



**To:**  
**All members of the**  
**Environment and Sustainability**  
**Committee**

*Please reply to:*  
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Date: 09 January 2025

## Supplementary Agenda

### **Environment and Sustainability Committee - Tuesday, 14 January 2025**

Dear Councillor

I enclose the following item which was marked 'to follow' on the agenda for the Environment and Sustainability Committee meeting to be held on Tuesday, 14 January 2025:

**8. Audited Financial Statements for Spelthorne Direct Services Ltd 3 - 32**  
**(SDS) for the year end 31 March 2024**

To note the audited financial statements for Spelthorne Direct Services Ltd for the year end 31 March 2024.

Yours sincerely

Christeen Abee  
Corporate Governance

To the members of the Environment and Sustainability Committee

Councillors:

M. Beecher (Chair)	T. Burrell	O. Rybinski
K.M. Grant (Vice-Chair)	J.P. Caplin	J.R. Sexton
S.N. Beatty	S.M. Doran	J.A. Turner
M. Bing Dong	N. Islam	H.R.D. Williams

**Spelthorne Borough Council, Council Offices, Knowle Green**

**Staines-upon-Thames TW18 1XB**

[www.spelthorne.gov.uk](http://www.spelthorne.gov.uk) [customer.services@spelthorne.gov.uk](mailto:customer.services@spelthorne.gov.uk) telephone 01784 451499

L.H. Brennan

A. Mathur

P.N. Woodward

Substitute Members:

Councillors: M. Arnold, C. Bateson, D.C. Clarke, J.T.F. Doran,  
A. Gale, R.V. Geach, K. Howkins and L. E. Nichols

# Environment & Sustainability Committee

14 January 2025



<b>Title</b>	<i>To note the audited financial statements for Spelthorne Direct Services Ltd (SDS) for the year end 31 March 2024</i>
<b>Purpose of the report</b>	To note
<b>Report Author</b>	<i>Terry Collier Chief Finance Officer</i>
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Corporate Priority</b>	Community Addressing Housing Need Resilience Environment Services
<b>Recommendations</b>	<b>Committee is asked to note the report, and particularly the unqualified audit report.</b>
<b>Reason for Recommendation</b>	<p>The Board of Directors of Spelthorne Direct Services Ltd approved the accounts for the year ended 31 March 2024 on 16 August 2024.</p> <p>The Auditors provided an unqualified audit report and the accounts have been filed at Companies House and with His Majesty’s Revenue &amp; Customs (HMRC), where there is no Corporation Tax to pay.</p>

## 1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> <li>• This Committee is responsible for the oversight over Spelthorne Direct Services (SDS).</li> <li>• Every year the accounts of SDS are subject to an independent audit.</li> <li>• This report is a backward looking and focuses on the year to 31 March 2024.</li> <li>• Note that the external auditors gave an unqualified (no significant</li> </ul>	<ul style="list-style-type: none"> <li>• As part of good governance, this Committee manages the relationship with SDS on behalf of Council.</li> <li>• The SDS Board have discharged their duties and obtained an unqualified audit report for the year end 31 March 2024.</li> </ul>

<p>findings of concern) audit opinion for the year end 31 March 2024.</p> <ul style="list-style-type: none"> <li>• After depreciation and interest charges, the Company made a profit of £46k (2021-22: £10k) for the year to 31 March 2024.</li> </ul>	
<b>This is what we want to do about it</b>	<b>These are the next steps</b>
<ul style="list-style-type: none"> <li>• To review the report and its appendices.</li> <li>• Question managers and the Directors about the results contained in the financial statements, the comments in the management letter and the Directors response in the Letter of Representation, noting that this was a straightforward audit assignment.</li> <li>• Focus on the figures for 2023-24, as the previous year has been noted by the Committee.</li> </ul>	<ul style="list-style-type: none"> <li>• That the Committee note the report.</li> </ul>

## 2. Summary of the report

2.1 The unqualified audited accounts for the year ended 31 March 2024 were approved by the Spelthorne Direct Services Ltd (SDS) Board on 16 August 2024 and filed at Companies House.

2.2 There was no Corporation Tax to pay.

2.3 A summary of the profit and loss account on page 5 of Appendix A is shown below, noting that under Company Law, losses are shown as a negative figure and profits are shown as a positive figure, which is the reverse situation when reporting under the Chartered Institute of Public Finance Accountancy Code for Local Authorities:

	<b>2023-24</b>	<b>2022-23</b>
<b>Turnover</b>	£580,265	£373,587
<b>Profit/(loss) for the year</b>	£38,561	£35,316
<b>Total equity</b>	£84,219	£45,658

2.4 The business continues to grow steadily, given that it is a start-up business and the main changes during the year were as follows:

- (a) Turnover increased by over £200k compare to the previous year.
- (b) Direct costs increased by £155k.
- (c) Overheads increased by £14k, as the company took on additional admin support. Offset by reduced training costs and audit fee.

As the business grows, costs tend to take on a stepped change model, i.e., when a new contract is obtained, it is important that the company takes on resources to deliver the contract, in doing so, this provides spare capacity that takes time to fully cover new cost base, until additional contracts are obtained.

### **3. Key issues**

3.1 Attached is the Management Letter from the Auditor Appendix B, 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 feedback on the bank reconciliation, which highlights a small difference, upon review this issue was successfully resolved and no cash was at risk.

However, these have not been reflected in the trial balance and the Chief Accountant is dealing with this matter in February.

Please note that both adjustments are favourable and under the company's materiality levels and will be adjusted accordingly going forward.

3.2 The auditors also provided confirmation:

- (a) of an anticipated clean audit report being issued, subject to final checks and submissions.
- (b) that the auditors agree with the Directors views on:
  - i) Going concern
  - ii) Accounting policies and disclosures
- (c) that there were no related party issues.
- (d) that all third-party confirmations were received.
- (e) of MGI-Midgley Snellings independence.

3.3 As part of the normal audit process, the Directors were asked to review and sign the attached Letter of Representation (Appendix C). This letter sets out key affirmations that the Directors have made during the audit process.

### **4. Financial implications**

4.1 There are no further financial implications in respect of the financial accounts.

### **5. Risk considerations**

5.1 There are no significant risk issues to draw to this Committee's attention.

### **6. Options analysis and proposal**

6.1 Not applicable

### **7. Financial management comments**

- 7.1 Explain the key financial headlines linked to appropriate data in appendices (if required).
- 8. Procurement comments**
- 8.1 There are no Procurement implications in this report.
- 9. Legal comments**
- 9.1 It is a requirement under section 441 of the Companies Act 2006 for accounts to be filed every year at Companies House.
- 9.2 As the sole shareholder of SDS, the Council should have sufficient oversight of the company's activities. This report assists with providing financial oversight and gives assurance that SDS is financially sound.
- 10. Other considerations**
- 10.1 Detail any other considerations to be taken into account.
- 11. Equality and Diversity**
- 11.1 Detail how the recommended proposals will impact equality and diversity and mitigation measures being taken.
- 12. Sustainability/Climate Change Implications**
- 12.1 Detail how the proposal will support/impact sustainability/climate change issues.
- 13. Timetable for implementation**
- 13.1 Set out a timetable, if required, showing when the proposal in the report will be implemented.
- 14. Contact**
- 14.1 [T.Collier@spelthorne.gov.uk](mailto:T.Collier@spelthorne.gov.uk)

**Background papers:** There are none.

**Appendices:**

**Appendix A** – Signed Audited Accounts for Spelthorne Direct Services for the year end 31 March 2024.

**Appendix B** - Management Letter

**Appendix C** – Letter of Representation

Company registration number 12700913 (England and Wales)

**SPELTHORNE DIRECT SERVICES LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

# SPELTHORNE DIRECT SERVICES LTD

## COMPANY INFORMATION

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<b>Directors</b>	J C Taylor M Rogers	(Appointed 1 July 2024)
<b>Secretary</b>	F I Hussain	
<b>Company number</b>	12700913	
<b>Registered office</b>	Council Offices Knowle Green Staines-Upon-Thames Middlesex TW18 1XB	
<b>Auditor</b>	MGI Midgley Snelling LLP Ibex House Baker Street Weybridge Surrey KT13 8AH	



# SPELTHORNE DIRECT SERVICES LTD

## CONTENTS

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	<b>Page</b>
Directors' report	1
Independent auditor's report	2 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

# SPELTHORNE DIRECT SERVICES LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2024

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The directors present their annual report and financial statements for the year ended 31 March 2024.

#### Principal activities

The company's principal activity during the period is the collection, treatment and disposal of non-hazardous waste.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J C Taylor

P L P Taylor

M Rogers

(Resigned 1 July 2024)

(Appointed 1 July 2024)

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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). 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



J C Taylor

Director

Date: 13 August 2024

# SPELTHORNE DIRECT SERVICES LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SPELTHORNE DIRECT SERVICES LTD

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#### Opinion

We have audited the financial statements of Spelthorne Direct Services Ltd (the 'company') for the year ended 31 March 2024 which comprise the profit and loss account, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# SPELTHORNE DIRECT SERVICES LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF SPELTHORNE DIRECT SERVICES LTD

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

In planning and designing our audit tests, we identify and assess the risks of material misstatements within the financial statements, whether due to fraud or error. Our assessment of these risks includes consideration of the nature of the industry and sector, the control environment and the business performance along with the results of our enquiries of management, about their own identification and assessment of the risks of irregularities. We are also required to perform specific procedures to respond to the risk of management override.

As a result of this assessment, we considered the opportunities and incentives that may exist within the company for fraud and identified that the greatest area of risk was in relation to management override.

We have obtained an understanding of the legal and regulatory frameworks that the company operates in from discussions with the directors and our knowledge of the company and its industry sector. We have focused on the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and local tax legislation.

# SPELTHORNE DIRECT SERVICES LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF SPELTHORNE DIRECT SERVICES LTD

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We performed the following audit procedures after consideration of the above risks which included the following:

- enquiry of management of actual and potential litigation and claims;
- reviewing correspondence with HMRC and the company's legal advisors;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- reviewing meeting minutes between the directors and employees during the year.

The engagement partner has assessed that all engagement team members were made aware of the relevant laws and regulations and potential fraud risks and were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Tracey Wickens**  
Senior Statutory Auditor  
For and on behalf of MGI Midgley Snelling LLP

Date: 02/10/2024

Chartered Accountants  
Statutory Auditor

Ibex House  
Baker Street  
Weybridge  
Surrey  
KT13 8AH

# SPELTHORNE DIRECT SERVICES LTD

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

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	2024 £	2023 £
Turnover	580,265	373,587
Cost of sales	(331,902)	(177,195)
<b>Gross profit</b>	<u>248,363</u>	<u>196,392</u>
Administrative expenses	(181,655)	(167,245)
<b>Operating profit</b>	<u>66,708</u>	<u>29,147</u>
Interest receivable and similar income	1,070	2
Interest payable and similar expenses	4 (16,431)	(14,792)
<b>Profit before taxation</b>	<u>51,347</u>	<u>14,357</u>
Tax on profit	(12,786)	20,959
<b>Profit for the financial year</b>	<u><u>38,561</u></u>	<u><u>35,316</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# SPELTHORNE DIRECT SERVICES LTD

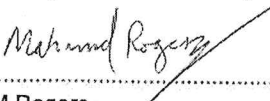
## BALANCE SHEET

AS AT 31 MARCH 2024

	Notes	2024		2023	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	5		324,371		356,956
<b>Current assets</b>					
Debtors	6	70,723		76,229	
Cash at bank and in hand		123,716		118,956	
		<u>194,439</u>		<u>195,185</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(196,592)</u>		<u>(113,483)</u>	
<b>Net current (liabilities)/assets</b>			<u>(2,153)</u>		<u>81,702</u>
<b>Total assets less current liabilities</b>			322,218		438,658
<b>Creditors: amounts falling due after more than one year</b>	8		<u>(237,999)</u>		<u>(393,000)</u>
<b>Net assets</b>			<u>84,219</u>		<u>45,658</u>
<b>Capital and reserves</b>					
Called up share capital	9		1		1
Profit and loss reserves			84,218		45,657
<b>Total equity</b>			<u>84,219</u>		<u>45,658</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 16/8/2024 and are signed on its behalf by:

  
.....  
M Rogers  
Director

Company registration number 12700913 (England and Wales)

# SPELTHORNE DIRECT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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### 1 Accounting policies

#### Company information

Spelthorne Direct Services Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Council Offices, Knowle Green, Staines-Upon-Thames, Middlesex, TW18 1XB.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future given the continued support from Spelthorne Borough Council. The directors feel that this facility is sufficient to enable the company to continue to trade over the next twelve months from the date of signing the accounts.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	10 - 20% straight line basis
Computers	20% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.6 Financial instruments

##### Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.



# SPELTHORNE DIRECT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

#### 1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# SPELTHORNE DIRECT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2024 Number	2023 Number
Total	7	5

### 4 Interest payable and similar expenses

	2024 £	2023 £
Interest payable and similar expenses includes the following:		
Interest payable to group undertakings	16,431	14,792

### 5 Tangible fixed assets

	Plant and machinery etc £
<b>Cost</b>	
At 1 April 2023	401,725
Additions	10,264
At 31 March 2024	411,989
<b>Depreciation and impairment</b>	
At 1 April 2023	44,769
Depreciation charged in the year	42,849
At 31 March 2024	87,618
<b>Carrying amount</b>	
At 31 March 2024	324,371
At 31 March 2023	356,956

# SPELTHORNE DIRECT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

<b>6 Debtors</b>				
		<b>2024</b>	<b>2023</b>	
<b>Amounts falling due within one year:</b>		<b>£</b>	<b>£</b>	
Trade debtors		62,549	55,269	
Other debtors		1	1	
		<u>62,550</u>	<u>55,270</u>	
		<b>2024</b>	<b>2023</b>	
<b>Amounts falling due after more than one year:</b>		<b>£</b>	<b>£</b>	
Deferred tax asset		8,173	20,959	
		<u>8,173</u>	<u>20,959</u>	
<b>Total debtors</b>		<u><u>70,723</u></u>	<u><u>76,229</u></u>	
<b>7 Creditors: amounts falling due within one year</b>		<b>2024</b>	<b>2023</b>	
		<b>£</b>	<b>£</b>	
Trade creditors		13,632	12,989	
Amounts owed to parent undertakings		31,780	16,936	
Taxation and social security		18,139	14,864	
Other creditors		133,041	68,694	
		<u>196,592</u>	<u>113,483</u>	
<b>8 Creditors: amounts falling due after more than one year</b>		<b>2024</b>	<b>2023</b>	
Amounts owed to parent undertakings		<u>237,999</u>	<u>393,000</u>	
Amounts included above which fall due after five years are as follows:				
Payable other than by instalments		<u>237,999</u>	<u>393,000</u>	
<b>9 Called up share capital</b>				
		<b>2024</b>	<b>2023</b>	
		<b>Number</b>	<b>Number</b>	
Ordinary share capital issued and not fully paid				
Ordinary share of £1 each		<u>1</u>	<u>1</u>	
		<u>£</u>	<u>£</u>	
		<u>1</u>	<u>1</u>	

## **SPELTHORNE DIRECT SERVICES LTD**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2024***

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**10 Financial commitments, guarantees and contingent liabilities**

At the date of the balance sheet, the company had an outstanding commitment of £Nil (2023: £200) due in relation to employers pension costs.

**11 Parent company**

Spelthorne Direct Services Ltd is a private company limited by shares and incorporated in England and is a wholly owned subsidiary of Spelthorne Borough Council who's registered office is Spelthorne Borough Council, Knowle Green, Staines-Upon-Thames, TW18 1XB.

# SPELTHORNE DIRECT SERVICES LTD

## DETAILED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

	2024	2024	2023	2023
	£	£	£	£
<b>Turnover</b>				
Sales		580,265		373,587
<b>Cost of sales</b>				
Direct costs		(194,300)		(103,251)
Temporary staff costs		(25,455)		(8,505)
Waste disposal		(4,778)		(6,150)
Motor running expenses		(75,202)		(39,190)
Depreciation		(32,167)		(20,099)
Total cost of sales		(331,902)		(177,195)
<b>Gross profit</b>		248,363		196,392
<b>Administrative expenses</b>				
Wages and salaries	121,824		99,219	
Social security costs	10,338		10,774	
Staff welfare	237		-	
Staff training	-		4,525	
Staff pension costs	1,561		2,468	
Rent	1,200		600	
Cleaning	180		60	
Insurance	2,182		2,182	
Computer running costs	66		2,131	
Motor running expenses	155		-	
Postage, courier and delivery charges	-		131	
Professional subscriptions	13,510		11,638	
Audit fees	7,050		10,000	
Bank charges	2,406		1,894	
Bad and doubtful debts	778		668	
Printing and stationery	534		1,680	
Advertising	1,700		2,967	
Telecommunications	1,558		1,090	
Entertaining	282		288	
Sundry expenses	4,212		2,206	
Storage costs	1,200		1,200	
Depreciation	10,682		11,524	
		(181,655)		(167,245)
<b>Operating profit</b>		66,708		29,147
<b>Interest receivable and similar income</b>				
Bank interest received	1,070		2	
		1,070		2
<b>Interest payable and similar expenses</b>				
Interest payable to group companies		(16,431)		(14,792)
<b>Profit before taxation</b>		51,347		14,357

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**Report to Management**  
**PRIVATE AND CONFIDENTIAL**

Our ref: TKW/MP/S1160/643422

Board of Directors  
Spelthorne Direct Services Limited  
Council Offices, Knowle Green  
Staines – Upon – Thames  
TW18 1XB

5 August 2024

Dear Sir/Madam

**REPORT TO MANAGEMENT – SPELTHORNE DIRECT SERVICES LTD**

During the course of our audit for the year ended 31 March 2024 a number of matters arose which we consider should be brought to your attention.

Accompanying this letter is a memorandum noting these points together with any recommendations we have for possible improvements which could be made.

These matters came to light during the course of our normal audit tests which are designed to assist us in forming our opinion on the financial statements. Our tests may not necessarily disclose all errors or irregularities and should not be relied upon to do so. However, if any irregularity did come to our attention during our audit tests, we would, of course, inform you immediately.

We have complied with the Financial Reporting Council's Ethical Standard and all threats to our independence, as identified to you in our planning communication letter dated 9 May 2024, have been properly addressed through appropriate safeguards. No additional facts or matters have arisen during the course of the audit that we wish to draw to your attention and we confirm that we are independent and able to express an objective opinion on the financial statements.

This report has been prepared for the sole use of the directors of Spelthorne Direct Services Ltd and must not be shown to third parties without our prior consent. No responsibilities are accepted by MGI Midgley Snelling LLP towards any party acting or refraining from action as a result of this report.

Finally, we would like to express our thanks to all of the company's staff who assisted us in carrying out our work.

Yours faithfully

*MGI Midgley Snelling LLP*

## SIGNIFICANT MATTERS RELEVANT TO OUR AUDIT FOR THE YEAR ENDED 31 MARCH 2024

### Audit approach

There were no changes to our audit approach as set out to you in our letter dated 9 May 2024.

### Summary of significant audit findings

Significant risk area identified at planning	Findings and recommendations
<p><b>Revenue recognition</b> Under ISA (UK) 240 there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the company could adopt accounting policies or recognise sales in such a way as to lead to a material misstatement in the reported revenue position.</p>	<p>We carried out a review and testing of revenue recognition policies, including transaction testing from source documents and cut off testing.</p> <p>From the testing performed, no issues were identified.</p>
<p><b>Management override of controls</b> Under ISA (UK) 240 there is a presumed risk that management and directors have the ability to process transactions or make adjustments to financial records outside of the normal financial control processes. Such transactions could lead to a material misstatement in the financial statements.</p>	<p>We carried out a review of accounting estimates, judgements and decisions made by management. We performed testing of journal entries and cash book entries, including a review of unusual significant transactions.</p> <p>From the testing performed, no instances of management override of controls were identified.</p>
Other areas where issues were identified during the audit	Findings and recommendations
<p><b>Going concern</b> Under ISA (UK) 570, the company's going concern has been considered.</p>	<p>From our review of forecasts and after discussions with management, the company looks in a positive going concern position.</p> <p>We concur with management's assessment that it is appropriate to continue to adopt the going concern basis and there are no material uncertainties relating to going concern which should be disclosed in the financial statements.</p>

### Internal controls

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our audit is, therefore, not designed to identify all control weaknesses and the matters reported below are limited to those deficiencies that we have identified during the audit.



Control weakness identified	Potential implications and recommendations
<p><b>Wage accounts differences</b>  We noted during testing that there was a small brought forward creditor difference of £615 on the wages control account. There is also a creditor balance of £346 on the pension control account which does not relate to the March 2024 pensions.</p>	<p>As the wage control account is the same balance as the 2023 year end it implies that there could be a posting in prior years that has not reversed in the current year and may need to be reallocated to the profit and loss to reconcile the wages control account.</p> <p>Likewise, with the pension creditor balance brought forward. If the pension provider is not chasing the company for underpayments then there could also be a misposting in the pension control account (shown in accruals) and therefore the difference may also need to be adjusted in the profit and loss.</p> <p>Regular reconciliation of all control accounts, to supporting information would be recommended, including wages, PAYE, pensions, VAT etc</p>
<p>The spreadsheet of the bins maintained by Zoey does not agree to Purgo due to being started after Purgo was set up. This leads to differences between the two records.</p>	<p>If possible, it would be useful if a reconciliation exercise is completed to agree both the spreadsheet and Purgo to give greater assurance that the number of bins taken from either source is correct.</p>

### Summary of audit differences and draft letter of representation

We have attached a draft letter of management representations required in connection with our audit.

Attached to the letter of management representations is a schedule of all of the unadjusted misstatements noted during our work. We would be grateful if you could review these and confirm (as point 6 in the letter of representation) that you are satisfied that none of these need to be adjusted for in the financial statements.

### Anticipated audit report

We anticipate that we will issue an unmodified audit report for the year, subject to the satisfactory clearance of any outstanding/unresolved the matters outlined in this report.

### Going concern

We concur with management's assessment that it is appropriate to continue to adopt the going concern basis and there are no material uncertainties relating to going concern which should be disclosed in the financial statements.

### Accounting policies, estimates and disclosures

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the company. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the company.

**Related parties**

We are not aware of any related party transactions which have not been disclosed.

**Confirmations from third parties**

All requested confirmations have been received.

**Independence**

In accordance with our profession's ethical guidance and further to our planning communication letter to you dated 9 May 2024 confirming audit planning arrangements there are no further matters to bring to your attention in relation to our integrity, objectivity and independence.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

## PLEASE TRANSFER TO COMPANY LETTER HEAD

MGI Midgley Snelling LLP  
Chartered Accountants  
Ibex House  
Baker Street  
Weybridge  
Surrey  
KT13 8AH

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the company's financial statements for the year ended 31 March 2024. These enquiries have included inspection of supporting documentation, where appropriate, and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

### **General**

1. We have fulfilled our responsibilities as directors, as set out in the terms of your engagement letter dated 31 March 2023 under the Companies Act 2006, for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
2. All the transactions undertaken by the company have been properly reflected and recorded in the accounting records.
3. All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the company, and with all other records and related information requested, including minutes of all management and shareholder meetings.
4. The financial statements are free of material misstatements, including omissions.
5. We have considered the adjustments in Appendix 1. We confirm that, in our judgement, these adjustments are appropriate given the information available to us. We further confirm that we have now made these adjustments to the financial statements.
6. The effects of uncorrected misstatements (as set out in the Appendix 2 to this letter) are immaterial both individually and in total.

### **Internal control and fraud**

7. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe that we have appropriately fulfilled these responsibilities. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
8. We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others where fraud could have a material effect on the financial statements.

9. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

#### **Assets and liabilities**

10. The company has satisfactory title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in the notes to the financial statements.
11. All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
12. We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

#### **Accounting estimates**

13. The methods, data and significant assumptions used by us in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

#### **Loans and arrangements**

14. The company has not granted any advances or credits to, or made guarantees on behalf of, directors other than those disclosed in the financial statements.

#### **Legal claims**

15. We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

#### **Laws and regulations**

16. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

#### **Related parties**

17. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with the requirements of company law or accounting standards.

#### **Subsequent events**

18. All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

#### **Going concern**

19. We believe that the company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the company's needs. We also confirm our plans for future action(s) required to enable the company to continue as a going concern are feasible. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the company's ability to continue as a going concern need to be made in the financial statements.

**Specific matters**

20. All In particular, we make the following representations in relation to the financial statements for the year ended 31 March 2024:

- a. We confirm that no holiday pay accrual is necessary for inclusion in the financial statements;
- b. We confirm that an amount of £268,131 is due to the parent company, Spelthorne Borough Council as at 31 March 2024.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

.....  
Signed on behalf of the board of directors

Dated.....

APPENDIX 1

Reconciliation of draft to final accounts

	Profit increase /(decrease) £	Assets increase /(decrease) £	Liabilities increase /(decrease) £	Shareholders' funds £
Profit/(loss) per draft financial statements	54,766			
Increasing depreciation on motor vehicles for a full 12 months	(12,566)	(12,566)		
Depreciation adjustment on IT equipment	498	498		
Deferred tax adjustment	(12,786)	(12,786)		
Agreeing depreciation per profit and loss to depreciation per balance sheet	2,660	2,660		
Reallocating bank payments from wages expense to wages control	5,989		(5,989)	
Total adjustments	<u>(16,205)</u>	<u>(22,194)</u>	<u>(5,989)</u>	<u>-</u>
Revised profit/(loss) per financial statements as presented to the Board	<u>38,561</u>			

## APPENDIX 2

### Unadjusted errors or differences

	Profit increase /(decrease) £	Assets increase /(decrease) £	Liabilities increase /(decrease) £	Shareholders' funds £
Revised profit/(loss) per financial statements as presented to the Board	<u>38,561</u>			
Difference on audit accrual	(250)		250	
Q4 waste disposal accrual difference	(1,134)		1,134	
Accrual for expenses already invoiced before the year end	4,117		(4,117)	
Retained earnings adjustment in accruals	(300)		300	
Pension accrual brought forward	129		(129)	
Total adjustments	<u>2,562</u>	-	<u>(2,562)</u>	-
Potential revised profit/(loss) per the financial statements	<u>41,123</u>			

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