

Written answers to Paul Elstone

QUESTION 2 Given that the MDDC loan agreements with 3 Rivers are on an individual project basis and not on a group basis, how much of the additional funding request of £2.3 million is allocated for the St Georges Court Tiverton Development?

Answer: This a commercially sensitive aspect of the business's activities. As such the breakdown is set out in the Part 2 section of the report so that Members may make an informed decision.

QUESTION 4 How can MDDC Officers and Cabinet Members reconcile the following two statements? Statement 1 Grant Thornton state in the latest MDDC Audit: Report (Page 9) "For MDDC we have concluded that the greatest risk of material misstatement relates to Group Revenue". "We have therefore identified the occurrence and accuracy of 3 Rivers trading income as a significant risk of misstatement and a key audit matter". Statement 2 Cabinet Members briefing notes (Page 396) and in justification for the additional funding of £2.3 million states the following: "strengthened expected sales income of the properties which should allow for net profit and loan repayment profiles in line with previously declared expectations"

Answer: The 2nd statement relates to current project forecasts based upon independent, professional valuation assessments. This is a totally different matter to auditor review of historic accounting records. It is therefore wrong even to suggest that these could be reconciled.

QUESTION 7 Can it be confirmed that no portion of the additional St Georges Court funding now requested will also be added to the IMPAIRMENT amount going forward?

Answer: The funding request allows continued progress to completion of existing projects. An impairment is an accounting provision reflecting an anticipated loss on a project. As such, this question attempts to conflate 2 completely different matters and is unanswerable.

QUESTION 8 In terms of 3 Rivers revenue stream predictions, are Cabinet Members aware of how many of the 39 St Georges Court properties have been sold off plan? This given the latest completion date being given is just 2 months away, November 2022. My understanding is the number is very low, perhaps even with just one flat having been reserved but not confirmed as sold.

Answer: Yes, Cabinet Members are aware. A practical sales limitation of this development is that public access to properties is very difficult until all site works are completed at the end of the year. Whilst low-key marketing has commenced on a small number of properties, with one firm reservation having been secured, active selling across the site has yet to begin.