

## Audit and Governance Committee 29<sup>th</sup> July 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

<b>July 18<sup>th</sup></b>	Summary Financial Statements on company websites
<b>July 29<sup>th</sup></b>	Committee receive report on draft Financial Statements – WOC's
<b>July - Sept</b>	Grant Thornton on site for main audit (July)
<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 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 Committee should consider:**

- 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

## 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
<b>Revised Management Fee 2023/24</b>	<b>43,143</b>	<b>2,235</b>
<b>Core Out-turn 2023/24</b>	<b>42,921</b>	<b>2,130</b>
<b>Overspend / Under-spend at Out-turn</b>	<b>(222)</b>	<b>(105)</b>
<b>Rebate to CEC / (Additional Cost to CEC)</b>	<b>247</b>	<b>105</b>
Core Out-turn – post rebate/Charge to CEC – (over)/under	(25)	0
<b>Commercial Out-turn after Tax</b>	<b>132</b>	<b>66</b>
<b>NET Profit retained by Company</b>	<b>107</b>	<b>66</b>

\*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
<b>Opening Balance</b>	<b>1.384</b>	<b>0.459</b>	<b>0.023</b>	<b>1.866</b>
Dividend	-	-	(0.023)	(0.023)
In Year Profit	0.107	0.066	-	0.173
<b>Change</b>	<b>0.107</b>	<b>0.066</b>	<b>-</b>	<b>0.173</b>
<b>Closing Balance</b>	<b>1.491</b>	<b>0.525</b>	<b>-</b>	<b>2.016</b>

\*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**

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

<b>Statement of Financial Position</b>	<b>2023/24 £m</b>	<b>2022/23 £m</b>
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)
<b>Net Assets</b>	<b>1.491</b>	<b>1.384</b>
Shareholdings	-	-
Retained Reserves	1.491	1.384
<b>Equity</b>	<b>1.491</b>	<b>1.384</b>

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

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

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