

**Accounts 2022/23**

<b>Final Decision-Maker</b>	Cobtree Manor Estate Committee
<b>Lead Head of Service</b>	Director of Finance, Resources & Business Improvement – Mark Green
<b>Lead Officer and Report Author</b>	Paul Holland, Senior Finance Manager (Client)
<b>Classification</b>	Public
<b>Wards affected</b>	Boxley

**Executive Summary**

The audit of the Trust accounts for 2022/23 has now been completed and an unmodified audit opinion will be issued. This report summarises the main points from the accounts and seeks approval of them so they may be submitted to the Charity Commission.

**Purpose of Report**

To formally approve the Trust accounts for 2022/23.

**This report makes the following recommendations to this Committee:**

1. That the Report and Financial Statement for 2022/23 are 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.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Cobtree Manor Estate Committee	24 January 2024

# Accounts 2022/23

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	The operation of the Estate directly supports the objects of the Trust as set out when the Council became the Corporate Trustee	Senior Finance Manager (Client)
<b>Cross Cutting Objectives</b>	The operation of the Estate supports the Council's strategic objective to ensure there are good leisure and cultural attractions in the Borough.	Senior Finance Manager (Client)
<b>Risk Management</b>	There is a potential reputational risk if the annual accounts are not prepared correctly and in accordance with recommended best practice.	Senior Finance Manager (Client)
<b>Financial</b>	There is a financial risk to the Trust if the operations cost more than predicted or fail to generate sufficient income to cover the costs of running them estate.	Senior Finance Manager (Client)
<b>Staffing</b>	There are no additional implications arising from this report.	Senior Finance Manager (Client)
<b>Legal</b>	<p>Under the Council's Constitution the Committee as Corporate Trustee is responsible for all matters relating to the Charity with the exception of daily management.</p> <p>Law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. There is then a requirement to have the statements audited externally and submitted to the Charity Commission.</p> <p>There are no further implications arising from this report.</p>	Senior Finance Manager (Client)
<b>Privacy and Data Protection</b>	There are no new privacy or data protection implications as a result of this report and recommendations.	Senior Finance Manager (Client)

<b>Equalities</b>	There is no impact on Equalities as a result of the recommendations in this report. An EqIA would be carried out as part of a policy or service change should one be identified.	Equalities & Communities Officer
<b>Public Health</b>	There are no additional implications arising from this report.	Public Health Officer
<b>Crime and Disorder</b>	There are no additional implications arising from this report.	Senior Finance Manager (Client)
<b>Procurement</b>	There are no additional implications arising from this report.	Senior Finance Manager (Client)
<b>Biodiversity &amp; Climate Change</b>	The implications of this report on biodiversity and climate change have been considered and there are no implications on biodiversity and climate change.	Biodiversity and Climate Change Manager

## 2. INTRODUCTION AND BACKGROUND

2.1 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 dealt with in the next section of this report.

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## 3. ACCOUNTS 2022/2023

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

3.2 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. Details of both are shown as part of the Audit Findings Report, which is discussed later in this report. None of these should have had any impact upon the financial resources available to the Trust.

3.3 At the time of writing this report one issue remains outstanding. The valuation for Garden Cottage is 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 any changes to the figures in the accounts will be given to the Committee at the meeting, but as this is only an accounting entry it does not have any impact upon the financial resources available to the Trust.

3.4 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.

3.5 **Appendix 2** is the Letter of Representation for 2022/23. This 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.

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

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## 4. **AUDIT FINDINGS REPORT**

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

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

- 4.3 The report also covers significant audit risks and other areas of focus and sets out some details regarding accounting practices and financial reporting issues.
  - 4.4 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.
  - 4.5 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.
  - 4.6 The final section covers developments in the charity accounting sector.
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## **5. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 5.1 That the Committee approves the Report and Financial Statements in order that they can then be submitted to the Charity Commission by 31<sup>st</sup> January 2024.
  - 5.2 There are no other available options as there is a legal requirement to produce and approve the Report and Financial Statements.
  - 5.3 That the Letter of Representation is approved as this is a requirement of the external audit process.
  - 5.4 That the contents of the Audit Findings Report are noted.
  - 5.5 There are no alternative actions. 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.
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## **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 The Report and Financial Statements will be submitted to the Charity Commission for publication on their website.
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## **7. REPORT APPENDICES**

- Appendix 1 – Report and Financial Statements 2022/23
- Appendix 2 – Letter of Representation
- Appendix 3 – Audit Findings Report

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**8. BACKGROUND PAPERS**

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