

**MAIDSTONE BOROUGH COUNCIL**

**RECORD OF DECISION OF THE COBTREE MANOR ESTATE ANNUAL  
ACCOUNTS 2022/23**

Decision Made: 24 January 2024

**Cobtree Manor Estate Annual Accounts 2022/23**

**Issue for Decision**

To approve the Accounts 2022/23 and the Letter of Representation and to note the contents of the Audit Findings Report.

**Decision Made**

1. That the Report and Financial Statement for 2022/23 be approved and submitted to the Charity Commission.
  
2. That the Letter of Representation be approved.
  
3. That the contents of the Audit Findings Report be noted.

**Reasons for Decision**

**INTRODUCTION AND BACKGROUND**

The audit of the Report and Financial Statements is now substantially complete. The audit was undertaken by UHY Hacker Young, appointed external auditors to the Trust. Issues arising from the audit are set out below.

**ACCOUNTS 2022/2023**

The Annual Report and Financial Statements are shown at **Appendix 1** of the report. This includes the independent auditor's report, which includes their opinion on the Statement.

A number of amendments were made to the draft accounts that were submitted for audit, and there were also a small number of unadjusted misstatements. These are shown as part of the Audit Findings Report. None of these should have had any impact upon the financial resources available to the Trust.

At the time of writing the report one issue remained outstanding. The valuation for Garden Cottage was being reviewed as the valuer may have not had the most up to date information when he initially valued it. A verbal update on this and changes to the figures in the accounts was given to the Committee at the meeting, but as this was only an accounting entry it did not have any impact upon the financial resources available to the Trust.

There are a number of points that should be noted within the Financial Statements:

- The total funds of the Trust as shown on the Balance Sheet have reduced from £4.58m to £4.27m, with the Statement of Financial Activities (SOFA) showing a net funds decrease of £310,174 for the year.
- The main reason for the reduction in the value of the funds is the revaluation of the golf course and the residential properties. The reduction of the golf course reflects the reduced level of rent due under the terms of the new contract. The reduction in the value of Garden Cottage reflects the fact that it is now being let to Maidstone Property Holdings Ltd for a 25-year period rather than being let out on the same basis as the Stream Cottages properties. (As referenced earlier this valuation is subject to change)
- There was also a reduction of £54,117 in the value of the Charifund investment compared to 31<sup>st</sup> March 2022.
- As mentioned earlier this means the value of funds held by the Trust have reduced from £4.58m to £4.27m. As the majority of this reduction is a consequence of asset revaluations this means there has been no change in the resources available to the Trust going forward.
- There were also two adjustments made as a result of the audit. Firstly, an invoice to the value of £12,727 has been written off as it was established that this was a duplicate, and the original had been paid. Secondly there was an irrecoverable VAT balance of £18,099 that has also been written-off. This has arisen due to the way VAT has to be accounted for in relation to the activities on the Estate, which means that not all the VAT due is recoverable.

The Letter of Representation for 2022/23 (Appendix 2 to the report) asks Trustees to confirm a number of statements relating to the audit and the information supplied to the auditors during the course of their audit.

The Audit Findings Report (Appendix 3 to the report) sets out the accounting adjustments that were agreed with the auditors after the draft accounts were submitted to them.

## **AUDIT FINDINGS REPORT**

The Audit Findings Report is attached at Appendix 3 to the report. The purpose of this report is to bring to the attention of the Committee various matters that have arisen from the external audit.

The audit is substantially complete, and it is anticipated that an unmodified audit report will be issued.

The report also covers significant audit risks and other areas of focus and sets out some details regarding accounting practices and financial reporting issues.

The report summarises the accounting adjustments that were agreed following the audit of the accounts, which were referenced earlier in the section on the accounts earlier in this report.

There are no new recommendations for processes and internal controls, and the

report confirms that the recommendation relating to the issues identified during the 2021/22 accounts closedown have now been resolved.

The final section covers developments in the charity accounting sector.

### **Alternatives considered and why rejected**

There are no other available options.

There is a legal requirement to produce and approve the Report and Financial Statements in order that they can be submitted to the Charity Commission by 31 January 2024.

Approval of the Letter of Representation is a requirement of the external audit process.

The Audit Findings Report is written for the benefit of those charged with governance to bring to their attention matters of interest that have arisen during the external audit process, therefore it needs to be considered by the Committee.

### **Background Papers**

None.

I have read and approved the above decision for the reasons (including possible alternative options rejected) as set out above.



Signed: \_\_\_\_\_  
Leader of the Council – Councillor David Burton

Full details of both the report for the decision taken above and any consideration by the relevant Policy Advisory Committee can be found at the following area of the [website](#)

Call-In: This decision is urgent as there is a legal requirement to produce and approve the Report and Financial Statements in order that they can be submitted to the Charity Commission by 31 January 2024. The decision is therefore not subject to call-in, with the requirements of Part C2, Rule 13.5 of the Council's Constitution having been met.