

Our ref:

Your ref:

D015/DMB/JKH

15 November 2025

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Dear Sirs

Castle Hill Visitor Centre (“CHVC”)
Thandi Family (“Thandi”)
Review of Financial Business Plan

You have instructed us to review the Financial Business Plan for the proposed Castle Hill Visitor Centre to be operated by Thandi.

Background

Our review has consisted of a desktop analysis of the data you have provided to us. We have relied upon this data as being factually accurate and complete. We have not undertaken any form of statutory audit of this data. Our review has not included a site visit.

The core data we have reviewed is:

- Castle Hill Research Report dated May 2023 prepared by Bryn Jones Associates Ltd (“BJA”)
- Castle Hill Visitor Centre Business Plan dated March 2024 prepared by BJA
- Castle Hill Business Plan dated April 2025 prepared by Connelly, Chartered Accountants

Our review

Our views are as follows:

1. The primary financial forecasts prepared by Connelly are at Appendix 1 to this report. They comprise of a hybrid profit & loss account/cash flow, a balance sheet and corporation tax calculations. These cover the three first years of operation.
2. Having reviewed this data, we had a range of questions. A copy of these questions and the responses from Thandi are at Appendix 2 to this report.

Directors: David Butterworth FCA Am Hayer FCA Matthew Hindle FCA Richard Turner MAAT Darren Eastham ACCA
Associate: Michael Parr FCA

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3. These responses lead to further questions from us. A copy of these questions and the responses from Thandi are at Appendix 3 to this report.

4. The architects for CHVC are One17 Design. They have provided more detailed capital costings for the project as set out at Appendix 4 to this report. These support the total cost of £3.75m included in the various business plans noted above.

5. One of our major concerns with the Connelly Business Plan was the lack of any formal sensitivity analysis or stress-testing of the primary financial forecasts. This work would assess the impact on the forecasts, and the cash flows in particular, of using varying assumptions. The key risk areas can then be identified to help assess the overall viability of CHVC.

At our request Connelly have now prepared a range of stress-test scenarios. We have summarised the key versions at Appendix 5 to this report. The one version which reflects negative cash flow is number 5 reflecting reduced spend per head and reduced cover numbers in the restaurant/bar. The impact here is high on CHVC overall because the restaurant/bar generate the bulk of the turnover and profit for the private sector part of the project.

6. With the stress-testing now undertaken, the financial forecasts are in a format we would expect to see for a project of this nature. We have reviewed them and not identified any arithmetical errors. The underlying assumptions are reasonable based on the data set out in the BJA plans. They have been stress-tested in various scenarios as noted at point 5 above. The two main inherent uncertainties within the forecasts are (i) the take-up and sustainability of customer demand and spend for CHVC's facilities and (ii) the general viability of entities operating in the leisure and hospitality sectors.; reliance here has to be placed on the market research undertaken by JBA.

7. Besides the uncertainties noted at point 6 above, certain financial/fiscal risks are inherent in the overall Financial Business Plan including:

- A copy of the un-named lender's 'indicative agreement in principle' offer of finance as set out in the GSB (finance broker) letter of 14 May 2025 is still awaited to confirm the terms and conditions and how these are reflected in the financial forecasts.
- This agreement is said to expire on 14 November 2025 and confirmation of an extension or a back-up alternative source of finance are required.
- In support of external finance Thandi have referred to 'personal funding' and 'personal guarantees.' Details of the nature, extent and availability of such support are still awaited.
- No management remuneration is included in the financial forecasts, representing an under-costing of the project. Assurance is required that Thandi will not be reliant on drawing funds out of CHVC based on their efforts and time input to ensure the financial forecasts are not materially mis-stated.
- Assumption that 100% of the VAT on all project expenditure can be reclaimed from HMRC. If this were not the case it would have an adverse impact on CHVC's cash flow. It is recommended that Thandi seeks specialist VAT advice to provide reassurance here, including an assessment of any partial exemption and/or Capital Goods Scheme issues.
- Assumption that significant capital allowances can be claimed on capital project costs. These allowances reduce the level of corporation tax payable by CHVC. It is recommended that Thandi seeks specialist tax advice to provide reassurance here. It should be noted that the financial forecasts do not include corporation tax payments in the cash flow models. They are

only included in the annual balance sheets. The estimated levels of corporation tax are included on the summary at Appendix 1. The total over the three-year period is c £150K. It should be noted that the tax payments are due 9 months after the end of each financial year such that they are staggered for cash flow purposes. The forecasts do not include any provision for deferred tax. This reflects corporation tax that may be payable in future periods if CHVC does have an on-going programme of capex qualifying for capital allowances. Whilst deferred tax is not an immediate cash item it is best accounting practice to record any necessary provision as a flag of contingent tax liabilities that may crystallise cash tax payments in future periods.

- Risk of escalating increases in the rate of the National Minimum Wage and Employers NIC. These are currently impacting hard in the leisure and hospitality sectors mainly due to the high number of part-time and/or temporary staff engaged.
- Risk of any non-compliance with payroll and PAYE/NI procedures. This is an area HMRC review in detail, particularly in the leisure and hospitality sectors where the number of casual and freelance workers is often high. If non-compliance is identified by HMRC, they target the employer rather than the individuals as being an easier target to secure additional taxes from.

8. To address the remaining concerns set out at sections 6 & 7 above, a Teams call was held on Thursday 13 November 2025 at 11.30am. The participants were:

- Indy Thandi: Thandi (“IT”)
- Mark Lee: One17 Design (“ML”)
- Daniel Nellis: Connelly (“DN”)
- Nick Hirst: KMC (“NH”)
- David Butterworth: Wheawill & Sudworth (“DB”)

Thandi outlined his views on generating sustainable income from CHVC. In particular, the benefits of being able to offer access to the Castle Hill Tower (unlike previous attractions on the site), availability of modern and well-equipped facilities and a clear focus on maintaining high levels of customer service. From his previous experience of operating hospitality and leisure facilities, he is aware of the need to monitor the wages and overhead cost base of the site and to adopt a progressive competitive pricing strategy to maintain operating margins.

The importance of full compliance with tax & VAT regulations was discussed and agreed together with the benefits of exploring opportunities to maximise tax-saving via capital allowances claims in relation to the site capex. Thandi indicated that Connelly and possibly other advisers will be involved in these areas. DN confirmed some work had been carried out here as part of preparing the financial forecasts.

The main discussion area focused on the offers of funding for the project, the availability of Thandi financial resources to support external debt (personal guarantees etc.) and confirmation that Thandi were not reliant on drawing any income from the project for the first three years (as envisaged in the financial forecasts). DB noted that the current information was limited and generic and that firmer data was required. In particular:

- A copy of an outline offer of support from a lender as opposed to the fairly vague letter of 14 May 2025 from GSB Private (a finance broker) to IT

- A net worth statement for IT from his accountant with more detail than the earlier general reference letter the accountant had prepared dated 11 November 2025.
- Confirmation from IT's accountant that IT has other sources of income that will sustain him whilst managing CHVC in the early phases

IT expressed some reservations over confidentiality with personal financial data. NH and DB confirmed all such data would be used solely for this exercise and would be held in strict confidence. On this basis IT agreed to obtain the necessary information.

9. Follow-up actions from the call were:

- IT provided a net worth statement dated 13 November 2025 from his accountant, M Salim & Co, Chartered Certified Accountants based in Manchester. This recorded a net asset worth of £1,200,000 including land at Castle Hill valued at £1,000,000 subject to planning. Excluding this item due to planning uncertainty leaves net worth of £200,000.
- This statement also provided assurance regarding IT's income and liquidity position. It is set out at Appendix 6 to this report together with the earlier reference dated 11 November 2025.
- DB received a phone call from Jon Urqhart ("JU"), a partner at GSB Private Finance. As a result of this call, JU sent DB an email dated 1 April 2025 from Cynergy Bank setting out indicative terms of funding for the CHVC project. These have been incorporated into the financial forecasts. A copy of this email is at Appendix 7 to this report.
- JU also explained to DB that GSB Private Finance are a lender in their own right besides providing broking services. He noted that they will probably provide an offer of finance as well as the project progresses.

Summary

- Overall, the final version of the Financial Business Plan and forecasts have been prepared on a sensible basis. The original version has been more fully developed after our initial review and feedback.
- Certain risks and uncertainties exist which could impact on the financial viability and sustainability of the project. These are set out at sections 6 and 7 above. They were discussed on the Teams call held on 13 November 2025.
- Following this call, firmer evidence has been provided relating to both potential funders and the financial standing of Thandi.
- If KMC decide to approve the project, we recommend that certain financial safeguards are implemented:
 - Requirement for Thandi to provide periodic updates on sourcing of finance to demonstrate that adequate funding will be available
 - Requirement for Thandi to provide refreshed financial forecasts in November 2026 to reflect any changes in the business plan and the impact of external factors such as changes in NMW and NIC levels, inflation and interest rates
 - Recommendation that Thandi instructs a professional adviser (such as Connelly) to fully appraise compliance with VAT and PAYE/NI regulations and opportunities to maximise claims for capital allowances

If you have any questions please contact David Butterworth on 01484 423691 or at david.butterworth@wheawills.co.uk

Yours faithfully

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Wheawill & Sudworth Limited