

Members' Briefing Pack



14 June 2023

Title	<i>Audited accounts for Spelthorne Direct Services Ltd, for the year end 31 March 2022.</i>
Purpose of the report	To note
Report Author	<i>Terry Collier Chief Finance Officer</i>
Ward(s) Affected	All Wards
Exempt	No
Corporate Priority	Environment Service delivery
Recommendations	Committee is asked to note the report.
Reason for Recommendation	<i>The Board of Directors at Spelthorne Direct Services Ltd approved the accounts for the year ended 31 March 2022 on 20 March 2023, following a meeting with the Auditors.</i> <i>The Auditors provided an unqualified audit report, and the accounts were filed at Companies House and with His Majesty's Revenue & Customs (HMRC), where there was no Corporation Tax to pay.</i>

1. Summary of the report

- 1.1 The unqualified audited accounts for the year ended 31 March 2022, were approved by the Spelthorne Direct Services Ltd, (SDS) Board on 20 March 2023 and filed at Companies House.
- 1.2 There was no Corporation Tax to pay.
- 1.3 The accounts show the following:

	2021/22	2020/21
Turnover	£199,598	£36,672
Profit/(loss) for the year	£58,893	(£48,552)
Total equity	£10,342	(£48,551)

- 1.4 Following the lifting of restrictions after the COVID-19 pandemic, the business has improved considerably in the next twelve months based on the unaudited

draft accounts, with turnover increasing by 87% to £373,207, the reasons for this are twofold:

- (a) The Company successfully tendered for and won a major contract with one of the private estates in the area.
- (b) Exceptional Customer Service based upon the following feedback received from a customer.

“We changed from one of the largest suppliers in the waste industry to Spelthorne Direct Services about a year ago. We could not be happier, halved our price and trebled the service from Zoey and her team, her absolutely fabulous and so very helpful drivers. Nothing is too much trouble, rain or shine they do it with a smile. Not the easiest of jobs to collect our rubbish/recycling each week but it doesn't get much better than Spelthorne Direct Services. Huge thanks from us all” Guy and the team at ICD Couriers.

2. Key issues

- 2.1 The accounts for SDS are prepared by the internal staff at the company, with support from the Finance Team at Spelthorne Borough Council and are externally audited by MGI-Midgley Snelling.
- 2.2 Based upon their work carried out, the Directors signed the report on 20 March 2023 (Appendix A) and the Board formally accepted them on 21 March, following a meeting with Tracey Wickens, the Senior Statutory Auditor at MGI-Midgely Snelling.
- 2.3 Also attached is the Letter of Communication from the Auditor, which states that:
 - (a) There was no change in the audit process.
 - (b) There were no significant findings coming from the audit.
 - (c) There was an initial weakness identified regarding the assets, however, as subsequently explained to the Senior Statutory Auditor, **SDS does maintain accurate records of where each bin is located, the serial number of the bin, which are recorded in a system called Purgo.**
 - (d) A list of immaterial audit adjustments, see Appendix B below.
 - (e) Confirmation of an anticipated clean audit report being issued, subject to final checks and submissions.
 - (f) Confirmation that the auditors agree with the Directors views on:
 - i) Going concern
 - ii) Accounting policies and disclosures
 - (g) There were no related party issues.
 - (h) All third-party confirmations were received.
 - (i) Confirmation of MGI-Midgley Snellings independence.
- 2.4 As part of the normal audit process, the Directors were asked reprint the attached Letter of Representation (Appendix C) on company letter head, sign and return to the auditors, and there was nothing to highlight in this response.

2.5 This letter sets out key affirmations that the Directors have made during the audit process and that the auditors have highlighted, particularly in respect of Appendix A and B.

2.6 The aggregate adjustments are immaterial when considered as part of the group accounts. However, as Officers will be amending the Group accounts for the Council's other subsidiary, the Directors have accepted the small immaterial adjustments.

3. Financial implications

3.1 There are no further financial implications.

4. Risk considerations

4.1 There are none.

5. Procurement considerations

5.1 The external auditors were appointed following an appropriate procurement exercise.

6. Legal considerations

6.1 There are none.

7. Other considerations

7.1 There are none.

8. Equality and Diversity

8.1 There are none.

9. Sustainability/Climate Change Implications

9.1 SDS actively encourages business to recycle their dry mixed recyclables and food waste cutting down on emissions of methane from food waste breaking down in landfill.

10. Timetable for implementation

10.1 Not applicable.

11. Contact

Terry Collier, Chief Finance Officer t.collier@spelthorne.gov.uk

Background papers: There are none.

Appendices:

Appendix A – SDS Audited accounts 31 March 2022

Appendix B – SDS Letter of Communication 31 March 2022

Appendix C – SDS Letter of Representation 31 March 2022