

Finance Sub Committee 25th June 2024

2023/24 Draft Financial Statements Wholly Owned Companies

Publishing deadlines

The Accounts and Audit (Amendment) Regulations 2023

- The Accounts and Audit (Amendment) Regulations 2023 statutory audit deadlines for 2023/24 state the publication date for audited accounts 31st May to 30th September 2024 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

To be published alongside CEC draft Accounts as soon as available.	Summary Financial Statements on company websites
June 25th	Sub Committee receive presentation on draft Financial Statements – WOC's
July - Sept	Grant Thornton on site for main audit (July)
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 2024 Board cycle.
- The Group of Companies accounts are audited by Grant Thornton UK LLP.

Wholly Owned Company – Single Entity Financial Statements

Strategic Report

- Overview of financial performance.
- Includes achievements, risks and lots of facts and figures.
- A separate Company led report on 2023-24 Operational Performance & Financial performance was provided to CLT (08/05/24).

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 £0.173m (2022/23 £0.462m), leaving retained reserves at £2.016m.
- Wholly Owned Companies Net Core Contract Spending was £45.051m (2022/23 £37.94m)

Members of the Sub Committee should consider:

- 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

Wholly Owned Company – Out-turn Performance 2023/24

Out-turn	Ansa £'000	Orbitas £'000
Core Management Fee 2023/24	40,676	1,974
Additional Management Fee claimed in year*	2,467	261
Revised Management Fee 2023/24	43,143	2,235
Core Out-turn 2023/24	42,921	2,130
Overspend / Under-spend at Out-turn	(222)	(105)
Rebate to CEC / (Additional Cost to CEC)	247	105
Core Out-turn – post rebate/Charge to CEC – (over)/under	(25)	0
Commercial Out-turn after Tax	132	66
NET Profit retained by Company	107	66

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

- ANSA – Significant Inflation (Pay Award, Waste Contract Inflation / recycling income decline)
- Orbitas – Pay inflation plus Handyperson additional demand from Adult Social Care

Movement in reserves (£m)	Ansa	Orbitas	TSS	Total
Opening Balance	1.384	0.459	0.023	1.866
Dividend	-	-	(0.023)	(0.023)
In Year Profit	0.107	0.066	-	0.173
Change	0.107	0.066	-	0.173
Closing Balance	1.491	0.525	-	2.016

*TSS adjusted opening balance £0.023m being £0.106m less £0.083m rebate to CEC on reconciliation of 2021/22 final entries. A final Dividend from TSS to CEC £0.023m early 2023/24.

Ansa Environmental Services Limited - Out-turn Performance 2023/24

Statement of Consolidated Income	2023/24 £'m	2022/23 £'m
Turnover	50.456	45.614
Cost of Sales	(43.617)	(38.888)
Gross Profit or (Loss)	6.839	6.726
Administration Costs	(6.572)	(6.354)
Other Operating Income/Expenditure (net)	0.002	0.082
Net Operating Profit / (Loss)	0.269	0.454
Interest Receivable / Payable (net)	(0.179)	(0.093)
Corporation Tax	0.017	(0.078)
Net Profit	0.107	0.283

Statement of Financial Position	2023/24 £m	2022/23 £m
Long Term Assets	4.532	5.661
Current Assets	9.896	8.106
Current Liabilities	(9.205)	(7.534)
Long Term Liabilities	(3.732)	(4.849)
Net Assets	1.491	1.384
Shareholdings	-	-
Retained Reserves	1.491	1.384
Equity	1.491	1.384

Orbitas Bereavement Services Limited - Out-turn Performance 2023/24

Statement of Consolidated Income	2023/24 £'000	2022/23 £'000
Turnover	2,543	2,502
Cost of Sales	(1,588)	(1,509)
Gross Profit or (Loss)	955	993
Administration Costs	(867)	(923)
Other Operating Income/Expenditure (net)	-	-
Net Operating Profit / (Loss)	88	70
Interest Receivable / Payable (net)	-	(1)
Corporation Tax	(22)	4
Net Profit	66	73

Statement of Financial Position	2023/24 £'000	2022/23 £'000
Long Term Assets	8	8
Current Assets	1,122	970
Current Liabilities	(604)	(519)
Long Term Liabilities	-	-
Net Assets	525	459
Shareholdings	-	-
Retained Reserves	525	459
Equity	525	459