### Item 16 on agenda

For general release

Meeting:	Shoreham Airport Joint Committee
Date:	Friday 23 September 2005
Report of:	Airport Treasurer and Airport Manager
Subject:	Revaluation of the fixed assets of Shoreham Airport

### 1. Purpose of Report

1.1 The fixed assets of Shoreham Airport need to be revalued and the new values reflected in the revised Statements of Accounts for 2004/05 for the Airport and the two owning councils. This report advises Members that as only one quote has been obtained for the revaluation, under the Airport's Contract Standing Orders this has to be reported to the next Joint Committee meeting.

# 2. Recommendations

2.1. That the Committee notes that a quote has been accepted from Drivers Jonas to revalue the land, buildings and infrastructure owned by Shoreham Airport

# 3.0 Background

- 3.1 It is a requirement of the Code of Practice on Local Authority Accounting in the UK that fixed assets (such as land, buildings, vehicles, plant etc) should be valued every five years. In the past the District Auditor has accepted that this requirement has not been complied with because the two owning councils were actively taking steps to find a purchaser for the Airport. However, now that we are in the process of determining the preferred bidder, the District Auditor requires that the Airport's Statement of Accounts for 2004/05 should be amended to show current valuations of the fixed assets, to inform the procurement process.
- 3.2 A quotation has been accepted from Drivers Jonas to revalue the land, buildings and infrastructure in accordance with local authority accounting requirements. As three competitive quotations have not

been sought, this has to be reported to the Airport Joint Committee in accordance with the Airport's Contract Standing Orders.

3.3 This quotation has been accepted for the following reasons:-

(1) Speed is essential in order to revalue the assets by early September 2005 to enable amendments to be made to the Statement of Accounts for the Airport, (as well as the Statements for the city council and Worthing Borough Council, which consolidate the Airport's assets on a two-thirds/one-third basis), so that the Accounts can be re-presented to Members in October and signed by the District Auditor by the statutory deadline of 31st October 2005.

(2) Drivers Jonas are recognised nationally as chartered surveyors with significant experience in the valuation of airports, and have been working with Brighton & Hove and Worthing for the past 2 years to market Shoreham Airport and seek a purchaser, and are therefore very familiar with its assets, and have said they are able to complete the revaluation in accordance with the timescale.

(3) The city council's internal valuers as well as Cluttons, who are the consultant valuers to the Airport, have both stated that they would not have the specialist expertise to revalue an airport.

(4) Locally another firm of chartered surveyors have advised that the Airport should expect to have to pay fees for this revaluation in the region of the Drivers Jonas quotation but do not themselves have the expertise to revalue the fixed assets.

# 4. Consultation

4.1 There has been consultation with the Property Services section of the city council.

Meeting/Date	Shoreham Airport Jo	oint Commi	ttee - 2	3 Septe	mber 2005		
Report of	Shoreham Airport Joint Committee - 23 September 2005 Airport Treasurer and Airport Manager						
Subject	Revaluation of the fixed assets of Shoreham Airport						
Wards affected	None						
Financial Implications							
Every effort will be made to contain the revaluation costs within the Airport's							
existing budget for 2005/06 to avoid drawing on the Airport's General Reserves,							
which stood at £229,000 as at 31 <sup>st</sup> March 2005.							
Finance Officer	consulted Peter Wr	ight	Date	13 <sup>th</sup> Se	ptember 2005		
Legal Implications							
The appointment of the Preferred Bidder will be reported to the Board and							
Joint Committee after the Owning Authorities have made that appointment. It							
will be necessary to agree apportioned sums to attach to various aspects of							
the proposed transfer such as the lease premium and goodwill as well as the							
fixed assets referred to in this report.							
Lawyer consulte	d Bob Bruce			Date	30 August		
2005				Dure	007.09031		
Corporate/Citywide implications Risk assessment							
	None.	51110111					
The revaluation of the Airport's fixed None.							
Statements of Accounts for 2004/05							
for the two owning councils would							
comply with accounting practices.							
Sustainability implications Equalities implications							
None	None						
	he prevention of crin		order				
Implications for the prevention of crime and disorder None							
Background papers (Part 1 reports only)							
Contact Officers							
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