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To: Governance and Audit Committee Trading Activities Sub Committee - 29 February 2016

Subject: Consolidated Commercial Services 2014-15

Classification: Unrestricted

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Summary: To present the consolidated Commercial Services position for 2014-15.

## **FOR ASSURANCE**

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### **1 INTRODUCTION**

- 1.1 As per its Terms of Reference, the Governance and Audit Committee Trading Activities Sub Committee has a responsibility each year to 'Receive and review the annual statutory financial accounts of any KCC limited companies and financial statements for other trading vehicles and to consider corrective action where appropriate'.
- 1.2 It was agreed at the meeting on 9 March 2015 that the Sub-Committee required a consolidated Commercial Services position that includes the Commercial Services unit which is treated as a trading activity in the Councils financial statements.
- 1.3 Copies of the latest Statutory Accounts for Commercial Services (for 2014-15) are included as an appendix to the report should the Members' wish to review and consider them.

### **2 CONSOLIDATED COMMERCIAL SERVICES POSITION**

- 2.1 The table below shows the key financial highlights for 2014-15 of the Parent Company and the subsidiaries within the parent company and the KCC Commercial Services unit; and 2013-14 for comparator purposes.

| <b>Commercial Services</b>                                 | <b>Turnover/<br/>Income</b> | <b>Surplus/<br/>(Deficit)<br/>before Tax</b> | <b>Retained<br/>Surplus/<br/>(Deficit)</b> | <b>Net Assets</b>      |
|--|-----------------------------|--|--|------------------------|
|  | <b>£k</b>                   | <b>£k</b>                                    | <b>£k</b>                                  | <b>£k</b>              |
| <b>2014-15</b>   |                             |  |  |                        |
| Commercial Services Trading Ltd                            | 19,057.5                    | 247.5  | 1,190.7                                    | 2,190.7                |
| Commercial Services Kent Ltd                               | 55,121.8                    | 486.7  | 547.0                                      | 547.0                  |
| Kent Top Temps   | -                           | -3.9   | 1,192.4                                    | 1,192.4                |
| <b>Kent County Trading Ltd -<br/>Parent Company</b>        | <b>65,755.4</b>             | <b>730.3</b>                                 | <b>2,930.1</b>                             | <b>3,930.1</b>         |
| KCC - Commercial Services                                  | 315,425.0                   | -574.8                                       | 2,948.5                                    | 10,964.5               |
| <b>TOTAL</b>   | <b>381,180.4</b>            | <b>155.5</b>                                 | <b>5,878.6</b>                             | <b>14,894.6</b>        |
| <b>2013-14</b>   |                             |  |  |                        |
| <i>Commercial Services Trading Ltd</i>                     | <i>20,481.3</i>             | <i>186.1</i>                                 | <i>954.5</i>                               | <i>1,954.5</i>         |
| <i>Commercial Services Kent Ltd</i>                        | <i>58,383.4</i>             | <i>201.6</i>                                 | <i>199.9</i>                               | <i>199.9</i>           |
| <i>Kent Top Temps</i>                                      | <i>-</i>                    | <i>-291.7</i>                                | <i>1,209.5</i>                             | <i>1,209.5</i>         |
| <b><i>Kent County Trading Ltd -<br/>Parent Company</i></b> | <b><i>73,183.2</i></b>      | <b><i>99.2</i></b>                           | <b><i>2,363.9</i></b>                      | <b><i>3,363.9</i></b>  |
| <i>KCC - Commercial Services</i>                           | <i>329,820.4</i>            | <i>2,850.7</i>                               | <i>3,523.4</i>                             | <i>11,539.5</i>        |
| <b><i>TOTAL</i></b>  | <b><i>403,003.6</i></b>     | <b><i>2,949.9</i></b>                        | <b><i>5,887.3</i></b>                      | <b><i>14,903.4</i></b> |

- 2.2 Kent Top Temps is a dormant company and there are no plans to trade through Kent Top Temps in the foreseeable future. The activities previously traded through Kent Top Temps have transferred to Commercial Services Trading Ltd and Commercial Services Kent Ltd.
- 2.3 It should be noted that the KCC – Commercial Services accounts are accounted for on the same basis as local authority accounts rather than on a commercial accounts basis. However, the total net worth provides a reasonable representation for the consolidated group.
- 2.4 Commercial Services declared a dividend of £6,100k for 2014-15 which was recognised in the Council's accounts as a debtor.
- 2.5 KCC – Commercial Service had a trading surplus of £5,525,2k which was disclosed in the Council's Statement of Accounts in Note 32. The trading surplus is prior to the dividend of £6,100k which when taken into account gives a deficit of £575k as shown in the table above.

### **3 RECOMMENDATION**

- 3.1 Members are recommended to note the contents of this report for assurance, and to review the latest available Statutory Accounts (attached) for Commercial Services.

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