

(28/09/2011) Steve Baughen - Re: TM/11/01602/FL - Planet Plants

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From: "Richard Lloyd-Hughes" <richard.lloydhughes@btinternet.com>
To: "Steve Baughen" <Steve.Baughen@tmhc.gov.uk>
Date: 9/8/2011 11:58 am
Subject: Re: TM/11/01602/FL - Planet Plants

Steve

REFERS TO CONFIDENTIAL FINANCIAL INFORMATION

I note the latest submissions including the letter from Mr Kernon, but my view remains that the enterprise is not yet sufficiently well-established for the reasons set out in my own report.

Being well-established and financially sound must reasonably take into account the track record of the business in terms of actually generating cash profits. As I have explained, the accounts to date demonstrate no net cash profits but significant net cash outflows from the business, despite trading for 4 years. The recorded net profits are notional, on the basis of a large accumulating stock level. Producing stock is one thing, achieving actual sales of that stock is another. If as claimed in April 2011 the retained stock on site had a full sale value of £712,155, one wonders why in the year leading up to April 2011 actual sales were only £77,318.

If the £712,155 figure is correct, (and if it represents actual saleable stock for which orders are on the books, or shortly expected) a much higher sales figure, and a significant cash profit may be achieved in 2011/12, but meanwhile, until that can be shown to have occurred, once the current financial year ends, I consider it would be premature to conclude that the enterprise is well-established and financially sound.

I note Mr Kernon's point that the long-term liabilities of the business have been reducing: indeed this has occurred year on year (from £305,844 loans as at £31 March 2008, to £82,000 as at 31 March 2011). As the full accounts including Notes and Capital Accounts Schedules have not been provided for all the years, it is not possible to see exactly how this has been achieved, but presumably it must have been through the introduction of outside (non-loan) capital rather than any net profits from within the business itself. This may indicate that there has been a lot of further capital input to help support the business, but again this in itself is not the same thing as the business being inherently well-established and financially sound.

Finally regarding the size and cost of the dwelling, 198 m2 (or 235 m2 including the business space) does appear to me to be unusually large in relation to the needs of the unit, which is the relevant test, rather than the personal needs of the family. The nursery already has approved office/cloakroom facilities within the new g.p. building.

Regarding the dwelling cost, the assumption that a mortgage of £100,000 would a) suffice and b) be obtainable, relies respectively on outside capital for the balance of the cost, rather than the cost being sustainable by the unit (which PPS7 requires), and on a mortgage being obtainable in a situation where (as indicated above) the business has yet to generate any net cash returns.

I hope this is of assistance.

With regards,

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-----Original Message-----

From: Steve Baughen
Sent: Wednesday, September 07, 2011 4:24 PM
To: Richard Lloyd-Hughes
Subject: TM/11/01602/FL - Planet Plants

Richard,

The planning agents for the above application have provided an additional report in respect of the Tests for new agricultural worker's dwellings as set out in PPS7 - as attached.

They have requested that this report form part of the application and be considered by Members when the application is determined by the Area 2 Planning Committee.

I'd be grateful to receive any comments you have on this report.

Please do not hesitate to contact me if you wish to discuss this in further detail.

Many thanks

Regards

Steve Baughen
Senior Planning Officer
Tonbridge and Malling Borough Council
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