

# *Faversham Enterprise Partnership*

## Meeting of the Directors

Wednesday 10<sup>th</sup> November 2010, 7pm

The Sydney Room, Alexander Centre

**Present:** Cindy Davis, Robin Duncan (Chairman), Derrick Swain.

**In attendance:** Charles Gearing, Samantha Nye, Laurence Young.

**Apologies:** Kate Dickinson, Mick Gates, Anita Walker, Ted Wilcox, John Wright.

The Chairman welcomed CG to the meeting and thanked him for attending, explaining the Partnership directors had wished to gain more knowledge of the structure of the company's annual accounts and the methods used in their preparation. CG said he welcomed the opportunity to discuss the accounts with the directors; he encouraged all his company's clients to understand and engage with the accounts produced on their behalf.

CG explained that the Partnership annual accounts were prepared in accordance with the relevant UK company law and were lodged with Companies House. Because of the nature of its public benefit, not-for-profit activities the Partnership was a little out-of-the-ordinary in regard to preparation of limited company accounts.

The annual accounts were constructed by building on the figures brought forward from the previous trading year and showed relevant categories such as debtors and creditors and included a balance sheet, in order to prepare accounts that would give a view of the company's profitability. The profit and loss account reflected the day-to-day transactions of the company during the trading year. The balance sheet was a snapshot of the company's position on a particular day (ie, 31<sup>st</sup> March) each year.

The accounts were discussed, including the breakdown of income and expenditure pertaining to each activity heading and to core costs.

It was agreed that, in order to give a more accurate picture of the company's trading position, it was more correct for balances reserved solely for future project expenditure (itemised in Note 10 of the draft accounts) to be shown within the balance sheet in creditors, rather than being shown as part of "retained profit carried forward" in the profit and loss account.

It was also agreed that the activity breakdown provided as an annex to the accounts was a good model for future quarterly management accounts. Subject to provision of an estimate of costs, CG was requested to assist SN to adapt the breakdown for such purposes, with figures on the new basis to be ready for preparation no later than from the start of the next financial year. It was recognised moving to such a basis might have longer-term cost implications.

It was recognised that while there was no requirement for external audit that matter should be considered in due course, ie, after completion of the revision of the format of the management accounts. It was noted that audits tended to be time-consuming and expensive, while all Partnership funders and supporters were content with the current accounting arrangements other than SBC.

However, it was also noted SBC's internal auditors had annually examined the company's accounts and earlier in 2010 had carried out their own audit of the company's books, which showed all company financial matters were being conducted properly. It was also noted that due to the council's financial problems SBC had ceased to be a funder of the Partnership.

There being no further business the meeting was closed at 7.50pm.