Spadesbourne Homes Limited
Finance Report – October 2024 to March 2026

Relevant Portfolio Holder	Councillor Karen May, Leader and Cabinet Member for Strategic Partnerships and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	James Walton
Report Authors	Director of Finance and Section 151 Officer james.walton@bromsgroveandredditch.gov.uk
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Shareholder's Committee is asked to **RESOLVE** that:

1) The position on the Spadesbourne Homes accounts as at 31 March 2026
2) The balance sheet for Spadesbourne Homes as at 31 March 2026

2. BACKGROUND

2.1 The purpose of this report is to set out Spadesbourne Homes Limited's financial position for the extended accounting period ending 31 March 2026, covering the period from 1 October 2024 to 31 March 2026. This report presents:

- Spadesbourne Homes management accounts as at 31 March 2026. This reflects tenancy income of £436,442 and operating expenditure of £312,447, with a net income of £163,758 after adjusting for depreciation and grant income.
- The balance sheet position as at 31 March 2026 which reflects a net asset of £6,745,458

2.2 Spadesbourne Homes Limited was incorporated on 18th September 2023 with a year end of 30 September. On 14 May 2025, a Change of Accounting Reference Date form was filed with Companies House to amend the year end to 31 March to align it with the Council year end. Dormant accounts were filed for Spadesbourne Homes for the year ending 30 September 2024. As a result of this change, the next set of statutory accounts covers an extended accounting period from 1 October 2024 to 31 March 2026 (18 months).

2.3 The company was set up with a loan of £50,000 from Bromsgrove District Council. The Council did not put in place arrangements for interest payments on the loan. The £50,000 loan will be reflected in the next set of accounts including interest payments. A loan Agreement is to be drawn up to confirm this position before 30 September 2026.

3. DETAILED PERFORMANCE

Financial Performance

3.1 The financial statements presented are in draft form. Also, the income figure is currently being reviewed with the accountants and may be subject to amendment pending their confirmation.

3.2 The company has received tenancy income of £436,442 between October 2024 and March 2026, with management fees of £231,826, insurance of £14,360, service charge of £56,493, repairs of £3,076, consultancy and accounting fees of £4,842 and other expenditure of £1,850.

3.3 As the buildings are occupied under a peppercorn lease arrangement, the benefit arising from the below-market lease terms has been recognised in accordance with IFRS 16 and applicable accounting guidance. Accordingly, the Company has recognised a right-of-use asset in respect of the long-term lease arrangement, together with corresponding deferred income representing the benefit obtained from the peppercorn lease terms.

A corresponding deferred income balance of £133,300 has been recognised in relation to the benefit arising from the below-market lease terms. This deferred income is released to the Income and Expenditure Statement over a 50-year period, consistent with the depreciation period applied to the building element, in accordance with applicable accounting standards.

During the year, depreciation of £93,310 was recognised in the Income and Expenditure Statement in respect of the building element, based on its estimated useful economic life of 50 years.

3.4 The overall position for the period October 2024 to March 2026 was net income of £163,758 and is shown in Appendix A to this report.

Balance Sheet

3.5 The balance sheet position is shown as Appendix B to this report.

3.6 The closing balance on the bank account as at 31 March 2026 is £205,841.

3.7 The Company has recognised a right-of-use asset in respect of a long-term peppercorn lease of land and buildings, initially measured at an estimated fair value of £6.665 million. Following depreciation, the carrying value of the land and buildings at the reporting date was £6,571,690.

A corresponding deferred income balance of £6,531,700 has been recognised in respect of the benefit derived from the below-market lease terms. This deferred income is released to the Income and Expenditure Statement over the same period as the depreciation charge relating to the building element, in accordance with applicable accounting standards.

3.8 The debtor balance of £171,099 includes £31,344 income due from tenants and £139,755 due from the property management company.

3.9 The creditors balance includes £209,442 relating to staffing recharge costs for Council employees working on Spadesbourne’s activities. This represents staff time costs that have been recharged to the Company as an expense but not physically paid out in cash during the year and is therefore recorded as a liability at the year end.

4. Legal Implications

4.1 No Legal implications have been identified.

5. Strategic Purpose Implications

Relevant Strategic Purpose

5.1 Spadesbourne Homes ensures we focus on our key strategic issues and what are most important for the District and our communities. Our Financial monitoring and strategies are integrated within all of our Strategic Purposes.

Climate Change Implications

5.2 None as a direct result of this report.

6. Other Implications

Customer / Equalities and Diversity Implications

6.1 None as a direct result of this report.

Operational Implications

6.2 None as a direct result of this report.

7. RISK MANAGEMENT

7.1 None as a direct result of this report.

8. APPENDENCES

8.1 Appendix A – Management Accounts October 2024 – March 2026
Appendix B – Balance Sheet as at 31 March 2026

AUTHOR OF REPORT

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APPENDIX A　　　　　　　　　　　　　　　　30 JULY 2026

MANAGEMENT ACCOUNTS OCT 24 – MARCH 26

	Period 1.10.24 to 31.3.26 £	% of sales
Turnover		
Tenancy Income	436,442	100.00
Other income		
Deferred Income	133,300	30.54
Expenditure		
Insurance	14,360	3.29
Repairs and renewals	3,076	0.70
Consultancy Fee	2,352	0.54
Service Charges	56,493	12.94
Management Fees	231,826	53.12
Sundry expenses	301	0.07
Compensation Payments	1,549	0.35
Accountancy	2,490	0.57
	312,447	71.59
Finance costs		
Bank charges	227	0.05
Depreciation		
Long leasehold	93,310	21.38
Total overheads less other income	272,684	62.48
NET PROFIT	163,758	37.52

BALANCE SHEET AS AT 31 MARCH 2026

APPENDIX B

30 JULY 2026

	2026 £	2026 £	2024 £	2024 £
FIXED ASSETS				
Long leasehold		**6,571,690**		-
CURRENT ASSETS				
VAT	**4,174**		-	
Trade debtors	**171,099**		-	
Prepayments and accrued income	**4,786**		-	
Bank account no. 1	**205,841**		50,000	
	385,900		50,000	
CURRENT LIABILITIES				
Other creditors	**209,442**		-	
Accruals and deferred income	**2,690**		-	
	212,132		-	
		173,768		50,000
NET ASSETS		**6,745,458**		50,000
FINANCED BY				
LONG TERM LIABILITIES				
Deferred government grants	**6,531,700**		-	
Bromsgrove District Council	**49,900**		49,900	
		6,581,600		49,900
CAPITAL AND RESERVES				
Called up share capital		**100**		100
Profit and loss account		**163,758**		-
		6,745,458		50,000