



ACCOUNTS AUDIT & FINANCIAL ADVICE SPECIFICATION

1. BACKGROUND

- 1.1 Aequus Developments Ltd (ADL) was established by Bath and North East Somerset Council (“B&NES”) in March 2016 to develop, deliver, own and manage its private residential property assets as well as to deliver new property developments for both private ownership and the private rented sector on a case by case basis.
- 1.2 Aequus Construction Ltd (ACL) was subsequently formed in June 2017 following the approval by both the Shareholder and the Company Board to develop sites for open market sale.
- 1.3 The aims of BANES in establishing its own property and development company were:
- To generate revenue income and maximise revenues
 - To deliver approved property developments
 - To acquire and sell private market property
 - To support BANES ambition to help create an ongoing supply of modern energy efficient and sustainable homes
 - To stimulate and accelerate property and development delivery
 - To improve supply, quality and quantity of private rented housing
- 1.4 We are currently exploring a change in the corporate structure to Aequus to demerge ADL and ACL and introduce a new single holding company for each one.

2. THE REQUIREMENT

- 2.1 Aequus Group are looking to re-commission their contract for Accounts Audit & Financial Advice which is to deliver all aspects of the Audit and Financial Statement Process including the calculation of corporation tax. The specific details are set out below but as a general principal we are looking for a partner who will work with the in-house finance team throughout the year to ensure financial systems, processes, policies and procedures support and facilitate the effective and efficient delivery of the Financial Statements.

2.2 The following key outputs required for each company:

- Conduct the audit process following procedures in accordance with the appropriate accounting standards (IASs) UK
- Preparation of the financial statements in accordance with IASs International Accounting Standards to be delivered within the agreed time frame
- Corporation Tax Services
- Compliance with all statutory and regulatory accounting requirements

- Support and advice to the Financial Controller and Aequus Group on related financial issues
- ADL has a partial VAT exemption and the External Auditors will be required to calculate the partial exemption on a quarterly basis for the ADL VAT return.

2.3 Statutory Accounts Provision – Specific Requirements

- Aequus will require the provider to deliver all aspects of the Audit and Financial Statement Process including the calculation of corporation tax. The specific details are set out below but as a general principal we are looking for a partner who will work with the in-house finance team throughout the year to ensure financial systems, processes, policies and procedures support and facilitate the effective and efficient delivery of the Financial Statements.
- To produce each year the Financial Statements for each of Aequus companies in accordance with statutory and regulatory accounting requirements.
- Provide regular updates and support to ensure any developments and changes to Financial Reporting Standards are picked up and correctly accounted for by Aequus in a timely manner, particularly as part of Aequus Budget considerations.
- Work with in-house finance team to ensure all documents, records, evidence and working papers are in place to support the productions of the Financial Statements.
- Agree each year with Aequus Financial Controller & Managing Director, the timetable, process and procedure for the closing and production of the Financial Statements.
- Ensure all physical and virtual publication, consultation and engagement requirements are met to accord with statutory and regulatory requirements.
- Agree an annual action plan with the Financial Controller to address any issues raised by the during the audit to address any weaknesses in accounting processes, policies or procedures which may impact on the Financial Statements.
- Provide all necessary follow-up and support to meet any FOI and transparency enquiries and information relevant to the Financial Statements.
- Meet quarterly with the Financial Controller to review performance against this specification.

2.4 Financial Advisory Support

2.4.1 Aequus may, from time to time, require additional financial advisory support covering arrange of areas, including (but not limited to):

- Financial modelling including scenario planning and sensitivity analysis.

- Feasibility studies and business Case development, particularly related to infrastructure investment opportunities.
- Development of funding options and opportunities including costing and related financial advice.
- Due diligence work, including independent review of financial proposals, business cases and feasibility studies.
- Other technical financial advice for example, tax, company structure and accounting etc.

2.5 Other requirements

- 2.5.1 It is essential that the success company have knowledge and access to Quickbooks. Our current External Auditors are our administrator for this software so would be essential for the successful practice to take on this role.
- 2.5.2 To produce a report for the group accounts for our parent company, Bath & North East Somerset Council.
- 2.5.3 It is essential that the successful company has a wealth of knowledge and experience of Local Government.
- 2.5.4 It will be essential that the successful company work closely with the incumbent company to ensure a smooth handover.

2.6 Partnership Approach

- 2.6.1 The production of the Financial Statements and any financial advisory work will require close partnership working with the in-house finance team and Aequus appointed financial support contractor and we would like to understand your specific approach to support and facilitate this partnership process.

3. Pricing and budget

- 3.1 The budget for this contract per annum for a 4-year contract is in the range of £15,000-£20,000k per company. This is for the Fixed Price Element of the contract only.
- 3.2 The following pricing elements are required:
- Financial Statements
 - A fixed price for preparation and audit of the financial statements and corporation tax service for each of the years 2021/2022 through to 2024/2025.
 - Any limitation to the fixed price above and the basis on which any additionality would be priced (e.g. flat rate per day, rate card etc)
 - The basis on which any price for a further two years would be calculated.

- Financial Advisory Support
- A schedule of rates setting out pricing to be used for this work by appropriate grade of officer.

3.3 Any additional work required outside of this agreement will need to be quoted for on a case by case basis and no additional work must be undertaken unless instructed by authorised officer at Aequus.

4. Payment

4.1 The successful company must ensure that when submitting invoices to Aequus for payment, each invoice must include a detailed elemental breakdown of work completed and the associated costs and should be invoiced in a timely manner.

DRAFT