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2022/23 Draft Financial Statements Wholly Owned Companies

Finance Sub Committee

7th June 2023

Changes to Deadlines

The Accounts and Audit (Amendment) Regulations 2022

- The Accounts and Audit (Amendment) Regulations 2022 statutory audit deadlines for 2022/23 state the publication date for audited accounts 31st May to 30th September 2023 for all local authority bodies.
- As part of the Cheshire East Council Group, the Wholly Owned Companies (WOC's) are required to comply with this same deadline but are only required to publish Draft Summary Financial Statements on their respective websites.
- The WOC's are required to publish their audited Financial Statements at Companies House on or before 31st December (for Accounting periods ending 31 March).

Important Dates

June 1st	Summary Financial Statements on company websites
June 7th	Sub Committee receive presentation on draft Financial Statements – WOC's
July (part) & September	Grant Thornton on site for main audit (Sept)
October	WOC Boards receive audit findings and Audited FS for Approval.
Date TBC	Sub Committee receive audit findings and Audited Financial Statements for noting.
On or before December 31st	Audited Financial Statements deadline to be published at Companies House

Approving the Accounts

- The CEC Group Accounts require the approval of the Audit & Governance Committee.
- The wholly owned companies as entities within the CEC Group also have single entity accounts that require approval by the Company Board. Recommendations will be made at the October 2023 Board cycle.
- The Group of Companies accounts are audited by Grant Thornton UK LLP.

WOC Single Entity Accounts Financial Statements 2022/23

Strategic Report

- Overview of financial performance.
- Includes achievements, risks and lots of facts and figures.
- A separate Company led report on 2022-23 Operational Performance & Financial performance is to be provided to CLT and Finance Sub Committee by the Companies at the July 2023 Meeting.

Management Accounts headlines

- The WOC out-turn performance is split between Core Services provided to CEC and Commercial activities.
- Core Services provided to CEC should operate on a net cost basis i.e. if the company is requested by the Council to provide additional services – then the company is paid by the Council for the additional services.
- Commercial Activities are subject to Corporation Tax and out-turn profits are retained 100% by the Company.
 - WOC Reserves increased by £0.462m less £0.291m dividend from TSS to CEC, leaving retained reserves at **£1.949m**.
 - Wholly Owned Companies Net Core Contract Spending was **£37.94m**

Cheshire East Borough Council – WOC Out-turn Performance

Out-turn*	Ansa	Orbitas	TSS
Core Management Fee 2022/23	34,895	2,040	0
Additional Management Fee claimed in year	1,491	209	0
Revised Management Fee 2022/23	36,386	2,249	0
Core Out-turn 2022/23	35,947	1,993	131*
Rebate to CEC / (Additional Cost to CEC)	439	256	25
Core Out-turn – post rebate/Charge to CEC	0	0	106
Commercial Out-turn after Tax	283	73	0
NET Profit retained by Company	283	73	106**

* (£131k) reflects impact of winding down residual 2021/22 entries in 2022/23

** Final Dividend from TSS to CEC due in early 2023/24 £0.106m.

Additional Management Fee claims, reflected in CEC in year reporting are in respect of:

ANSA – Significant Inflation (Pay Award, Waste Contract Inflation) and Covid scarring (Change in habits)

Orbitas – Inflation (Pay & materials) plus Handyperson additional demand from Adult Social Care

Cheshire East WOC's – 2022/23

Movement in reserves (£m)	Ansa	Orbitas	TSS	Total
Opening Balance	1,101	386	291	1,778
Dividend	-	-	(291)	(291)
In Year Profit	283	73	106	462
Change	283	73	(185)	171
Closing Balance	1,384	459	106*	1,949

*Final Dividend from TSS to CEC £0.106m early 2023/24 after which retained company reserves will be £1.843m.

Ansa Environmental Services Ltd – 2022/23

Statement of Consolidated Income	2022/23 £'m	2021/22 £'m
Turnover	45,614	42,655
Cost of Sales	(38,888)	(35,053)
Gross Profit or (Loss)	6,726	7,602
Administration Costs	(6,354)	(7,413)
Other Operating Income/Expenditure (net)	82	2
Net Operating Profit / (Loss)	454	191
Interest Receivable / Payable (net)	(93)	(78)
Corporation Tax	(78)	(20)
Net Profit	283	93

Ansa Environmental Services Ltd - 2022/23

Statement of Financial Position (£m)	2022/23	2021/22
Long Term Assets	5,661	3,621
Current Assets	8,106	9,025
Current Liabilities	(7,534)	(8,628)
Long Term Liabilities	(4,849)	(2,917)
Net Assets	1,384	1,101
Shareholdings	-	-
Retained Reserves	1,384	1,101
Equity	1,384	1,101

Positive impact: Fixed Assets (Finance Leases); Cash; Stocks Short Term Debtors

Negative impact: Short term Creditors; Long term creditors (Finance Leases)

Orbitas Bereavement Services Ltd – 2022/23

Statement of Consolidated Income	2022/23 £'m	2021/22 £'m
Turnover	2,502	1,996
Cost of Sales	(1,509)	(1,162)
Gross Profit or (Loss)	993	834
Administration Costs	(923)	(774)
Other Operating Income/Expenditure (net)	0	0
Net Operating Profit / (Loss)	70	60
Interest Receivable / Payable (net)	(1)	-
Corporation Tax	4	(15)
Net Profit	73	45

Orbitas Bereavement Services Ltd - 2022/23

Statement of Financial Position (£m)	2022/23	2021/22
Long Term Assets	8	10
Current Assets	970	836
Current Liabilities	(519)	(460)
Long Term Liabilities	-	-
Net Assets	459	386
Shareholdings	-	-
Retained Reserves	459	386
Equity	459	386

Positive impact: Fixed Assets; Cash; Stocks; Short Term Debtors

Negative impact: Short term Creditors

Transport Service Solutions Ltd – 2022/23

Statement of Consolidated Income	2022/23 £'m	2021/22 £'m
Turnover	595	17,809
Cost of Sales	(499)	(16,908)
Gross Profit or (Loss)	96	901
Administration Costs	(13)	(957)
Other Operating Income/Expenditure (net)	-	-
Net Operating Profit / (Loss)	83	(56)
Interest Receivable / Payable (net)	-	-
Corporation Tax	23	(27)
Net Profit	106	(83)

Transport Service Solutions Ltd - 2022/23

Statement of Financial Position (£m)	2022/23	2021/22
Long Term Assets	-	-
Current Assets	131	5,653
Current Liabilities	(25)	(5,362)
Long Term Liabilities	-	-
Net Assets	106	291
Shareholdings	-	-
Retained Reserves	106	291
Equity	106	291

Positive impact: Cash; Short Term Debtors

Negative impact: Short term Creditors

What to do now....

Members of the Sub Committee should consider:

- Quality of the supporting narrative in the accounts
- Relevance of the information provided
- Transparency of the accounts
- Engage with the Finance Team on any queries up to the Sub Committee Date

The Finance Team will:

- Work with Grant Thornton and Mazars to complete the audit.
- Finalise the accounts based on feedback