
COMMERCIAL SERVICES KENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

COMMERCIAL SERVICES KENT LIMITED

COMPANY INFORMATION

DIRECTORS	G PC Parsons Esq (appointed 13 November 2013) Mrs K M Short (appointed 28 February 2014) R Martin Esq (appointed 28 February 2014) C McCoy Esq (appointed 10 June 2014) S G Heywood Esq I A McPherson Esq (resigned 10 March 2014) L J Faulkner Esq (resigned 13 November 2013) L Coulson Esq (resigned 28 February 2014) D Jackson Esq (resigned 31 March 2014)
COMPANY SECRETARY	Mrs K Short
REGISTERED NUMBER	05858177
REGISTERED OFFICE	1 Abbey Wood Road West Mailing Kent ME19 4YT
INDEPENDENT AUDITORS	Barnes Roffe LLP Chartered Accountants & Statutory Auditor Charles Lake House Claire Causeway Crossways Business Park Dartford Kent DA26QA

COMMERCIAL SERVICES KENT LIMITED

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COMMERCIAL SERVICES KENT LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2014

INTRODUCTION

The directors present their strategic report accompanying the financial statements for the year ended 31 March 2014.

BUSINESS REVIEW

The directors note that the company traded at a satisfactory level during the 2013-14 year.

Under FRS17, the Company has included a pension deficit for the year of £1,275,000 reducing total recognised gains and losses for the year to a loss of £1,073,410.

Trade levels continue to be satisfactory and for those continuing activities a similar performance is expected for 2014/15.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and execution of the company's strategy are subject to current economic uncertainty caused by the underlying economic environment and the impact of austerity measures on our customers.

Failure to compete in terms of price and customer service in increasingly competitive local markets could adversely affect the Group's financial results.

Also failure to protect the Group's reputation and brand could lead to a loss of trust and confidence and a decline in our customer base.

The Company employs a number of staff who are members of the Kent County Council Pension Fund. The scheme is a defined benefit statutory scheme administered in accordance with Local Government Pension Scheme Regulations 2013/14. Benefits are based on final salary and length of service on retirement. Deficits under the scheme could increase if there is a fall in corporate bond yields which are not offset by an increase in the pension scheme's assets. Other risks affecting the fund include investments, inflation and life expectancy risks. There are also increasing risks of legal and regulatory changes introducing more burdensome requirements.

FINANCIAL KEY PERFORMANCE INDICATORS

The Company tracks financial performance indicators based on the consolidated results of the group. No other key performance indicators would benefit any reader of the accounts.

This report was approved by the board on

and signed on its behalf.

G Parsons Esq
Director

COMMERCIAL SERVICES KENT LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

PRINCIPAL ACTIVITIES

The principal activities in the year expanded to include Recruitment services, Waste disposal services, Facilities Management Services and Print and Design Services. These businesses were previously carried out by other trading entities in the wider group and were transferred to promote and sustain further growth.

During the year the Company ceased trading in Print and Design services.

RESULTS

The loss for the year, after taxation, amounted to £1,357,410 (2013- profit £NIL).

DIRECTORS

The directors who served during the year were:

G PC Parsons Esq (appointed 13 November 2013)
Mrs K M Short (appointed 28 February 2014)
R Martin Esq (appointed 28 February 2014)
S G Heywood Esq
I A McPherson Esq (resigned 10 March 2014)
L J Faulkner Esq (resigned 13 November 2013)
L Coulson Esq (resigned 28 February 2014)
D Jackson Esq (resigned 31 March 2014)

COMMERCIAL SERVICES KENT LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014

FUTURE DEVELOPMENTS

Commercial Services Kent Limited is part of a diversified portfolio of businesses delivering a range of services with long-term underlying growth prospects and some niche services to support the shareholder. This includes quality brands our customers recognise as leaders in their markets. The Group is managed by a corporate centre, which sets the strategic direction of the Group continually seeking opportunities to improve growth and drive returns in a manner consistent with the Group's heritage of committed service to its customers, whilst promoting a culture of responsibility and integrity across the business.

The Group aims to deliver shareholder value by:

- Delivering organic sales growth through new services that complement the Group's portfolio and expansion into new high growth markets.
- Enhancing margins through operational efficiencies.
- Managing operations and working capital proficiently to generate strong cash-flows.

In line with the strategic direction of the Group and following a review by Kent County Council, the ultimate parent entity, the Company will cease trading in the Facilities Management division and the activity will be transferred back to the shareholder by December 2014.

The business has also undertaken development of a new computer operating system during the year for one of its key brands and this development programme will continue into 2015. Development expenditure in respect of the new system has been capitalised in the current year and amortised in accordance with the group accounting policy.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the board on

and signed on its behalf.

Mrs K Short
Secretary

COMMERCIAL SERVICES KENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL SERVICES KENT LIMITED

We have audited the financial statements of Commercial Services Kent Limited for the year ended 31 March 2014, set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

UNQUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss 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.

COMMERCIAL SERVICES KENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL SERVICES KENT LIMITED

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where 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.

Mario Ciantanni (Senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants & Statutory Auditor
Charles Lake House
Claire Causeway
Crossways Business Park
Dartford
Kent
DA26QA

Date:

COMMERCIAL SERVICES KENT LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £	2013 £
TURNOVER	1,2		
Acquisitions		50,747,643	
		<u>50,747,643</u>	
Discontinued operations		935,283	
		<u>51,682,926</u>	
Cost of sales	3	(38,132,805)	
		<u>13,550,121</u>	
GROSS PROFIT			
Administrative expenses	3	(14,414,276)	
		<u>OPERATING LOSS</u>	
	4		
Continuing operations		(499,067)	
Acquisitions		(365,088)	
Discontinued operations		<u>(864,155)</u>	
Interest receivable and similar income		12,745	
Other finance (costs)/income	8	(506,000)	
		<u>(1,357,410)</u>	
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
Tax on loss on ordinary activities	9		
		<u>(1,357,410)</u>	
LOSS FOR THE FINANCIAL YEAR	17	<u>(1,357,410)</u>	

The notes on pages 10 to 21 form part of these financial statements.

COMMERCIAL SERVICES KENT LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £	2013 £
LOSS FOR THE FINANCIAL YEAR		(1,357,410)	
Actuarial gain related to pension scheme	19	284,000	
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>(1,073,410)</u>	<u></u>

The notes on pages 10 to 21 form part of these financial statements.

COMMERCIAL SERVICES KENT LIMITED

BALANCE SHEET AS
AT 31 MARCH 2014

	Note	2014		2013	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10		703,559		
Tangible assets	11		1,015,329		
			<u>1,718,888</u>		
CURRENT ASSETS					
Stocks	12	2,618			
Debtors	13	10,417,990		6	
Cash at bank and in hand		101,550		2,679	
		<u>10,522,158</u>		<u>2,685</u>	
CREDITORS: amounts falling due within one year	14	<u>(8,235,993)</u>		<u>(4,405)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>2,286,165</u>		<u>(1,720)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,005,053</u>		<u>(1,720)</u>
CREDITORS: amounts falling due after more than one year	15		<u>(3,805,183)</u>		
NET ASSETS/(LIABILITIES) EXCLUDING PENSION SCHEME LIABILITIES			<u>199,870</u>		<u>(1,720)</u>
Defined benefit pension scheme liability	19		<u>(1,275,000)</u>		
NET LIABILITIES INCLUDING PENSION SCHEME LIABILITIES			<u>(1,075,130)</u>		<u>(1,720)</u>
CAPITAL AND RESERVES					
Called up share capital	16		2		2
Profit and loss account	17		<u>(1,075,132)</u>		<u>(1,722)</u>
SHAREHOLDERS' DEFICIT	18		<u>(1,075,130)</u>		<u>(1,720)</u>

COMMERCIAL SERVICES KENT LIMITED
REGISTERED NUMBER:05858177

BALANCE SHEET (continued)
AS AT 31 MARCH 2014

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

S G Heywood Esq
Director

G P C Parsons Esq
Director

The notes on pages 10 to 21 form part of these financial statements.

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 Going concern

The company relies on the support of its parent undertaking, Kent County Council. The parent undertaking has given assurances that its support will not be withdrawn. It is on this basis that the accounts have been prepared under the going concern concept, and do not reflect any adjustment that may be necessary should that support be withdrawn.

1.4 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.5 Intangible fixed assets and amortisation

Intangible assets are development costs capitalised in accordance with SSAP 13. They represent expenditure on viable projects in the course of development, which are deferred until the project has attained a commercial basis. Intangible assets are amortised on a straight line basis over 5 years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	14% to 33% straight line
Office equipment	20% straight line

1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES (continued)

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at current tax rates.

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company participates in a defined benefit pension scheme. The liabilities of the pension fund attributable to the company are included in the balance sheet on an actuarial basis using the projected unit method. The assets of the pension fund attributable to the company are included in the balance sheet at their fair value. The liabilities and assets attributable to the company are based on a full actuarial valuation dated 1 April 2013 updated to 31 March 2014.

2. TURNOVER

An analysis of turnover by class of business is as follows:

	2014 £	2013 £
Sales -temporary staff	36,699,042	
Sales -facilities management	6,177,046	
Sales -other	1,289,158	
Other income - recharges	5,634,619	
Sales -waste	1,883,061	
	<hr/>	<hr/>
	51,682,926	
	<hr/>	<hr/>

All turnover arose within the United Kingdom.

The whole of the turnover and profit before taxation from continuing activities is attributable to the principal activity of the company. The turnover and profit before taxation from discontinued activities arose from printing services

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

3. ANALYSIS OF OPERATING (LOSS)/PROFIT

	2014		2013	
	Continuing £	Discontinued £	Continuing £	Discontinued £
Turnover	50,747,643	935,283		
Cost of sales	(37,385,844)	(746,961)		
Gross profit	13,361,799	188,322		
Administrative expenses	(13,860,866)	(553,410)		
	(499,067)	(365,088)		

The following amounts were included within continuing activities in relation to acquisitions during the year:

	2014 £
Turnover	50,747,643
Cost of sales	(38,572,290)
Gross profit	12,175,353
Administrative expenses	(12,674,420)
Operating (loss)/profit	(499,067)

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2014 £	2013 £
Amortisation - intangible fixed assets	3,221	
Depreciation of tangible fixed assets: - owned by the company	162,455	

5. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	12,000	

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	17,869,071	
Other pension costs (Note 19)	3,486,070	
	<u>21,355,141</u>	<u></u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Temporary staff	532	0
Administration staff	95	5
Facilities management	63	0
Education services	196	0
Landscape services	115	0
Laser energy	67	0
Engineering	40	0
Recruitment	34	0
Other	58	0
	<u>1,200</u>	<u>5</u>

7. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	<u>529,656</u>	<u></u>
Company pension contributions to defined contribution pension schemes	<u>62,645</u>	<u></u>

During the year retirement benefits were accruing to 5 directors (2013 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £203,261 (2013 - £NIL).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,634 (2013- £NIL).

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

8. OTHER FINANCE (COST) INCOME

	2014 £	2013 £
Expected return on pension scheme assets	1,250,000	
Interest on pension scheme liabilities	(1,756,000)	
	(506,000)	

9. TAXATION

	2014 £	2013 £
UK corporation tax charge on loss for the year		

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013- the same as) the standard rate of corporation tax in the UK of 20% (2013 - 20%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	(1,357,410)	
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013- 20%)	(271,482)	
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	397,559	
Capital allowances for year in excess of depreciation	(9,909)	
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(161,131)	
Unrelieved tax losses carried forward	31,518	
Group relief	13,445	
Current tax charge for the year (see note above)		

Factors that may affect future tax charges

The company have a tax loss carried forward of £157,588 to offset against future taxable profits.

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

10. INTANGIBLE FIXED ASSETS

	Computer software £	Software development £	Total £
Cost			
Additions	96,854	636,851	733,705
At 31 March 2014	96,854	636,851	733,705
Amortisation			
Charge for the year	3,221		3,221
Impairment charge	26,925		26,925
At 31 March 2014	30,146		30,146
Net book value			
At 31 March 2014	66,708	636,851	703,559

11. TANGIBLE FIXED ASSETS

	Motor vehicles £	Office equipment £	Total £
Cost			
Additions		801,158	801,158
Transfers intra group	100,859	275,767	376,626
At 31 March 2014	100,859	1,076,925	1,177,784
Depreciation			
Charge for the year	17,797	144,658	162,455
At 31 March 2014	17,797	144,658	162,455
Net book value			
At 31 March 2014	83,062	932,267	1,015,329

12. STOCKS

	2014 £	2013 £
Finished goods and goods for resale	2,618	

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

13. DEBTORS

	2014 £	2013 £
Trade debtors	7,626,674	
Other debtors	90,239	
Prepayments and accrued income	2,701,077	6
	<u>10,417,990</u>	<u>6</u>

14. CREDITORS:
Amounts falling due within one year

	2014 £	2013 £
Trade creditors	2,625,160	2,137
Amounts owed to group undertakings	622,695	
Other taxation and social security	1,703,940	
Accruals and deferred income	3,284,198	2,268
	<u>8,235,993</u>	<u>4,405</u>

15. CREDITORS:
Amounts falling due after more than one year

	2014 £	2013 £
Other creditors	3,805,183	
	<u>3,805,183</u>	<u></u>

16. SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

17. RESERVES

	Profit and loss account £
At 1 April 2013	(1,722)
Loss for the year	(1,357,410)
Pension reserve movement	284,000
	<hr/>
At 31 March 2014	(1,075,132)
	<hr/>

The closing balance on the profit and loss account includes a £1,275,000 (2013- £NIL) debit, stated after deferred taxation of £NIL (2013- £NIL), in respect of pension scheme liabilities of the company pension scheme.

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014 £	2013 £
Opening shareholders' deficit	(1,720)	(1,720)
(Loss)/profit for the financial year	(1,357,410)	
Other recognised gains and losses during the year	284,000	
	<hr/>	<hr/>
Closing shareholders' deficit	(1,075,130)	(1,720)
	<hr/>	<hr/>

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £593,070 (2013: £nil). Contributions totalling £141,500 (2013: £nil) were payable to the fund at the balance sheet date and are included in creditors.

The company operates a defined benefit pension scheme. Employees transferred from Kent County Council on 1 April 2013 under a TUPE arrangement participate in the Kent County Council Pension Fund (the Fund), part of the Local Government Pension Scheme, a defined benefit statutory scheme. The most recent actuarial valuation was carried out as at 1 April 2013. The opening defined benefit obligation and fair value of the scheme assets were transferred on 1 April 2013. The results have been updated to 31 March 2014 by a qualified independent actuary.

The return on the Fund (on a bid value to bid value basis) for the period to 31 March 2014 is estimated to be 8%.

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

19. PENSION COMMITMENTS (continued)

The amounts recognised in the balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(43,554,000)	
Fair value of scheme assets	30,448,000	
	<u>(13,106,000)</u>	<u></u>
Deficit in scheme	(13,106,000)	
Deficit at 1 April 2013 not recognised (see below)	11,831,000	
	<u>(1,275,000)</u>	<u></u>
Net liability	(1,275,000)	

Under the TUPE arrangements for the transference of staff from Kent County Council to the company on 1 April 2013 the company is not liable to meet the calculated scheme deficit in respect of pension benefits provided by the Local Government Pension Scheme of £11,831,000 at that date.

The amounts recognised in the profit and loss account are as follows:

	2014 £	2013 £
Current service cost	(2,476,000)	
Interest on obligation	(1,756,000)	
Expected return on scheme assets	1,250,000	
Gains on curtailments and settlements	(417,000)	
Administration expenses	(22,000)	
	<u>(3,421,000)</u>	<u></u>
Total	(3,421,000)	
	<u>2,210,000</u>	<u></u>
Actual return on scheme assets	2,210,000	

Movements in the present value of the defined benefit obligation were as follows:

	2014 £	2013 £
Opening defined benefit obligation	37,942,000	
Current service cost	2,476,000	
Interest cost	1,756,000	
Contributions by scheme participants	597,000	
Actuarial Losses	676,000	
Losses on curtailments	417,000	
Benefits paid	(310,000)	
	<u>43,554,000</u>	<u></u>
Closing defined benefit obligation	43,554,000	

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

19. PENSION COMMITMENTS (continued)

Changes in the fair value of scheme assets were as follows:

	2014 £	2013 £
Opening fair value of scheme assets	26,111,000	
Expected return on assets	1,250,000	
Actuarial gains and (losses)	960,000	
Contributions by employer	1,862,000	
Contributions by scheme participants	597,000	
Benefits paid	(310,000)	
Administration expenses	(22,000)	
	<u>30,448,000</u>	<u> </u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £284,000 (2013 - £NIL).

The company expects to contribute £1,668,000 to its defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	71.00%	- %
Bonds	12.00%	- %
Property	10.00%	- %
Cash	3.00%	- %
Target return portfolio	4.00%	- %

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are:

	2014	2013
Discount rate at 31 March	4.60%	- %
Expected return on scheme assets at 31 March	4.60%	- %
Future salary increases	4.70%	- %
Future pension increases	2.90%	- %

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2014	2013
Retiring today		
Males	22.7	
Females	25.1	
Retiring in 20 years		
Males	24.9	
Females	27.4	

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

19. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(43,554,000)	
Scheme assets	30,448,000	
Deficit	<u>(13,106,000)</u>	
Experience adjustments on scheme assets	<u>960,000</u>	

20. OPERATING LEASE COMMITMENTS

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Expiry date:		
Within 1 year	4,345	
Between 2 and 5 years	<u>6,798</u>	

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related party disclosures', not to disclose any transactions with members of the group headed by Kent County Trading Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in the consolidated financial statements.

The company has a loan from Kent County Council of £3,805,183 (2013: *£nil*). The loan is repayable on demand and carries no interest charge and is included within creditors due after one year.

During the year, the company traded with Kent County Council, the ultimate controlling party. The following transactions occurred during the financial period:

	2014 £	2013 £
Sales	49,213,246	
Purchases	1,281,731	
Trade debtors	6,569,383	
Trade creditors	(173,105)	
Other debtors	1,288,344	
Other creditors	(556,710)	

22. POST BALANCE SHEET EVENTS

From 18 August 2014 the facilities management trade has been transferred to the ultimate parent undertaking. During the year ended 31 March 2014 the results of the business were turnover of £6,177,046 and profit of £1,119,556 before central overheads.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate controlling party is Kent County Council, which owns 100% of the issued share capital of the parent company, Kent County Trading Limited.

COMMERCIAL SERVICES KENT LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014

	Page	2014 £	2013 £
TURNOVER	23	51,682,926	
Cost of sales	23	(38,132,805)	
		<hr/>	<hr/>
GROSS PROFIT		13,550,121	
Gross profit %		26.2%	0.0%
LESS: OVERHEADS			
Administration expenses	24	(14,414,276)	
		<hr/>	<hr/>
OPERATING LOSS		(864,155)	
Interest receivable	24	12,745	
Other finance (costs)/income	25	(506,000)	
		<hr/>	<hr/>
LOSS FOR THE YEAR		(1,357,410)	
		<hr/>	<hr/>

COMMERCIAL SERVICES KENT LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

	2014 £	2013 £
TURNOVER		
Sales- Temporary staff	36,699,042	
Sales - Facilities management	6,177,046	
Other sales	3,172,219	
Other income- recharges	5,634,619	
	<hr/>	<hr/>
	51,682,926	
	<hr/>	<hr/>
	2014 £	2013 £
COST OF SALES		
Closing stocks	(2,618)	
Purchases	927,067	
Wages and salaries	11,955,915	
Staff pension costs	42,714	
Commissions payable	7,159	
Leasing of equipment	136,685	
Motor running costs	40,220	
Subcontractor and other direct costs	21,184,662	
Travel and subsistence	164,532	
Other direct costs	3,676,469	
	<hr/>	<hr/>
	38,132,805	
	<hr/>	<hr/>

COMMERCIAL SERVICES KENT LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

	2014 £	2013 £
ADMINISTRATION EXPENSES		
Directors' salaries	529,656	
Directors' pension costs	62,645	
Staff salaries	5,383,500	
Staff private health insurance	960	
Staff pension costs	487,711	
Staff pension current service costs (FRS17)	2,476,000	
Loss on scheme curtailment (FRS17)	417,000	
Staff training	90,141	
Motor running costs	76,060	
Entertainment	11,021	
Hotels, travel and subsistence	73,190	
Consultancy	221,100	
Printing and stationery	79,619	
Postage	41,186	
Telephone and fax	17,196	
Computer costs	874,849	
Advertising and promotion	519,710	
Trade subscriptions	5,887	
Legal and professional	316,064	
Auditors' remuneration	12,000	
Accountancy	27,450	
Bank charges	17,744	
Bad debts	125,478	
Sundry expenses	113,237	
Rent	995,875	
Rates	268,693	
Light and heat	126,181	
Cleaning	5,063	
Insurances	98,098	
Repairs and maintenance	95,777	
Depreciation of plant and machinery	144,658	
Depreciation of motor vehicles	17,797	
Amortisation of intangible fixed assets	30,146	
Waste disposal	630,584	
Pension admin costs	22,000	
	<u>14,414,276</u>	
	2014 £	2013 £
INTEREST RECEIVABLE		
Bank interest receivable	10,795	
Other interest receivable	1,950	
	<u>12,745</u>	

COMMERCIAL SERVICES KENT LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

	2014 £	2013 £
OTHER FINANCE (COSTS)IINCOME		
Expected return on pension scheme assets	1,250,000	
Interest on pension scheme liabilities	(1,756,000)	
	<u>(506,000)</u>	<u></u>

COMMERCIAL SERVICES TRADING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Barnes Roffe LLP. Chartered Accountants
Charles Lake House, Claire Causeway, Crossways Business Park, Dartford, Kent, DA2 6QA
03 September 2014

COMMERCIAL SERVICES TRADING LIMITED

COMPANY INFORMATION

DIRECTORS	C McCoy Esq (appointed 10 June 2014) S G Heywood Esq R J F Martin Esq (appointed 28 February 2014) Mrs K M Short (appointed 28 February 2014) G P C Parsons Esq (appointed 13 November 2013) I A McPherson Esq (resigned 10 March 2014) D N Jackson Esq (resigned 31 March 2014) L Coulson Esq (resigned 28 February 2014)
COMPANY SECRETARY	Mrs K M Short
REGISTERED NUMBER	05858178
REGISTERED OFFICE	1 Abbey Wood Road Kings Hill West Mailing Kent ME19 4YT
INDEPENDENT AUDITORS	Barnes Roffe LLP Chartered Accountants & Statutory Auditor Charles Lake House Claire Causeway Crossways Business Park Dartford Kent DA2 6QA

COMMERCIAL SERVICES TRADING LIMITED

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Strategic report	
Directors' report	2 - 3
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Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 16
The following pages do not form part of the statutory financial statements:	
Detailed profit and loss account and summaries	17 - 19

COMMERCIAL SERVICES TRADING LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2014

BUSINESS REVIEW

The directors note that the company traded at a satisfactory level during the 2013-14 year.

Trade levels continue to be satisfactory and for those continuing activities a similar performance is expected for 2014/15.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and execution of the company's strategy are subject to current economic uncertainty caused by the underlying economic environment and the impact of austerity measures on our customers.

Failure to compete in terms of price and customer service in increasingly competitive local markets could adversely affect the Group's financial results.

Also failure to protect the Group's reputation and brand could lead to a loss of trust and confidence and a decline in our customer base.

FINANCIAL KEY PERFORMANCE INDICATORS

The Company tracks financial performance indicators based on the consolidated results of the group. No other key performance indicators would benefit any reader of the accounts.

This report was approved by the board on

and signed on its behalf.

Mrs K M Short
Director

COMMERCIAL SERVICES TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, the directors' 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 judgments 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.

PRINCIPAL ACTIVITIES

The principal activities in the year expanded to include Fleet procurement, Landscaping, Engineering and Recruitment. These additional businesses were previously carried out by other trading entities in the wider group and were transferred to promote and sustain further growth.

Waste disposalservices and Community care have been transferred out of the Company during the year.

RESULTS

The profit for the year, after taxation, amounted to £129,882 (2013- £266,707).

DIRECTORS

The directors who served during the year were:

S G Heywood Esq
R J F Martin Esq (appointed 28 February 2014)
Mrs K M Short (appointed 28 February 2014)
G PC Parsons Esq (appointed 13 November 2013)
I A McPherson Esq (resigned 10 March 2014)
D N Jackson Esq (resigned 31 March 2014)
L Coulson Esq (resigned 28 February 2014)

FUTURE DEVELOPMENTS

Commercial Services Trading Limited is part of a diversified portfolio of businesses delivering a range of

COMMERCIAL SERVICES TRADING LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014

services with long-term underlying growth prospects and some niche services to support the shareholder. This includes quality brands our customers recognise as leaders in their markets. The Group is managed by a corporate centre, which sets the strategic direction of the Group continually seeking opportunities to improve growth and drive returns in a manner consistent with the Group's heritage of committed service to its customers, whilst promoting a culture of responsibility and integrity across the business.

The Group aims to deliver shareholder value by:

- Delivering organic sales growth through new services that complement the Group's portfolio and expansion into new high growth markets.
- Enhancing margins through operational efficiencies.
- Managing operations and working capital proficiently to generate strong cash-flows.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the board on

and signed on its behalf.

Mrs K M Short
Director

COMMERCIAL SERVICES TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL SERVICES TRADING LIMITED

We have audited the financial statements of Commercial Services Trading Limited for the year ended 31 March 2014, set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

COMMERCIAL SERVICES TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL SERVICES TRADING
LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where 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.

Mario Cientanni (senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants
Statutory Auditor
Charles Lake House
Claire Causeway
Crossways Business Park
Dartford
Kent
DA26QA

Date:

COMMERCIAL SERVICES TRADING LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £	2013 £
TURNOVER	1,2		
Continuing operations		1,613,948	3,772,657
Acquisitions		18,867,393	
		<u>20,481,341</u>	<u>3,772,657</u>
Discontinued operations		250,974	
		<u>20,732,315</u>	<u>3,772,657</u>
Cost of sales	4	(16,625,154)	(3,135,895)
GROSS PROFIT		4,107,161	636,762
Administrative expenses	4	(5,169,228)	(275,544)
Other operating income	3	1,242,890	
OPERATING PROFIT	5		
Continuing operations			18,418
Acquisitions		888,888	
Discontinued operations		(495,950)	
		180,823	361,218
Interest receivable and similar income		5,234	3,068
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		186,057	364,286
Tax on profit on ordinary activities	7	(56,175)	(97,579)
PROFIT FOR THE FINANCIAL YEAR	15	<u>129,882</u>	<u>266,707</u>

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

COMMERCIAL SERVICES TRADING LIMITED

BALANCE SHEET AS
AT 31 MARCH 2014

	Note	2014		2013	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		4,131,182		3,773,579
CURRENT ASSETS					
Stocks	9	271,546		86,242	
Debtors	10	7,908,434		783,811	
Cash at bank and in hand		418,145		1,404,732	
		<u>8,598,125</u>		<u>2,274,785</u>	
CREDITORS: amounts falling due within one year	11	<u>(4,806,189)</u>		<u>(1,146,154)</u>	
NET CURRENT ASSETS			<u>3,791,936</u>		<u>1,128,631</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,923,118</u>		<u>4,902,210</u>
CREDITORS: amounts falling due after more than one year	12		(5,834,851)		(3,000,000)
PROVISIONS FOR LIABILITIES					
Deferred Tax	13		<u>(133,794)</u>		<u>(77,619)</u>
NET ASSETS			<u>1,954,473</u>		<u>1,824,591</u>
CAPITAL AND RESERVES					
Called up share capital	14		1,000,002		1,000,002
Profit and loss account	15		954,471		824,589
SHAREHOLDERS' FUNDS	16		<u>1,954,473</u>		<u>1,824,591</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Mrs K M Short
Director

G P C Parsons Esq
Director

The notes on pages 8 to 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

<i>U</i> Term Leasehold Property	Straight line over 50 years
Motor Vehicles	Straight line over 3 - 7 years
Fixtures & Fittings	Straight line over 10 years
Office Equipment	Straight line over 10 years

1.5 OPERATING LEASES

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 STOCK AND WORK-IN-PROGRESS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

1.7 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at current tax rates.

COMMERCIAL SERVICES TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES (continued)

1.8 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

An analysis of turnover by class of business is as follows:

	2014 £	2013 £
Facilities management	1,251,211	2,513,196
Vehicle rental	9,133,607	
Landscape services	6,113,629	
Temporary staff	1,211,626	
Engineering	2,503,861	
Other	518,381	1,259,461
	<u>20,732,315</u>	<u>3,772,657</u>

All turnover arose within the United Kingdom.

The whole of the turnover and profit before taxation from continuing activities is attributable to the hire and repair of vehicles, landscaping services and the provision of temporary workers to companies outside of local government. The turnover and profit before taxation from discontinued activities arose from the provision of care.

3. OTHER OPERATING INCOME

	2014 £	2013 £
Rent received	515,569	
Service charge received	727,321	
	<u>1,242,890</u>	<u></u>

COMMERCIAL SERVICES TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

4. ANALYSIS OF OPERATING PROFIT

	2014		2013	
	Continuing £	Discontinued £	Continuing £	Discontinued £
Turnover	20,481,341	250,974	3,772,657	
Cost of sales	(16,377,688)	(247,466)	(3,135,895)	
Gross profit	4,103,653	3,508	636,762	
Administrative expenses	(4,669,770)	(499,458)	(275,544)	
Other operating income	1,242,890			
	<u>676,773</u>	<u>(495,950)</u>	<u>361,218</u>	

The following amounts were included within continuing activities in relation to acquisitions during the year:

	2014 £
Turnover	18,867,393
Cost of sales	(14,069,704)
Gross profit	4,797,689
Administrative expenses	(5,310,691)
Other operating income	1,171,357
Operating profit	<u>658,355</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	138,997	26,693
Auditors' remuneration	12,000	7,175
Operating lease rentals:		
- other operating leases	497,891	
	<u>648,888</u>	<u>33,868</u>

During the year, no director received any emoluments (2013- £NIL).

COMMERCIAL SERVICES TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

6. STAFF COSTS

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	2,194,119	1,684,258
Other pension costs	160,405	13,975
	<u>2,354,524</u>	<u>1,698,233</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Landscape services	37	72
Facilities management	4	11
Kent Scheme	0	2
Engineering	2	0
Fleet	1	0
Administration	6	0
Recruitment	14	0
Lumina	9	0
Simpicare	5	0
	<u>78</u>	<u>85</u>

7. TAXATION

	2014 £	2013 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year		19,960
DEFERRED TAX (see note 13)		
Origination and reversal of timing differences	56,175	77,619
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>56,175</u>	<u>97,579</u>

COMMERCIAL SERVICES TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

7. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2013 -lower than) the standard rate of corporation tax in the UK of 20% (2013- 24%). The differences are explained below

	2014 £	2013 £
Profit on ordinary activities before tax	186,057	364,286
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013- 24%)	37,211	87,429
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	25,115	6
Capital allowances for year in excess of depreciation	(48,881)	(63,482)
Group loss relief	(13,445)	
Change in tax rates		(3,993)
CURRENT TAX CHARGE FOR THE YEAR (see note above)		19,960

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

COMMERCIAL SERVICES TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

8. TANGIBLE FIXED ASSETS

	Leasehold property £	Motor Vehicles £	Fixtures & Fittings £	Office Equipment £	Total £
COST					
At 1 April 2013	2,092,406	130,245	1,313,444	275,767	3,811,862
Additions	315,691		529,902	27,632	873,225
Disposals		(130,245)		(275,767)	(406,012)
At 31 March 2014	2,408,097		1,843,346	27,632	4,279,075
DEPRECIATION					
At 1 April 2013	8,896	29,387			38,283
Charge for the year	55,236		82,051	1,710	138,997
On disposals		(29,387)			(29,387)
At 31 March 2014	64,132		82,051	1,710	147,893
NET BOOK VALUE					
At 31 March 2014	2,343,965		1,761,295	25,922	4,131,182
At 31 March 2013	2,083,510	100,858	1,313,444	275,767	3,773,579

Included in leasehold property is land amounting to £592,632 (2013: £592,632) which is not depreciated.

9. STOCKS

	2014 £	2013 £
Stock and work-in-progress	271,546	86,242

10. DEBTORS

	2014 £	2013 £
Trade debtors	4,322,010	373,330
Amounts owed by group undertakings	978,695	
Other debtors, accrued income and prepayments	2,607,729	410,481
	7,908,434	783,811

COMMERCIAL SERVICES TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

11. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade creditors	1,137,173	729,246
Corporation tax		19,960
Other taxation and social security	390,457	30,419
Other creditors, accruals and deferred income	3,278,559	366,529
	<u>4,806,189</u>	<u>1,146,154</u>

12. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £	2013 £
Other creditors	2,834,851	
Share capital treated as debt (Note 14)	3,000,000	3,000,000
	<u>5,834,851</u>	<u>3,000,000</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 14.

13. DEFERRED TAXATION

	2014 £	2013 £
At beginning of year	77,619	
Charge for year (P&L)	56,175	77,619
	<u>133,794</u>	<u>77,619</u>

The provision for deferred taxation is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>133,794</u>	<u>77,619</u>

COMMERCIAL SERVICES TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

14. SHARE CAPITAL

	2014 £	2013 £
SHARES CLASSIFIED AS CAPITAL		
ALLOTTED, CALLED UP AND FULLY PAID		
1,000,002 Ordinary shares of £1 each	<u>1,000,002</u>	<u>1,000,002</u>
SHARES CLASSIFIED AS DEBT		
ALLOTTED, CALLED UP AND FULLY PAID		
3,000,000 Redeemable shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>

There are two classes of redeemable shares in issue, both classes entitle the holder to one vote in any circumstance. The Redeemable shares and Redeemable 2017 shares can be redeemed at the option of the company or the shareholder at any time after 1 April 2016 and 1 April 2017 respectively. No premium is payable upon redemption.

15. RESERVES

	Profit and loss account £
At 1 April 2013	824,589
Profit for the financial year	129,882
	<u>954,471</u>
At 31 March 2014	<u>954,471</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Opening shareholders' funds	1,824,591	557,884
Profit for the financial year	129,882	266,707
Shares issued during the year	<u>1,000,000</u>	<u>1,000,000</u>
Closing shareholders' funds	<u>1,954,473</u>	<u>1,824,591</u>

COMMERCIAL SERVICES TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

17. OPERATING LEASE COMMITMENTS

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
EXPIRY DATE:				
Within 1 year			641,947	7,132
Between 2 and 5 years			2,100,923	16,906
After more than 5 years	757,350			

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related party disclosures', not to disclose any transactions with members of the group headed by Kent County Trading Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in the consolidated financial statements.

The company has a loan from Kent County Council of £2,834,851 (2013: £nil). The loan is repayable on demand and carries no interest charge and is included within creditors due after one year.

During the year, the company traded with Kent County Council, the ultimate controlling party. The following transactions occurred during the financial period:

	2014	2013
	£	£
Sales	5,714,166	2,514,409
Purchases	987,730	880,033
Trade debtors	2,086,008	301,092
Trade creditors	(90,312)	(343,091)
Other debtor due within one year	(34,922)	205,873

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate controlling party is Kent County Council, which owns 100% of the issued share capital of the parent company, Kent County Trading Limited.

COMMERCIAL SERVICES TRADING LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014

	Page	2014 £	2013 £
Turnover	18	20,732,315	3,772,657
Cost of sales	18	(16,625,154)	(3,135,895)
		<hr/>	<hr/>
Gross profit		4,107,161	636,762
Gross profit%		19.8%	16.9%
Other operating income	18	1,242,890	
		<hr/>	<hr/>
		5,350,051	636,762
Less: Overheads			
Administrative expenses	19	(5,169,228)	(275,544)
		<hr/>	<hr/>
Operating profit		180,823	361,218
Interest receivable	19	5,234	3,068
		<hr/>	<hr/>
Profit for the year		186,057	364,286
		<hr/>	<hr/>

COMMERCIAL SERVICES TRADING LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

	2014 £	2013 £
Turnover		
Sales	2,913,316	2,774,845
Waste management		997,812
Fleet rental	9,133,607	
Landscape services	6,113,629	
Engineering	2,503,861	
Other income - UK	67,902	
	<u>20,732,315</u>	<u>3,772,657</u>
	2014 £	2013 £
Cost of sales		
Opening stocks and work in progress	86,242	30,848
Closing stocks and work in progress	(271,546)	(86,242)
Purchases	2,890,836	567,023
Wages and salaries	1,210,533	1,508,369
Pension contributions	89,397	1,210
Subcontract labour	4,607,972	1,005,308
Hire of plant and equipment	185,522	14,598
Repairs and maintenance	688,519	18,731
Motor expenses	7,110,744	76,050
Travel and subsistence	26,935	
	<u>16,625,154</u>	<u>3,135,895</u>
	2014 £	2013 £
Other operating income		
Rent received	515,569	
Service charge received	727,321	
	<u>1,242,890</u>	<u></u>

COMMERCIAL SERVICES TRADING LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

	2014 £	2013 £
Administrative expenses		
Staff salaries	983,586	175,889
Staff private health insurance	774	2,299
Staff pensions	71,008	12,765
Staff training	66,010	14,550
Agency staff	851,491	
Motor running costs	25,286	9,978
Hotels, travel and subsistence	28,537	
Printing postage and stationery	211,267	568
Telephone and fax	29,103	1,792
Computer costs	9,713	35,752
Advertising and promotion	39,617	500
Trade subscriptions	17,455	
Legal and professional	238,122	6,312
Auditors' remuneration	12,000	7,175
Accountancy	1,250	
Bank charges and interest	7,738	6,181
Bad debts	55,209	(12,137)
Sundry expenses	38,571	6,249
Rent	497,891	
Rates	253,832	47,273
Light and heat	138,101	1,819
Cleaning	46,144	
Service charges	1,123,182	(100,367)
Insurances	95,329	3,909
Repairs and maintenance	189,015	28,344
Depreciation of fixtures and fittings	87,384	
Depreciation of motor vehicles		17,797
Depreciation of leasehold property	51,613	8,896
	<u>5,169,228</u>	<u>275,544</u>
	2014 £	2013 £
Interest receivable		
Bank interest receivable	<u>5,234</u>	<u>3,068</u>

Purchase analysis

	Selling Department					Grand Total
	KCC (DIRECT)	CORE (KCC)	l<TT	TRAC		
CORE & LASER (KCC)	36,739	5,260	12,968,764	4,541	1,018,599	14,024,822
CORE & LASER (KCC) - post y/€ transactions			21,343	1,998	17,765	41,106
Total CORE & LASER (KCC)	36,739	5,260	12,990,107	6,539	1,036,364	14,061,932
l<TT	37,848	383,427	145,069	1,485	24,344	
KTT post y/€ transactions						
Total l<TT	37,848	383,427	145,069	1,485	24,344	543,484
KENT	431,716	335,617	169,010	45,032	1,156,677	2,138,052
KENT - post y/€	507,840	27,638	518		38,240	
Total KENT	939,557	363,256	169,527	45,032	1,194,917	2,712,289
TRAD	538,773	408,478	4,804,216		186,542	
TRAD - post y/€ transactions	49,025	2,047	550		1,917	
Total TRAD	587,798	410,525	4,804,766	-	188,459	5,991,548
KCC (Direct)	-	72,803,030	36,223,139	291,465	4,677,802	113,995,436

COMMERCIAL SERVICES

CROSS BOUNDARY SERVICE -2013/14
RETURN FOR THE 12 MONTHS TO 31 MARCH 2014

	2013 - 14		
	TOTAL TURNOVER (Per Final Accounts)	EXTERNAL BUSINESS	%
Kent County Supplies	46,339,364	37,560,830	
Less: Agency Adjustment	(370,464)		
	<u>45,968,900</u>	<u>37,560,830</u>	81.71
Furniture Production			#DIV/0!
Furniture Directs	7,623,771	5,260,145	69.00
Projects/PFis			
Community Equipment Services	6,268,874	196,689	3.14
Technical Services			
County Print	106,134	0	0.00
Kent Fleet	802,379	0	0.00
Facilities Management			
Staff Care Services	389,960	113,597	29.13
Passenger Services	103,875	103,875	100.00
Management/PSG/CSIT/mailroom			
Inspection Services	528,332	271,623	51.41
Assisted Care Technology	1,223,033	100,043	
		'm	
	<u>63,015,258</u>	<u>43,606,771</u>	<u>69.20</u>
Previously IHC's: Landscape Services	17,347	0	0.00
Transport Engineering	17,124	0	0.00
	<u>34,471</u>	<u>0</u>	
	<u>63,049,729</u>	<u>43,606,771</u>	<u>69.16</u>
LASER Consortium	243,169,496	231,372,294	95.15
	<u>306,219,225</u>		
	306,589,689		
Total	306,589,689		
External	274,979,065		
Internal above	31,610,624		
Internal Trad	4,677,802		
Internal Kent	36,223,139		
Internal KTI	291,465		
TOTAL INTERNAL	<u>72,803,001</u>		

Commercial Services Sales to KCC
Cross Boundary Sales Analysis with KCC
12 months TO 31March 2014

		<u>£</u>
Kent Ltd		INT
08	County Print	276,253
12	Kent Facilities Mgt	4,337,806
71	Connect 2 Kent	30,302,028
64	Waste Mgt	1,307,053
72	PA Payroll	
73	Int Payroll	
90	Executive	
93	HR	
94	New Hythe	
96	CSIT	
97	PSG	
		<u>36,223,139</u>
KTT Ltd		
61	Kent Top Temps	<u>291,465</u>
Trading Ltd		
02	Transport Engineering	97,406
04	Lumina	0
07	Kent Fleet	3,433,018
17	Landscape Services	752,252
70	Connect 2 Staff	77,088
62	Simplicare	34,121
67	Facilities Management	196,855
66	Weddings	87,062
95	AWR	
		<u>4,677,802</u>
Total Sales		<u>41,192,406</u>

COMMERCIAL SERVICES GROUP RECHARGES (COST)/INCOME 2013-14

		KCC	CS Kent	CS Trading	KentTop Temps
Central O/H in CS Kent	Apr- Dec 2013	(3,370,596)	3,923,370	(517,677)	(35,097)
Central O/H in CS Kent	Jan - Mar 2015	(1,288,344)	1,494,094	(205,750)	0
Central O/H in CS Kent			36,171	(36,171)	
Central O/H in CS Trading	Apr - Dec 2013	(415,020)	(123,725)	539,761	(1,015)
Central O/H in CS Trading	Jan - Mar 2015	(122,451)	(30,523)	152,974	0
Central O/H in CS Trading		(26,874)	(7,712)	34,586	
Rent in CS Trading	8 months 2013/2014	(108,476)	(212,934)	321,410	0
Rent in CS Trading	4 months 2013/2014	(54,236)	(106,466)	160,706	0
Hire charges for assets in KCC	12 months to Mar 2014	299,517		(299,517)	
Hire charges for assets in KCC	12 months to Mar 2014	16,521		(16,521)	
Hire charges for assets in KCC	12 months to Mar 2014	16,309		(16,309)	
Hire charges for assets in KCC	12 months to Mar 2014	16,617		(16,617)	
TOTAL NET RECHARGES		(5,037,034)	4,972,27	100,874	(36,113)

	Sales Invoice From	Company to pay	Descriptic	Net
CommercialServices Kent Ltd	Commercial Services Trading Ltd	Payroll Recharge -April2013	1	398,598.83
CommercialServices Kent Ltd	KCC(CORE)	Payroll Recharge -April 2013	1	461,126.10
CommercialServices Kent Ltd	KCC (LASER)	Payroll Recharge -April 2013	1	175,820.62
Commercial Services Kent Ltd	CommercialServices Trading Ltd	Payroll Recharge -May 2013	2	364,217.19
Commercial Services Kent Ltd	KCC (CORE)	Payroll Recharge - May 2013	2	483,779.80
Commercial Services Kent Ltd	KCC (LASER)	Payroll Recharge -May 2013	2	179,195.75
Commercial Services Kent Ltd	Commercial Services Trading Ltd	Payroll Recharge- June 2013	3	362,302.53
Commercial Services Kent Ltd	KCC (CORE)	Payroll Recharge- June 2013	3	453,782.80
CommercialServices Kent Ltd	KCC (LASER)	Payroll Recharge- June 2013	3	172,920.12
Commercial Services Kent Ltd	Commercial Services Trading Ltd	Payroll Recharge- July 2013	4	356,843.15
Commercial Services Kent Ltd	KCC (CORE)	Payroll Recharge- July 2013	4	449,361.77
CommercialServices Kent Ltd	KCC (LASER)	Payroll Recharge -July 2013	4	179,826.82
CommercialServices Kent Ltd	Commercial Services Trading Ltd	Payroll Recharge- August 2013	5	355,502.44
CommercialServices Kent Ltd	KCC (CORE)	Payroll Recharge- August 2013	5	460,321.72
CommercialServices Kent Ltd	KCC (LASER)	Payroll Recharge- August 2013	5	177,523.90
CommercialServices Kent Ltd	CommercialServices Trading Ltd	Payroll Recharge-September 2	6	355502.44
CommercialServices Kent Ltd	KCC (CORE)	Payroll Recharge-September 2	6	435,359.71
CommercialServices Kent Ltd	KCC (LASER)	Payroll Recharge -September 2	6	175,868.42
CommercialServices Kent Ltd	Commercial Services Trading Ltd	Payroll Recharge-October 201	7	338,889.12
Commercial Services Kent Ltd	KCC (CORE)	Payroll Recharge- October 201.	7	437,924.97
Commercial Services Kent Ltd	KCC (LASER)	Payroll Recharge- October 201	7	181,385.59
Commercial Services Kent Ltd	Commercial Services Trading Ltd	Payroll Recharge - November 21	8	326,344.46
Commercial Services Kent Ltd	KCC (CORE)	Payroll Recharge - November 21	8	436,630.44
Commercial Services Kent Ltd	KCC (LASER)	Payroll Recharge - November 21	8	175,066.08
Commercial Services Kent Ltd	CommercialServices Trading Ltd	Payroll Recharge - December 21	9	323,292.10
CommercialServices Kent Ltd	KCC (CORE)	Payroll Recharge- December 2<	9	446,615.40
CommercialServices Kent Ltd	KCC (LASER)	Payroll Recharge - December 2(9	170,895.76
CommercialServices Kent Ltd	CommercialServices Trading Ltd	Payroll Recharge -January 20 1	10	329,697.21
CommercialServices Kent Ltd	KCC(CORE)	Payroll Recharge -January 2011	10	442,403.01
CommercialServices Kent Ltd	KCC(LASER)	Payroll Recharge- January 2011	10	168,948.50
CommercialServices Kent Ltd	Commercial Services Trading Ltd	Payroll Recharge- February 201	11	329,302.79
CommercialServices Kent Ltd	KCC (CORE)	Payroll Recharge- February 201	11	464,010.71
CommercialServices Kent Ltd	KCC (LASER)	Payroll Recharge- February 201	11	270,088.71
CommercialServices Kent Ltd	Commercial Services Trading Ltd	Payroll Recharge- March 2014	12	326,201.45
CommercialServices Kent Ltd	KCC (CORE)	Payroll Recharge - March 2014	12	437,708.01
CommercialServices Kent Ltd	KCC (LASER)	Payroll Recharge- March 2014	12	199,215.79
CS Kent Ltd to	Commercial Services Trading Ltd			4,165,593.71
CS Kent Ltd to	KCC (CORE)			5,409,024.44
CS Kent Ltd to	KCC (LASER)			2,225,757.05

VAT	Total
79,719.77	478,318.60
92,225.22	553,351.32
35,164.12	210,984.74
72,843.44	437,060.63
96,755.96	580,535.76
35,839.15	215,034.90
72,460.51	434,763.04
90,756.56	544,539.36
34,584.02	207,504.14
71,368.63	428,211.78
89,872.35	539,234.12
35,965.36	215,792.18
71,100.49	426,602.93
92,064.34	552,386.06
35,504.78	213,028.68
71,100.49	426,602.93
87,071.94	522,431.65
35,173.68	211,042.10
67,777.82	406,666.94
87,584.99	525,509.96
36,277.12	217,662.71
65,268.89	391,613.35
87,326.09	523,956.53
35,013.22	210,079.30
64,658.42	387,950.52
89,323.08	535,938.48
34,179.15	205,074.91
65,939.44	395,636.65
88,480.60	530,883.61
33,789.70	202,738.20
65,860.56	395,163.35
92,802.14	556,812.85
54,017.74	324,106.45
65,240.29	391,441.74
87,541.60	525,249.61
39,843.36	239,060.15
<hr/>	
832,328.75	5,000,033.46
1,081,804.87	6,490,829.31
445,351.40	2,672,108.46

