

Referral from HTS Board – Approval of Statutory Accounts



Report to: Shareholder Sub Committee

Date: 27 September 2023

Lead Officer: Simon Freeman, Deputy Chief Executive and Director of Finance
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Recommended that:

- A** The Sub Committee notes the HTS Group Ltd Audited Statutory Accounts attached as Appendix A to the report.

Background

1. HTS Group Ltd's Statement of Accounts is a statutory document that provides information on the transactions relating to the provision of services by the Council owned company.
2. As part of the Sub Committee's scrutiny role there is a requirement for the Sub Committee to ensure they receive final audited accounts for noting and comment. The approval of statutory accounts, however, remain with the Board under the agreed delegations matrix.
3. The HTS Board approved the Statutory Accounts for 2022/23 at their meeting on 20 June 2023, and these have been aligned the Council's accountancy reporting.
4. For the year ended 31 March 2023 year end, the group reported a consolidated loss before tax of £226,823 (2022 comparison: profit of £100,431). The loss was subject to a corporation tax charge of £3,752 with the reported loss after tax of £230,575. HTS Group Ltd company reported a loss of £328,665 (2022 comparison £nil) due to costs related to business development.
5. HTS (Property & Environment) Limited, the main group subsidiary, reported a profit before tax of £56,661 (2022 comparison: £31,015):
 - a) The entity reported an increase in revenues of 1.5%.
 - b) ASC related revenue decreased year-on-year by 0.3% (£50,000) in comparison to inflationary direct cost increases including salaries and wages, materials and

subcontractors (additional spend of £676,000 in comparison to prior year). Due to the high inflation rate it is necessary for the company to tightly control costs in future. HTS had fully delivered both housing and non-housing budgets, with all contractual KPIs achieved.

- c) ASC contract closed the year with a net loss of £520,000, which was offset by the profits achieved within capital works projects and third-party income streams.
- d) Annual rebate of £250,000 was paid out to the client, but the company was not able to pay a management charge for the year (2022 comparison £350,000 paid to HDC) due to inflationary cost increases and limited increase in funding.

6. HTS (Housing & Regeneration) Limited, the property investment company of the group, reported a year end profit before tax of £45,181 (2022 comparison: loss of £69,416):

- a) Operating profit from 5 rental properties was £41,913, with property management function carried out by HTS.
- b) The total finance costs for the year of £39,832 were paid to the shareholder, as per the loan arrangements in place.
- c) The 2022 year end revaluation of properties gave rise to an investment gain of £43,100, raising the total value of the properties to £1,506,600.

Implications

Equalities and Diversity

None.

Climate Change

None.

Finance

The report sets out clearly the financial performance of the HTS Group of companies which is a record of past financial performance for the 2022/23 financial year and has been subject to external scrutiny through the audit process.

Author: Simon Freeman, Deputy Chief Executive and Director of Finance

Governance and Corporate Services

The company is following its statutory requirements in reporting on its Audited Accounts. No further governance issues arise from this report.

Author: Simon Hill, Director of Governance and Corporate Services

Appendices

Appendix A – HTS Group Limited Accounts year end 31 March 2023

Appendix B – HTS (P&E) Limited Accounts year end 31 March 2023

Appendix C – HTS (H&R) Limited Accounts year end 31 March 2023

Appendix D – HTS Group Board minutes – 20 June 2023

Background Papers

None.

Glossary of terms/abbreviations used

None.