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By: John Simmonds, Deputy Leader and Cabinet Member for Finance & Procurement  
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To: Governance and Audit Committee Trading Activities Sub Committee - 28 February 2017

Subject: Consolidated Commercial Services 2015-16

Classification: Unrestricted

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Summary: To present the consolidated Commercial Services position for 2015-16.

## **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 Copies of the latest Statutory Accounts for Commercial Services (for 2015-16) are included as an appendix to the report should the Members' wish to review and consider them.

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

- 2.1 Table 1 below shows the key financial highlights for 2015-16 of KCC traded activities managed by Commercial Services (Kent) Limited, as shown in Note 33 of KCC's Statement of Accounts.

**Table 1:**

	<b>Turnover</b>	<b>Expenditure</b>	<b>Surplus/ (deficit)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
KCS - education and office supplies	56,079	52,891	3,188
Brokerage services	259,760	258,602	1,158
Direct Services	885	871	14
<b>Results for the year ended 31 March 2016</b>	<b>316,724</b>	<b>312,364</b>	<b>4,360</b>

Loss on disposal of Fixed Assets			(29)
Contribution from reserves			2,369
<b>Total Contribution to KCC y/e 31/3/16</b>			<b>6,700</b>

2.2 For comparator purposes the 2014-15 results are shown in Table 2 below:

**Table 2:**

	<b>Turnover £'000</b>	<b>Expenditure £'000</b>	<b>Surplus/ (deficit) £'000</b>
KCS - education and office supplies	57,633	54,030	3,603
Brokerage services	257,492	255,435	2,057
Direct Services	300	435	(135)
<b>Results for the year ended 31 March 2015</b>	<b>315,425</b>	<b>309,900</b>	<b>5,525</b>
Contribution from reserves			575
<b>Total Contribution to KCC y/e 31/3/15</b>			<b>6,100</b>

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 contribution of £6,700k for 2015-16 which was recognised in the Council's accounts as a debtor.

2.5 Table 3 below shows the 2015-16 Commercial Services Legal entity results and for comparator purposes the 2014-15 results are shown in Table 4.

**Table 3:**

**2015-2016 Commercial Services Legal entity results**

	<b>Turnover £'000</b>	<b>Expenditure including interest and tax £'000</b>	<b>Surplus/ (Loss) after tax £'000</b>
Commercial Services Kent Limited	53,720	53,528	192
Commercial Services Trading Limited	18,034	17,878	156
Kent Top Temps Limited		(151)	151

**Table 4:**

**2014-2015 Commercial Services Legal entity results**

	<b>Turnover</b>	<b>Expenditure including interest and tax</b>	<b>Surplus/ (Loss) after tax</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Commercial Services Kent Limited	55,122	54,762	360
Commercial Services Trading Limited	19,057	18,822	235
Kent Top Temps Limited		17	(17)

- 2.6 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.

**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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