Partnerships (*the Council's team*) has the depth of knowledge and experience required to support the mobilisation and therefore, an option is that the post holder undertakes a 6 month secondment to the Company to support this.

- If agreed, a secondment agreement will be created to protect all parties concerned.
- Appropriate steps will be taken to ensure that the Council is adequately resourced by backfilling as appropriate.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 Cabinet Decision - KEY/11JUN18/04

11. APPENDICES

11.1 Appendix A - Peterborough Limited Business Plan (4.5) and Peterborough Limited Appendices A1, A2 and A3 (4.5)
Appendix B - Governance terms of reference (4.2)
Appendix C - Governance structure chart
Appendix D - Reserved Matters (4.4.1)
Appendix E - Service Specifications (4.3)
Appendix F - The Interactions with the Council and the rules that Govern this
Appendix G - Council Assessment of the Company's Proposal

Appendices A and G are included in the exempt annex to this report.

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Registered Number
7781846

Blue Sky Peterborough Limited

Abbreviated Accounts

From 1 April 2017 to 31 March 2018

Blue Sky Peterborough Limited
 Abbreviated Balance Sheet
 As at 31st March 2018

	Notes	2017	2017	2018	2018
Non-current assets		£	£	£	£
Intangible assets		0.00		0.00	
Tangible assets		0.00		0.00	
Investments		<u>0.00</u>		<u>0.00</u>	
		0.00		0.00	
Current assets					
Stocks		0.00		0.00	
Debtors		1.00		1.00	
Investments held as assets		0.00		0.00	
Cash at bank and in hand		<u>0.00</u>		<u>0.00</u>	
		1.00		1.00	
Total assets			<u>1.00</u>		<u>1.00</u>
Equity					
£1.00 ordinary shares		1.00		1.00	
Retained earnings		<u>0.00</u>		<u>0.00</u>	
		1.00		1.00	
Non-Current liabilities					
Loan capital		0.00		0.00	
Current liabilities					
Trade payables		0.00		0.00	
Taxation		0.00		0.00	
Total Equity and Liabilities			<u>1.00</u>		<u>1.00</u>

The directors are satisfied that for the period 01 April 2017 to 31 March 2018 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies and that no member or members have requested an audit pursuant to section s476 of the Companies Act 2006

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with s386 of the Companies Act 2006
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 394 to 396 of the Companies Act 2006 and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the Company.

The accounts have been prepared in accordance with the special provision of the Companies Act relating to small companies.

A handwritten signature in black ink, appearing to read 'Peter Carpenter', is centered on the page.

Peter Carpenter
Managing Director
Approved by the board on 12th December 2018

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EMPOWER PETERBOROUGH COMMUNITY INTEREST COMPANY

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



EMPOWER PETERBOROUGH COMMUNITY INTEREST COMPANY
REGISTERED NUMBER:09696947

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Current assets			
Debtors: amounts falling due within one year	4	67,031	54,640
Cash at bank and in hand	5	27,428	27,428
		<u>94,459</u>	<u>82,068</u>
Creditors: amounts falling due within one year	6	(92,397)	(80,431)
		<u>2,062</u>	<u>1,637</u>
Net current assets		2,062	1,637
Total assets less current liabilities		2,062	1,637
		<u>2,062</u>	<u>1,637</u>
Net assets		2,062	1,637
		<u>2,062</u>	<u>1,637</u>
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account		2,060	1,635
		<u>2,062</u>	<u>1,637</u>
		<u>2,062</u>	<u>1,637</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

EMPOWER PETERBOROUGH COMMUNITY INTEREST COMPANY
REGISTERED NUMBER:09696947

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2018

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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



.....
Mr R J Knowles
Director

Date: 30/07/2018 .

The notes on pages 3 to 6 form part of these financial statements.

EMPOWER PETERBOROUGH COMMUNITY INTEREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Empower Peterborough Community Interest Company is a private company, limited by shares and incorporated in the United Kingdom. The address of the registered office is given in the company information on page 2 of these financial statements. The nature of the company's operations and principal activities are the promotion to home owners in Peterborough for the installation of free solar PV systems on their roofs and the arrangement of roof leases.

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 accounts are prepared in pounds sterling, the functional currency, rounded to the nearest £1.

The following principal accounting policies have been applied:

2.2 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. The following criteria must also be met before revenue is recognised.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 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.

2.4 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.

EMPOWER PETERBOROUGH COMMUNITY INTEREST COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)**2.5 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6 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.

2.7 Taxation

Tax is recognised in the Statement of comprehensive income, 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.

EMPOWER PETERBOROUGH COMMUNITY INTEREST COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

3. Employees

The average monthly number of employees, including directors, during the year was 3 (8 months to 31 March 2017: 4).

4. Debtors

	2018 £	2017 £
Accrued income	67,031	54,640
	<u>67,031</u>	<u>54,640</u>

5. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	27,428	27,428
	<u>27,428</u>	<u>27,428</u>

6. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	23,466	21,906
Corporation tax	147	47
Other taxation and social security	28,784	26,978
Accruals and deferred income	40,000	31,500
	<u>92,397</u>	<u>80,431</u>

7. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1 Ordinary A share of £1	1	1
1 Ordinary B share of £1	1	1
	<u>2</u>	<u>2</u>

EMPOWER PETERBOROUGH COMMUNITY INTEREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

8. Related party transactions

During the year the Community Interest Company supplied services of £10,325 (8 months to 31 March 2017: £17,933) to ECS Peterborough 1 LLP, an entity in which Empower Community Management LLP is a member. At the year end, included within accrued income is a balance of £67,031 (2017: £54,640) due from ECS Peterborough 1 LLP.

During the year the Community Interest Company had expenses of £5,100 (8 months to 31 March 2017: £2,161) paid on its behalf by Empower Community Management LLP. At the year end, the balance outstanding was £25,261 (2017: £20,161), included in trade creditors and accruals.

Empower Community Management LLP and ECS Peterborough 1 LLP are entities in which the directors Mr R J Knowles and Mr A J Grayson are members (directly/ indirectly) and have beneficial interests.

During the period the Community Interest Company received services of £3,400 (8 months to 31 March 2017: £7,950) from Peterborough City Council, in which the director Mr G A Elsey is a Councillor. At the year end, the balance outstanding was £35,145 (2017: £31,745), included in trade creditors and accruals.

CIC 34

Community Interest Company Report

For official use
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*Please
complete in
typescript, or
in bold black
capitals.*

**Company Name in
full**

Empower Peterborough CIC

Company Number

09696947

Year Ending

31/03/2018

This template illustrates what the Regulator of Community Interest Companies considers to be best practice for completing a simplified community interest company report. All such reports must be delivered in accordance with section 34 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 and contain the information required by Part 7 of the Community Interest Company Regulations 2005. For further guidance see chapter 8 of the Regulator's guidance notes and the alternate example provided for a more complex company with more detailed notes.

(N.B. A Filing Fee of £15 is payable on this document. Please enclose a cheque or postal order payable to Companies House)

PART 1 - GENERAL DESCRIPTION OF THE COMPANY'S ACTIVITIES AND IMPACT

In the space provided below, please insert a general account of the company's activities in the financial year to which the report relates, including a description of how they have benefited the community.

Initially formed in 2015, Empower Peterborough was initially formed as a partnership between Peterborough City Council and Empower Community Management LLP, a social enterprise.

The first project has been a programme offering homeowners in Peterborough the chance to have solar panels installed for free.

The solar installation is offered free of charge and the house occupant is expected to benefit from an energy saving of roughly £200 every year and own, at no cost, the operating PV system at the end of the 20-year term.

A proportion of the surplus revenue generated will be shared equally between a Local Community Fund and Peterborough City Council.

Following the government's announced changes to the Feed-in Tariff in August 2015, and during the period to 31st July 2016, Empower Peterborough was solely focused on the marketing and delivery of fully-funded solar PV installations within the Peterborough City Council catchment area, following Cabinet approval to offer the scheme city-wide on 5th October 2015.

In October 2017, Peterborough City Council announced its withdrawal from the programme and new installations concluded at that time.

390 Peterborough private residences have a free solar installation as at 31st March 2018.

(If applicable, please just state "A social audit report covering these points is attached").

(Please continue on separate continuation sheet if necessary.)

PART 2 – CONSULTATION WITH STAKEHOLDERS – Please indicate who the company's stakeholders are; how the stakeholders have been consulted and what action, if any, has the company taken in response to feedback from its consultations? If there has been no consultation, this should be made clear.

The Peterborough solar programme is in the due diligence phase of its re-finance phase, with surplus revenues yet to be accrued, so no consultation has yet occurred with the wider community.

(If applicable, please just state "A social audit report covering these points is attached").

PART 3 – DIRECTORS' REMUNERATION – if you have provided full details in your accounts you need not reproduce it here. Please clearly identify the information within the accounts and confirm that, "There were no other transactions or arrangements in connection with the remuneration of directors, or compensation for director's loss of office, which require to be disclosed" (See example with full notes). If no remuneration was received you must state that "no remuneration was received" below.

No remuneration was received.

PART 4 – TRANSFERS OF ASSETS OTHER THAN FOR FULL CONSIDERATION – Please insert full details of any transfers of assets other than for full consideration e.g. Donations to outside bodies. If this does not apply you must state that "no transfer of assets other than for full consideration has been made" below.

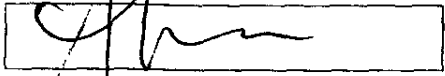
No transfer of assets other than for full consideration has been made.

(Please continue on separate continuation sheet if necessary.)

PART 5 – SIGNATORY

The original report must be signed by a director or secretary of the company

Signed



Date

23/07/18

Office held (delete as appropriate) Director/Secretary

You do not have to give any contact information in the box opposite but if you do, it will help the Registrar of Companies to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Tel	
DX Number	DX Exchange

When you have completed and signed the form, please attach it to the accounts and send both forms by post to the Registrar of Companies at:

For companies registered in England and Wales: Companies House, Crown Way, Cardiff, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland: Companies House, 4th Floor, Edinburgh Quay 2, 139
Fountainbridge, Edinburgh, EH3 9FF DX 235 Edinburgh or LP – 4 Edinburgh 2

For companies registered in Northern Ireland: Companies House, 2nd Floor, The Linenhall, 32-38
Linenhall Street, Belfast, BT2 8BG

The accounts and CIC34 **cannot** be filed online

(N.B. Please enclose a cheque for £15 payable to Companies House)

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Company Registration No. 05377004 (England and Wales)

**OPPORTUNITY PETERBOROUGH LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

OPPORTUNITY PETERBOROUGH LIMITED

COMPANY INFORMATION

Directors	Mr A Barker Mr I Forsythe Mrs C Gostick Dr A Kennedy OBE Mr J Holdich OBE Mr P J Hiller Mr S Magenis
Company number	05377004
Registered office	Allia Future Business Centre Peterborough United Football Club London Road Peterborough Cambridgeshire PE2 8AN
Auditor	Baldwins Audit Services Limited Ruthlyn House 90 Lincoln Road Peterborough Cambridgeshire PE1 2SP
Bankers	Barclays Bank PLC Peterborough Business Centre PO Box 294 1 Church Street Peterborough Cambridgeshire PE1 1EZ

OPPORTUNITY PETERBOROUGH LIMITED

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Income and expenditure account	6
Balance sheet	7
Notes to the financial statements	8 - 13

OPPORTUNITY PETERBOROUGH LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities

The main remit of Opportunity Peterborough [OP] is to drive the economic growth of Peterborough. At its core, this involves providing business support activities through the highly popular Bondholder network, advice and signposting to funding, as well as attracting new inward investment to Peterborough. OP has established a strong reputation in these areas and is delivering this support service to surrounding areas in the Peterborough sub-regional economy.

Alongside these core, traditional economic development activities, OP has also led the future cities programme in the city, encouraging innovation and business opportunities for a more successful and resilient economy and city. Through its Skills Service, OP brings together businesses, young people and schools, to develop work-readiness in young people and inspire their career choices.

Underpinning this activity, is a strong marketing and communications activity which promotes the city and its businesses, to secure new investment and raise Peterborough's profile nationally and internationally.

To deliver this range of services and initiatives in the city, and maximise the core funding by its sole member, Peterborough City Council, OP consistently secures additional funding and has a strong record of successful partnerships both nationally and internationally.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A Barker

Mr I Forsythe

Mrs C Gostick

Dr A Kennedy OBE

Mr J Holdich OBE

Mr P J Hiller

Mrs C Raines

Mr S Magenis

(Resigned 27 February 2018)

The company is incorporated under the Companies Act 1985 and it is limited by guarantee. The liability is limited to £1 each. Peterborough City Council is the sole member and guarantor.

Auditor

As a result of Rawlinsons joining the Baldwins Group, the auditors of the company have changed from Rawlinsons to Baldwins Audit Services Limited. In accordance with the company's articles, a resolution proposing that Baldwins Audit Services Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

OPPORTUNITY PETERBOROUGH LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Review of the Year to 31 March 2018

The 2017/18 financial year saw Opportunity Peterborough continue to support and drive growth in the local economy, with increased business confidence in the city and new investors establishing themselves. With over 45 investment enquiries handled by OP, a number of high profile companies moved their operations to Peterborough, including SmartGarden, Kingsley Beverage and Addison Lee, to name just a few. It is estimated that around 2,700 jobs were created in the year from both new investment and existing companies expanding, which helped maintain Peterborough's position alongside regional and national figures for Claimant Count (a trajectory only recently skewed by the application of Universal Credit in pilot locations).

This financial year also witnessed a change in the local economic and political environment with the establishment of the Combined Authority for Cambridgeshire & Peterborough. Throughout this period, OP has provided key strategic advice and support for a wide range of public sector partners: ensuring that local decision-making and initiatives are informed by the area's true economic picture. OP hopes to continue to build on these relationships, and those developed through providing services to neighbouring local authorities to ensure coherent approaches to interventions in a shared economic landscape.


As well as the success of new investment into the city, there have been a number of other key highlights for the company over the period. In June 2017, 6,000 young people attended OP's Mission Possible Careers Show at the Peterborough Arena, where they engaged with over 200 businesses and other organisations to gain insights into future career opportunities. The Skills Service activity continues to be a highly regarded element of OP's economic growth portfolio, with over 1,900 work placements secured in Peterborough alone, and around 28,000 across the north GCGP area for the Service's wider offer.

Internationally, OP continued to lead work with India's '100 Smart Cities' programme and attended the global smart city conference in Taipei to build partnerships around the future cities agenda and new economic opportunities. During the year, Peterborough's Future Cities programme, led by OP, also secured considerable credibility for its Circular Economy work, becoming a nationally leader and gaining international profile through its engagement with the Ellen MacArthur foundation, and even featuring on Spanish TV.

Fundamentally, OP's approach to building Peterborough's economic success is not only through the breadth of its work, but also through a key focus on building confidence in the city. This might be through business confidence in making an investment in company growth or relocation, through city confidence in its increasing international stature, or through the confidence of young people engaged and inspired through the Skills Service. The impact of this increased confidence is recognised by regional and national partners, with OP often viewed as a 'partner of choice' for funding bids and intervention delivery, which should secure OP's sustainability into the future.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board


.....
Dr A Kennedy OBE
Director
Date: 13/6/2018

OPPORTUNITY PETERBOROUGH LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

The directors are responsible for preparing the Strategic Report, 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 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 surplus or deficit 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

OPPORTUNITY PETERBOROUGH LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OPPORTUNITY PETERBOROUGH LIMITED

Opinion

We have audited the financial statements of Opportunity Peterborough Limited (the 'company') for the year ended 31 March 2018 which comprise the Income and Expenditure Account, the 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 FRS 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 2018 and of its deficit 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 Auditor's 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 included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 our 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.

OPPORTUNITY PETERBOROUGH LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OPPORTUNITY PETERBOROUGH LIMITED

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 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 in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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.

Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 auditor's 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.



Mr Mark Jackson FCA DChA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services Limited

21.6.2018

Statutory Auditor

Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

OPPORTUNITY PETERBOROUGH LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Income	1,136,243	1,429,308
Project and marketing costs	(983,512)	(1,152,438)
Gross surplus	<u>152,731</u>	<u>276,870</u>
Administrative expenses	(189,927)	(315,357)
Operating deficit	<u>(37,196)</u>	<u>(38,487)</u>
Interest receivable and similar income	257	141
Deficit before taxation	<u>(36,939)</u>	<u>(38,346)</u>
Taxation	(49)	-
Deficit for the financial year	<u><u>(36,988)</u></u>	<u><u>(38,346)</u></u>

OPPORTUNITY PETERBOROUGH LIMITED

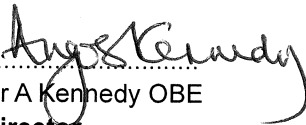
BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	3		4,071		4,609
Investments	4		1		1
			<u>4,072</u>		<u>4,610</u>
Current assets					
Debtors	6	224,767		197,424	
Cash at bank and in hand		569,958		587,140	
		<u>794,725</u>		<u>784,564</u>	
Creditors: amounts falling due within one year	7	<u>(652,768)</u>		<u>(606,157)</u>	
Net current assets			<u>141,957</u>		<u>178,407</u>
Total assets less current liabilities			<u>146,029</u>		<u>183,017</u>
Reserves					
Income and expenditure account			<u>146,029</u>		<u>183,017</u>

These 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 13/6/2018 and are signed on its behalf by:


.....
Dr A Kennedy OBE
Director

Company Registration No. 05377004

OPPORTUNITY PETERBOROUGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Opportunity Peterborough Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Allia Future Business Centre, Peterborough United Football Club, London Road, Peterborough, Cambridgeshire, PE2 8AN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The accounts have been prepared on the going concern basis. This is dependent on the continued support of the sole legal member of the company, who are the major contributor to the organisation's core costs.

1.3 Income and expenditure

Income and expenses are included in the financial statements as they become receivable or due.

Expenses include VAT where the company is unable to reclaim it.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings and equipment	20% p.a reducing balance
Computer equipment	33% p.a straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to surplus or deficit.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in surplus or deficit.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

OPPORTUNITY PETERBOROUGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

OPPORTUNITY PETERBOROUGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Operating creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operation from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Operating creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the income and expenditure account in the year they are payable.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.12 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to income and expenditure account.

2 Employees

The average monthly number of persons (excluding directors) employed by the company during the year was 26 (2017 - 27).

OPPORTUNITY PETERBOROUGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

3 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 April 2017	32,567
Additions	1,465
	<hr/>
At 31 March 2018	34,032
	<hr/>
Depreciation and impairment	
At 1 April 2017	27,958
Depreciation charged in the year	2,003
	<hr/>
At 31 March 2018	29,961
	<hr/>
Carrying amount	
At 31 March 2018	4,071
	<hr/> <hr/>
At 31 March 2017	4,609
	<hr/> <hr/>

4 Fixed asset investments

	2018 £	2017 £
Investments	1	1
	<hr/> <hr/>	<hr/> <hr/>

The entity has elected to hold the value of fixed asset investments at cost less impairment.

The company holds 100% of the share capital of The Skills Service UK Limited, a dormant company incorporated in England and Wales.

The company is also the sole legal member of The Skills Service Limited, Smart City Leadership Limited and Ignite Peterborough Limited, all of which are dormant companies, incorporated in England and Wales.

OPPORTUNITY PETERBOROUGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

5	Financial instruments	2018	2017
		£	£
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost:		
	Operating debtors	107,610	110,093
	Cash at bank	569,934	586,968
	Other debtors	45	826
		<u>677,589</u>	<u>697,887</u>
	Carrying amount of financial liabilities		
	Measured at amortised cost:		
	Operating creditors	31,386	16,980
	Amounts due to fellow group undertakings	1	1
	Accruals	150,058	138,551
	Other creditors	-	239
		<u>181,445</u>	<u>155,771</u>
6	Debtors	2018	2017
		£	£
	Amounts falling due within one year:		
	Operating debtors	107,610	110,093
	Other debtors	45	826
	Prepayments and accrued income	117,112	86,505
		<u>224,767</u>	<u>197,424</u>
7	Creditors: amounts falling due within one year	2018	2017
		£	£
	Operating creditors	31,386	16,980
	Amounts due to group undertakings	1	1
	Corporation tax	49	-
	Other taxation and social security	38,375	16,091
	Deferred income	282,804	313,382
	Other creditors	150,095	121,152
	Accruals	150,058	138,551
		<u>652,768</u>	<u>606,157</u>

OPPORTUNITY PETERBOROUGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

8 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

9 Related party relationships and transactions

Remuneration of key management personnel

The remuneration of key management personnel comprises of gross salary and employers pension contributions. This remuneration is as follows.

	2018 £	2017 £
Aggregate compensation	83,499	97,680

Other related party transactions

At the end of the year the company held funds amounting to £28,659 (2017 - £35,251) in a bank account on behalf of Peterborough City Council in respect of one of the contracts. These funds do not belong to the company and have not therefore been included in these accounts.

The nature of the funding, including the recharging of wages costs from its member Peterborough City Council, means that large balances regularly occur between the company and the Council. Balances outstanding at the year end were:

	2018 £	2017 £
Included within debtors	-	10,100
Included within creditors	(152,077)	(125,314)
	<u>(152,077)</u>	<u>(115,214)</u>

Owing to the nature of the company's operations and the composition of the board of directors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of directors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the company's financial regulations and normal procurement procedures.

10 Control

The company is controlled by Peterborough City Council, its sole legal member.

OPPORTUNITY PETERBOROUGH LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018

OPPORTUNITY PETERBOROUGH LIMITED

DETAILED TRADING AND INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

		2018		2017
	£	£	£	£
Income				
Core/PCC		100,000		100,000
Commercial Opportunities		231,329		153,025
EIC		67,000		67,000
FCD		228,010		483,388
IGNITE		-		21,543
Marketing and Comms		84,245		82,179
Programmes		42,381		102,373
Skills		383,228		419,800
Donations		50		-
		1,136,243		1,429,308
Project and marketing costs				
Commercial Opportunities	172,869		55,964	
EIC	57,714		63,865	
FCD	227,748		459,825	
IGNITE	-		32,008	
Marketing and Comms	95,417		101,289	
Programmes	45,875		103,862	
Skills	383,889		335,625	
		(983,512)		(1,152,438)
Gross surplus	13.44%	152,731	19.37%	276,870
Administrative expenses		(189,927)		(315,357)
Operating deficit		(37,196)		(38,487)
Investment revenues				
Bank interest received		257		141
		257		141
Deficit before taxation	3.25%	(36,939)	2.68%	(38,346)

OPPORTUNITY PETERBOROUGH LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£	£
Administrative expenses		
Wages, salaries and employer's NI	322,900	335,293
Core staff cost recharges to projects	(220,029)	(138,841)
Meeting refreshments and staff welfare	1,463	2,062
Staff training	524	-
Staff pension costs defined contribution	15,934	16,741
Rent	36,943	30,000
Rates	-	9,681
Office repairs and maintenance	4,124	3,489
IT and software costs	18,109	20,062
Travelling and subsistence	2,574	1,856
Subscriptions	882	990
Legal and professional fees	5,749	30,706
Payroll administration fees	7,001	5,857
Accountancy	7,091	4,936
Audit fees	4,500	4,050
Bank charges	1,014	1,545
Bad and doubtful debts	9,573	-
Insurance	6,305	7,048
Printing, postage and stationery	476	810
Advertising	82	540
Telephone	1,142	1,768
Entertaining	530	723
Sundry expenses	169	20
Reclaimed VAT on overheads	(3,179)	-
Depreciation	2,003	1,661
Profit or loss on foreign exchange	(1,324)	(1,719)
Core overheads contribution from projects	(34,629)	(23,921)
	<u>189,927</u>	<u>315,357</u>

OPPORTUNITY PETERBOROUGH LIMITED

MANAGEMENT BALANCE SHEET

AS AT 31 MARCH 2018

	2018		2017	
	£	£	£	£
Fixed assets				
Tangible assets		4,071		4,609
Investments		1		1
		<hr/>		<hr/>
		4,072		4,610
Current assets				
Operating debtors	107,610		110,093	
Prepayments	117,112		86,505	
Other debtors	45		826	
Cash at bank and in hand	569,958		587,140	
	<hr/>		<hr/>	
	794,725		784,564	
	<hr/>		<hr/>	
Creditors due within one year				
Operating creditors	31,386		16,980	
Corporation tax payable	49		-	
VAT	23,109		-	
Other taxation and social security	15,266		16,091	
Accruals	150,058		138,551	
Other creditors	432,899		434,534	
Amounts due to group undertakings	1		1	
	<hr/>		<hr/>	
	652,768		606,157	
	<hr/>		<hr/>	
Net current assets		141,957		178,407
		<hr/>		<hr/>
Total assets less current liabilities		146,029		183,017
		<hr/>		<hr/>
Net assets		146,029		183,017
		<hr/>		<hr/>
Reserves				
<u>Income and expenditure account</u>				
At the beginning of the year	183,017		221,363	
Loss for the year	(36,988)		(38,346)	
	<hr/>		<hr/>	
		146,029		183,017
		<hr/>		<hr/>
Members' funds		146,029		183,017
		<hr/>		<hr/>
		<hr/>		<hr/>

OPPORTUNITY PETERBOROUGH LIMITED

GROSS SURPLUS / (DEFICIT) ANALYSIS
FOR THE YEAR ENDED 31 MARCH 2018

	Directly allocated costs				Core overheads contribution from projects			Gross surplus/(deficit)
	Salaries	Other costs	Core staff cost allocations	Core overheads contribution from projects	Total costs	£		
	£	£	£	£	£	£		
Core/PCC	-	-	-	-	-	100,000		
Commercial Opportunities	23,236	29,668	119,966	-	172,869	58,460		
EIC	56,425	1,289	-	-	57,714	9,286		
FCD	68,758	95,963	34,199	28,828	227,748	262		
IGNITE	-	-	-	-	-	-		
Marketing and Comms	-	52,195	43,222	-	95,417	(11,172)		
Programmes	19,537	3,164	17,603	5,571	45,875	(3,494)		
Skills	236,362	142,258	5,039	230	383,889	(661)		
Donations	-	-	-	-	-	50		
	404,318	324,536	220,029	34,629	983,512	152,731		

TABLE A

TABLE A

	Core overheads contribution from projects		
	Allocated	Other costs	Total
	Core staff costs	£	£
	£	£	£
FCD	19,252	-	28,828
Programmes	2,931	-	5,571
Skills	-	230	230
	22,183	230	34,629

28% of staff costs
15% of staff costs
Depreciation charge on laptops

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Registration number: OC397288 (England and Wales)

**REPORT OF THE MEMBERS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR TO 31 MARCH 2018
FOR
PETERBOROUGH INVESTMENT PARTNERSHIP LLP**



PETERBOROUGH INVESTMENT PARTNERSHIP LLP

GENERAL INFORMATION FOR THE YEAR TO 31 MARCH 2018

Designated members:	Peterborough City Council Peterborough Partnership SARL
Registered office:	Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
Registered number:	OC397288 (England and Wales)
Auditors:	Morris & Co Chester House Lloyd Drive Cheshire Oaks Business Park Ellesmere Port CH65 9HQ

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

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PETERBOROUGH INVESTMENT PARTNERSHIP LLP

REPORT OF THE MEMBERS FOR THE YEAR TO 31 MARCH 2018

The members present their report with the audited consolidated financial statements of Peterborough Partnership LLP ("the LLP") and its subsidiary undertakings (together "the Group") for the year ended 31 March 2018.

Designated members

The designated members during the year under review were:

Peterborough City Council
Peterborough Partnership SARL

Results for the period and allocation to members

The profit/(loss) for the period before members' remuneration and profit allocations was £884,491.

Principal activities and operations

The principal activity of the Group is that of buying and selling real estate. The current developments are in relation to sites known as Fletton Quays and Pleasure Fairs which are being undertaken through special purposes vehicles, namely, the subsidiary companies of P.I.P (Fletton Quays) Limited and P.I.P (Pleasure Fairs) Limited.

The parent LLP has been set up as a 50:50 joint venture partnership between Peterborough Partnership SARL and Peterborough City Council

Governance

The designated members have vested the management and operation of the parent LLP and its subsidiaries in the Partnership Board and the Project Team both of which currently comprise equal representation from the Council and from Peterborough Partnership SARL. The Partnership Board is responsible for developing and implementing the parent LLP's policies and strategy and for its direction and management but delegates the day to day management of the Group to the Project Team.

Members' interest

The Group is effectively financed through loans made available by the designated members in the parent LLP, which can be for land or finance. It is the parent LLP that provides financial support to the subsidiaries to meet their direct costs and overheads.

The initial risk associated with the subsidiaries that the developments do not realise a value greater than their cost. This risk has now been eliminated in relation to Fletton Quays as a profit has already been realised.

Statement of members' responsibilities

The members are responsible for preparing the Report of the Members and the financial statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under legislation applicable to limited liability partnerships the members 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
 - make judgements and accounting estimates that are reasonable and prudent;
 - provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
 - and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP or Group will continue in business
-

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

REPORT OF THE MEMBERS FOR THE YEAR TO 31 MARCH 2018

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included in the LLP's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.


Statement as to disclosure of information to auditors

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

Auditors

The auditors, Morris & Co Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the members of the LLP:



Peter Hiller – designated member Peterborough City Council

Date: 08/08/18.

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETERBOROUGH INVESTMENT PARTNERSHIP LLP

Opinion

We have audited the financial statements of Peterborough Investment Partnership LLP (the 'LLP') for the year ended 31 March 2018 which comprise the consolidated Income Statement, the consolidated Statement of Comprehensive Income, the consolidated and partnership Statement Of Financial Position, the consolidated and partnership Statement of Changes in Equity, the consolidated and partnership Statement of Cash Flows 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Group and LLP's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the LLP 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 members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and LLP'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 members are responsible for the other information, which comprises the members' 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.

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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PETERBOROUGH INVESTMENT PARTNERSHIP LLP

Matters on which we are required to report by exception

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

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
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement, the members 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 members 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 members 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 members either intend to liquidate the LLP to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

A fuller description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the LLP'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 LLP's members those matters we are required to state to them in an auditor's 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 LLP and the LLP's members, for our audit work, for this report, or for the opinions we have formed.

William Benoy BSc FCA (Senior Statutory Auditor)

for and on behalf of Morris & Co

Chartered Accountants, Statutory Auditor

Chester House

Lloyd Drive

Cheshire Oaks Business Park

Ellesmere Port

Cheshire

CH65 9HQ

Date: 28 August 2018

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

CONSOLIDATED INCOME STATEMENT FOR THE YEAR TO 31 MARCH 2018

	Notes	2018 £	2017 £
Continuing operations			
Revenue		679,271	12,794,000
Cost of sales		<u>1,553,802</u>	<u>5,100,064</u>
Gross profit		(874,531)	7,693,936
Administrative expenses		<u>345,983</u>	<u>606,913</u>
Operating profit/(loss)	3	(1,220,914)	7,087,023
Finance income		1,193	-
Finance cost		<u>278</u>	<u>580</u>
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES BEFORE TAX		(1,219,599)	7,086,443
Tax expensed in corporate subsidiaries		<u>(232,435)</u>	<u>1,477,559</u>
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		(987,164)	5,608,884
Members' remuneration charged as an expense	4	<u>1,627</u>	<u>443,269</u>
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD AVAILABLE FOR DISTRECTIONARY DIVISION AMONG MEMBERS		<u>(988,791)</u>	<u>5,165,615</u>

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 10 to 19 form part of these financial statements

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR TO 31 MARCH 2018**

	2018	2017
	£	£
Profit/(Loss) for the year	(988,791)	5,165,615
Other comprehensive income	-	-
Total other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>(988,791)</u>	<u>5,165,615</u>

The notes on pages 10 to 19 form part of these financial statements

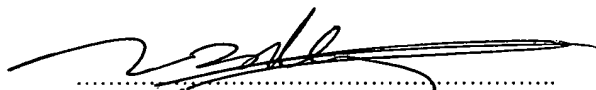
PETERBOROUGH INVESTMENT PARTNERSHIP LLP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

Registration number: OC397288

	Notes	2018 £	2017 £
Non current asset			
Property, plant and equipment	7	10,565	16,554
Current assets			
Inventories	8	1,232,204	1,121,613
Trade and other receivables	9	614,685	1,121,947
Corporation tax repayable	6	232,435	-
Cash and cash equivalents		<u>595,566</u>	<u>8,139,112</u>
		<u>2,674,890</u>	<u>10,382,672</u>
Total assets		<u>2,685,455</u>	<u>10,399,226</u>
Current liabilities			
Trade and other payables	10	919,839	1,525,768
Loan and other debts due to members	11	-	4,641,492
Tax payable		-	<u>1,477,559</u>
		<u>919,839</u>	<u>7,644,819</u>
Total liabilities		<u>919,839</u>	<u>7,644,819</u>
Equity			
Members' capital	12	200	200
Members' other reserves	12	<u>1,765,416</u>	<u>2,754,207</u>
Total equity		<u>1,765,616</u>	<u>2,754,407</u>
Total equity and liabilities		<u>2,685,455</u>	<u>10,399,226</u>

The financial statements were approved by the members of the LLP on 15/8/18 and were signed by:



Ernest S Battey - designated member Peterborough Partnership SARL

The notes on pages 10 to 19 form part of these financial statements

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Members' interests at the start of the year	2,754,407	(329,460)
Profit for year	(988,791)	5,165,615
Allocated profit	<u>-</u>	<u>(2,081,748)</u>
Balance at the year end	<u>1,765,616</u>	<u>2,754,407</u>

The notes on pages 10 to 19 form part of these financial statements

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	£	2018 £	£	2017 £
Cash absorbed by operations	18	(1,420,375)		9,946,779	
Finance cost		(278)		(580)	
Income Taxes paid		<u>(1,477,559)</u>		<u>-</u>	
Net cash inflow/(outflow) from operating activities			(2,898,212)		9,946,199
Cashflows from investing activities					
Interest received		1,193		-	
Purchase of property, plant and equipment		<u>(3,408)</u>		<u>(300)</u>	
Net cash used in investing activities			(2,215)		(300)
Financing activities					
Loans received from members		-		275,000	
Loans arising on settlement of expenses		-		807,917	
Loans repaid to members		(3,409,149)		(2,151,734)	
Profit distributions paid to members		<u>(1,233,970)</u>		<u>(848,266)</u>	
Net cash generated from financing activities			(4,643,119)		(1,917,083)
Net increase in cash and cash equivalents			(7,543,546)		8,028,816
Cash and cash equivalents at beginning of year			<u>8,139,112</u>		<u>110,296</u>
Cash and cash equivalents at end of year			<u>595,566</u>		<u>8,139,112</u>

The notes on pages 10 to 19 form part of these financial statements

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2018

1. Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to limited liability partnerships ("LLPs") reporting under IFRS.

The financial statements have been prepared under the historical cost basis with the exception of financial instruments. The principal accounting policies adopted are set out below.

1.2 Going concern

The Partnership Board has, at the time of approving the financial statements, a reasonable expectation that the LLP has adequate resources to continue operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Consolidation

The consolidated financial statements incorporate the financial statements of Peterborough Investment Partnership LLP and entities controlled by Peterborough Investment Partnership LLP (its subsidiaries) made up to 31 March 2018.

Control is achieved where Peterborough Investment Partnership LLP has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

All inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are eliminated on consolidation and accounting policies have been consistently applied across the Group.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities

1.5 New standards and interpretations not yet adopted

IFRS 9 "Financial instruments" is an IFRS standard that has been issued by the IASB but has not been early adopted. It addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces IAS39. IFRS 9 will become effective for the accounting period to March 2019, subject to EU endorsement, and is not expected to have a material impact on the Group's results.

IFRS 15 'Revenue from contracts with customers' addresses the recognition and measurement of revenue and replaces IAS 18 'Revenue' and IAS 11 'Construction contracts'. It is believed that the current accounting policy is broadly in line with the new standard and these accounting policy changes are not expected to have a significant impact on the timing or value of the Group's revenue. IFRS 15 will become effective for the accounting period to March 2019.

1.6 Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold improvements	33% on cost over term of lease
Fixtures & fittings	25% on cost
Computer equipment	33% on cost

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD TO 31 MARCH 2018

1.7 Revenue

Revenue relating to the sale of land is recognised when the conditions of IAS 18 - Revenue are met and this will usually be when legal title passes to the purchaser.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Financial instruments

Financial instruments are recognised in the LLP's statement of financial position when the LLP becomes party to the contractual provisions of the instrument.

Financial instruments are classified into specified categories. The classification depends on the nature and purpose of the financial instruments and is determined at the time of recognition.

Financial Assets

Cash and cash equivalents comprises cash at bank and is included at carrying value which equates to fair value owing to the short term nature of the instrument.

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables' and are initially measured at fair value plus transactions costs. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. This carrying value equates to fair value or it is re-evaluated

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

In relation to these financial assets the following also apply:

- They are assessed for indicators of impairment at each reporting end date.
 - They are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.
 - They are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.
-

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD TO 31 MARCH 2018

1.9 Financial instruments (continued)

Financial liabilities

Financial liabilities are classified as other financial liabilities, including borrowings which are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. This carrying value equates to fair value or it is re-evaluated

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition

Financial liabilities are derecognised when, and only when, the LLP's obligations are discharged, cancelled, or they expire.

1.10 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the LLP uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the LLP. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.11 Taxation

The taxation payable on profits of the limited liability partnership is the liability of the members and is not dealt with in these financial statements. Current taxes are based on the results shown in the financial statements relating to the subsidiaries, and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

1.12 Operating lease commitments

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

2. Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates.

The principal estimates and judgements that could have a significant effect upon the Group's financial results relate to items that are contained within the individual entities of the Group as these are inter-company balances and loan account positions between the parent LLP and subsidiaries which are eliminated on consolidation. Where loans are repayable in more than one year it is assumed that fair value can be based on their carrying value of amortised cost which is calculated based on an effective rate of interest of 12% and an estimated repayment date based on the estimated life of the project.

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR TO 31 MARCH 2018

3. Operating profit/(loss)

No individual income statement is presented for Peterborough Investment Partnership LLP as permitted by section 408 of the Companies Act 2006. The individual entity's profit for the period was £2,438,631.

The operating loss is stated after charging:

	2018	2017
	£	£
Depreciation	9,397	8,643
Audit fees	<u>11,000</u>	<u>15,000</u>

4. Information in relation to members

	2018	2017
	£	£
Members' remuneration charged as an expense		
Loan note interest	1,139	443,269
Other interest	<u>488</u>	<u>-</u>

5. Employee information

	2018	2017
	£	£
Wages and salaries	9,600	9,950
Social security	-	(1,731)
Pension costs	<u>19</u>	<u>-</u>
	<u>9,619</u>	<u>8,219</u>

There is one employee in the parent LLP.

6. Tax expensed in corporate subsidiaries

	2018	2017
	£	£
Current tax		
Current year taxation	<u>(232,435)</u>	<u>1,477,559</u>

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR TO 31 MARCH 2018

6. Tax expensed in corporate subsidiaries cont.

The charge for the year can be reconciled to the profit/loss per the income statement as follows:

	2018	2017
	£	£
Profit/(loss) on ordinary activities of corporate entities before tax	<u>(1,226,129)</u>	<u>6,692,712</u>
Expected tax charge based on a corporation tax rate of 19%/20%	(232,965)	1,338,542
Expenses not deductible in determining taxable profit	12,591	108,183
Utilisation of tax losses not previously recognised	(440)	(3,379)
Current year losses not utilised	-	34,213
Effect of change in UK Corporation Tax rate	<u>(11,621)</u>	<u>-</u>
Tax expensed in corporate subsidiaries	<u>(232,435)</u>	<u>1,477,559</u>

7. Property, Plant & Equipment

	Leasehold Improvements £	Fixtures and fittings £	Computer Equipment £	Total £
COST				
At 1 April 2017	17,018	3,069	7,049	27,136
Additions	<u>-</u>	<u>1,534</u>	<u>1,874</u>	<u>3,408</u>
At 31 March 2018	<u>17,018</u>	<u>4,603</u>	<u>8,923</u>	<u>30,544</u>
DEPRECIATION				
At 1 April 2017	6,543	831	3,208	10,582
Charge for period	<u>5,616</u>	<u>991</u>	<u>2,790</u>	<u>9,397</u>
At 31 March 2018	<u>12,159</u>	<u>1,822</u>	<u>5,998</u>	<u>19,979</u>
NET BOOK VALUE				
At 31 March 2018	<u>4,859</u>	<u>2,781</u>	<u>2,925</u>	<u>10,565</u>
At 31 March 2017	<u>10,475</u>	<u>2,238</u>	<u>3,841</u>	<u>16,554</u>

8. Inventories

	2018	2017
	£	£
Work-in-progress	<u>1,232,204</u>	<u>1,121,613</u>

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR TO 31 MARCH 2018

9. Trade and other receivables

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	500,000	1,000,000
VAT recoverable	59,406	101,082
PAYE	-	5,201
Prepayments	54,870	15,255
Other debtors	409	409
	<u>614,685</u>	<u>1,121,947</u>

10. Trade and other payables

	2018 £	2017 £
Trade payables	325,130	214,753
Accruals	591,948	1,305,957
Other creditors	2,761	5,058
	<u>919,839</u>	<u>1,525,768</u>

11. Loans and other debts due to members

	2018 £	2017 £
Member's current accounts	<u>-</u>	<u>4,641,492</u>
Falling due within one year	<u>-</u>	<u>4,641,492</u>

The loans from members are secured by way of a fixed and floating charge over all assets and undertakings of the individual companies.

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD TO 31 MARCH 2018

12. Members' interests

	Members' other interests				
	Members' capital (classified as equity)	Reserves	Total	Loans and debts due to members	Total
	£	£	£	£	£
Balance at 1 April 2017	200	2,754,207	2,754,407	4,641,492	7,395,899
Members' remuneration charged as an expense	-	-	-	1,627	1,627
Profit/(Loss) for the financial period available for discretionary division among members	-	(988,791)	(988,791)	-	(988,791)
Members' interests after profit/(loss) for the period	200	1,765,416	1,765,416	4,643,119	6,408,735
Introduced by members	-	-	-	-	-
Profit allocated to members	-	-	-	-	-
Payments to members	-	-	-	(4,643,119)	(4,643,119)
Balance at 31 March 2018	200	1,765,416	1,765,616	-	1,765,616
			2018		2017
Loans and debts due to members are classified as:					
Current liabilities			<u>-</u>		<u>4,641,492</u>
			<u>4,641,492</u>		<u>4,641,492</u>

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR TO 31 MARCH 2018

13. Financial Instruments

Financial instruments comprise, cash, amounts due to members and trade payables. Financial instruments can give rise to liquidity, credit and interest rate risk. Information about these risks and how they are managed is set out below.

	2018 £	2017 £
Financial assets		
Trade and other receivables	559,815	1,106,692
Cash and cash equivalents	<u>595,566</u>	<u>8,139,112</u>
Loan and receivables	<u>1,155,371</u>	<u>9,245,804</u>
Financial liabilities		
Amounts due to members	-	4,641,492
Trade payables	325,130	214,753
Other payables	<u>2,761</u>	<u>5,058</u>
Liabilities at amortised cost	<u>327,891</u>	<u>4,861,303</u>
Total net financial instruments	<u>827,480</u>	<u>4,384,501</u>

The Partnership Board considers that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate to their fair values.

Financial risk management and management of capital

During the period the parent LLP has financed the subsidiary undertakings and its own overheads and the parent LLP's objectives when managing capital for the Group are to safeguard the Group's ability to operate as a going concern and to maintain an optimal capital structure to cover the cash requirements of the business. The Group's capital is almost entirely made up of borrowings from the designated members. The principal financial instruments are:

Cash and cash equivalents – the Group manages its cash resources in order to meet daily working capital requirements.

Designated members' capital – the Group requires members to provide long-term financing.

Liquidity risk

The ultimate responsibility for liquidity risk management lies with the Partnership Board, who have developed an appropriate liquidity management framework for the management of the LLP's liquidity risk. The LLP manages liquidity risk by maintaining adequate banking facilities and borrowing facilities and by continually monitoring forecast and actual cash flows.

Cleared funds are held in "on demand" accounts. This is considered adequate to finance variations in working capital.

Liquidity risk arises from the LLP's ongoing financial obligations, being trade payables and amounts owed to members.

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR TO 31 MARCH 2018

Credit risk

Credit risk arises when one party to a financial instrument causes loss for the other party by failing to discharge an obligation.

The credit risk on liquid funds is limited because a leading high street bank is used.

Interest rate risk

Interest rate risk arises from cash and cash equivalents and interest bearing investments and loans.

Interest is not earned on cash deposits of £595,566. No interest is charged on member's current accounts.

14. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	£
Within one year	<u>11,250</u>

15. Related party disclosures

During the period ended 31 March 2016 the partnership issued loan notes to the value of £2,000,000 to Peterborough City Council, a designated member. During the year ended 31 March 2017 the partnership issued further loan notes to Peterborough City Council totalling £1,082,917. Interest was charged on the loan notes at a rate of 12% per annum. During 2017 the total balance including rolled up interest was repaid and was included in Peterborough City Council's member's current account. This amount was paid to the member in the year end 31 March 2018.

During the period ended 31 March 2016 the partnership issued loan notes to the value of £1,870,672 to Peterborough Partnership SARL, a designated member. Interest was charged on the loan at a rate of 12% per annum. During the year ended 31 March 2017 the total balance including rolled up interest was repaid.

During the period ended 31 March 2018 Peterborough City Council, a designated member, provided key management personnel as part of the Project Team in the sum of £158,037 (2017 - £175,966).

16. Ultimate controlling party

Peterborough Investment Partnership has been set up as a 50:50 joint venture partnership between Peterborough Partnership SARL and Peterborough City Council.

17. Subsidiary undertakings

The financial statements consolidate the results and financial position of the Group, including the following subsidiaries which are 100% owned by the Group and all directly held by the parent:

P.I.P (Fletton Quays) Limited – incorporated in England & Wales - £1 Ordinary share.
P.I.P (Pleasure Fairs) Limited - incorporated in England & Wales - £1 Ordinary share.

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR TO 31 MARCH 2018

18. Cash generated from operations

	2018 £	2017 £
Profit/(loss) for the year	(988,791)	5,165,615
Adjustments for:		
Finance cost	278	580
Depreciation	9,397	8,643
Member remuneration charged as an expense	1,627	443,269
Interest receivable	(1,193)	-
Income tax expense	<u>(232,435)</u>	<u>1,477,559</u>
	(1,211,117)	7,095,666
Increase in inventories	(110,591)	2,103,370
Increase in trade and other receivables	507,262	(559,673)
Increase in trade and other payables	<u>(605,929)</u>	<u>1,307,416</u>
Cash generated/(absorbed) from operations	<u>(1,420,375)</u>	<u>9,946,779</u>

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

PARENT LLP STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018 £	2017 £
Non current asset			
Property, Plant and equipment	6	10,565	16,554
Investments	7	<u>689,665</u>	<u>689,665</u>
		<u>700,230</u>	<u>706,219</u>
Current assets			
Trade and other receivables	8	265,391	1,339,980
Cash and cash equivalents		<u>595,566</u>	<u>8,139,112</u>
		<u>860,957</u>	<u>9,479,092</u>
Total assets		<u>1,561,187</u>	<u>10,185,311</u>
Current liabilities			
Trade and other payables	9	1,196,761	6,772,600
Loans and other debts due to members	10	<u>-</u>	<u>3,412,511</u>
		<u>1,196,761</u>	<u>10,185,111</u>
Total liabilities		<u>1,196,761</u>	<u>10,185,111</u>
Equity			
Members' capital	11	200	200
Members' other reserves	11	<u>364,226</u>	<u>-</u>
Total equity		<u>364,426</u>	<u>200</u>
Total equity and liabilities		<u>1,561,187</u>	<u>10,185,311</u>

Registration number: OC397288

The notes on pages 23-32 form part of these financial statements

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

PARENT LLP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Balance at the start of the year	200	(195,849)
Profit for the year	2,438,631	203,392
Allocated profit	<u>(2,074,405)</u>	<u>(7,343)</u>
Balance at the end of the year	<u>364,426</u>	<u>200</u>

The notes on pages 23-32 form part of these financial statements

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

PARENT LLP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

		2018		2017	
	Notes	£	£	£	£
Cash absorbed by operations	16	(5,397,744)		9,666,181	
Finance cost paid		(278)		(580)	
Net cash outflow from operating activities			(5,398,022)		9,665,601
Investing activities					
Purchase of property, plant and equipment		(3,408)		(300)	
Interest received		1,003		-	
Dividends received from group undertakings		<u>2,500,000</u>		<u>280,598</u>	
Net cash used in investing activities			2,497,595		280,298
Financing activities					
Loans received from members		-		275,000	
Loans arising on settlement of expenses		-		807,917	
Loans repaid to members		(3,409,149)		(2,151,734)	
Profit distributions paid to members		<u>(1,233,970)</u>		<u>(848,266)</u>	
Net cash generated from financing activities			(4,643,119)		(1,917,083)
Net increase/(decrease) in cash and cash equivalents			(7,543,546)		8,028,816
Cash and cash equivalents at beginning of year			<u>8,139,112</u>		<u>110,296</u>
Cash and cash equivalents at end of year			<u>595,566</u>		<u>8,139,112</u>

The notes on pages 23-32 form part of these financial statements

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

PARENT LLP NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to limited liability partnerships ("LLPs") reporting under IFRS.

The financial statements have been prepared under the historical cost basis with the exception of financial instruments. The principal accounting policies adopted are set out below.

1.2 Going concern

The Partnership Board has, at the time of approving the financial statements, a reasonable expectation that the partnership has adequate resources to continue operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Investment in subsidiaries

Investments in subsidiaries have been accounted for at cost, adjusted for the difference between the face value and the fair value on initial recognition of loan notes and inter-company loans issued by subsidiaries to the parent entity.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 New standards and interpretations not yet adopted

IFRS 9 "Financial instruments" is an IFRS standard that has been issued by the IASB but has not been early adopted. It addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces IAS39. IFRS 9 will become effective for the accounting period to March 2019, subject to EU endorsement and is not expected to have a material impact on the LLP's results.

IFRS 15 'Revenue from contracts with customers' addresses the recognition and measurement of revenue and replaces IAS 18 'Revenue' and IAS 11 'Construction contracts'. It is believed that the current accounting policy is broadly in line with the new standard and these accounting policy changes are not expected to have a significant impact on the timing or value of the LLP's revenue. IFRS 15 will become effective for the accounting period to March 2019.

1.6 Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold improvements	33% on cost over term of lease
Fixtures & fittings	25% on cost
Computer equipment	33% on cost

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

PARENT LLP NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1.7 Revenue

Revenue is measured at the fair value of the consideration received or receivable and includes amounts receivable for services provided to subsidiary companies, net of discounts, VAT and other sales related taxes.

1.8 Financial instruments

Financial instruments are recognised in the partnership's statement of financial position when the partnership becomes party to the contractual provisions of the instrument.

Financial instruments are classified into specified categories. The classification depends on the nature and purpose of the financial instruments and is determined at the time of recognition.

Financial Assets

Cash and cash equivalents comprises cash at bank and is included at carrying value which equates to fair value owing to the short term nature of the instrument.

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables' and are initially measure at fair value plus transactions costs. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. This carrying value equates to fair value or it is re-evaluated

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

In relation to these financial assets the following also apply:

- They are assessed for indicators of impairment at each reporting end date.
- They are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.
- They are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

PARENT LLP NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1.9 Financial instruments (continued)

Financial liabilities

Financial liabilities are classified as other financial liabilities, including borrowings which are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. This carrying value equates to fair value or it is re-evaluated

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition

Financial liabilities are derecognised when, and only when, the partnership's obligations are discharged, cancelled, or they expire.

1.10 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the partnership uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the partnership. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.11 Operating lease commitments

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

2. Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates.

The principal estimates and judgements that could have a significant effect upon the LLP's financial results relate to the intercompany balances and loan account positions between the parent LLP and its subsidiaries. It is assumed that fair value can be based on their carrying value of amortised cost which is calculated based on an effective rate of interest of 12% and an estimated repayment period.

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

PARENT LLP NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2018

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2018	2017
	£	£
Depreciation - owned assets	9,397	8,643
Audit fees	<u>5,000</u>	<u>11,000</u>

4. Information in relation to members

	2018	2017
	£	£
Members' remuneration charged as an expense		
Loan note interest	1,139	443,269
Other interest	<u>488</u>	<u>-</u>

5. Employee information

	2018	2017
	£	£
Wages and salaries	9,600	9,950
Social security	-	(1,731)
Pension cost	<u>19</u>	<u>-</u>
	<u>9,619</u>	<u>8,219</u>

There is one employee.

6. Property, Plant & Equipment

	Leasehold Improvements	Fixtures and fittings	Computer Equipment	Total
	£	£	£	£
COST				
At 1 April 2017	17,018	3,069	7,049	27,136
Additions	<u>-</u>	<u>1,532</u>	<u>1,874</u>	<u>3,408</u>
At 31 March 2018	<u>17,018</u>	<u>4,601</u>	<u>8,923</u>	<u>30,544</u>
DEPRECIATION				
At 1 April 2017	6,543	831	3,208	10,582
Charge for period	<u>5,616</u>	<u>991</u>	<u>2,790</u>	<u>9,397</u>
At 31 March 2018	<u>12,159</u>	<u>1,822</u>	<u>5,998</u>	<u>19,979</u>
NET BOOK VALUE				
At 31 March 2018	<u>4,859</u>	<u>2,781</u>	<u>2,925</u>	<u>10,565</u>
At 31 March 2017	<u>10,475</u>	<u>2,238</u>	<u>3,841</u>	<u>16,554</u>

7. Investments

	Shares in group undertakings
	£
COST	
As at 1 April 2017	689,665
At 31 March 2018	<u>689,665</u>
NET BOOK VALUE	
At 31 March 2018	<u>689,665</u>
At 31 March 2017	<u>689,665</u>

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

PARENT LLP NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2018

8. Trade and other receivables	2018	2017
	£	£
Amounts falling due within one year		
Other debtors	200	200
Prepayments	17,130	11,975
Accrued income	14,461	250,000
PAYE	-	5,201
VAT	14,188	43,176
Member's current account	-	845,424
Amounts owed by group undertakings	<u>40,682</u>	-
	<u>86,661</u>	<u>1,155,976</u>
Amounts falling due after more than one year		
Amounts owed by group undertakings	<u>178,730</u>	<u>184,004</u>
Aggregate amounts	<u>265,391</u>	<u>1,339,980</u>
9. Trade and other payables	2018	2017
	£	£
Trade payables	1,333	40,324
Other creditors	2,762	5,058
Accruals	27,466	206,591
Amounts due to group undertakings	<u>1,165,200</u>	<u>6,520,627</u>
	<u>1,196,761</u>	<u>6,772,600</u>
10. Loans and other debts due to members	2018	2017
	£	£
Member's current accounts	-	3,412,511
Loans from members	<u>-</u>	<u>-</u>
Falling due within one year	<u>-</u>	<u>3,412,511</u>
	<u>-</u>	<u>3,412,511</u>

The loans from members were secured by way of a fixed and floating charge over all assets and undertakings of the individual companies.

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

PARENT LLP NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2018

11. Members' interests

	Members' other interests			Loans and other debts due to members	
	Members' capital (classified as equity) £	Reserves £	Total £	£	Total £
Balance at 1 April 2017	200	-	200	3,412,511	3,412,711
Members' current account transfer from trade and other receivables	-	-	-	(845,424)	(845,424)
Members' remuneration charged as an expense	-	-	-	1,627	1,627
Profit/(loss) for the financial period available for discretionary division among members	-	2,438,631	2,438,631	-	2,438,631
Members' interests after Profit/(loss) for the period	200	2,438,631	2,438,631	2,568,714	5,007,545
Profit allocated to members	-	(2,074,405)	(2,074,405)	2,074,405	-
Payments to members	-	-	-	(4,643,119)	(4,643,119)
Balance at 31 March 2018	200	364,426	364,426	-	364,426

	2018 £	2017 £
Loans and debts due to members are classified as:		
Current liabilities	-	3,412,511
Non-current liabilities	-	-
	<u>-</u>	<u>3,412,511</u>

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

PARENT LLP NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2018

12. Financial instruments

Financial instruments comprise loans, cash, amounts owed from group undertakings, amounts due to members and trade payables. Financial instruments can give rise to liquidity, credit and interest rate risk. Information about these risks and how they are managed is set out below.

	2018 £	2017 £
Financial assets		
Member's current account	-	845,424
Other receivables	14,388	48,577
Amounts due from group undertakings	219,412	184,004
Cash and cash equivalents	<u>595,566</u>	<u>8,139,112</u>
Loans and receivables	<u>829,366</u>	<u>9,217,117</u>
Financial liabilities		
Amounts due to group undertakings	1,165,200	6,520,627
Amounts due to members	-	3,412,511
Trade payables	1,333	40,324
Other payables	<u>2,762</u>	<u>5,058</u>
Liabilities at amortised cost	<u>1,169,295</u>	<u>9,978,520</u>
Total net financial instruments	<u>(339,929)</u>	<u>(761,403)</u>

The Partnership Board consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values.

Financial risk management and management of capital

During the period the LLP has financed the subsidiary undertakings and its own overheads and the LLP's objectives when managing capital for the LLP are to safeguard the LLP and its subsidiaries' ability to operate as a going concern and to maintain an optimal capital structure to cover the cash requirements of the business. The LLP's capital is almost entirely made up of borrowings from the designated members. The principal financial instruments are:

Cash and cash equivalents – the LLP manages its cash resources in order to meet daily working capital requirements.

Designated members' capital – the LLP requires members to provide long-term financing.

Liquidity risk

The ultimate responsibility for liquidity risk management lies with the Partnership Board, who have developed an appropriate liquidity management framework for the management of the LLP's liquidity risk. The LLP manages liquidity risk by maintaining adequate banking facilities and borrowing facilities and by continually monitoring forecast and actual cash flows.

Cleared funds are held in "on demand" accounts. This is considered adequate to finance variations in working capital.

Liquidity risk arises from the LLP's ongoing financial obligations, being trade payables and amounts owed to members.

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

PARENT LLP NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

12. Financial instruments continued

Credit risk arises when one party to a financial instrument causes loss for the other party by failing to discharge an obligation.

Security is in place by way of fixed and floating charges over all of the assets of undertakings to cover amounts due from group undertakings, the total of which was £219,412 at the end of the period.

The credit risk on liquid funds is limited because a leading high street bank is used.

Interest rate risk

Interest rate risk arises from cash and cash equivalents and interest bearing investments and loans.

Interest is not earned on cash deposits of £595,566. No interest is charged on member's current accounts.

Investment in subsidiaries

Amounts due from group undertakings including loan notes and inter-company loans have been recognised initially at fair value. The difference between the face value and the fair value of the loans on initial recognition has been recognised as an additional investment in subsidiaries.

Amounts due to group undertakings are anticipated to be repaid within 12 months of the year end and are therefore held at face value.

13. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	£
Within one year	<u>11,250</u>

14. Related party disclosures

During the period ended 31 March 2016 the partnership issued loan notes to the value of £2,000,000 to Peterborough City Council, a designated member. During the year ended 31 March 2017 the partnership issued further loan notes to Peterborough City Council totalling £1,082,917. Interest was charged on the loan notes at a rate of 12% per annum. During 2017 the total balance including rolled up interest was allocated to Peterborough City Council's member's current account. This amount was paid to the member in the year ended 31 March 2018.

During the period ended 31 March 2016 the partnership issued loan notes to the value of £1,870,672 to Peterborough Partnership SARL, a designated member. Interest was charged on the loan at a rate of 12% per annum. During the year ended 31 March 2017 the total balance including rolled up interest was repaid.

During the period ended 31 March 2016 the partnership purchased loan notes to the value of £2,624,667 from group undertakings. During the year ended 31 March 2017 the partnership purchased further loan notes of £807,917 from group undertakings. During the year ended 31 March 2017, £3,232,584 was repaid and the amount outstanding at 31 March 2017 and 31 March 2018 is £200,000 at face value.

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

PARENT LLP NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2018

14. Related party disclosures - continued

During the year the partnership paid for costs on behalf of group undertakings to the value of £3,985,436 (2017- £3,329,573) at face value. The amount outstanding at the year end from subsidiaries at face value is £43,951.

During the year the partnership received amounts on behalf of its subsidiary P.I.P (Fletton Quays) Limited in the sum of £1,698,528 (2017 - £14,328,800. At the balance sheet date there was an amount owed to P.I.P (Fletton Quays) Limited in the sum of £1,165,200. As the amount is anticipated to repaid in full within twelve months, it is anticipated that the fair value of the loan is equal to its face value.

The amounts due from group undertakings at the year end date are disclosed as loans and receivables and held at amortised cost, as follows:

	£
Loan notes	178,730
Inter-company loans	<u>40,682</u>
	<u>219,412</u>

The amount due to group undertakings at the year end date are disclosed at face value within trade and other payables as follows:

	£
Inter company loans	<u>1,165,200</u>

During the two years to 31 March 2018 the partnership charged a management fee to P.I.P (Fletton Quays) Limited totalling £484,872 and representing an annual charge due of £242,436. The amount was paid off via the inter-company loan balance.

During the period ended 31 March 2018 Peterborough City Council, a designated member, provided key management personnel as part of the Project Team in the sum of £158,037 (2017 - £175,966).

15. Ultimate controlling party

Peterborough Investment Partnership has been set up as a 50:50 joint venture partnership between Peterborough Partnership SARL and Peterborough City Council.

PETERBOROUGH INVESTMENT PARTNERSHIP LLP

PARENT LLP NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2018

16. Cash generated from operations

	2018 £	2017 £
Profit before income tax	2,438,631	203,392
Adjustments for:		
Finance cost	278	580
Depreciation	9,397	8,643
Member remuneration charged as an expense	1,627	443,269
Interest receivable	(23,084)	(605,505)
Dividends receivable	(2,500,000)	(280,598)
Impairment of investments	-	70,169
	(73,151)	(160,050)
(Increase) in trade and other debtors excluding group undertakings	264,573	(297,574)
Decrease/(increase) in inter-company loans	(5,368,754)	9,910,711
Increase in trade and other payables	(220,412)	213,094
Cash generated/(absorbed) from operations	(5,397,744)	9,666,181

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MEDESHAM HOMES LLP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018



Chester House, Lloyd Drive, Cheshire Oaks Business Park, Ellesmere Port, Cheshire CH65 9HQ

MEDESHAM HOMES LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members Peterborough City Council
CKH Developments Limited

Limited liability partnership number OC414818

Registered office Town Hall
Bridge Street
Peterborough
England
PE1 1HF

Auditor KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

MEDESHAM HOMES LLP

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Statement of cash flows	10
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MEDESHAM HOMES LLP

MEMBERS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2018

The members present their report and financial statements for the period ended 31 March 2018.

Principal activities

The principal activity of the limited liability partnership is that of development of land and construction of "affordable" homes. The current developments are in relation to sites known as Midland Road and Bretton Court.

The LLP has been set up as a joint venture between Peterborough City Council and CKH Developments Limited (the designated members) and Medesham Limited. The partnership was established on 25 November 2016.

Members' drawings, contributions and repayments

A member's capital requirement is linked to the financing requirement of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at "par", so the retiring members are repaid their capital at "par".

Designated members

The designated members who held office during the period and up to the date of signature of the financial statements were as follows:

Peterborough City Council
CKH Developments Limited

Ordinary members

Medesham Limited is an ordinary member by virtue of its subscribed capital.

Statement of members' responsibilities in respect of the Members' Report and the financial statements

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members 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 LLP and of its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
 - make judgements and estimates that are reasonable and prudent;
 - state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
 - assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
 - use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.
-

MEDESHAM HOMES LLP

MEMBERS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018


Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

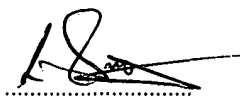
The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor

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

Approved by the members on 8 August 2018 and signed on behalf by:


.....
Peterborough City Council
Designated Member


.....
CKH Developments Limited
Designated Member

MEDESHAM HOMES LLP

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MEDESHAM HOMES LLP

Opinion

We have audited the financial statements of Medesham Homes LLP ("the LLP") for the period ended 31 March 2018 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Reconciliation of Members' Interests, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 March 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the LLP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

MEDESHAM HOMES LLP

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MEDESHAM HOMES LLP

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required 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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their statement set out on page 1, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the LLP'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 they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit report and to whom we owe our responsibilities

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's 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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sarah Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

22 August 2018

MEDESHAM HOMES LLP

INCOME STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2018

	Period ended 31 March 2018 £
Administrative expenses	(39,875)
Other operating income	12,469
	<hr/>
Loss for the financial period before members' remuneration and profit shares	(27,406)
	<hr/>
Loss for the financial period before members' remuneration and profit shares	(27,406)
Members' remuneration charged as an expense	-
	<hr/>
Loss for the financial period available for discretionary division among members	(27,406)
	<hr/>

The Income Statement has been prepared on the basis that all operations are continuing operations.

The notes on page 11 to 16 form part of these financial statements.

MEDESHAM HOMES LLP

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2018

	Period ended 31 March 2018 £
Loss for the financial period available for discretionary division among members	(27,406)
Other comprehensive income	-
Total comprehensive income for the period	<u>(27,406)</u>

The notes on page 11 to 16 form part of these financial statements.

MEDESHAM HOMES LLP

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018 £
Non current assets		
Investment properties	4	1,690,945
		<u>1,690,945</u>
Current assets		
Trade and other receivables	5	1,900,201
Cash and cash equivalents		825,895
		<u>2,726,096</u>
Total assets		<u>4,417,041</u>
Current liabilities	6	
Trade and other payables		(265,810)
Taxation and social security		(905)
Other grants	8	(99,750)
		<u>(366,465)</u>
Non-current liabilities	7	
Other grants	8	(3,877,781)
		<u>(3,877,781)</u>
Total liabilities		<u>(4,244,246)</u>
Equity		
Members' capital classified as equity		200,201
Members other reserves		(27,406)
		<u>(172,795)</u>
Total equity and liabilities		<u>4,417,041</u>

The financial statements were approved by the members and authorised for issue on 08.08.18 and are signed on their behalf by:



Peterborough City Council
Designated member
Limited Liability Partnership Registration No. OC414818



CKH Developments Limited
Designated member

The notes on page 11 to 16 form part of these financial statements.

MEDESHAM HOMES LLP

RECONCILIATION OF MEMBERS' INTERESTS

FOR THE PERIOD ENDED 31 MARCH 2018

Current financial year

	EQUITY		TOTAL
	Members' other interests		MEMBERS' INTERESTS
	Members' capital (classified as equity)	Other reserves	Total 2018
	£	£	£
Members' interests at 25 November 2016	-	-	-
Loss for the period available for discretionary division among members	-	(27,406)	(27,406)
Members' interests after loss for the period	-	(27,406)	(27,406)
Introduced by members	200,201	-	200,201
Members' interests at 31 March 2018	200,201	(27,406)	172,795

The notes on page 11 to 16 form part of these financial statements.

MEDESHAM HOMES LLP

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2018

	Members' capital	Other reserves	Total
	£	£	£
Loss and total comprehensive income for the period	-	(27,406)	(27,406)
Members' capital introduced	200,201	-	200,201
Balance at 31 March 2018	<u>200,201</u>	<u>(27,406)</u>	<u>172,795</u>

The notes on page 11 to 16 form part of these financial statements.

MEDESHAM HOMES LLP

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2018

	Notes	2018 £	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	10		2,316,639
Investing activities			
Purchase of investment property		(1,690,945)	
Net cash used in investing activities			(1,690,945)
Financing activities			
Capital introduced by members (classified as debt or equity)		200,201	
Net cash generated from/(used in) financing activities			200,201
Net increase in cash and cash equivalents			825,895
Cash and cash equivalents at beginning of period			-
Cash and cash equivalents at end of period			825,895

The notes on page 11 to 16 form part of these financial statements.

MEDESHAM HOMES LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2018

1 Accounting policies

Limited liability partnership information

Medesham Homes LLP is a limited liability partnership incorporated in England and Wales. The registered office is Town Hall, Bridge Street, Peterborough, England, PE1 1HF.

The limited liability partnership's principal activities are disclosed in the Members' Report.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to limited liability partnerships ("LLPs") reporting under IFRS.

The financial statements have been prepared under the historical cost basis. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the members have a reasonable expectation that the limited liability partnership has adequate resources to continue in operational existence for the foreseeable future. Thus the members continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Reporting period

The accounts reflect the first period of the LLP from the date of incorporation, 25 November 2016 to 31 March 2018, a period of 16 months. Operational activity commenced in April 2017.

1.4 Members' participating interests

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement.

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Where there exists an asset and liability component in respect of an individual member's participation rights, they are presented on a gross basis unless the LLP has both a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis or to settle and realise these amounts simultaneously, in which case they are presented net.

Once an unavoidable obligation has been created in favour of members through allocation of profits or other means, any undrawn profits remaining at the reporting date are shown as 'Loans and other debts due to members' to the extent they exceed debts due from a specific member.

MEDESHAM HOMES LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

1 Accounting policies

1.5 Investment properties

Investment property is property held to earn rentals and/or for capital appreciation. Investment property within the accounts represents property currently under construction. The members believe that the fair value is not reliably determinable at the year end and therefore have included property at cost. As the property is not yet ready for use, depreciation has not been provided for.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

Financial instruments are recognised in the limited liability partnership's statement of financial position when the limited liability partnership becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in or .

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the limited liability partnership transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

MEDESHAM HOMES LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

1 Accounting policies

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the limited liability partnership after deducting all of its liabilities.

Other financial liabilities

Financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the limited liability partnership's obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the limited liability partnership are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the limited liability partnership.

1.9 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.10 Government and other grants

Government and other grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received and are treated as deferred income. Government and other grants are released to the profit and loss account over the course of the life of the grant.

1.11 New standards and interpretations not yet adopted

IFRS 9 "Financial instruments" is an IFRS standard that has been issued by the IASB but has not been early adopted. It addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces IAS39. IFRS 9 will become effective for the accounting period to March 2019, subject to EU endorsement, and is not expected to have a material impact on the results of the LLP.

MEDESHAM HOMES LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

2 Judgements and key sources of estimation uncertainty

In the application of the limited liability partnership's accounting policies, the members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Operating loss

	2018
	£
Operating loss for the period is stated after charging/(crediting):	
Other grants	(12,469)
Operating lease charges	750
	<u> </u>

4 Investment property

	2018
	£
Cost	
At 25 November 2016	-
Additions through external acquisition	1,690,945
	<u> </u>
At 31 March 2018	<u>1,690,945</u>

Investment property comprises the purchase cost of land and associated costs including planning applications. The members believe that a fair value is not reliably determinable at the year end and therefore have included property at cost only. As the property is not yet ready for use, depreciation has not been provided for.

Freehold	-
Long leasehold	-
Short leasehold	-

5 Trade and other receivables

	2018
	£
Amounts falling due within one year:	
Other receivables	201
Other grants receivable	1,900,000
	<u> </u>
	<u>1,900,201</u>

All current receivables are stated at transaction value.

MEDESHAM HOMES LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

6 Current liabilities

	Notes	2018 £
Trade payables		28,672
Other taxation and social security		905
Other grants	8	99,750
Accruals and deferred income		237,138
		<u>366,465</u>

All current liabilities are stated at transaction value.

7 Non-current liabilities

	Notes	2018 £
Other grants	8	<u>3,877,781</u>

Non current liabilities represent deferred other grants. The total amount of £3,990,000 is being released to the profit and loss account over a period of 40 years on a straight line basis.

8 Other grants

Deferred income is included in the financial statements as follows:

	2018 £
Current liabilities	99,750
Non-current liabilities	<u>3,877,781</u>
	<u>3,977,531</u>

9 Related party transactions

During the year, the designated member CKH Developments Limited provided administration support to the LLP totalling £5,890. At the year end the amount outstanding was £2,827 included within trade payables.

MEDESHAM HOMES LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

10 Cash generated from operations	2018
	£
Loss for the period	(27,406)
Movements in working capital:	
(Increase) in trade and other receivables	(1,900,201)
Increase in trade and other payables	266,715
Increase in deferred income	3,977,531
Cash generated from/(absorbed by) operations	<u><u>2,316,639</u></u>

MEDESHAM HOMES LLP

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 MARCH 2018

	Period ended 31 March 2018 £
Other operating income	
Other grants receivable and released	12,469
Administrative expenses	(39,875)
Operating loss	<u>(27,406)</u>

MEDESHAM HOMES LLP

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE PERIOD ENDED 31 MARCH 2018

	Period ended 31 March 2018 £
Administrative expenses	
Management charge	5,890
Rent re operating leases	750
Computer running costs	117
Other professional fees	6,149
Consultancy fees	17,880
Accountancy	3,057
Audit fees	3,500
Bank charges	554
Printing and stationery	173
Partial exemption restriction	1,805
	<hr/>
	39,875
	<hr/> <hr/>

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Registered number: 10213568

NPS PETERBOROUGH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

NPS PETERBOROUGH LIMITED

COMPANY INFORMATION

DIRECTORS	D T Wetteland S C Hersey S P Machen D A Seaton A Gee
COMPANY SECRETARY	H L Jones
REGISTERED NUMBER	10213568
REGISTERED OFFICE	Lancaster House 16 Central Avenue St Andrews Business Park Norwich Norfolk NR7 0HR
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Abacus House Castle Park Cambridge CB3 0AN
BANKERS	Barclays Bank Plc 5/6 Red Lion Street Norwich Norfolk NR1 3QH
SOLICITORS	nplaw Norfolk County Council County Hall Martineau Lane Norwich Norfolk NR1 2DH

NPS PETERBOROUGH LIMITED

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Statement of financial position	7
Statement of changes in equity	8
Notes to the financial statements	9 - 24

NPS PETERBOROUGH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and the audited financial statements for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The company's principal activities are that of estates and property management.

RESULTS AND DIVIDENDS

The profit for the year amounted to £87,713 (2017 - £36,117).

The directors have not recommended a dividend for the year (2017: nil).

DIRECTORS

The directors who were in office during the year and up to the date of signing the financial statements were:

M L Britch (resigned 31 January 2018)

P Venn (resigned 7 July 2017)

S C Hersey

S P Machen

D A Seaton

A Gee (appointed 7 July 2017)

D T Wetteland (appointed 16 April 2018)

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has maintained liability insurance for its directors and officers throughout the period and up to the date of signing the financial statements. The directors and officers have also been granted a qualifying third party indemnity provision under section 234 of the Companies Act 2006 which is in force to the date of approval of the financial statements. Neither the company's indemnity nor insurance provides cover in the event that a director or officer is proved to have acted fraudulently or dishonestly.

FUTURE DEVELOPMENTS

The company's core market is income from Local Authority capital expenditure budgets.

The company derives the majority of its turnover from Peterborough City Council. This is a long term agreement and this agreement will continue to make up the majority of the company's income stream.

NPS PETERBOROUGH LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS101 'Reduced Disclosure Framework' 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

The directors 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.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each director in office at the date the directors' report is approved, the director 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
- they have taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

SMALL COMPANIES NOTE

In preparing this report, the directors have taken advantage of the small companies exemptions provided by Part 15 of the Companies Act 2006.

NPS PETERBOROUGH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

INDEPENDENT AUDITORS

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

This report was approved by the board on 9 August 2018 and signed on its behalf.



D T Wetteland
Director

NPS PETERBOROUGH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NPS PETERBOROUGH LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, NPS Peterborough Limited's 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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' Report, we also consider whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

NPS PETERBOROUGH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NPS PETERBOROUGH LIMITED

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

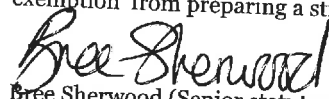
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.


Bree Sherwood (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge

Date: 9 August 2018

NPS PETERBOROUGH LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Year ended 31 March 2018 £	<i>As restated</i> Period ended 31 March 2017 £
Revenue			
Cost of sales	4	2,546,351	1,461,552
		(2,154,505)	(1,222,155)
GROSS PROFIT		391,846	239,397
Administrative expenses		(283,454)	(181,483)
OPERATING PROFIT		108,392	57,914
Interest payable and similar expenses	5	-	(12,500)
PROFIT BEFORE TAXATION		108,392	45,414
Tax on profit	9	(20,679)	(9,297)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		87,713	36,117

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 9 to 24 form part of these financial statements.

NPS PETERBOROUGH LIMITED
REGISTERED NUMBER: 10213568

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Property, plant and equipment	10	1,288	1,632
		1,288	1,632
CURRENT ASSETS			
Trade and other receivables: amounts falling due after more than one year	11	918	753
Trade and other receivables: amounts falling due within one year	11	175,672	218,594
Cash and cash equivalents	12	436,182	459,844
		612,772	679,191
Creditors: amounts falling due within one year	13	(490,220)	(644,696)
NET CURRENT ASSETS		122,552	34,495
TOTAL ASSETS LESS CURRENT LIABILITIES		123,840	36,127
NET ASSETS		123,840	36,127
EQUITY			
Called up share capital	15	10	10
Retained earnings		123,830	36,117
TOTAL EQUITY		123,840	36,127

The financial statements on pages 6 to 24 were approved and authorised for issue by the board and were signed on its behalf on 9 August 2018


D T Wetteland
 Director

The notes on pages 9 to 24 form part of these financial statements.

NPS PETERBOROUGH LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2017	10	36,117	36,127
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	87,713	87,713
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	87,713	87,713
AT 31 MARCH 2018	10	123,830	123,840

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 3 JUNE 2016 TO 31 MARCH 2017**

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 3 June 2016	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD			
Profit for the period	-	36,117	36,117
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	36,117	36,117
Shares issued during the period	10	-	10
AT 31 MARCH 2017	10	36,117	36,127

The notes on pages 9 to 24 form part of these financial statements.

NPS PETERBOROUGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. GENERAL INFORMATION

The company is a private company, limited by shares, incorporated and domiciled in the UK and registered at Lancaster House, 16 Central Avenue, St Andrews Business Park, Norwich, Norfolk, NR7 0HR. The reporting period is from 1 April 2017 to 31 March 2018.

The company's principal activities are that of building services consultants and property management.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies. These areas involving a higher degree of complexity, or where assumptions and estimates are significant to the financial statements are disclosed in note 3. The financial statements are presented in pound sterling (£).

NPS PETERBOROUGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Going concern

Whilst the entity remains profit making and has positive net current assets and net assets the entity operates as part of a wider Group and as such the Directors have received confirmation from Norse Group Limited that it will provide, for a period of at least 12 months from the date of the signing of these financial statements, such financial support as is necessary to allow the company to meet its liabilities as they fall due. Accordingly, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

2.4 New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2018 have had a material impact on the company.

2.5 Prior period adjustment

The Directors have reviewed the accounting for the contractual relationship with their joint venture partner and have identified that certain expenditure would be more appropriately classified against revenue. This has resulted in an impact to revenue and cost of sales within the financial statements for the period ended 31 March 2017. The impact is a reduction of revenue by £45,599 and an increase in cost of sales by £45,599. There is nil impact on profit and reserves.

NPS PETERBOROUGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Revenue

Revenue comprises revenue from the sale of goods and rendering of services. Revenue is measured by reference to the fair value of consideration received or receivable by the company for goods supplied and services provided, excluding VAT, rebates, and trade discounts.

Revenue from the sale of goods is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the goods. In practice the satisfaction of these conditions generally coincides with when the goods are delivered. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance sheet date.

Revenue in respect of property consultancy services is generally earned under fixed sum contracts, on a time-charge basis or under fixed term service agreements. In respect of fixed sum contracts revenue is recognised using the percentage of completion method, based on the proportion of costs incurred at the balance sheet date to the total estimated cost of completing the contracted work.

Where work is performed on a time charge basis revenue is recognised based on the number of hours work that has been performed at the balance sheet date. Revenue earned under fixed term service agreements is generally recognised on a straight term basis over the length of the contract.

Revenue from long-term contracts represents the sales value of work done in the year, including fees invoiced and estimates in respect of amounts to be invoiced after the year end. Profits are recognised on long-term contracts where the final outcome can be assessed with reasonable certainty. In calculating the profit attributable to the period, the percentage of completion method is used based on the proportion of costs incurred at the balance sheet date to the total estimated cost of completing the contracted work.

Full provision is made for all known or anticipated losses on each contract immediately where such losses are forecast. Where the outcome of a long term contract cannot be estimated reliably revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Gross amounts due from customers are stated at the proportion of the anticipated net sales value earned to date less amounts billed on account. To the extent that fees paid on account exceed the value of work performed, they are included within accruals and deferred income.

NPS PETERBOROUGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

Property, plant and equipment 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.

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:

Computer equipment	- 20% straight line
--------------------	---------------------

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 the statement of comprehensive income.

2.8 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Associated costs such as maintenance and insurance are expensed as incurred.

2.9 Trade and other receivables

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.

2.10 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.

NPS PETERBOROUGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

NPS PETERBOROUGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Short term payables 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.

2.13 Interest payable and similar expenses

Finance costs are charged to the statement of comprehensive income 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.

2.14 Pensions

Defined contribution pension plan

The contributions to the company pension scheme have been treated as a money purchase scheme, despite employees being members of the local government pension scheme. Under the terms of the transfer agreement, the actuarial risks associated with the scheme remain with Peterborough City Council. The contributions paid by NPS Peterborough Limited are set in relation to the current service year only and as such the company has accounted for the contributions to the scheme as if it were a defined contributions scheme.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability on the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

NPS PETERBOROUGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, 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 reporting 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 statement of financial position 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 reporting date.

NPS PETERBOROUGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY

To be able to prepare the financial statements according to FRS101, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial statements. These estimates are based on historic experience and various other assumptions that management and the Board of directors believe are reasonable under the circumstances. The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Critical judgements

Revenue and profit on property consultancy contracts

In respect of certain property consultancy services the stage of completion of any contract is assessed by management by taking into consideration all information available at the reporting date. In this process management carries out significant judgements about milestones, actual work performed and the estimated costs to complete the work. Further information on the company's accounting policy for these contracts is provided in note 2.6.

Critical estimates

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

4. REVENUE

The whole of the revenue is attributable to building surveying and property management services.

All revenue arose within the United Kingdom.

NPS PETERBOROUGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

5. OPERATING PROFIT

The operating profit is stated after charging:

	Year ended 31 March 2018 £	<i>Period ended 31 March 2017 £</i>
Wages and salaries	380,209	311,848
Social security costs	40,775	28,908
Other pension costs	52,817	44,298
Depreciation of property, plant and equipment	344	91
Operating lease expense	50,000	36,546
	<u> </u>	<u> </u>

6. AUDITORS' REMUNERATION

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	Year ended 31 March 2018 £	<i>Period ended 31 March 2017 £</i>
Fees for the audit of the company	15,089	8,500
	<u> </u>	<u> </u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group financial statements of the parent company.

7. EMPLOYEES

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 March 2018 No.	<i>Period ended 31 March 2017 No.</i>
Estates	11	10
	<u> </u>	<u> </u>

NPS PETERBOROUGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

8. DIRECTORS' REMUNERATION

	Year ended 31 March 2018	<i>Period ended 31 March 2017</i>
	£	£
Directors' emoluments	71,036	35,048
	71,036	35,048
	71,036	35,048

Directors emoluments are borne by NPS Property Consultants Limited and recharged to the company. The disclosure above relates to services provided by two directors.

The directors are directors of the parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of the directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent company

9. TAX ON PROFIT

	Year ended 31 March 2018	<i>Period ended 31 March 2017</i>
	£	£
CURRENT TAX		
UK corporation tax on profits for the year/period	20,710	10,050
Adjustments in respect of prior periods	134	-
TOTAL CURRENT TAX	20,844	10,050
DEFERRED TAX		
Origination and reversal of timing differences	(58)	(753)
Adjustments in respect of prior periods	(107)	-
TOTAL DEFERRED TAX	(165)	(753)
TAX ON PROFIT	20,679	9,297

NPS PETERBOROUGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. TAX ON PROFIT (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR/PERIOD

The tax assessed for the year is higher than (9 months and 27 days to 31 March 2017 - higher than) the standard rate of corporation tax in the UK of 19% (9 months and 27 days to 31 March 2017 - 20%). The differences are explained below:

	Year ended 31 March 2018 £	<i>Period ended 31 March 2017 £</i>
Profit before taxation	108,392	<i>45,414</i>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	20,594	<i>9,083</i>
EFFECTS OF:		
Expenses not deductible for tax purposes	51	<i>81</i>
Adjustments in respect of prior periods	27	<i>-</i>
Changes in the rate of tax	7	<i>133</i>
TOTAL TAX CHARGE FOR THE YEAR/PERIOD	20,679	<i>9,297</i>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

NPS PETERBOROUGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

10. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £
COST	
At 1 April 2017	1,723
At 31 March 2018	<u>1,723</u>
ACCUMULATED DEPRECIATION	
At 1 April 2017	91
Charge for the year	344
At 31 March 2018	<u>435</u>
NET BOOK AMOUNT	
At 31 March 2018	<u>1,288</u>
At 31 March 2017	<u>1,632</u>

NPS PETERBOROUGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. TRADE AND OTHER RECEIVABLES

	2018	2017
	£	£
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Deferred tax asset	918	753
	918	753
	918	753
	2018	2017
	£	£
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade receivables	173,856	212,416
Amounts owed by group undertakings	1,627	-
Other debtors	2	2
Prepayments and accrued income	187	6,176
	175,672	218,594
	175,672	218,594

Amounts owed by parent and fellow group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade receivables are stated after provision for impairment of £NIL (2017: £NIL).

12. CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash at bank and in hand	436,182	459,844
	436,182	459,844
	436,182	459,844

NPS PETERBOROUGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

13. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Amounts owed to group undertakings	220,279	559,301
Corporation tax	14,710	10,050
Other taxation and social security	11,957	5,351
Other creditors	5,995	5,775
Accruals and deferred income	237,279	64,219
	490,220	644,696
	490,220	644,696

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Included within other creditors at the period end are outstanding pension contributions of £5,996 (2017: £6,730).

14. DEFERRED TAXATION

The movement in the deferred taxation asset during the year/period was:

	2018	2017
	£	£
At beginning of year/period	753	-
Credited to profit or loss	165	753
AT END OF YEAR/PERIOD	918	753
	918	753

Deferred tax is provided for at 17% (2017: 17%) in the financial statements and consists of the following:

	2018	2017
	£	£
Difference between depreciation and capital allowances	65	(37)
Other timing differences	853	790
	918	753
	918	753

NPS PETERBOROUGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. CALLED UP SHARE CAPITAL

	2018	2017
	£	£
Allotted, called up and fully paid		
8 (2017: 8) Ordinary A shares of £1 each	8	8
2 (2017: 2) Ordinary B shares of £1 each	2	2
	10	10
	10	10

16. CONTINGENT LIABILITIES

The company is part of a group VAT registration and as such is jointly and severally liable for the VAT liability of the entire group. The group liability at the year end was £1,435,201 (2017: £1,851,343).

A cross guarantee in favour of Barclays Bank plc is in place between NPS Peterborough Limited and the following group companies: NPS Property Consultants Limited, NPS North West Limited, NPS Humber Limited, NPS Barnsley Limited, NPS South West Limited, NPS London Limited, NPS Norwich Limited, NPS Leeds Limited, Norse Energy Limited, Norse Development Company Limited, International Aviation Academy-Norwich Limited, NPS Newport Limited, Hamson Barron Smith Limited, NPS Infinity Limited, NPS South East Limited. This cross guarantee is also in place between NPS Peterborough Limited and Beattie Passive Norse Limited, a joint venture company within the NPS Group. The indebtedness subject to this guarantee at the year end was £nil.

17. OTHER PROVISIONS

The nature of the company's activities, particularly in relation to it's operations, is such that from time to time it faces challenges in respect of contractual disputes, laws and regulations and tax arising in the normal course of business. Provisions are made for these actions where this is appropriate. No provisions have been made in the financial statements for this year (2017: NIL).

18. COMMITMENTS UNDER OPERATING LEASES

At 31 March the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Not later than 1 year	50,000	50,000
Later than 1 year and not later than 5 years	200,000	200,000
Later than 5 years	150,000	200,000
	400,000	450,000
	400,000	450,000

NPS PETERBOROUGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. RELATED PARTY TRANSACTIONS

The company had the following transactions and balances in the normal course of trade with related parties within the NPS Property Consultants Group, and the minority shareholder, Peterborough City Council during the year/period.

	12 months ended 31 March 2018	12 months ended 31 March 2018	31 March 2018	31 March 2018
	Sales £	Purchases £	Debtors £	Creditors £
NPS Property Consultants Limited	585	216,785	-	154,473
NPS North West Limited	1,627	-	1,627	-
NPS Leeds Limited	-	1,500	-	-
Hamson Barron Smith Limited	-	1,090,844	-	65,806
Peterborough City Council	2,525,095	58,795	171,216	108,391
	<u>2,525,095</u>	<u>58,795</u>	<u>171,216</u>	<u>108,391</u>
	<i>Period from 3 June 2016 to 31 March 2017</i>	<i>Period from 3 June 2016 to 31 March 2017</i>	<i>31 March 2017</i>	<i>31 March 2017</i>
	<i>Sales £</i>	<i>Purchases £</i>	<i>Debtors £</i>	<i>Creditors £</i>
NPS Property Consultants Limited	-	119,508	-	379,299
NPS London Limited	-	1,000	-	-
Hamson Barron Smith Limited	-	681,566	-	180,002
Peterborough City Council	1,421,747	-	-	45,599
	<u>1,421,747</u>	<u>-</u>	<u>-</u>	<u>45,599</u>

In addition to the above, management charges of £122,161 (2017: £79,118) were charged to the company by NPS Property Consultants Limited.

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking and smallest group to consolidate these financial statements is NPS Property Consultants Limited and consolidated financial statements for this group are available from Companies House, Cardiff, CF14 3UZ.

The company's ultimate controlling party and largest group to consolidate these financial statements is Norfolk County Council by virtue of its ownership of 100% of the ordinary share capital of Norse Group Limited. Copies of the Norfolk County Council consolidated financial statements can be found online at the Council's website (www.norfolk.gov.uk).

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**PETERBOROUGH MUSEUM AND ART GALLERY
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

PETERBOROUGH MUSEUM AND ART GALLERY

LEGAL AND ADMINISTRATIVE INFORMATION

Corporate Trustee	Peterborough City Council
Charity number	311798
Principal address	Priestgate Peterborough
Accountants	Baldwins Holdings Limited t/a Rawlinsons Ruthlyn House 90 Lincoln Road Peterborough Cambridgeshire PE1 2SP
Bankers	Barclays Bank PLC Peterborough Business Centre PO Box 294 1 Church Street Peterborough Cambridgeshire PE1 1EZ

PETERBOROUGH MUSEUM AND ART GALLERY

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Balance sheet	7
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PETERBOROUGH MUSEUM AND ART GALLERY

TRUSTEE REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The corporate trustee present their report and financial statements for the year ended 31 March 2018.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Deed of Trust, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" revised in March 2005.

Objectives and activities

The Museum is based in an early nineteenth century classical style building within easy walking distance of the Cathedral and the city centre shops.

The corporate trustee have paid due regard to guidance issued by the Charity Commission in deciding what activities the museum should undertake.

The operational management of the Museum and Art Gallery is contracted to Vivacity Culture and Leisure (registered charity number 1138230) by Peterborough City Council.

The financial year 2017/2018 saw another busy and successful year including delivery of the following major projects:

- Conclusion of the Heritage Lottery Fund grant funded project where the museum has partnered with the archives service to deliver a WW1 project. The project included research into the servicemen who signed the visitor's books at www.peterboroughww1.co.uk with descendants of the servicemen being traced. This concludes with an exhibition 'The Soldiers and Sailors Rest', commemorate World War 1 opened in Peterborough Museum featuring the World War One guestbooks from Peterborough East Station.
- We were successful in gaining funding from the Heritage Lottery Fund and the Garfield Weston Loan Fund to support the Treasures exhibition opening in August 2018. The exhibition is part of city-wide programme of events to mark Peterborough 900 in 2018. Preliminary work has been successful in gaining loans in principle from National Museums including the British Museum and Victoria and Albert Museum.
- The Turner painting 'Peterborough from the North' from the museum's permanent collection started its year-long loan on tour to four venues in Japan, starting at Kitakyusyu. It is part of the largest Turner exhibition in Japan, which has been organised in partnership with the National Galleries of Scotland, and has loans from over 20 museums and organisation from the UK. The painting will be returned September 2018. This is the first time in recent history that the museum has organised an international loan.
- The delivery of the timeline project strand of our Museums and School partnership with Natural History Museum. All local heritage interest groups have been contacted with the opportunity to supply content for the website. The website will also contain a subscription area for schools, providing exclusive teaching and learning materials in the shape of a ground-breaking new place based curriculum. The site will go live to the public in 2018, to coincide with Peterborough 900. We have received confirmation from Arts Council England that we will receive a further two years of Museums and Schools funding. This will enable the heritage team to continue to work with the Natural History Museum to develop our schools programme.

PETERBOROUGH MUSEUM AND ART GALLERY

TRUSTEE REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Programming for the public during this financial year saw successful exhibitions across a range of topics, including an in-house exhibitions 'Toys - an exhibition looking at toys and play across the generations focused on objects from our permanent collections, and 'Must Farm' - an exhibition showcasing the unique Bronze age finds from Must Farm working in partnership with Cambridge Archaeology Unit, including wooden boats currently being conserved at Flag Fen.

The Museum events programme saw particular success with family activities. The annual Katharine of Aragon Festival took place in January, and marked the first of the city's events for the 'Peterborough Celebrates' campaign in 2018. Vivacity events included a lecture, family day at the Museum and themed walks, all of which were well attended. Half terms covered themes of 'Give us a Clue' based on Cluedo linking to our 'Toys' exhibition. Traditional skills workshops were again held at Peterborough Museum building on last years success working particularly well around the Christmas period, but also including collections based workshops supporting the Must Farm exhibition. Over 11,000 visitors participated in events over the year. The Heritage Festival Big Weekend again attracted over 28,000 visitors with the main theme being the English Civil War.

The education programme has developed new sessions for KS2-3 on Crime and Punishment, and KS2 'Play and Pastimes' to accompany the Toys exhibition. New teachers resource packs have been produced as part of the HLF WW1 project..

The Finds liaison officer for Cambridgeshire continues to be based at Peterborough one day a week. This role is part of the portable antiquities scheme a DCMS funded project to encourage the voluntary recording of archaeological objects found by members of the public in England and Wales. Finds processed at Peterborough included an important bronze gold torc, purchased by Ely Museum through the treasure act.

The Museum and Art Gallery continues to play an important and vital role in the City's rich heritage and complements and engages with the City's many other heritage venues, events and projects.

Achievements and performance

Financial review

The unrestricted funds which have not been designated for a specific use relate to the revaluation of the Flag Fen site. The corporate trustee considers that reserves at this level will ensure that they will be able to continue the museum's current activities.

The corporate trustee has assessed the major risks to which the museum is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Structure, governance and management

The Museum was founded by a Deed of Trust dated 1 February 1935 and a Scheme was made by the Secretary of State for Education and Science on the 29 February 1968. It is registered with the Charity Commission, number 311798 and its address is Priestgate, Peterborough. The constitution states that the charity trustees are the Mayor, Councillors and Citizens of the City of Peterborough. For all practical purchases the approach taken is to define this as Peterborough City Council act as the charity's sole corporate trustee.

The object of the charity is the provision and maintenance of a Museum and Art Gallery for the City of Peterborough and neighbourhood; for the preservation and exhibition of specimens of natural history, geology, archaeology, social history and the fine arts and as a centre for promoting artistic and general knowledge, and providing access to collections for the purpose of knowledge, education, research and learning. In considering, reviewing and planning our future objectives, aims and activities of the charity, we have referred to the guidance contained in the Charity Commission's general guidance on public benefit and the trustees have considered how they will contribute to the aims and objectives they have set.

The corporate trustee who served during the year were:

Peterborough City Council

PETERBOROUGH MUSEUM AND ART GALLERY

TRUSTEE REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

None of the corporate trustee has any beneficial interest in the company. All of the corporate trustee are members of the company and guarantee to contribute £1 in the event of a winding up.

On behalf of the board of corporate trustee

Councillor S Allen
Trustee

Dated: 25 July 2018

PETERBOROUGH MUSEUM AND ART GALLERY

STATEMENT OF TRUSTEE RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2018

The corporate trustee are responsible for preparing the Trustee Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the corporate trustee to prepare accounts for each financial year which give a true and fair view of the state of affairs of the museum and of the incoming resources and application of resources of the museum for that year.

In preparing these accounts, the corporate trustee are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The corporate trustee are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the museum and enable them to ensure that the accounts comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PETERBOROUGH MUSEUM AND ART GALLERY

ACCOUNTANTS' REPORT TO THE CORPORATE TRUSTEE ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF PETERBOROUGH MUSEUM AND ART GALLERY FOR THE YEAR ENDED 31 MARCH 2018

In order to assist you to fulfil your duties under the Charities Act 2011, we have prepared for your approval the financial statements of Peterborough Museum and Art Gallery for the year ended 31 March 2018, which comprise the Statement of Financial Activities and the related notes from the charity's accounting records and from information and explanations you have given us.

This report is made to the charity's trustees as a body, in accordance with the terms of our engagement letter dated 18 April 2018. Our work has been undertaken solely to prepare for your approval the accounts of Peterborough Museum and Art Gallery and state those matters that we have agreed to state to the charity's trustees, as a body, in this report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Peterborough Museum and Art Gallery and the charity's corporate trustee as a body, for our work or for this report.

It is your duty to ensure that Peterborough Museum and Art Gallery has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and deficit of Peterborough Museum and Art Gallery. You consider that Peterborough Museum and Art Gallery is exempt from the statutory audit requirement for the year, and is not required to obtain an independent examiner's report.

We have not been instructed to carry out an audit or a review of the financial statements of Peterborough Museum and Art Gallery. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Rawlinsons

27 July 2018

Accountants

Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

PETERBOROUGH MUSEUM AND ART GALLERY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
<u>Expenditure on:</u>			
Charitable activities	3	12,758	12,758
		<hr/>	<hr/>
Net expenditure for the year/ Net movement in funds		(12,758)	(12,758)
Fund balances at 1 April 2017		422,013	434,771
		<hr/>	<hr/>
Fund balances at 31 March 2018		409,255	422,013
		<hr/> <hr/>	<hr/> <hr/>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

PETERBOROUGH MUSEUM AND ART GALLERY

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	6	409,255		422,013	
		<u>409,255</u>		<u>422,013</u>	
Income funds					
Unrestricted funds		409,255		422,013	
		<u>409,255</u>		<u>422,013</u>	

The accounts were approved by the Corporate Trustee on 25 July 2018

Councillor S Allen
Trustee

PETERBOROUGH MUSEUM AND ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Charity information

Peterborough Museum and Art Gallery is a foundation to provide a museum and art gallery for the City of Peterborough and neighbourhood..

1.1 Accounting convention

The accounts have been prepared in accordance with the museum's constitution, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The museum is a Public Benefit Entity as defined by FRS 102.

The museum has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the museum. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the corporate trustee have a reasonable expectation that the museum has adequate resources to continue in operational existence for the foreseeable future. Thus the corporate trustee continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the corporate trustee in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are funds subject to specific restriction imposed by the donors or by the purpose of the appeal.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the museum.

1.4 Incoming resources

Income is recognised when the museum is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the museum has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

PETERBOROUGH MUSEUM AND ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Legacies are recognised on receipt or otherwise if the museum has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	Over 35 years
--------------------	---------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.6 Impairment of fixed assets

At each reporting end date, the museum reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

PETERBOROUGH MUSEUM AND ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the museum's contractual obligations expire or are discharged or cancelled.

1.8 Notional Costs

In previous years a notional cost of capital, which matched that calculated in the accounts of Peterborough City Council in accordance with the Treasury Guidance, had been disclosed on the face of the Statement of Financial Activities. This notional cost had no financial impact on the performance of the charity and is no longer considered relevant for disclosure therefore, on this basis, has been excluded from these accounts.

There is no financial adjustment necessary to the current or previous years accounts as a result of this change of policy.

1.9 Heritage assets

The museum has various collections of heritage assets which are held in support of the museum's primary objective of increasing knowledge, understanding and appreciation of the Peterborough area.

The trustees do not consider that reliable cost or valuation information can be obtained for the vast majority of items held in the collections. This is because of the diverse nature of the assets held, the number of assets held and the lack of comparable market values. The trustees consider that obtaining valuations for the majority of the collections would involve disproportionate cost. The museum does not therefore recognise these assets on its balance sheet. The insurance valuation for the collections is £6,307,378 (2017 - £6,183,704). The Flag Fen exhibits have a declared value of £85,265 (2017 - £83,594) with an insured sum of £98,055 (2017 - £96,133).

2 Critical accounting estimates and judgements

In the application of the museum's accounting policies, the corporate trustee are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

PETERBOROUGH MUSEUM AND ART GALLERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

3 Charitable activities

	2018 £	2017 £
Depreciation and impairment	12,758	12,758

4 Corporate Trustee

The trustees neither received nor waived any emoluments during the year. No expenses were reimbursed to trustees.

5 Employees

There were no employees during the year.

6 Tangible fixed assets

	Land and buildings £
Cost	
At 1 April 2017	496,435
At 31 March 2018	496,435
Depreciation and impairment	
At 1 April 2017	74,422
Depreciation charged in the year	12,758
At 31 March 2018	87,180
Carrying amount	
At 31 March 2018	409,255
At 31 March 2017	422,013

The museum operates from property held by Peterborough City Council as trustees for the charity. No value is included in these accounts for that property.

The land and buildings at Flag Fen have been revalued to the depreciated replacement cost value. The valuation was carried out by Peterborough City Council on 9 May 2011. There are certain restrictions on the land from one of the original funders to the site.

7 Related party transactions

There were no disclosable related party transactions during the year (2017 - none).

Charity Registration No. 1138230

Company Registration No. 07171668 (England and Wales)

**VIVACITY CULTURE AND LEISURE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

VIVACITY CULTURE AND LEISURE

LEGAL AND ADMINISTRATIVE INFORMATION

Chairman of the Trustees	Stewart Francis	
Local authority appointed Trustees	Steve Allen Shazia Bashir	(appointed 17 July 2017) (appointed 16 July 2018)
Community Trustees	David Bath Stewart Francis Theo Anderton Rachel Woodford Keith Marriott * Sarah Sewell * Ian Templeton *	(appointed 17 July 2017)
	* Member of Audit, Finance and Remuneration committee	
Charity number	1138230	
Company number	07171668	
Principal address	Peterborough Central Library Broadway Peterborough PE1 1RX	
Registered office	Peterborough Central Library Broadway Peterborough PE1 1RX	
Auditors	Baldwins Audit Services Ruthlyn House 90 Lincoln Road Peterborough Cambridgeshire PE1 2SP	
Bankers	Barclays Bank PLC Cathedral Square Peterborough Cambridgeshire PE1 1HW	

VIVACITY CULTURE AND LEISURE

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VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The Trustees present their report and accounts for the year ended 31 March 2018

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK & Republic of Ireland (FRS 102) (effective 1 January 2015).

Structure, governance and management

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

Paul Simmons (Resigned May 2017)
Theo Anderton
Rachel Woodford
Navid Dean (Resigned May 2018)
David Bath
Stewart Francis
Keith Marriott
Sarah Sewell
Graham Casey (Resigned June 2017)
Janet Goodwin (Resigned June 2017)
Alan Sadler (Resigned May 2018)
Helen Milligan-Smith (Resigned June 2018)
June Bull (Appointed July 17) (Resigned June 18)
Steve Allen (Appointed July 17)
Ian Templeton (Appointed July 17)

The organisation is a charitable company limited by guarantee, incorporated on 26 February 2010 and registered as a charity on 4 October 2010. Peterborough City Council transferred its cultural and leisure services, comprising of arts, libraries, heritage, theatre and sports into the charitable trust on 1 May 2010.

The organisation was established under a Memorandum of Association which established the objects and powers of the organisation and is governed under its Articles of Association.

Vivacity Culture and Leisure (Vivacity) operates, for an agreed fee, some of its culture and leisure activities on behalf of Peterborough City Council, which lease to Vivacity buildings and other assets. The assets are provided at no charge to Vivacity on a 25 year lease/licence which commenced on 1 May 2010. Vivacity also manages Longthorpe Tower which is owned by English Heritage.

Vivacity operates from 25 sites throughout Peterborough and employs over 500 people and 400 volunteers. Vivacity is a company limited by guarantee and does not have share capital.

None of the Trustees have any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of winding up.

As a limited company Vivacity is governed by its Members. There are two categories of Trustees, Community Trustees and Local Authority Trustees. The Community Trustees are elected by the Members at a General Meeting and Local Authority Trustees are proposed by Peterborough City Council. The governing document allows up to two Local Authority Trustees to be appointed. Local Authority appointments cannot exceed 19.99% of all Trustee appointments.

Community Trustees are elected at a General Meeting and can serve up to three years before re-election for a further period of three years before retirement. However, in exceptional circumstances a Community Trustees can serve a maximum of eight years and the elected chair a maximum of nine years, before retirement. Local Authority Trustees can hold office as decided by the Council.

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Trustees meet six times a year to review the management of the organisation. They employ managers to take on the day-to-day running of the activities. Trustees also meet managers in Committees to discuss the activities of specific operations of the organisation in more detail. Membership of Committees reflects the interests and expertise of the respective Trustees. Minutes of all Committee meetings are subsequently circulated to the full Board.

The on-boarding process for Trustees includes an induction programme, supported by in-depth briefings from Senior managers and visits to our centres. Further training is arranged to meet the specific needs of individual Trustees.

Trustees do not receive a salary, but are entitled to claim expenses for attending meetings.

Vivacity has indemnified the Trustees of Vivacity against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year.

The Senior Management team was as follows:

Mr K Tighe	Chief Executive Officer (Resigned June 2018)
Mrs P Whitbread	Director of Resources and Company Secretary
Mr J Marsden	Director of Sport and Healthy Living
Mr S Nolan	Director of Business Development (Resigned September 2017)
Mr R Hunt	Director of Culture
Ms K Parkinson	Marketing Director (Mat Leave May 17 – May 18)
Mrs N Lawton	Marketing Director (Mat Cover May 17 – May 18)

Objectives and activities

Related parties

Trustees and the Senior Management Team members are asked to complete an annual Disclosure Statement to notify Vivacity of any involvement in any other organisations. This was most recently completed in March 2018 and revealed no conflicts of interest.

A summary of transactions with related parties are set out in note 27 in the financial statements.

The Trustees confirm they have considered their duties and have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities.

The Trustees are confident that the activities of Vivacity are carried out for the benefit of others as is detailed in the rest of the information within the Trustees report.

Vivacity's Mission is:

"A charity that enriches lives by inspiring people through Culture, Sport and Healthy Living – Vivacity is committed to ensuring Peterborough is a better place to live and work."

During the next five years it is the objective of the Board and Staff of Vivacity to grow the business with four specific drivers steering this work: inspire more people through all that we do, improve the quality of the Vivacity experience, champion and influence the development of Culture, Sports and Healthy Living in Peterborough and grow our income so Vivacity can do more. Each of these driving forces is equally important.

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The principal activities undertaken by Vivacity are:

Museums, Libraries and Archives

Vivacity manages ten libraries, fifteen micro libraries, a mobile service covering routes across Peterborough, a Book Bus for children in Peterborough schools, as well as all archives services. We deliver all of the universal offers for libraries:

- Reading: To help create a more literate and confident society by developing, delivering and promoting reading activities in libraries
- Digital: Library services have the resources and skills to deliver digital activities and training to the public, especially individuals with limited digital capacity.
- Learning: Libraries are present throughout a person's learning journey to build confidence, support education, increase creativity and improve digital skills.
- Health: To improve the health and wellbeing of local communities by providing a range of services that include creative activities and volunteering opportunities to help connect people.
- Information: That all library users are supported to access quality information and online services in key areas such as careers, health, personal-finance and benefits.
- Culture: More people have access to quality and diverse cultural experiences and events through libraries, especially those less likely to access arts and culture.
- Children's Promise: Every child and young person in libraries is inspired to read for pleasure, has access to a diverse range of materials, can engage in a variety of digital activities and can take part in activities that improve their well-being.

Vivacity's museums and heritage service operates from three sites; the historic city centre Museum, the Bronze Age site at Flag Fen and the 14th century Longthorpe Tower which displays one of the most complete and important sets of 14th century domestic wall paintings in Northern Europe. Vivacity delivers a Heritage Festival in collaboration with the Peterborough Cathedral, is working with the Natural History Museum to deliver a schools and museum programme for a further year and engages with schools to help deliver the national curriculum to bring history to life for Key Stage one and two students. The museum and heritage team organise historically-themed tours and ghost walks throughout the year and have recently opened 'Escape Rooms' in the cellars of the Museum building.

Sports and Leisure

Vivacity manages seven well-equipped leisure centres across Peterborough, a hydrotherapy pool and an outdoor swimming centre, providing opportunities for vigorous and gentle exercise in a competitive or non-competitive environment. There is a wide range of activities available including fitness classes, swimming, indoor and outdoor courts and pitches, and supervised gym facilities.

The Vivacity Swim Academy (learn to swim programme) recognises swimming is an important skill, and offers teaching programmes for people of all ages and abilities.

Vivacity also provides a dedicated sports development team to get young people and adults more involved in sports to encourage both active and healthy lifestyles. This is achieved through either participation or coaching, and includes a dedicated member of staff whose role is to create new sporting opportunities for people with disabilities.

Our health and well-being team work closely with people who suffer wide ranging health conditions which limit their access to mainstream services. A comprehensive exercise referral programme coupled with condition specific rehabilitation classes are provided to those people to maintain and improve their health and well-being.

Theatre and Arts

Vivacity manages the Key Theatre, City Gallery and delivers arts festivals. Vivacity delivers a diverse programme of arts development projects throughout the year and across the city - dance, theatre, comedy, music, galleries and exhibitions, public art, amateur dramatics and youth theatre groups and large scale arts participation projects

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Strategic Report

Risk Management

The Board of Trustees has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness. The Trustees recognise that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve the organisation's objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned objectives and outcomes are achieved. This will also give reasonable assurance about the reliability of financial and operational information and the safeguarding of Vivacity's assets and reputation. This approach includes the regular evaluation of the nature and extent of risks to which Vivacity is exposed.

The most significant risk facing Vivacity is the ability of Peterborough City Council to continue with the current level of service fee paid to Vivacity in these times of austerity and grant reductions from Central Government. The Council has signalled it will need to significantly reduce the fee over the coming years. The timing and level of the fee reduction is currently unknown but this could have a major impact on the range and level of service Vivacity is able to deliver.

The Board has developed a culture of strong corporate governance. Key elements of the control framework and the system for reviewing the effectiveness of the system of internal control are as follows:

Planning and approval:

Vivacity has adopted a formal process for approval of new projects which identifies risks and controls. Combined with the budget process, which reviews risks and controls in existing processes, this generates a comprehensive review of risks. Vivacity maintains a risk register in which risks are documented and evaluated. Major risks are identified and the effectiveness of controls are assessed.

Committees:

Committees take a more detailed interest in specific areas of Vivacity's activities, and monitor performance against key performance indicators.

Audit, Finance and Remuneration Committee:

The Audit, Finance and Remuneration Committee retains responsibility for key issues such as treasury management, financial appraisal of major new projects, investment management and prevention and detection of fraud. The Committee is also responsible for reporting to the Board of Trustees on the effectiveness of internal controls. The Committee reviews the major risks, and assesses the effectiveness of controls in managing those risks. This includes setting an internal audit programme of activities to assess the effectiveness of controls. The Committee submits minutes of its meetings to the Board of Trustees for information. These minutes have been received and noted by the Board of Trustees.

Monitoring and corrective action:

Financial reporting procedures include detailed budgets for the year ahead, detailed monthly management accounts, and longer-term financial plans used for strategic planning. The Senior Management Team reviews the reports in detail and they are considered and approved by the Trustees. Where objectives are not being met, the Senior Management Team report on actions being taken to correct performance, and these are considered and approved by the Trustees.

Vivacity's regular Quarterly Business Reviews allow operational teams the opportunity to share performance results and changes to the risk map, and to plan corrective action.

Health and Safety:

The Board is aware of its responsibilities on all matters relating to health and safety. Vivacity has prepared detailed health and safety policies and provides staff training and education on health and safety matters. An organisational health and safety working group made up of senior managers, employees and volunteers meet quarterly to monitor and review all health and safety related activity.

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Employee Involvement:

We are committed to providing our employees with information about our activities, consulting with them on major changes and generally developing an open culture in the organisation. Regular meetings are held between managers and staff teams to allow a free flow of information, and we hold team briefing sessions to update staff on strategy and other major developments.

Disabled Employees:

Vivacity gives full and fair consideration to applications for employment made by disabled persons, having regard to their aptitude and abilities. Reasonable adjustments are made wherever possible and consideration given for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitude and abilities.

Achievements and performance

Museums, Libraries and Archives:

During the year there were 359,425 physical visits to libraries. 417,076 items were issued from library stocks. 31,328 items were added to library stocks. As at 31 March 2018 the library stock size was 250,102 items. The number of attendees at library events, such as author and lecture talks, was 33,483 and the number of computer sessions was 82,713.

During the year there were 66,818 visits to the Peterborough Museum, 1,518 visits to Longthorpe Tower and 8,429 visits to Flag Fen. The number of school children participating in Heritage sessions was 12,993. The Heritage festival, related fringe events and our walks and tour programmes attracted 28,432 visitors during the year.

Sports and Healthy Living:

During the year 1,434,135 visits were made to our seven leisure centres and other activities promoted by our sports development and health and well-being teams. Of these attendances we recorded 409,533 swims, 699,064 sports activities and 325,538 visits to our network of gyms. This shows a 3.2% increase on our previous years' performance.

Theatre and Arts:

Key Feste attracted 5,000 attendees with another 5,000 people participating in other arts development activity. The Key Theatre put on 345 performances and sold 73,225 tickets achieving main house occupancy at 61%.

Progress on objectives set out in the annual report:

Objective

Literacy for children – We will focus on helping to move Peterborough from being near the bottom nationally for Key Stage 2 literacy, to a top half performance.

Progress as at 31 March 2018

Vivacity worked with the Council and the National Literacy Trust to develop the city's first 'Vision for Reading', bringing together many partner in one strategic approach to improving children's reading. Vivacity's Book Bus has launched and visits all primary schools, offering Universal Library membership to 4,000 eight year olds and a pack of material for parents explaining the benefits of library membership.

Objective

Improving the wellbeing of people with health issues – We will become known nationally for the excellent work we do in supporting people recovering from ill health.

Progress as at 31 March 2018

Our health and wellbeing team engage with like minded organisations and health professionals within the region and participate as active members of the Sporta Public Health Group to share learning and best practice. This has included best practice visits with other leisure trusts to compare services.

Objective

Must Farm and Flag Fen – Must Farm and our existing Bronze Age collections represent an unrivalled opportunity to put Peterborough on the international heritage map.

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Progress as at 31 March 2018

Vivacity has worked in partnership with Peterborough City Council, Cambridgeshire County Council, the University of Cambridge and many other partners, to develop plans for a redevelopment of Peterborough Museum to house the Must Farm finds. This led to the submission of a £5m bid to Heritage Lottery Fund in March 2018.

Objective

Sports for everyone – We will deliver excellent local sports and gym opportunities with a best in class customer experience.

Progress as at 31 March 2018

We have continued to improve our offer with a number of small scale capital improvements to our centres. These have included refurbished changing rooms at our outdoor swimming centre and improvements to changing accommodation at Jack Hunt Swimming Pool. We have continued to roll out our Vivacity experience training to all employees and have achieved an average net promoter score of 72.75% this year.

Objective

Business development – We will provide new venues and opportunities which will generate additional income to reinvest in the work of the charity.

Progress as at 31 March 2018

We restructured our business development resource in September 2017 and continue to work on identifying new business ventures and service improvements. We are working closely with another charity to jointly bring to fruition an indoor play opportunity. Considerable progress has been made in establishing a customer retention strategy which is becoming more embedded within the organisation.

Objective

Services for young people – We will deliver a one stop shop of great opportunities for young people in culture, sport and healthy living.

Progress as at 31 March 2018

We have developed a new packaged schools offer with a dedicated resource to promote educational opportunities in support of curriculum delivery. This service covers a wide range of opportunities across sport, libraries, heritage and arts services. In addition we have grown our school holiday activity programmes to provide more opportunities across a wider range of venues and community spaces.

Objective

Putting Peterborough on the cultural map – We will champion Peterborough as a day out destination with outstanding cultural experiences.

Progress as at 31 March 2018

We have completed the conservations of 'Lagoon' by Sir Anthony Caro and 'Places to Be' by Sir Antony Gormley. These will be installed in the city centre in summer 2018. We have been successful in attracting over £100,000 of funding from Heritage Lottery Fund and Weston Art Fund towards the exhibition 'Treasures', Peterborough's celebration of its 900th anniversary which will take place in the City Gallery in Autumn 2018.

Objective

Organisational development – We will be an award winning organisation where people feel proud to work and volunteer.

Progress as at 31 March 2018

We were the proud winners of the Employee Engagement award at the Peterborough Business Awards in November 2017 and finalists at the Sporta Awards in May 2017 for our work on Workforce Development. We ran our third annual employee satisfaction survey in February 2018, when 82% of respondents said they felt proud to work for Vivacity.

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Working in Partnership

We place a strong emphasis on the way we work in collaboration with others. This year we have worked closely, with a range of different organisations. This has ranged from fully scoped business ventures supported by legal agreements to light touch co-operation with 'like-minded' bodies. The number of organisations Vivacity works with is extensive but the scope of this work can be seen from the following examples.

Our main collaboration is with Peterborough City Council with which we have formal contracts. We have added further services throughout the year to support the council in maintaining its delivery of services which were at risk of being disconnected. These have included the management and operation of Bretton Splash Park and St Georges Hydrotherapy pool.

Vivacity is now leading a team to celebrate the archaeological finds from Must Farm and Flag Fen through a significant extension to Peterborough Museum. A team comprising Vivacity, assisted by Peterborough City Council, Cambridgeshire County Council and Cambridge Archaeological Unit have applied to Heritage Lottery Fund for £4.9m towards a £9m project.

Vivacity, through its Chief Executive, continues to be part of Peterborough's city leadership forum. This group enables and creates communication insight and opportunities for partnering others in projects. In this financial year we have provided financial and technical support to our arts and sport organisations within the cultural sector and invested £10,000 into five different organisations. Finally Vivacity continues to provide the lead to a consortium called Peterborough Presents... The consortium delivers artistic opportunities for people who have never been drawn to participating in the arts. In this year £200,000 was invested by the consortium to provide great community focused activities.

Financial Review

Full details of our financial performance during the year ended 31st March 2018 are shown in the notes to the financial disclosures, balance sheet and cash flow statements.

Income and expenditure for 2017-18 are shown in the table below:

	2017-18	2016-17
	£	£
Incoming resources		
Voluntary Income	9,589	10,729
Charitable Activities	10,403,325	10,050,477
Investments	1,817	4,658
Expenditure		
Raising Funds	(122,244)	(111,279)
Charitable Activities	(10,719,296)	(9,939,375)
Net interest on defined benefit pension scheme	10,000	(20,000)
Net incoming/(outgoing) resources	(416,809)	(4,790)

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Income

Charitable activities income increased by £353,000, there were three significant factors:

- Significant growth in Sports income of £260,000
- Significant growth in Theatre income £140,000
- This was off-set by a reduction in grant funding of around £50,000.

Expenditure

Charitable activities expenditure increased by £780,000, there were four significant factors:

- Employee costs have risen by £460,000. Around £200,000 was as a result of the FRS17 pension year end valuation adjustment. In addition to this staff received a 2% pay-award on 1st April 2017.
- Leasing costs of Vivacity Premier Fitness centre increased by £140,000 last year, the cost of the lease is linked to improved performance of the centre.
- Three sculptures were restored during the year, 'Bird in Flight', 'Places to be' and 'Lagoon'. This cost around £60,000 last year.
- An additional £50,000 was spent on employee training and organisational development to improve employee engagement and capabilities throughout the organisation.

Reserves Policy

Vivacity has a policy of allocating reserves to the planned new activities and to set aside prudent reserves to cover contingencies. The policy was reviewed this year. Vivacity's reserves are currently invested to provide returns which along with fundraised income will help to support existing projects and develop new ones.

To safeguard against unforeseen shortfalls, in accordance with Charity Commission guidelines or changes in the funding of the services and programmes a Contingency Fund has been established, this currently represents 0.7 month's expenditure. Future committed programmes plus additional specific exposures will be assessed each year.

Whilst firmly not for profit Vivacity is acutely aware that it needs to establish working surpluses in order to create a reserve pot for unforeseen circumstances. The size of these reserves has, following careful consideration, been set by the Vivacity Board at £650,000. Monies generated beyond this will be re-invested into cultural opportunities for the wider community.

The endowment fund is in respect of the sculpture collection and is a restricted fund which can only be used to maintain, develop and improve public access to the collection.

The general funds represent Vivacity's available free funds. Movements between funds are approved annually by the Finance Committee, and are set out in Note 23 to these accounts. The current allocation of reserves is summarised as follows:

Reserves

	2018	2017
	£	£
Set aside for purposes specified by the donors (Restricted fund)	113,186	105,281
Held as a contingency (Designated fund)	650,000	724,000
Defined benefit pension scheme asset (Designated fund)	383,000	473,000
Operating reserves (Unrestricted funds)	39,770	208,484
Sculptures (Endowment fund)	1,844,500	1,844,500
Flag Fen Capital Development Fund	150,000	150,000
	<hr/>	<hr/>
Total	3,180,456	3,505,265

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Plans for the future

Financial Independence – we will seek to become financially independent of the Council, by growing and diversifying our income streams and driving efficiencies out of the organisation. This will include developing new services, working with new partners and maximising our gym membership income by keeping members longer.

Improving Children's Reading – we will contribute to Peterborough's shared 'Vision for Reading', ensuring that by 2021 improvement in literacy for Peterborough's children will be double the national rate by taking our library service to every key stage 2 child in the area and providing engaging reasons for them to interact with our services.

Improving the Wellbeing of People with Health Issues – our aim is to become known nationally for the excellent work we do in supporting people recovering from ill health.

Opportunities for Young People – we will deliver a one stop shop of great opportunities for you people in culture, sport and healthy living.

Putting Peterborough on the Cultural Map – we will champion Peterborough as a place bursting with culture and heritage and become a nationally recognised leader in arts and culture.

Disclosure of information to auditors

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

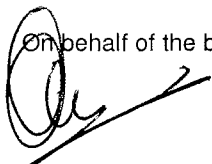
As a result of Rawlinsons joining the Baldwins Group, the auditors of the company have changed from Rawlinsons to Baldwins Audit Services.

In accordance with the company's articles, a resolution proposing that Baldwins Audit Services be reappointed as auditor of the company will be put at a General Meeting.

Staff, Volunteers and Trustees

Finally I would like to thank the staff, volunteers and Trustees of Vivacity for their dedication and hard work during the past year.

On behalf of the board of Trustees



Stewart Francis
Chairman

Dated: 12/11/18

VIVACITY CULTURE AND LEISURE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2018

The Community Trustees, who are also the directors of Vivacity Culture and Leisure for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Community Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Community Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Community Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

VIVACITY CULTURE AND LEISURE

INDEPENDENT AUDITOR'S REPORT

TO THE COMMUNITY TRUSTEES OF VIVACITY CULTURE AND LEISURE

Opinion

We have audited the financial statements of Vivacity Culture and Leisure (the 'charity') for the year ended 31 March 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, 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 Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Community Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 Community Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

VIVACITY CULTURE AND LEISURE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE COMMUNITY TRUSTEES OF VIVACITY CULTURE AND LEISURE

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Community Trustees

As explained more fully in the statement of Trustees' responsibilities, the Community Trustees, who are also the directors of the charity for the purpose of company law, 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 Community Trustees 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 Community Trustees are responsible for assessing the charity'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 Community Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Mr Mark Jackson FCA DChA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

...19.11.2018

Statutory Auditor

Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

Baldwins Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

VIVACITY CULTURE AND LEISURE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds: Sculptures £	Total 2018 £	Total 2017 £
Incoming resources from generated funds							
Voluntary income	3	9,447	-	142	-	9,589	10,729
Charitable activities	4	9,472,197	-	931,128	-	10,403,325	10,050,477
Investments	5	1,817	-	-	-	1,817	4,658
Total incoming resources		9,483,461	-	931,270	-	10,414,731	10,065,864
Expenditure on:							
Fundraising and publicity	6	118,913	-	3,331	-	122,244	111,279
Charitable activities	7	9,799,262	-	920,034	-	10,719,296	9,939,375
Net interest on defined benefit pension scheme		-	(10,000)	-	-	(10,000)	20,000
Total resources expended		9,918,175	(10,000)	923,365	-	10,831,540	10,070,654
Net (outgoing)/incoming resources before transfers		(434,714)	10,000	7,905	-	(416,809)	(4,790)
Gross transfers between funds		266,000	(266,000)	-	-	-	-
Net (outgoing)/incoming resources		(168,714)	(256,000)	7,905	-	(416,809)	(4,790)
Other recognised gains and losses							
Actuarial gain/(loss) on defined benefit pension scheme		-	92,000	-	-	92,000	1,061,000
Net movement in funds		(168,714)	(164,000)	7,905	-	(324,809)	1,056,210
Fund balances at 1 April 2017		208,484	1,347,000	105,281	1,844,500	3,505,265	2,449,055
Fund balances at 31 March 2018		39,770	1,183,000	113,186	1,844,500	3,180,456	3,505,265

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

VIVACITY CULTURE AND LEISURE

SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	All income funds	
	2018	2017
	£	£
Gross income	10,414,731	10,065,864
Total expenditure from income funds	10,831,540	10,070,654
Net expenditure for the year	<u>(416,809)</u>	<u>(4,790)</u>

VIVACITY CULTURE AND LEISURE

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	12		497,686		468,336
Heritage assets	13		1,844,500		1,844,500
			<u>2,342,186</u>		<u>2,312,836</u>
Current assets					
Stocks	15	57,390		56,533	
Debtors	16	607,108		412,666	
Cash at bank and in hand		2,205,471		2,043,065	
			<u>2,869,969</u>		<u>2,512,264</u>
Creditors: amounts falling due within one year	17	(2,414,699)		(1,792,835)	
Net current assets			455,270		719,429
Total assets less current liabilities			<u>2,797,456</u>		<u>3,032,265</u>
Defined benefit pension surplus	19		383,000		473,000
Net assets			<u>3,180,456</u>		<u>3,505,265</u>
Capital funds					
Endowment funds - general	20		1,844,500		1,844,500
Income funds					
Restricted funds	21		113,186		105,281
<u>Unrestricted funds</u>					
Designated funds	22	1,183,000		1,347,000	
General unrestricted funds		39,770		208,484	
			<u>1,222,770</u>		<u>1,555,484</u>
			<u>3,180,456</u>		<u>3,505,265</u>

VIVACITY CULTURE AND LEISURE

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2018

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2018, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The Community Trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These 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 Community Trustees on 12/11/18



Keith Marriott
Trustee

Company Registration No. 07171668

VIVACITY CULTURE AND LEISURE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	25		398,637		321,052
Investing activities					
Purchase of tangible fixed assets		(238,048)		(327,044)	
Interest received		1,817		4,658	
Net cash used in investing activities			(236,231)		(322,386)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			162,406		(1,334)
Cash and cash equivalents at beginning of year			2,043,065		2,044,399
Cash and cash equivalents at end of year			<u>2,205,471</u>		<u>2,043,065</u>

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Charity information

Vivacity Culture and Leisure is a private company limited by guarantee incorporated in England and Wales. The registered office is Peterborough Central Library, Broadway, Peterborough, PE1 1RX.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis. Vivacity have a contract to deliver culture and leisure services on behalf of Peterborough City Council. The contract commenced in May 2010 for a period of 20 years with an option to extend for a further 5 years to 2035.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Community Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds include a contingency fund to safeguard against unforeseen shortfalls or changes in the funding services and programmes. This is in line with the charity's reserves policy.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. The value of services provided by volunteers has not been included.

Grants - fixed asset grants are recognised in full in the Statement of Financial Activities when the condition has been met and the asset has been purchased. Revenue grants are normally conditional upon a programme of activities and events being delivered, and are recognised in the Statement of Financial Activities when the activity or event has been delivered.

Income from investments is included in the year in which it is receivable.

Incoming resources from charitable activities includes sales of services and miscellaneous income from the public for accessing culture and leisure activities, in addition to the Management Service fee received from Peterborough City Council.

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.5 Resources expended

Central support costs are apportioned over services in relation to the services direct costs.

Resources expended are recognised in the year in which they are incurred. Resources expended include attributed VAT that is not recoverable. Resources expended are allocated to the particular project where the project cost relates directly to that project. However, the cost of overall direction and administration on each project, comprising the salary and overhead costs of the central function, is estimated and apportioned to each project.

Charitable activities are those costs incurred directly in furtherance of the objects of the charity and include project management.

Governance costs are those costs incurred in connection with the strategic management of Vivacity Culture & Leisure. These include auditors fees, costs of holding Trustees board and sub-committee meetings, recruitment of new Trustees and business development.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	7% - 20% straight line
Plant and machinery	10% - 33% straight line
Fixtures, fittings & equipment	33% straight line
Motor vehicles	10% - 14% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

The charity has a capitalisation policy in place for any expenditure over £5,000.

The financial statements do not include the cost of land, buildings and equipment used at minimal rent by Vivacity Culture and Leisure, whose title rests with Peterborough City Council. It is not practicably possible to attribute a value to this benefit.

1.7 Heritage assets

Heritage assets (sculptures) have been valued in the accounts at their market value as at September 2012. An annual review of each sculpture will be carried out to identify any indications of impairment.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Vivacity Culture & Leisure operates a defined contribution scheme for all new employees and a defined benefit scheme for employees in post to 1 May 2010 and who were a member at the time of the Cambridgeshire Local Government Pension scheme, both of which require contributions to be made to separately administered funds.

Contributions in respect of the defined contribution scheme are charged to the income and expenditure account as they become payable in accordance with the scheme rules.

Contributions to the defined benefit scheme are charged to the income and expenditure account so as to spread the cost over the employees' working lives with Vivacity Culture & Leisure.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Community Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Voluntary income

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
Donations and gifts	9,447	142	9,589	10,729
For the year ended 31 March 2017	<u>9,485</u>	<u>1,244</u>	<u>10,729</u>	<u>10,729</u>

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

4 Charitable activities

	2018	2017
	£	£
Sports Services	6,363,620	6,103,160
Arts	143,240	99,975
Museums, Libraries and Archives	639,688	734,744
Management Service Fee	1,514,149	1,513,657
Service Level Agreements	607,240	600,218
Theatre	1,135,388	996,426
Other income	-	2,297
	<u>10,403,325</u>	<u>10,050,477</u>
Analysis by fund		
Unrestricted funds	9,472,197	9,044,652
Restricted funds	931,128	1,005,825
	<u>10,403,325</u>	<u>10,050,477</u>

5 Investments

	2018	2017
	£	£
Interest receivable	<u>1,817</u>	<u>4,658</u>

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

6 Expenditure on fundraising and publicity

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
Other fundraising costs	15,617	-	15,617	27,574
Staff costs	93,419	-	93,419	71,199
Depreciation and impairment	9	-	9	33
Support costs	9,868	3,331	13,199	12,473
	<u>118,913</u>	<u>3,331</u>	<u>122,244</u>	<u>111,279</u>
For the year ended 31 March 2017				
Fundraising and publicity	<u>108,074</u>	<u>3,205</u>		<u>111,279</u>

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

7 Expenditure on charitable activities

	MLA £	Sports services £	Arts £	Theatre £	Total £	Total 2017 £
Staff costs	1,358,674	3,178,937	114,759	491,688	5,144,058	4,758,565
Depreciation	46,373	130,869	82	31,374	208,698	265,124
Other costs	850,002	2,134,019	267,913	956,417	4,208,351	3,798,515
	<u>2,255,049</u>	<u>5,443,825</u>	<u>382,754</u>	<u>1,479,479</u>	<u>9,561,107</u>	<u>8,822,204</u>
Share of support costs (see note 8)	222,833	537,933	37,822	146,195	944,783	940,561
Share of governance costs (see note 8)	50,333	121,508	8,543	33,022	213,406	176,610
	<u>2,528,215</u>	<u>6,103,266</u>	<u>429,119</u>	<u>1,658,696</u>	<u>10,719,296</u>	<u>9,939,375</u>
Analysis by fund						
Unrestricted funds	2,040,703	5,877,015	279,351	1,602,193	9,799,262	
Restricted funds	487,512	226,251	149,768	56,503	920,034	
	<u>2,528,215</u>	<u>6,103,266</u>	<u>429,119</u>	<u>1,658,696</u>	<u>10,719,296</u>	
For the year ended 31 March 2017						
Unrestricted funds	1,820,257	5,557,936	208,180	1,398,713		8,985,086
Restricted funds	527,316	266,169	103,076	57,728		954,289
	<u>2,347,573</u>	<u>5,824,105</u>	<u>311,256</u>	<u>1,456,441</u>		<u>9,939,375</u>

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

8	Support costs	Support costs	Governance costs	2018	2017
		£	£	£	£
	Staff costs	347,132	175,349	522,481	471,709
	Depreciation	770	-	770	2,945
	ICT	381,153	-	381,153	426,005
	Legal services	25,692	-	25,692	(1,653)
	HR and payroll	118,477	-	118,477	117,529
	Other costs	82,333	40,491	122,824	113,143
		<u>955,557</u>	<u>215,840</u>	<u>1,171,397</u>	<u>1,129,678</u>
	Analysed between				
	Fundraising	10,774	2,434	13,208	12,507
	Charitable activities	944,783	213,406	1,158,189	1,117,171
		<u>955,557</u>	<u>215,840</u>	<u>1,171,397</u>	<u>1,129,678</u>

9 Community Trustees

None of the Community Trustees (or any persons connected with them) received any remuneration during this or the prior year.

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10 Employees

Number of employees

The average monthly number employees during the year was:

	2018 Number	2017 Number
Museums, Libraries and Archives	86	86
Sports Services	268	262
Arts	4	6
Theatre	40	31
Support	26	22
	<u>424</u>	<u>407</u>

Employment costs

	2018 £	2017 £
Wages and salaries	5,254,524	4,830,498
Social security costs	305,064	257,081
Other pension costs	200,370	213,894
	<u>5,759,958</u>	<u>5,301,473</u>

The average monthly number of employees on a full time equivalent basis during the year was xxx (2017 - 217).

Included in the above are redundancy costs of £58,146 (2017 - £7,958).

The number of employees whose annual remuneration was £60,000 or more were:

	2018 Number	2017 Number
60,000 to 70,000	-	2
70,000 to 80,000	1	-
80,000 to 90,000	1	1
	<u>1</u>	<u>1</u>

Of the employees whose emoluments exceed £60,000, 1 (2017: 1) have retirement benefits accruing under defined benefit pension schemes.

11 Taxation

Given that the primary objective of the charitable company is charitable and the charitable company is not trading for profit, the charitable company is exempt from taxation under section 505 of ICTA 1988.

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

12 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2017	68,197	1,267,677	415,024	-	1,750,898
Additions	29,827	107,370	-	100,851	238,048
At 31 March 2018	98,024	1,375,047	415,024	100,851	1,988,946
Depreciation and impairment					
At 1 April 2017	14,212	954,347	314,003	-	1,282,562
Depreciation charged in the year	9,506	152,459	36,942	9,791	208,698
At 31 March 2018	23,718	1,106,806	350,945	9,791	1,491,260
Carrying amount					
At 31 March 2018	74,306	268,241	64,079	91,060	497,686
At 31 March 2017	53,985	313,330	101,021	-	468,336

13 Heritage assets

The heritage assets are a collection of 26 sculptures which were donated from the Peterborough Sculpture Trust on 31 March 2014. The assets have been valued and a full conditions survey conducted in September 2012 by Rupert Harris Conservation at £1,844,500. An interim valuation on all 26 sculptures in the range was carried out in March 2018 with no impairment of these items noted. The collection ranges in size and material, most of which are on permanent display around the city of Peterborough. The collection has increased in value in the current year following the restoration of 'Places to Be' by Antony Gormley, a collection of three figures which are now on display on the roof tops of Peterborough's Cathedral Square. The sculptures can only be sold to develop the collection further, and to advance the education and enjoyment of the public in art by placing, maintaining and promoting the collection in public places.

14 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Trade Debtors	505,495	268,739
Cash	2,205,471	2,043,065
Other debtors	19,944	61,265
Accrued income	37,443	33,495
	2,768,353	2,406,564

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

		(Continued)	
14	Financial instruments	2018	2017
	Carrying amount of financial liabilities		
	Trade creditors	281,923	590,990
	Other creditors	327,708	230,182
	Accruals	1,049,198	426,645
		<u>1,658,829</u>	<u>1,247,817</u>
		<u><u>1,658,829</u></u>	<u><u>1,247,817</u></u>
15	Stocks	2018	2017
		£	£
	Finished goods and goods for resale	57,390	56,533
		<u>57,390</u>	<u>56,533</u>
		<u><u>57,390</u></u>	<u><u>56,533</u></u>
16	Debtors	2018	2017
		£	£
	Amounts falling due within one year:		
	Trade debtors	505,495	268,739
	Other debtors	19,944	61,265
	Prepayments and accrued income	81,669	82,662
		<u>607,108</u>	<u>412,666</u>
		<u><u>607,108</u></u>	<u><u>412,666</u></u>
17	Creditors: amounts falling due within one year	2018	2017
		£	£
		Notes	
	Other taxation and social security	217,642	106,902
	Deferred income	18 538,228	438,116
	Trade creditors	281,923	590,990
	Other creditors	327,708	230,182
	Accruals	1,049,198	426,645
		<u>2,414,699</u>	<u>1,792,835</u>
		<u><u>2,414,699</u></u>	<u><u>1,792,835</u></u>

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

18 Deferred income

	2018 £	2017 £
Deferred grants and income in advance	538,228	438,116

Deferred income is included in the financial statements as follows:

Current liabilities	538,228	438,116
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19 Retirement benefit schemes

Vivacity Culture & Leisure offers a defined contribution scheme for all employees who are not members of the defined benefit scheme. Contributions are made to a separately administered fund.

Contributions in respect of the defined contribution scheme are charged to the income and expenditure account as they become payable in accordance with the scheme rules. The employer's contribution is a maximum of 6%. As at 31 March 2018 there were 141 active members in this scheme.

The charge to profit and loss in respect of defined contribution schemes was £38,267 (2017 - £43,068).

Defined benefit schemes

Vivacity Culture & Leisure participates in the Cambridgeshire Local Government Pension Scheme. The Scheme is funded and is contracted out of the state scheme. This scheme has been closed to all new employees with effect from 1 May 2010. The employer's contribution is 18.8%. As at 31 March 2018 there were 37 active members in this scheme. An actuary valuation was conducted during 2017-18 and future employers contributions will remain 18.8%.

The Cambridgeshire Local Government Pension Scheme, a final salary defined benefit scheme, is administered in accordance with the Local Government Pension Scheme Regulations 2007. For the purposes of FRS102 it has been possible to identify Vivacity's share of the underlying assets and liabilities of the Cambridgeshire County Council Pension Fund.

The assets of the scheme are invested and managed independently of the finances of the Charity. The pension costs relating to this scheme is calculated on the projected unit method and is assessed with the advice of a qualified actuary. The latest actuarial valuation of this scheme was on 31 March 2018 and was carried out by Hymans Robertson LLP, an independent actuary.

Key assumptions

	2018 %	2017 %
Discount rate	2.7	2.7
Expected rate of increase of pensions in payment	2.3	2.4
Expected rate of salary increases	2.6	2.7

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

19 Retirement benefit schemes (Continued)

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2018 Years	2017 Years
Retiring today		
- Males	22.4	22.4
- Females	24.4	24.0
Retiring in 20 years		
- Males	24.0	24.4
- Females	26.3	26.3

Amounts recognised in net incoming/(outgoing) resources:

	2018 £	2017 £
Current service cost	354,000	222,000
Net interest on defined benefit liability/(asset)	(10,000)	20,000
Total costs	344,000	242,000

Other recognised gains and losses:

	2018 £	2017 £
Actual return on scheme assets	(114,000)	(2,377,000)
Less: calculated interest element	352,000	379,000
Return on scheme assets excluding interest income	238,000	(1,998,000)
Actuarial changes related to obligations	(330,000)	937,000

The amounts included in the balance sheet arising from the charity's obligations in respect of defined benefit plans are as follows:

	2018 £	2017 £
Present value of defined benefit obligations	12,848,000	12,521,000
Fair value of plan assets	(13,231,000)	(12,994,000)
Surplus in scheme	(383,000)	(473,000)

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

19 Retirement benefit schemes

(Continued)

Movements in the present value of defined benefit obligations:

	2018 £
Liabilities at 1 April 2017	12,521,000
Current service cost	354,000
Benefits paid	(97,000)
Contributions from scheme members	58,000
Actuarial gains and losses	(330,000)
Interest cost	342,000
	<hr/>
At 31 March 2018	12,848,000
	<hr/> <hr/>

The defined benefit obligations arise from plans which are wholly or partly funded.

Movements in the fair value of plan assets:

	2018 £
Fair value of assets at 1 April 2017	12,994,000
Interest income	352,000
Return on plan assets (excluding amounts included in net interest)	(238,000)
Benefits paid	(97,000)
Contributions by the employer	162,000
Contributions by scheme members	58,000
	<hr/>
At 31 March 2018	13,231,000
	<hr/> <hr/>

The fair value of plan assets at the reporting period end was as follows:

	2018 £	2017 £
Equity instruments	10,187,870	10,135,320
Debt instruments	1,720,030	1,689,220
Property	926,170	779,640
Cash	396,930	389,820
	<hr/>	<hr/>
	13,231,000	12,994,000
	<hr/> <hr/>	<hr/> <hr/>

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

20 Endowment funds

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

	Balance at 1 April 2017	Movement in funds		Balance at 31 March 2018
	£	Incoming resources	Resources expended	£
		£	£	
Permanent endowments				
Sculpture collection	1,844,500	-	-	1,844,500
	<u>1,844,500</u>	<u>-</u>	<u>-</u>	<u>1,844,500</u>
	<u><u>1,844,500</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,844,500</u></u>

Refer to Note 13 Heritage Assets.

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

21 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Balance at 31 March 2018 £
	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	
Book fund	46,313	239,831	(237,298)	48,846
Museums, libraries and archives	52,111	178,296	(181,315)	49,092
Sports development	6,857	68,316	(59,925)	15,248
Arts	-	138,074	(138,074)	-
SLA	-	295,453	(295,453)	-
Theatre	-	11,300	(11,300)	-
	<u>105,281</u>	<u>931,270</u>	<u>(923,365)</u>	<u>113,186</u>

Book Fund

The funding and management agreement with Peterborough City Council, makes provision for the replenishment and update of library stocks and has ring fenced a proportion of the service fee to do so.

Museums, Libraries and Archives

Grants have been received from the Arts Council to support a number of projects which include Museum and Schools programme 'Real World Science' working with the Natural History Museum to unlock the potential of natural science collection to enhance secondary science teaching and learning; Libraries Fund to improve reading and story-telling amongst families where English is their second language; Museums Small Capital Fund to improve the Museum's Art Gallery security and from the Heritage Lottery Fund to digitize, research and explore two unique guest books from World War 1.

Sports Development

Grants have been received to support families and foster carers with disabled children to access cycling projects and for Vivacity to purchase specialist equipment to host the events. Grant funding was also received to contribute to and improve health and well being participation and opportunities for Over 55's, 14-25 year olds, holiday activities, cycling and walking initiatives.

Arts

Grants have been received from the Arts Council and Peterborough City Council to deliver an arts development programme commencing 2013 to develop local artist talent and employability.

Service Level Agreements

Vivacity received income from Peterborough City Council to purchase the following services - Insurance Management, Health and Safety Management, Internal Audit, ICT support and Library Vehicles maintenance. During the year Vivacity purchased all of these services from Peterborough City Council.

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

22 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2017	Incoming resources	Movement in funds			Balance at 31 March 2018
			Resources expended	Transfers	Investments gains/losses	
	£	£	£	£	£	£
Contingency Fund	724,000	-	-	(74,000)	-	650,000
Defined benefit pension scheme	473,000	10,000	-	(192,000)	92,000	383,000
Flag Fen Development Fund	150,000	-	-	-	-	150,000
	<u>1,347,000</u>	<u>10,000</u>	<u>-</u>	<u>(266,000)</u>	<u>92,000</u>	<u>1,183,000</u>

Vivacity are working with strategic partners to fund a capital redevelopment of Flag Fen to enhance the visitor experience, educational offer and to exhibit the Bronze Age findings from Must Farm.

23 Analysis of net assets between funds

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total
	£	£	£	£	£
Fund balances at 31 March 2018 are represented by:					
Tangible assets	497,686	-	-	-	497,686
Heritage assets	-	-	-	1,844,500	1,844,500
Current assets/(liabilities)	(457,916)	800,000	113,186	-	455,270
Provisions and pensions	-	383,000	-	-	383,000
	<u>39,770</u>	<u>1,183,000</u>	<u>113,186</u>	<u>1,844,500</u>	<u>3,180,456</u>

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

24 Operating lease commitments

In addition to the amounts noted below a further licence fee is payable on the land and buildings commitment which is dependant upon performance, and not guaranteed, but is estimated to be £435,000 per annum. This results in an overall commitment to Peterborough City Council for 2018/19 of approximately £900,000, this lease expires in 2030.

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	482,564	490,729
Between two and five years	1,892,201	1,909,765
In over five years	5,085,000	5,550,000
	<u>7,459,765</u>	<u>7,950,494</u>

25 Cash generated from operations

	2018 £	2017 £
(Deficit)/surplus for the year	(416,809)	(4,790)
Adjustments for:		
Investment income recognised in statement of financial activities	(1,817)	(4,658)
Depreciation and impairment of tangible fixed assets	208,698	268,069
Difference between pension charge and cash contributions	182,000	71,000
Movements in working capital:		
(Increase) in stocks	(857)	(31,481)
(Increase)/decrease in debtors	(194,442)	12,844
Increase in creditors	521,752	177,922
Increase/(decrease) in deferred income	100,112	(167,854)
Cash generated from operations	<u>398,637</u>	<u>321,052</u>

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, which is also included in note 10 as employee costs, is as follows.

	2018 £	2017 £
Aggregate compensation	<u>421,504</u>	<u>440,982</u>

VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

26 Related party transactions

(Continued)

Transactions with related parties

Owing to the nature of the charity's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest.

In particular the charity receives income for service delivery and has service level agreements with Peterborough City Council, and the board of trustees includes representatives from the Council.

The financial statements do not include the cost of land, buildings and equipment used at minimal rent by Vivacity Culture & Leisure, whose title rests with Peterborough City Council. It is not practicably possible to attribute a value to this benefit.

Vivacity also manages funds on behalf of a consortium of voluntary organisations 'Peterborough Presents...', of which Vivacity is the lead partner. Vivacity receives a grant to deliver their part of the programme. At 31st March 2018 the charity held funds of £29,170 (2017 - £89,884) in a separate bank account on behalf of the consortium and these funds are not included in these accounts.

All other transactions involving such organisations are conducted in accordance with the charity's normal procurement procedures.

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**GUIDANCE FOR MEMBERS & OFFICERS WHO
SERVE ON OUTSIDE BODIES**

**A guide to the law for members and officers who are appointed
to represent Peterborough City Council on another body**

June 2019

1. INTRODUCTION

- 1.1. Peterborough City Council (“the Council”) appoints members and, less often, officers to serve on a wide range of organisations outside the council, including as directors of companies, trustees of charities, members of management committees and other roles on public bodies and voluntary organisations. These roles on outside bodies may give rise to occasional uncertainty about responsibilities and sometimes lead to conflicts of interest. For example, if an outside body comes into conflict with the Council and the member is a director or on the management committee of the outside body it is likely that the member’s prime duty would be to the outside body in the conduct of the outside body’s affairs.
- 1.2. The purpose of this guidance is to summarise the legal position and responsibilities of members and officers who are appointed by the council to serve on outside bodies. It is not intended to be an exhaustive explanation of the law and if further advice is required the Monitoring Officer should be contacted.
- 1.3. This guidance does not cover any situation where a member or officer who chooses to sit on an outside body in their own private capacity – in this case they should ensure there is no conflict of interest with their position as a member or officer.
- 1.4. Members and officers may be appointed by the Council to be an “observer” or to undertake a monitoring role at an outside body, facilitating exchanges of views or information as an extension of their council duties but taking no part in the outside body’s management or governance other than to attend and vote at annual or general meetings, or simply to attend. In this type of role members and officers will be mainly concerned with representing the council and will not have responsibility for the governance of the body. Care should be taken to ensure such attendance is minuted/recorded each time to correctly reflect this.

2. GENERAL

- 2.1 Before accepting the directorship or trusteeship of an external organisation, the member or officer should consider how onerous the responsibilities are likely to be and should only accept the office if satisfied that they have the time and capacity to undertake them.

2.2 Consideration should also be given to whether there is likely to be any significant conflict of interest between the role as a director or trustee and their role as a member or officer. If such a conflict is likely to arise to a significant degree then the role should not be taken on.

2.3 The member or officer should also assess the risks of things going wrong which might raise the prospect of a personal liability. Matters to be taken into account include the nature of the functions of the outside body and the amount of money it holds or deals with. For example, some external companies handle considerable sums of money in the course of each year and have major functions. On the other hand, the risks associated with relatively small local charities are much less.

2.4 Members and officers who serve on outside bodies must exercise independent judgement in the interests of the organisation in which they are involved. Whilst it is recognised that they may have a commitment to representing the Council on the outside organisation, they must also be aware that it is their responsibility to decide what view to take on any question before the organisation. Where a member or officer serves on the outside body in a representative capacity, this should be made clear to that body. There will be a fine line to tread between the duty to the outside body and to the Council.

2.5 Ultimately the member or officer in acting as a Director or Trustee or member of a Management Committee of an outside body, must act in accordance with that body's interests, and not those of the Council or even the council tax payers at large. A mandate from the Council to vote one way or the other would put the member or officer in breach of the duty to the organisation. It is permissible to take account of the Council's wishes, but not to vote simply in accordance with them. The overriding duty in considering an item before the outside body is to vote in accordance with the interests of that organisation.

2.6 A member or officer serving on an outside body must also ensure that avoidable loss is not incurred in managing that body. Individual responsibility cannot be avoided by not reading the papers or failing to ask for appropriate reports. Professional advice should also be sought where appropriate.

2.7 If there is a major dispute between the Council and the outside body then the Council's representative can be placed in an untenable position. In these circumstances, the appointee should take advice from either the Chief Executive, the Monitoring Officer or the relevant Chief Officer.

2.8 At the end of the day, it is possible that a representative on an outside body may find themselves unable to adequately carry out their responsibilities properly, both as a member or officer of the Council and as a Director/Trustee/Committee Member of the outside body. That would be an exception, and should not deflect those appointed to outside bodies from being prepared to participate in the management and running of outside organisations.

2.9 Finally, it is recommended that:-

- (a) Upon being appointed to an outside body, appointees obtain essential documents such as the outside body's governing document and the latest annual report and accounts
- (b) Clarify if there are any insurances or indemnities in place
- (c) Ensure the organisation has sound financial practices and procedures – take an interest in the business plan and other financial reports
- (d) Understand how decisions are made in the organisation including delegations of powers
- (e) Appointees to outside bodies should take advice from the s151 Officer or the Monitoring Officer (as appropriate) if they have any financial or other concerns about the body to which they have been appointed.

3. COMPANY DIRECTORS

3.1 The management of a company is generally the responsibility of a board of directors and the powers of the directors are usually set out in the company's Articles of Association (rules which govern the company's internal management). Directors are those who are appointed by the company to act in that capacity.

3.2 **Company Directors** have the following duties:-

- **A fiduciary duty** to the company (not individual shareholders) to act honestly and in good faith and in the best interests of the company as a whole. This means taking proper care of the assets of the company.
- **A general duty of care and skill** to the company. This means that Directors must exercise a degree of skill as may reasonably be expected from someone with that individual's particular knowledge and experience. However, Directors are not deemed to be experts, but are expected to use due diligence and to obtain expert advice if necessary.
- Directors must **exercise independent judgement**, although they may take account of the interests of any third party whom they represent. This may well require interests to

be declared (see below). However Directors cannot vote simply in accordance with the Council's mandate.

- Directors are **not allowed to make a profit** from their position. They must therefore disclose any interests they or their family may have in relation to the company's contracts. Whether they are then allowed to vote will depend on the company's Articles of Association.
- Directors must **ensure compliance with the Companies Act** in relation to the keeping of accounts and making of returns to the Registrar of Companies and the information to be shown on stationery.
- There is a **duty to have regard to the interests of the company's employees**, particularly, for example, in respect of health and safety.
- Directors also have a range of **accounting and financial responsibilities**, including the preparation of accounts for each financial year, ensuring accounting records are maintained sufficiently to demonstrate the company's day to day transactions, approving the annual accounts and laying them before a general meeting and ensuring that annual accounts and reports are sent to shareholders and anyone else entitled to receive them.

3.3 Individual Directors can also be liable in certain circumstances, including the following:-

- A company can only act within the scope set out in its Memorandum of Association, and those Directors who knowingly cause the company to act beyond these activities will be liable personally.
- Directors may also be liable for breach of trust, if they misapply the money or property of the company. Directors may also be liable if they fail to take action to prevent the breach of a Co-Director of which they are aware.
- In the event of a failure to act in accordance with the best interests of the company, or if Directors use their powers improperly or make a personal profit from their position as a Director, then they may be personally liable for loss to the company and may be required to give to the company the personal profit made.
- If the level of skill and care shown by a Director falls below that which could reasonably be expected and the company suffers loss, the Director will be liable for the loss incurred. However, if it believes the Director acted honestly and reasonably, a Court may excuse the Director from this liability.
- If a Director knows or ought to know that there is no reasonable prospect of the company avoiding liquidation, the Court may require the Director to contribute to the company's assets on liquidation if the company continues to trade. This is known as

wrongful trading. No such order will be made if the Court is satisfied that the Director took all reasonable steps to minimise the loss to the creditors.

- Directors will also be liable if to their knowledge the company carried on business with intent to defraud creditors or any other person, or for any other fraudulent purpose.
- Where a company fails to pay National Insurance contributions and this is due to fraud or neglect on the part of any director(s) of the company, they may be held personally responsible for the outstanding contributions.

3.4 Finally, information (apart from confidential information) must be given to other councillors about their activities as required by the local authority.

4. CHARITY TRUSTEES

4.1 Trustees of a charity are responsible for the control and administration of a charity and retain personal liability. Trustees must acquaint themselves with the terms of the Trust. In the case of a charity which is also a company, these terms will be found in the Memorandum and Articles of Association. Other Trusts will be found in the document under which the charity was established, such as a will or deed of gift or constitution.

4.2 **Charity Trustees** have the following duties:-

- Trustees must act in accordance with the terms of the Trust.
- The property of the charity must be used for the purposes for which the charity was set up. It must also be applied fairly between those properly entitled to benefit from it.
- Trustees have a duty to exercise such care and skill as is reasonable in the circumstances having particular regard to any special knowledge or experience that they have or holds themselves out as having. In addition, where a Trustee acts in the course of a business or profession, particular regard must be had to any special knowledge or experience which it is reasonable to expect of a person acting in the course of that kind of business or profession.
- Trustees must always act in the interests of the charity and of its beneficiaries or potential beneficiaries and without regard to their own private interests. This means that Charity Trustees must not put themselves in a position where their interests and duties conflict.
- The work must generally be unpaid. Trustees may be paid for their expenses from the charity's income and, very occasionally, the Charity Commission may allow wider remuneration where this is in the interests of the charity.

- Trustees cannot benefit either directly or indirectly from the charity.
- They must act reasonably and prudently in all matters relating to the charity and must always bear in mind the interests of the charity. They should manage the charity as carefully as if they were running their own business. Although they may delegate certain of their functions under the Trustee Act 2000 and also under any powers in the trust document, they remain legally responsible and must supervise and control the work of officers.
- Trustees must act in accordance with all relevant legislation.
- They have a duty to provide information to the Charity Commissioners. Most charities (except small ones with an annual income under £1000 a year) are required to register under the charities legislation. The Charity Commissioners rely on this information when making a decision about a charity, so it is very important that it is accurate. It is an offence to give the Charity Commissioners false or misleading information, or to alter, conceal or destroy charity documents which may be required by the Commissioners.
- All registered charities are subject to a number of accounting and reporting requirements, depending on their income and expenditure. These involve maintaining proper accounts, preparing the annual statement of accounts and an annual report and in some cases submitting them to the Charity Commission; and where the charity's gross income and total expenditure exceeds £10,000, making an annual report to the Charity Commission. Charity trustees are under a duty to ensure that these accounting and reporting requirements are carried out and to approve the annual report and accounts.
- The accounts of registered charities with a gross income or total expenditure exceeding £10,000 must, at the option of the trustees, be either audited or independently examined. In addition if either income or expenditure has been more than £250,000 in either of the previous two financial years then accounts must be audited by a registered auditor.
- Retaining accounting records and statements of account for at least 6 years.

5. MANAGEMENT COMMITTEES – UNINCORPORATED ASSOCIATIONS

5.1 Groups which are not charitable trusts or limited companies are "unincorporated associations" and have no separate legal identity from their members. The rules governing the members' duties and liabilities will be set out in a constitution, which is simply an agreement between the members as to how the organisation will operate. Usually the constitution will

provide for a management committee to be responsible for the everyday running of the organisation. An unincorporated organisation may be charitable and registerable as a charity.

5.2 Broadly, management committee members must act within the terms of the constitution, and must take reasonable care in exercising their powers.

5.3 Generally, members of management committees are liable for the acts of the organisation, but are entitled to an indemnity from the funds of the organisation if they have acted properly. If there are not enough funds, the committee members are personally liable for the shortfall. If one person is appointed by the constitution to act as the agent of the organisation for certain purposes, then that person acts as the agent of all the members, who have joint liability for the agent's actions. Members of the management committee will have a personal liability if they act outside the authority given them or if they do not comply with the law.

5.4 Exceptions apply to certain consultative/advisory bodies such as EELGA & LGA where the representative will normally be expected to act in the Council's interests.

6. REGULATED COMPANIES

6.1 A company that is influenced by the Council (20% shareholding or more) or controlled by the Council (50% shareholding or more) will be a regulated company under the Local Authorities (Companies) Order 1995. This piece of legislation has a number of restrictions for members that sit on the board of regulated local authority companies, referring to them as "regulated directors".

6.2 These restrictions include:

- The maximum amount of remuneration is the greatest amount which would be payable by the Council in respect of a comparable duty performed on behalf of the Council, less any amount paid by the Council to the regulated director for duties to the Company;
- The maximum amount of travelling or subsistence allowance which would be payable to that director by the Council of which he is a member if the relevant duty were an approved duty for the purposes of s174 of the Local Government Act 1972
- When a regulated director becomes disqualified for membership of the Council, he/she must be removed as a director of the regulated company.

6.3 Where members sit on the board of an influenced or regulated company there will be an inherent conflict of interest in their roles as the Companies Act 2006 requires Directors to consider the best interests of the company and not the shareholders. However due to the restrictions on the remuneration and expenses of members in relation to such companies members are unlikely to have a disclosable pecuniary interest. Members should nonetheless declare their conflict of interest at Council meetings and avoid voting on or taking Council decisions in relation to such companies.

7. OTHER PUBLIC BODIES

7.1 There are bodies created by an Act of Parliament to carry out particular functions and whose constitution is set out in the legislation relating to that specific body. Examples include the Broads Authority, Internal Drainage Boards and school governing bodies.

7.2 The powers of the members of the body and duties and liabilities of those members individually and collectively depend upon the wording of the legislation in question. In general terms, however, the position of a member is similar to that of a councillor. It is therefore wise for a member of any of these bodies to obtain information for themselves from that body on its powers and duties, its Standing Orders and other procedures which they must follow and financial or other regulations which govern the conduct of its business.

7.3 In addition, conflicts of interest can occasionally arise for such appointees. In this respect, the general provisions described in Section 2 above will apply.

PARTNERSHIP BOARDS

7.4 Finally, there is the developing area of partnerships and partnership boards. Generally, these are not legal entities in their own right and members are appointed purely to represent the Council. In these circumstances the specific duties referred to above will not therefore tend to apply nor will there be a potential for a conflict of interest. On the other hand, the position may well be different if a separate legal entity is formed as part of the partnership working.

8. DECLARATION OF INTERESTS

8.1 If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter. In

many case (but not all) cases a Member will not have a Disclosable Pecuniary Interest (and therefore need not make any declaration)) if the matter relates to an outside body to which the Council have appointed the Member as its representative.

8.2 Members do however need to pay particular attention to whether a body on which they have a beneficial interest (which includes a body corporate of which they are a director – NB. “director” includes being a member of the committee of management of an industrial and provident society) has or is likely to have a contractual relationship with the council (NB. which includes grant agreements). If this is the case then this is a specific disclosable pecuniary interest under the Localism Act 2011 as set out in the council’s code of conduct and it need to be declared as such and the member must not take part in any decision making.

8.3 If you do not have a Disclosable Pecuniary Interest you may nevertheless have a “**non-statutory disclosable interest**” in a matter to be discussed if it affects:

- your well-being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

If that is the case then you must declare such an interest but can speak and vote on the matter, **unless** the interest is “*one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest*” (s.2.3(b) of the council’s code of conduct sets out what action should be taken). Please seek the advice of the council’s Monitoring Officer if unsure about what needs to be declared in order to help avoid the appearance of bias.

8.4 When members discuss at Council meetings matters relating to an outside body on which they serve, they may take account of that outside body’s interest. However, they must not vote simply in accordance with the mandate of that outside body. In short, the primary consideration is the public interest.

8.5 Officers should have regard to the Officer’s Code of Conduct and discuss all potential conflicts of interest with their line manager, seeking advice from the council’s Monitoring Officer where appropriate. Written file notes should be made and kept of all advice given and action taken.

9. INDEMNITIES

9.1 An outside body can provide indemnities for its members as follows:

- a) Companies can now give their Directors indemnities. However, such indemnities cannot cover:-
 - (i) the Director's liability to the company itself or to other companies within the same group;
 - (ii) fines imposed on a Director in criminal proceedings or in respect of a sum payable to a Regulatory Authority by way of penalty for non-compliance with any requirement of a regulatory nature; or
 - (iii) Liabilities incurred by a Director in defending criminal proceedings where convicted, or in defending any civil proceedings brought by the company, or an associated company in which judgement is made against such Director.

- (b) With regard to Charitable Trusts, an indemnity can be given from the Trust Fund provided the Trustee has acted properly and within their powers. Trustees may take out insurance to protect themselves against personal liability, but not for criminal acts, fraud etc. There will be no problem if the Trustees themselves pay the premiums but if they are paid out of the Charitable Funds the Trustees will need to consent to the Charity Commission unless the Trust Deed specifically allows it.

- (c) With regard to Management Committees, members will be entitled to an indemnity if they act in accordance with the Constitution and are not at fault. It is also possible to obtain insurance but if the organisation is to pay the premium it must be permitted by the Constitution.

10. RELATED ISSUES

- a) Occasionally, the Council will be represented on outside bodies by third parties, rather than members or officers. This guidance applies in principle to these representatives, although some parts of it will necessarily not apply.
- b) From time to time, officers are, as a result of their position with the Council, appointed to serve on an outside body by the body itself, rather than by the Council. Examples include serving on the managing body of a professional association or appointment to a national

body as a local authority representative. Again, most of the principles contained in this guidance will apply to that situation, depending on the nature of the outside body.

- c) Finally, officers may from time to time be asked to serve in their private capacity on outside bodies funded by the Council. This can often give rise to a conflict of interest, particularly in the situation where the officer is employed within the funding department. In these circumstances, the Council takes the view that there will be circumstances where an officer should not serve on the outside body because of the potential for a conflict of interest.

11. FURTHER INFORMATION

If you require any further information about the issues raised in this Guidance Note please contact the Council's Monitoring Officer.