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# **2022/23 Draft Financial Statements Wholly Owned Companies**

**Audit & Governance Committee**

**8<sup>th</sup> 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 31<sup>st</sup> December (for Accounting periods ending 31 March).

# Important Dates

<b>June 1<sup>st</sup></b>	Summary Financial Statements on company websites
<b>June 8<sup>th</sup></b>	Committee receive presentation on draft Financial Statements – WOC's
<b>July (part) &amp; September</b>	Grant Thornton on site for main audit (Sept)
<b>October</b>	WOC Boards receive audit findings and Audited FS for Approval.
<b>Date TBC</b>	Committee receive audit findings and Audited Financial Statements for noting.
<b>On or before December 31<sup>st</sup></b>	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
<b>Revised Management Fee 2022/23</b>	<b>36,386</b>	<b>2,249</b>	<b>0</b>
<b>Core Out-turn 2022/23</b>	<b>35,947</b>	<b>1,993</b>	<b>131*</b>
<b>Rebate to CEC / (Additional Cost to CEC)</b>	<b>439</b>	<b>256</b>	<b>25</b>
Core Out-turn – post rebate/Charge to CEC	0	0	106
<b>Commercial Out-turn after Tax</b>	<b>283</b>	<b>73</b>	<b>0</b>
<b>NET Profit retained by Company</b>	<b>283</b>	<b>73</b>	<b>106**</b>

\* (£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
<b>Opening Balance</b>	<b>1,101</b>	<b>386</b>	<b>291</b>	<b>1,778</b>
Dividend	-	-	(291)	(291)
In Year Profit	283	73	106	462
<b>Change</b>	<b>283</b>	<b>73</b>	<b>(185)</b>	<b>171</b>
<b>Closing Balance</b>	<b>1,384</b>	<b>459</b>	<b>106*</b>	<b>1,949</b>

\*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)
<b>Gross Profit or (Loss)</b>	<b>6,726</b>	<b>7,602</b>
Administration Costs	(6,354)	(7,413)
Other Operating Income/Expenditure (net)	82	2
<b>Net Operating Profit / (Loss)</b>	<b>454</b>	<b>191</b>
Interest Receivable / Payable (net)	(93)	(78)
Corporation Tax	(78)	(20)
<b>Net Profit</b>	<b>283</b>	<b>93</b>



# 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)
<b>Net Assets</b>	<b>1,384</b>	<b>1,101</b>
Shareholdings	-	-
Retained Reserves	1,384	1,101
<b>Equity</b>	<b>1,384</b>	<b>1,101</b>

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)
<b>Gross Profit or (Loss)</b>	<b>993</b>	<b>834</b>
Administration Costs	(923)	(774)
Other Operating Income/Expenditure (net)	0	0
<b>Net Operating Profit / (Loss)</b>	<b>70</b>	<b>60</b>
Interest Receivable / Payable (net)	(1)	-
Corporation Tax	4	(15)
<b>Net Profit</b>	<b>73</b>	<b>45</b>

# 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	-	-
<b>Net Assets</b>	<b>459</b>	<b>386</b>
Shareholdings	-	-
Retained Reserves	459	386
<b>Equity</b>	<b>459</b>	<b>386</b>

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)
<b>Gross Profit or (Loss)</b>	<b>96</b>	<b>901</b>
Administration Costs	(13)	(957)
Other Operating Income/Expenditure (net)	-	-
<b>Net Operating Profit / (Loss)</b>	<b>83</b>	<b>(56)</b>
Interest Receivable / Payable (net)	-	-
Corporation Tax	23	(27)
<b>Net Profit</b>	<b>106</b>	<b>(83)</b>

# 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	-	-
<b>Net Assets</b>	<b>106</b>	<b>291</b>
Shareholdings	-	-
Retained Reserves	106	291
<b>Equity</b>	<b>106</b>	<b>291</b>

Positive impact: Cash; Short Term Debtors

Negative impact: Short term Creditors

# What to do now....

## **Members of the 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 Committee Date

## **The Finance Team will:**

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