

Accounts 2021/22

Final Decision-Maker	Cobtree Manor Estate Committee
Lead Head of Service	Director of Finance, Resources & Business Improvement – Mark Green
Lead Officer and Report Author	Paul Holland, Senior Finance Manager (Client)
Classification	Public
Wards affected	Boxley
Reason for Urgency	The audited and approved accounts need to be submitted to the Charity Commission by 31 st January 2023.

Executive Summary

The audit of the Trust accounts for 2021/22 has now been substantially 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 2021/22.

This report makes the following recommendations to this Committee:

1. That the Report and Financial Statement for 2021/22 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

Meeting	Date
Cobtree Manor Estate Committee	25 January 2023

Accounts 2021/22

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The operation of the Estate directly supports the objects of the Trust as set out when the Council became the Corporate Trustee	Director of Finance, Resources & Business Improvement
Cross Cutting Objectives	The operation of the Estate supports the Council's strategic objective to ensure there are good leisure and cultural attractions in the Borough.	Director of Finance, Resources & Business Improvement
Risk Management	There is a potential reputational risk if the annual accounts are not prepared correctly and in accordance with recommended best practice.	Leisure Manager
Financial	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)
Staffing	There are no additional implications arising from this report.	Leisure Manager
Legal	<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>	Team Leader (Corporate Governance), Mid Kent Legal Services
Privacy and Data Protection	There are no new privacy or data protection implications as a result of this report and recommendations.	Principal Solicitor (Corporate

		Governance), Mid Kent Legal Services
Equalities	There are no additional implications arising from this report.	Anna Collier Policy and Information Manager
Public Health	There are no additional implications arising from this report.	Public Health Officer
Crime and Disorder	There are no additional implications arising from this report.	Director of Finance, Resources & Business Improvement
Procurement	There are no additional implications arising from this report.	Director of Finance, Resources & Business Improvement
Biodiversity & Climate Change	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.

3. ACCOUNTS 2021/2022

- 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 is also one unadjusted misstatement, both of which are shown as part of the Audit Findings Report, which is discussed later in this report. None of these have had any impact upon the financial resources available to the Trust.
- 3.3 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 increased slightly from £4.44m to £4.58m, with the Statement of Financial Activities (SOFA) showing a net funds increase of £142,490 for the year.
- On the Balance Sheet the main movements are in the debtors and creditors balances. There was a higher level of debtors at the end of the year which mainly reflected sums due from the Council for income due to the Estate and from the contractors at the golf course and Kent Life. These outstanding sums have all now been received. The movement in the creditors balance mainly reflects sums due to the Council for expenditure on the Estate and the continuing repayment of the car park construction costs to the Council.
- On the SOFA there was an increase of £30,576 in income received, and a slight reduction in expenditure of £15,179. Further details of income are shown at note 4 to the accounts and reflect the return to more normal levels of business following the Covid pandemic. Further details of expenditure are shown at note 8 to the accounts. Following the change in management arrangements there are no longer any salaries charged to the accounts, this has been replaced by the arrangement with the Council, which is the parks and open spaces figure of £121,372.

3.4 **Appendix 2** is the Letter of Representation for 2021/22. 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.

3.5 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.

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 two recommendations regarding processes and internal controls, one of which has been classified as urgent. There were some difficulties encountered in putting together the accounts for 2021/22 which have taken

some time to resolve hence the late submission of this report to the agenda.

- 4.6 The comments of the auditors and their recommendations are fully accepted, and officers are considering the best way to streamline the way the accounts are put together, as well as considering if there are any other options going forward that would make the process less complicated.
 - 4.7 As referenced earlier none of the issues identified have any impact upon the financial resources available to the Estate going forward and were of a technical accounting nature. It is however clearly important that these issues are not repeated in future years.
 - 4.8 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 31st January 2023.
 - 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 2021/22
 - Appendix 2 – Letter of Representation
 - Appendix 3 – Audit Findings Report
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8. BACKGROUND PAPERS

None.