

South Cambs Limited

Annual Report and Financial Statements 2015-16

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Corporate Information

South Cambs Limited is a limited liability company domiciled in the United Kingdom.

Directors

Stephen Hills

Andrew Fraser

Richard Turner

Secretary

Alex Colyer

Registered Address

South Cambridgeshire Hall
Cambourne Business Park
Cambourne
Cambridge
CB23 6EA

Auditors

Ernst & Young LLP
One Cambridge Business Park
Cowley Road
Cambridge
CB4 0DZ

Solicitors

Walker Morris LLP
Kings Court
12 King Street
Leeds
LS1 2HL

Bankers

HSBC Bank PLC
62 Hills Road
Cambridge
CB2 1LA

Strategic Report

The Director presents the Strategic Report for the period ended 31 March 2016.

Principal Activity

In 2016, being the Company's second period of trading, significant and planned investments have been made in the acquisition of a core property portfolio. The principal activity during the period being the management of both purchased and leased properties for the purpose of residential lettings across the eastern region of the UK. A suitable spread of property type is maintained, overriding importance is attached to standard of construction and suitability for the residential rental market, with upwards only rent reviews. The portfolio is kept under constant review with the object of disposing of any property if growth prospects diminish or appropriate rental returns are not expected to be achievable.

Business Review

The Company was incorporated and began trading on 1 April 2014.

The profit for the period to 31 March 2016, after taxation, is £319,898, *subject to confirmation*.

The Director does not recommend the payment of any dividends.

The Company has adopted FRS 101 and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, South Cambridgeshire District Council ("South Cambs"), was notified of and did not object to the use of disclosure exemptions under FRS 101. The Company has used early adoption of FRS 101.

The company's key financial and other performance indicators during the period were as follows:

| | 2015-16 £'000 |
|----------------------------------|------------------|
| Turnover | 1,177 |
| Profit for period after taxation | 320 |

The period of trading returned an operating profit of £319,898 for the year, which was higher than originally budgeted.

Key achievements include bringing 16 empty properties back into occupation through the lettings market, contributing to the portfolio of 136 leased and 54 acquired properties across Cambridgeshire, Suffolk and Northamptonshire.

Future developments include expanding the leased property holding in targeted areas and further acquisitions in line with planned growth.

Strategic Report

For the period ended 31 March 2016 (continued)

Principal Risks and Uncertainties

Contract Risk

Contract risk is the risk that the lack of understanding or effective management may lead to the erosion in value of a contract. The Company manages this risk by periodically reviewing contracts to ensure effective monitoring and adjustment of pricing, terms and conditions relevant to market conditions and contract and performance expectations.

Credit, Liquidity and Cash flow Risk

Credit risk is the risk that one party to a transaction will cause financial loss for the other party by failing to discharge an obligation. The main exposure to credit risk relates to housing rents; the Company reduces the risk of such losses by undertaking appropriate credit checks on potential tenants and lodging tenant deposits with a third party to mitigate the potential cost of damage to the property by the tenant.

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. All trade and other payables are due to be paid in less than one year. By their very nature, properties are less liquid and therefore the investments may not be readily realisable.

Cash flow risk is the risk of exposure to variability in cash flows. The Company includes a predetermined level of property voids within its cash flow expectations and minimises cash flow variations by lease management.

By order of the Board

Stephen Hills
Director

Xx xxxxxx 2016

Director's Report

Registered number 08336413

The Director presents the Report and Financial Statements for the period ended 31 March 2016.

Directors

A list of Directors is disclosed in the Corporate Information on page 2.

Dividends

The Director does not recommend payment of any dividend.

Future Developments

The Company will continue with its business plan for expansion in the property and lettings market. The Board is looking forward to increasing the level of revenue and achievement of profit in the following years.

Employee involvement

The director ensures that the employees are informed of any significant matters affecting them as employees. Employees are encouraged to discuss with management factors affecting the Company about which they have concerns.

Suggestions from employees aimed at improving the Company's performance are welcomed.

Employment of Disabled Persons

The Company recognises its social and statutory duty to employ disabled persons. It is the Company's policy to give full and fair consideration to applications for employment from disabled persons.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review on pages 3 and 4. The financial position of the Company [South Cambs Limited trading as Ermine Street Housing] is set out in these financial statements. As a consequence, the Director believes that the Company is well placed to manage its business risks successfully.

On-going financing arrangements have been agreed with South Cambridgeshire District Council for loans secured from the financial period beginning 1 April 2016.

The Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus he continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Auditors

The Director will recommend the reappointment of Ernst & Young LLP as auditors at the Annual General Meeting.

Director's Report

For the period ended 31 March 2016 (continued)

Director's Statement as to disclosure of information to auditors

The director's who were members of the board at the time of approving the director's report are listed on page 2. Having made enquiries and of the Company's auditors, the director's confirm that:

- To the best of their knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- The directors have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Stephen Hills

Director

Xx xxxxxx 2016

Statement of Director's Responsibilities

The director's are responsible for preparing the Strategic Report, Director's Report and financial statements in accordance with applicable UK law and regulations.

Company law requires the director's to prepare financial statements for each financial year. Under that law the director's have elected to prepare the financial statements in accordance with FRS 101. Under company law the director's 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 for the period.

In preparing those financial statements, the director's 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; and
- prepare financial statements on a going concern basis, unless they consider that to be inappropriate.

The director's 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.

Independent Auditors' Report to the Members of South Cambs Limited

We have audited the financial statements of South Cambs Limited for the period ended 31 March 2016 which comprise the Statement of Changes in Equity, the Statement of Comprehensive Income, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Director's Responsibilities set out on page 7, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and international Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implication for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of its loss for the period 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Xxxx xxxxxx (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge

xx September 2016

Statement of Changes in Equity for the period ended 31 March 2016

| | 2016 | | | 2015 | | |
|--------------------------------------------------|----------------------------|----------------------|-----------------|----------------------------|----------------------|------------------|
| | Equity Share Capital | Retained Earnings | Total Equity | Equity Share Capital | Retained Earnings | Total Equity |
| | £s | £s | £s | £s | £s | £s |
| Balance at 1 April | - | (280,639) | (280,638) | - | 0 | 0 |
| Changes in equity during year | | | | | | |
| Profit/(Loss) for the period | - | 289,986 | 289,986 | - | (280,639) | (280,639) |
| Total Comprehensive Income for the period | | 289,986 | 289,986 | | (280,639) | (280,639) |
| Shares issued | 0 | - | 0 | 1 | - | 1 |
| Increase/(decrease) in the period | 1 | 289,986 | 289,986 | 1 | (280,639) | (280,638) |
| Balance at 31 March | 1 | 9,347 | 9,348 | 1 | (280,639) | (280,638) |

Statement of Comprehensive Income for the period ended 31 March 2016

| | | 31 March 2016 | | 31 March 2015 | |
|-------------------------------------------------------------|--------------|--------------------------|--------------|--------------------------|--------------|
| | Notes | £`000 | £`000 | £`000 | £`000 |
| Turnover | 3 | | | | |
| Rental income | | 600 | | 187 | |
| Recoverable charges | | 9 | | 0 | |
| Other income | | 567 | 1,176 | 0 | 187 |
| Cost of Sales | | | | | |
| Repairs and maintenance | | (160) | | (79) | |
| Lease | | (195) | | 0 | |
| Other | | (89) | | (184) | |
| Cost of inventory disposed | | (512) | (956) | 0 | (263) |
| Gross Profit/(Loss) | | | 220 | | (76) |
| Administrative expenses | | | | | |
| Agency staff | | (40) | | (4) | |
| Staff recharges | | (141) | (181) | (133) | (137) |
| Other expenses | | | | | |
| Consultants/Professional fees | | (8) | | (8) | |
| Audit fees | | (17) | | (15) | |
| Miscellaneous supplies and services | | (14) | | (2) | |
| Recharges - IT support | | (11) | | (13) | |
| Impairment | | (31) | | 0 | |
| Revaluation | | 571 | 490 | 0 | (38) |
| Operating Profit/ (Loss) | | | 529 | | (251) |
| Interest payable | 7 | | (239) | | (30) |
| Profit/(Loss) on ordinary activities before taxation | | | 290 | | (281) |
| Tax on loss on ordinary activities | 8 | | 0 | | - |
| Loss for the period | | | 290 | | (281) |

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Balance Sheet as at 31 March 2016

| | Notes | 2015/16 £'000 £,000 | 2014/15 £'000 £,000 |
|--------------------------------------|----------|---------------------------|---------------------------|
| Investment Properties | 9 | 11,669 | 4,094 |
| Property, Plant and Equipment | | 64 | |
| Current assets | | | |
| Inventories | 11 | 455 | 0 |
| Debtors: | | | |
| Trade Debtors | 10 | 0 | 0 |
| Amounts owed by Group undertakings | 10 | 0 | 0 |
| Other Debtors | 10 | 763 | 2 |
| Cash and cash equivalents | 12 | 261 | 14 |
| Total current assets | | 1,479 | 16 |
| TOTAL ASSETS | | 13,212 | 4,110 |
| Current liabilities | | | |
| Payments received on account | 13 | (102) | (56) |
| Trade creditors | 13 | (1,824) | (78) |
| Amounts owed to Group undertakings | 13 | (8,708) | (4,257) |
| Current Taxation | 8 | 0 | 0 |
| Long term liabilities | | | |
| Amounts owed to Group undertakings | 13 | (2,549) | 0 |
| TOTAL LIABILITIES | | (13,183) | (4,391) |
| NET ASSETS | | 29 | (281) |
| Capital and Reserves | | | |
| Called up share capital | 15 | - | - |
| Profit and loss account | | 9 | (281) |
| SHAREHOLDERS FUNDS | | 9 | (281) |

These statements were approved and authorised for issue by the board and signed on its behalf on 30 September 2016

Stephen Hills
Director
Xx xxxxxxxx 2016

Notes to the Financial Statements:

1. Authorisation of Financial Statements and Statement of Compliance with FRS 101

The financial statements of South Cambs Limited for the period ended 31 March 2016 were authorised for issue by the Board of Directors on 30 September 2016 and the Balance Sheet was signed on the Board's behalf by Mr Stephen Hills, Director. South Cambs Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements are prepared under the historical cost convention.

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

Paragraph 8(g): The Company is exempt from the requirements of the following paragraphs of IAS 1 Presentation of Financial Statements:

- Paragraph 10(d) and (f): The Company is exempt from preparing a Statement of Cash Flows.
- Paragraph 16: The Company shall not present a statement of compliance with IFRS.
- Paragraph 38(a), (b), (c) and (d): The Company is exempt from providing prior year information for all balances in the financial statements.
- Paragraph 40(a), (b), (c) and (d): The Company is exempt from restating prior year disclosure notes where they relate to the current period.
- Paragraph 111: The Company is exempt from the presentation requirements relating to the Statement of Cash Flows.
- Paragraphs 134, 135 and 136: The Company is exempt from disclosing information regarding its objectives, policies and processes for the management of capital.

Paragraph 8(h): The Company is exempt from the requirements of IAS 7 Statement of Cash Flows. The Company is not required to present a *Statement of Cash Flows* along with related notes.

Paragraph 8(j): The Company is exempt from the requirements of paragraph 17 of IAS 24 *Related Party Transactions*. The Company is not required to provide information about transactions with related parties, other than between two or more members of the group.

Information not here disclosed under exemption can be found in the Group Accounts of South Cambridgeshire District Council, being the parent entity of the Company.

The Company's financial statements are presented in sterling and all values are rounded to the nearest pound or thousand (£ or £,000) except when otherwise indicated.

The results of the Company are included in the consolidated financial statements of South Cambridgeshire District Council which are publicly available through the Council's website at <https://www.scambs.gov.uk/content/statement-accounts-and-annual-governance-statement>

2. Accounting Policies

2.1 Basis of preparation

The Statement of Accounts summarises the Company's transactions for the 2015-16 financial period and its position at the period end of 31 March 2016.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 March 2016.

2.2 Going Concern

A Company's financial statements should be prepared on a going concern basis, that is, the financial statements should be prepared on the assumption that the Company will continue in operational existence for the foreseeable future. This means in particular that the Statement of Comprehensive Income and Balance Sheet assume no intention to curtail significantly the scale of the operation.

The Director of the Company and South Cambridgeshire District Council, being the parent entity, believe that the Company is well placed to manage its business risks successfully.

On-going financing and refinancing arrangements have been agreed with South Cambridgeshire District Council for existing and future loans.

The director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the director continues to adopt the going concern basis in preparing the annual report and accounts.

2.3 Turnover and expenditure

Turnover represents amounts received and receivable, excluding value added tax, in respect of goods and services provided during the period and amounts received from the sale of properties. Turnover, all of which arises in the United Kingdom, is attributable to two activities, the marketing and rental of residential properties and the sale of property.. Expenditure represents amounts paid and payable in respect of goods and services received during the period

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 investments that mature in 7 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.5 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Financial Statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Financial Statements are not adjusted to reflect such events, but where a

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category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect. Events taking place after the date of authorisation for issue are not reflected in the financial statements.

2.6 Debtors

Trade debtors, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount.

2.7 Income Tax

Current tax liabilities are measured at the amount expected to be paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

2.8 Investments

Investments on the Balance Sheet are deposits held in overnight call accounts. These are accounted for at cost. Interest earned is shown in the Statement of Comprehensive Income under interest receivable.

2.9 Leases and Tenancies at will

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

2.10 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2.11 Investment Property

An investment property is one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property and is accounted for as property, plant and equipment.

An investment property is measured initially at cost. After initial recognition, an investment property is measured at fair value; that is the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. A gain or loss arising from a change in the fair value of investment property is recognised in the Statement of Comprehensive Income for the period in which it arises. The fair value of investment property reflects market conditions at the balance sheet date. This means that a periodic revaluation approach may only be used where the carrying amount does not differ materially from that which

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would be determined using the fair value at the balance sheet date. An investment property held at fair value is not depreciated.

Investment properties are reviewed annually to determine impairment or other material changes in value.

2.12 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Expenditure that maintains but does not add to the asset's potential to deliver future economic benefits or service potential, i.e. repairs and maintenance, is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Company.

Assets are then carried in the balance sheet using the following measurement bases:

- infrastructure, community assets and assets under construction
depreciated historical cost;
- dwellings
fair value;
- investment property and assets held for sale
market value
- non-property assets that have short useful lives and/or low values
depreciated historical cost basis is used as a proxy for fair value; and
- all other assets
fair value, determined as the amount that would be paid for the asset in its existing use

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly (at least every five years) to ensure that their carrying amount is not materially different from their fair value at the year-end. Valuations are undertaken by a professionally qualified valuer and also carry out a material change review at year end to ensure revaluations are kept up to date. Revaluations also take place when there has been a significant change to the asset (e.g. major building works).

Gains or losses on revaluation and impairment losses are recognised in the Statement of Comprehensive Income in the period in which they arise.

Impairment

Assets are assessed at the end of each year as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Impairment losses are recognised in the Statement of Comprehensive Income in the period in which they arise.

Depreciation

Depreciation is provided on all property, plant and equipment calculated on a straight-line allocation over their useful lives. An exception is made for assets without a determinable finite useful life, i.e. freehold land and certain community assets, if any, and assets that are not yet available for use, i.e. assets under construction, if any.

The residual value of an item of property, plant and equipment and its useful life are reviewed at the end of each financial year and, if expectations differ from previous reviews or there has been a significant change in the consumption of economic benefits or service potential, the change is accounted for as a change in accounting estimate.

Where property, plant and equipment assets have major components whose cost is significant in relation to the total cost of the asset, depreciation on the components has been calculated and is not materially different from depreciation on the depreciable part of the whole asset. Components have not, therefore, been depreciated separately.

Componentisation

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts are grouped together in determining the depreciation charge.

The Company has determined that dwellings and other property is subject to componentisation and are assessed against 2 components determined by the Company's valuer, namely land and buildings, components within buildings being assessed annually for materiality.

Disposals and non-current assets held for sale

Assets no longer meeting the criteria to be classified as assets held for sale are reclassified back to non-current assets and valued at the lower of

their carrying amount before they were classified as held for sale adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale; and

their recoverable amount at the date of the decision not to sell.

When an asset is disposed of, the carrying amount of the asset in the balance sheet is written off and any receipts on disposal are credited to the other operating expenditure

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section in the Statement of Comprehensive Income so that this section shows the net gain or loss on the disposal of non-current assets.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

2.13 Inventories

Properties held for refurbishment and resale are classified as Inventory assets. Inventories are held in the balance sheet at the lower of cost or net realisable value, being the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Where inventories are damaged or become wholly or partially obsolete or if their selling prices have declined, their cost shall be written down to net realisable value or current replacement cost.

Where the circumstances which previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value or current replacement cost because of a change in economic circumstances, the amount of the write down shall be reversed so the new carrying amount is the lower of cost and the revised replacement cost.

2.14 Significant Judgements

In applying the accounting policies set out in this note, the Company has to make certain judgements about complex transactions or those involving future events. The Investment properties held by the Company have been revalued to reflect the significant change in value during the year the increase being recognised in the Statement of Comprehensive Income.

3. Turnover

Turnover recognised in the Statement of Comprehensive Income is analysed as follows:

| | 2015-16 | 2014-15 |
|-------------------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Rental income | 600 | 187 |
| Recoverable charges | 9 | |
| Other receipts including sale of property | 567 | - |
| | 1176 | 187 |
| Income received from Group undertakings | - | - |
| Total | 1176 | 187 |

4. Operating loss

This is stated after any charges for depreciation. Depreciation has not been charged on acquired Investment Properties or Inventory properties held for sale.

5. Auditors' remuneration

The Company was charged the following amounts by its external auditors.

| | 2015-16 | 2014-15 |
|-----------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Audit of the Financial Statements | 17 | 15 |

6. Staff costs and Directors' remuneration

During the period the Company had no employees, all staff costs have been incurred by South Cambridgeshire District Council and recharged to the Company. The total recharge for contracted services was £182,381 (£137,181 in 2014/15).

The remuneration relating to the Director and Company Secretary is borne by the parent undertaking, £10,154 (£10,490 in 2014/15) has been included in the recharge from South Cambridgeshire District Council relating to the services of the Director.

7. Interest payable

| | 2015-16 | 2014-15 |
|--------------------------------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Bank charges | 1 | 1 |
| Loan interest payable on loans from group undertakings | 238 | 29 |
| Total | 239 | 30 |

8. Taxation

| | 2015-16 | 2014-15 |
|-------------------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Current tax | | |
| Profit/(Loss) before taxation | 290 | (281) |
| Current tax calculated at tax rate of 20% | | 56 |
| Losses carried forward | | (56) |
| Tax payable | 0 | 0 |

Factors that may affect future tax charges

The standard rate of UK Corporation Tax reduced from 21% to 20% on 1 April 2015. The Finance act 2015, which received Royal Assent on 26 March 2015, states that this rate will not change for financial year 2016.

In his budget of 8 July 2015, the Chancellor of the Exchequer announced tax rate changes, which, if enacted in the proposed manner, will have an effect on the company's future tax position. These additional changes will reduce the standard rate of UK corporation tax from 20% to 19% from 1 April 2017, and 18% from 1 April 2020, the effects of these future changes are not included in these financial statements. The effect of those announced reductions is not likely to be material.

The above changes to the rate of corporation tax will impact the amount of future cash payments to be made by the company.

9. Property, Plant and Equipment and Investment Properties

The Balance Sheet Fixed Assets include Investment Properties which have been purchased for the purpose of earning rentals or for capital appreciation or both, properties for refurbishment, improvement and resale are classified as stock in hand and are included within Inventories.

The company carries out a programme that ensures all investment property, and property, plant and equipment required to be measured at fair value is re-valued at least every five years to determine any material difference. A gain or loss arising from a change in the fair value of investment property is recognised in the surplus or deficit on the provision of services for the period in which it arises.

Valuations on the bases set out in the accounting policies have been carried out for:

Investment property assets relating to South Cambs Limited as at 31 March 2016 by Mr Paul Gedge, MRICS, District Valuer, East of England

The increase in fair value of Investment Property following the review has been recognised in Other Expenses in the Income Account.

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Rental income of £0.60m has been received in respect of investment property and has been recognised in the company Income Account.

The company is not aware of any events or circumstances which indicate that the amount stated in the balance sheet for Property, Plant and Equipment and Investment Properties may not be realisable, as at the balance sheet date.

| Investment Properties | 2015-16 £'000 | 2014-15 £,000 |
|--------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| As at 31 March | 4,094 | 0 |
| Reallocation of Investment Property to Inventory | (754) | 0 |
| Additions | 7,789 | 4,094 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | 571 | 0 |
| Impairment losses | (31) | 0 |
| As at 31 March | 11,669 | 4,094 |

The properties reallocated to Inventory were purchased for the purpose of refurbishment and resale, not for rental.

At 31 March 2016 the Company has contractual commitments to the value of £750,500 but these were not finalised as the conditions as set out in the contracts had not been finalised.

Expenditure on Property, Plant and Equipment relates to improvements on leased properties; depreciation will be applied over the remaining period of the lease.

10. Inventories

South Cambs Limited has purchased properties for refurbishment and improvement prior to resale; these properties are recognised in the accounts at the lower of cost and net realisable value. Write down to the net realisable value is recognised as an expense in the period in which it occurs and, any reversal is recognised in the income statement in the period in which the reversal occurs.

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| | 2015-16 £'000 | 2014-15 £'000 |
|---------------------------------------------------------------|--------------------------------|--------------------------------|
| At 1 April | 0 | 0 |
| Reallocation of Investment Property to Inventory | 754 | 0 |
| Additions | 213 | 0 |
| Write down recognised in the Income Account | 0 | 0 |
| Write down reversal recognised in the Income Account | 0 | 0 |
| De recognition-disposals | (512) | 0 |
| Other movements in cost or valuation and inter-asset transfer | 0 | 0 |
| At 31 March | 455 | 0 |
| Net Realisable Value | | |
| At 1 April | 0 | 0 |
| At 31 March | 455 | 0 |

11. Debtors

| | 31 March 2016 £'000 | 31 March 2015 £'000 |
|------------------------------------|------------------------------------------------|------------------------------------------------|
| Trade Debtors | 10 | 0 |
| Amounts owed by Group undertakings | 0 | 0 |
| Other Debtors | 753 | 2 |
| | | |
| | 763 | 2 |

At 31 March 2016 the Company has contractual commitments to the value of £750,500 but these were not finalised as the conditions as set out in the contracts had not been finalised

12. Cash and Cash Equivalents

Cash and cash equivalents consists of cash at bank and in hand of £261,134 (2014-15: £14,120).

13. Creditors

Trade creditors are unsecured, non-interest bearing and are normally settled on 30 day terms. Payments received on account are also non-interest bearing. Amounts owing to group undertakings relates to interest bearing loans of £11.257 million owed by the Company to South Cambridgeshire District Council. The loan is repayable over a number of maturity dates between February 2016 and March 2021, at rates between 1 - 5%, repayment terms are without security. The balance owing to South Cambridgeshire District Council relates to recharges for contracted services.

| | 31 March 2016 £'000 | 31 March 2015 £'000 |
|-------------------------------------|------------------------------------|------------------------------------|
| Trade creditors | 1,824 | 78 |
| Corporation tax | - | - |
| Payments received on account | 102 | 56 |
| Amounts owing to group undertakings | 11,257 | 4,257 |
| | 13,183 | 4,391 |

14. Leases

At 31 March 2016 the Company was committed to making the following payments during the next year in respect of operating leases.

| | Land and Buildings £'000 |
|--------------------|-----------------------------------------|
| Within 1 year | 586 |
| Within 2 - 5 years | 2,030 |
| Total | 2,616 |

15. Authorised and Issued Share capital

| | 2015-16 | 2014-15 |
|-------------------------------------|----------|----------|
| Authorised and Issued Share Capital | £ | £ |
| Ordinary Shares of £1 each: | | |
| Allotted, called up and paid for | 1 | 1 |
| Total | 1 | 1 |

16. Related Party Transactions

During the year the Company entered into transactions, in the ordinary course of business, with related parties. There were no transactions with Directors to disclose other than those disclosed under note 6. Transactions entered into, and trading balances outstanding at 31 March 2016 with related parties are as follows:

| | Sales £`000 | Purchases £`000 | Amounts owed to related parties £`000 |
|---------------|----------------|--------------------|---------------------------------------------|
| Parent entity | 0 | 416 | 11,257 |
| Total | 0 | 416 | 11,257 |

Terms and conditions of transactions with related parties:

During the period ended 31 March 2016, the Company has made no provision for doubtful debts relating to amounts owed by related parties (2014/15 nil). Amounts owed to related parties include payments received in advance. Related party agreements regarding operating leases are disclosed in note 12. Remuneration relating to the directors of the Company has been disclosed in note 6.

17. Ultimate Group Undertaking

The Company's immediate and ultimate parent undertaking is South Cambridgeshire District Council. The Company is included within these group accounts which are publicly available at: <https://www.scambs.gov.uk/content/statement-accounts-and-annual-governance-statement>