

OPEN

Audit and Governance Committee

28 July 2025

Draft Financial Statements – Wholly Owned Companies 2024/25 and Outturn Update 2024/25

**Report of: Ashley Hughes, Executive Director of Resources,
Section 151 Officer**

Report Reference No: FSC/09/25-26 AG/16/25-26

Ward(s) Affected: Not applicable

For Scrutiny

Purpose of Report

- 1 This report confirms that the Council's wholly owned companies (WOC's) will publish, on their websites, their pre-audit Summary Financial Statements for year ended 31 March 2025, alongside the Council's 2024/25 Group Financial Statements.
- 2 Information on the 2024/25 pre-audit Financial Statements for the WOC's will be presented to the Committee. This step is taken to provide Committee members with an early summary of the Company single entity accounts and whilst the Committee do not approve the Financial Statements it enables them to review in advance of any formal responsibility to approve the Council Group Accounts which these Financial Statements feed into.
- 3 This report provides members with the pre-audited overview of the Company Outturn for the financial year 2024/25. Members are being asked to note the financial performance of the Companies.

Executive Summary

- 4 This report outlines the timelines and processes for the pre-audited WOC's Financial Statements for 2024/25.
- 5 This report also provides Members with an overview of the Outturn position for the Companies for the financial year 2024/25.

- 6 The report provides an update on the changes to the WOC.

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Note the summarised position of the WOC Financial Statements for year ended 31 March 2025 based on the information provided at this meeting and included in this report at Appendix 1.
2. Note the dates in relation to the approval process for the Financial Statements.
3. Note the overall financial performance of the WOC's in the 2024/25 financial year, as contained within the Appendix 1, as follows:
 - a. ASDV Reserves increased by £0.334m, retained reserves are £0.848m.
 - b. Wholly Owned Companies Net Core Contract Spending was £43.611m.

Background

- 7 The Company financial statements are prepared in accordance Financial Reporting Standard 101 (Reduced Disclosure Framework) in accordance with recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).
- 8 Following the decision made by the Finance Sub-Committee on [25 June 2024](#), the draft financial statements for Ansa Environmental Services Ltd (Ansa) and Orbitas Bereavement Services Ltd (Orbitas) have been prepared on break up basis* and comply with the Companies Act 2006.
- * Under the Going Concern section within the Company Accounts, there is reference to the Accounts being prepared on a “break up” basis rather than being a Going Concern. This has been quoted and used previously and is an accounting method used when a company is ceasing operations or is in the process of liquidation, requiring financial statements to reflect the company's ability to settle its liabilities.
- 9 The CEC Group statements consolidate the accounts of CEC and two wholly owned subsidiaries (Ansa and Orbitas).
- 10 This mirrors treatment of these organisations in 2023/24. The single entity statements for Ansa and Orbitas will be presented to the Company

Boards for approval in October 2025 and will also be brought back to the Committee for noting in December 2025.

- 11 The objective of the Financial Statements is to provide information about the WOC's financial performance that is useful to a wide range of interested parties including CEC as Shareholder. Its purpose is to give readers and stakeholders clear information about the Company finances and to answer questions such as: what did services cost; where the money came from; what are the significant events this year; and what is the Company net worth?
- 12 Members are not required to approve the pre-audit company Financial Statements. However, the Executive Director of Resources (Section 151 Officer) is providing the Committee with an early indication of the key messages from these Financial Statements as part of the overall financial reporting for the Cheshire East Group.
- 13 A Summary Financial Statement document comprising of the Statement of Consolidated Income (Profit & Loss) and the Statement of Financial Position (Balance Sheet) will be published alongside the Council's draft 2024/25 Accounts (estimated 31 July 2025) for each respective company on their website with a link to the CEC Group Accounts. Company Boards are responsible for approving the Financial Statements and ensuring that they are published at Companies House 9 months after the Accounting Date (31 March 2025), therefore on or before 31 December 2025.
- 14 The final audited Financial Statements will also be presented to this Committee for noting in December 2025 along with a copy of the respective External Audit Reports.

2024/25 Outturn

- 15 The core contract expenditure of Ansa and Orbitas, charged at cost to CEC in 2024/25 is £43.611m (2023/24: £45.051m). This reduction in costs is due to Orbitas coming back in house on 1 February 2025 and the wind down of ANSA, most of which came back into CEC on 1 April 2025.
- 16 The movement in reserves reflecting net (after tax) commercial profits of Ansa and Orbitas were:
 - Opening Balances £2.014m
 - Dividend Payment (£1.500m)
 - In Year Profit £0.334m
 - Closing Reserves £0.848m

Update on Wholly Owned Companies

- 17 Following a review of the two remaining WOCs the recommendation to bring both Ansa and Orbitas back in house was considered and approved by members at Finance Sub-Committee on 25 June 2024.
- 18 Following this decision a number of workstreams were formed to ensure a smooth transition back to the Council. Orbitas was brought back with effect from 1 February 2025 and most of Ansa from 1 April 2025.
- 19 It was not possible to bring the Ansa transport service back on that date due to operator licence issues and a revised date is being established in 2025/26.
- 20 Therefore, the intention is that the accounts for Orbitas for 2024/25 will be the last set of accounts for that company and it will be wound up in the 2025/26 financial year. For Ansa, as that has carried on trading but at a reduced level, it is expected that the 2025/26 accounts will be the final set and these will need to be audited. It is expected that Ansa will be wound up in the 2026/27 financial year.

Consultation and Engagement

- 21 The WOC Summary Financial Statements will be made available on the company websites in line with the Council's draft 2024/25 Accounts publication date (TBC – estimated 31 July 2025).
- 22 The WOC's are required to publish their audited Financial Statements at Companies House on or before 31 December (for Accounting periods ending 31 March). Accounts for each of the private companies within the Cheshire East Group will also be provided to Companies House as required.

(website: <https://www.gov.uk/government/organisations/companies-house>)

Reasons for Recommendations

- 23 The draft Financial Statement present the financial performance for the companies for the financial year 2024/25. The Executive Director of Resources (Section 151 Officer) is providing the Committee with an early indication of the key messages from these Financial Statements as part of the overall financial reporting for the Cheshire East Group.

Other Options Considered

24

| Option | Impact | Risk |
|--|---|--|
| Outturn reporting and Draft Accounts could be delayed until post audit, to avoid the risk of provisional figures changing. | This is not a recommended option as the audit completion certificate is not expected until October 2025 | Delaying the reporting element of the company out-turn and Accounts minimises the ability to react to issues that may impact on the Group and in-year monitoring. Provisional reporting has historically been accurate, so it is appropriate to report the financial information provided in this report. |

Implications and Comments

Monitoring Officer/Legal/Governance

- 25 The financial statements have been prepared in accordance Financial Reporting Standard 101 (Reduced Disclosure Framework) in accordance with recognition, measurement, and disclosure requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).
- 26 Following the decision made by the Finance Sub-Committee on 25 June 2024, the draft Financial Statements for Ansa and Orbitas have been prepared on a break-up basis and comply with the Companies Act 2006.
- 27 The Accounts and Audit (Amendment) Regulations 2022 statutory audit deadlines for 2024/25 state the publication date for audited accounts is 30 June 2025 for all local authority bodies. CEC have published a delay notice. As part of the Cheshire East Council Group, the Wholly Owned Companies are required to comply with this same deadline but are only required to publish Draft Summary Financial Statements on their respective websites.

- 28 The audited Financial Statements are to be approved by the Company Boards and published by the 31 December 2025 on Companies House.

Section 151 Officer/Finance

- 29 The Financial Statements summarise the financial activities of the Companies for the preceding financial year and their position at the year end. They summarise the Company turnover and expenditure, assets and liabilities, and the level of reserves and indebtedness. As the statements are subject to external audit and opinion, they present a key measurement of the overall financial performance of the company. The Financial Statements are an important part of Company and also Council Group financial governance and stewardship arrangements.

Human Resources

- 30 There are no Human Resources Implications.

Risk Management

- 31 The financial statements have been prepared in accordance with Financial Reporting Standard 101 (Reduced Disclosure Framework) in accordance with recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006.
- 32 Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 "Reduced Disclosure Framework"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.
- 33 Failure to prepare the financial statements as described above could result in a qualification of the accounts which may lead to further audit costs in future as well as an adverse impact on the Company and Council reputation.

Impact on other Committees

- 34 There are no direct impacts on other Communities.

Policy

- 35 There are no Policy implications.

| |
|--|
| Commitment 3: An effective and enabling council |
|--|

Equality, Diversity and Inclusion

36 There are no Equality, Diversity or Inclusion Implications.

Other Implications

37 N/A

Consultation

| Name of Consultee | Post held | Date sent | Date returned |
|--|---------------------------|-----------|---------------|
| <i>Statutory Officer (or deputy) :</i> | | | |
| Ashley Hughes | S151 Officer | 04/07/25 | 17/07/25 |
| Janet Witkowski | Acting Monitoring Officer | 04/07/25 | 17/07/25 |
| <i>Legal and Finance</i> | | | |
| Janet Witkowski | Acting Monitoring Officer | 04/07/25 | 17/07/25 |

| Access to Information | |
|-----------------------|--|
| Contact Officer: | Tracy Baldwin - Finance Manager – Strategic Finance and Accounting Tracy.baldwin@cheshireeast.gov.uk |
| Appendices: | Appendix 1 – Presentation - Summary Wholly Owned Company Financial Statements 2024/25 |
| Background Papers: | None |