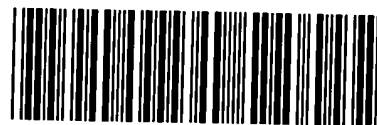


# Carlisle Security Services Limited

Annual Report and Financial Statements

for the year ended 31 December 2016

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# **Carlisle Security Services Limited**

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# **Carlisle Security Services Limited**

## **Company Information**

<b>Directors</b>	J Robertson R J Watson A L Wilford
<b>Company secretary</b>	R J Watson
<b>Registered office</b>	800 The Boulevard Capability Green Luton Bedfordshire LU1 3BA
<b>Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL United Kingdom

# Carlisle Security Services Limited

## Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

The principal activities of the company are the provision of security services and events stewarding in the UK. The company has begun to see the positive impact of its strategic plan implemented early in 2016, with strong leadership, clear vision and mission driving the business forward. The focus remains on growing the business within its target sectors, with contract wins in events, healthcare and education in 2016, whilst retaining all of our key customers.

Our vision is to be preferred experts and the most trusted provider of people-based services for the customers we serve and the markets we choose to work in.

Our mission is to provide customer driven, people-based services and strive to deliver measurable value to all involved. We do this by empowering passionate people to deliver exceptional outcomes.

We continue to support our employees' development through our already established training programme, utilising both internal and external expertise.

### Review of the business

	2016	2015	Change
	£000s	£000s	%
Turnover	22,450	19,137	17.31
Gross profit	2,605	2,238	16.4
Administrative expenses	(2,383)	(2,255)	(5.68)
Operating profit/(loss)	222	(17)	1405.88
Gross profit percentage (%)	11.6	12.0	
Conversion rate (%) (Operating profit to Gross profit)	8.52	(0.76)	

The company reports revenues of £22.5m which was an increase of 17.3% on 2015 and gross profit also increased by 16.4% to £2.6m due to the overhaul of business processes undertaken in 2015, which saw strict controls over contract pricing and tendering put in place to drive improved profitability, whilst maintaining its gross profit percentage.

The business restructured its cost base and significantly lowered its core overheads during 2015 and there were several changes in the senior management team. In 2016 the company has focused on investing in its sales and marketing strategy, recruiting business development directors, and improving its external and internal marketing proposition by focusing on social media. As a consequence of this investment, the company has grown significantly.

The directors recognise that Brexit has increased the general level of uncertainty and degree of business confidence around future availability of labour in the UK, and continue to monitor the situation in this regard.

### Insurance

Impellam Group plc ("the Group"), of which the company is a member, maintains a comprehensive insurance programme with a number of reputable third party underwriters. These insurance policies are reviewed annually to ensure that there is adequate cover for insurable risks and that the terms of those policies are optimised.

### Principal risks and uncertainties

The principal risks and uncertainties of the Group, which include those of the company, are discussed in the Finance Report in the Group's annual report which does not form part of this report. Certain of the Group's business and financial risks are managed at a Group level, rather than at an individual company level. For this reason, the company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the company.

## **Carlisle Security Services Limited**

### **Strategic Report for the Year Ended 31 December 2016 (continued)**

#### **Regulatory environment**

The provision of staffing and support services requires an increasing number of checks for compliance both with legislation and client contractual arrangements; these can vary widely by sector and geography. Such compliance requirements are constantly changing with new legislation being introduced and new or revised contracts being negotiated.


The company takes its responsibilities seriously, is committed to meeting all of its regulatory responsibilities and regularly reviews its policies, processes and systems to reflect best practice. All employees are informed and trained on any new requirements as they become necessary, all new employees receive training on all relevant operating standards and there is a team of compliance officers who regularly conduct spot checks to ensure standards are being maintained.

#### **Technology systems**

The company is reliant on a number of technology systems in providing its services to clients and in sourcing and communicating with employees. These systems are located both in-house and in various data centres. These systems are vulnerable to matters beyond the Group's control, such as natural disasters and power or telecommunications failures. Also, the systems could be vulnerable to improper or negligent operation by employees or from unauthorised access.

The business continues to develop and enhance controls, the associated disaster recovery systems, including physically separate disaster recovery sites, and other areas to improve its ability to cope with the loss or disruption of a technology system as a result of any such event. In addition, data protection is a key priority and specific contractual provisions exist to ensure safety and security of confidential data.

Approved by the Board on 29 June 2017 and signed on its behalf by:

  
.....  
A L Wilford  
Director

800 The Boulevard  
Capability Green  
Luton  
LU1 3BA

# **Carlisle Security Services Limited**

## **Directors' Report for the year ended 31 December 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

### **Directors of the company**

The directors who held office during the year were as follows:

D Mee (resigned 28 July 2016)

J Robertson

R J Watson

A L Wilford (appointed 28 July 2016)

### **Dividends**

No dividend is paid or recommended in respect of either the current or the prior period.

### **Financial instruments**

#### ***Objectives and policies***

The company's principal financial instruments comprise a revolving credit facility, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions. The main risks arising from the company's financial instruments are interest rate risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks as summarised below:

#### **Interest rate risk**

The company's exposure to interest rate risk is minimal as borrowings are held at a group level. The company does not currently hedge this risk.

#### **Foreign currency risk**

The company is exposed to fluctuations in the exchange rate between sterling and Euro. Wherever possible this risk is managed by ensuring expenses related to the generation of these overseas revenues are in the same currency as the income. The company does not seek to hedge this exposure.

### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Employee involvement**

The company recognises that it is essential to maintain a highly skilled workforce. To this end the policy of training and development is incorporated in the company plan. It is the policy to promote from within the organisation wherever the possibility exists.

Health and safety measures are given particular attention by the directors and a written policy exists and is known throughout the company.

The company recognises the need for employees to be informed of the company's activities and performance. A corporate intranet for all employees provides a wide range of information and provides an increasingly important communication tool for policies and procedures as well as the sharing of information, document storage and specific news. Meetings are held between management and employees to allow sharing of information and consultation. Employees participate directly in the performance of the business through the company's bonus arrangements.

### **Directors' liabilities**

During the period and to the date of these financial statements, the company had in force an indemnity provision in favour of one or more Directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

## **Carlisle Security Services Limited**

### **Directors' Report for the year ended 31 December 2016 (continued)**

#### **Disclosure of information to the auditor**

Each director has taken 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 the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditor**

The auditor KPMG LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 29 June 2017 and signed on its behalf by:



.....  
A L Wilford  
Director

## **Carlisle Security Services Limited**

### **Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and 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; and
- 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.



## **Independent Auditor's Report to the members of Carlisle Security Services Limited**

We have audited the financial statements of Carlisle Security Services Limited for the year ended 31 December 2016, set out on pages 9 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements (set out on page 6), 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 to the financial statements.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the 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 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## **Independent Auditor's Report to the members of Carlisle Security Services Limited (continued)**

### **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

.....  
Aimie Keki (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
United Kingdom

Date: 30-06-2017

# Carlisle Security Services Limited

## Profit and Loss Account for the year ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Turnover	3	22,450	19,137
Cost of sales		<u>(19,845)</u>	<u>(16,899)</u>
Gross profit		2,605	2,238
Administrative expenses		<u>(2,383)</u>	<u>(2,255)</u>
Operating profit/(loss)	4	222	(17)
Interest payable and similar expenses	6	<u>(7)</u>	<u>(4)</u>
Profit/(loss) before tax		215	(21)
Tax on profit/(loss)	9	<u>(56)</u>	<u>114</u>
Profit for the financial year		<u>159</u>	<u>93</u>

The above results were derived from continuing operations.

## Statement of Comprehensive Income for the year ended 31 December 2016

	2016 £ 000	2015 £ 000
Profit for the financial year	<u>159</u>	<u>93</u>
Total comprehensive income for the financial year	<u>159</u>	<u>93</u>

**Carlisle Security Services Limited**  
**(Registration number: 02654100)**  
**Balance Sheet as at 31 December 2016**

	Note	2016 £ 000	2015 £ 000
<b>Fixed assets</b>			
Property, plant and equipment	10	185	372
Deferred tax assets	9	105	137
		<u>290</u>	<u>509</u>
<b>Current assets</b>			
Trade and other receivables	11	9,163	6,868
Income tax asset	9	(26)	43
Cash and cash equivalents		841	294
		<u>9,978</u>	<u>7,205</u>
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	12	(8,926)	(6,331)
Net current assets		<u>1,052</u>	<u>874</u>
Total assets less current liabilities		1,342	1,383
Provisions for liabilities	13	-	(200)
Net assets		<u>1,342</u>	<u>1,183</u>
<b>Capital and reserves</b>			
Called up share capital	14	21	21
Profit and loss account		1,321	1,162
Shareholders' funds		<u>1,342</u>	<u>1,183</u>

Approved by the Board on 29 June 2017 and signed on its behalf by:

  
.....

A L Wilford  
Director

# Carlisle Security Services Limited

## Statement of Changes in Equity for the year ended 31 December 2016

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2016	21	1,162	1,183
Profit for the year	-	159	159
Total comprehensive income	-	159	159
At 31 December 2016	21	1,321	1,342

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2015	21	1,069	1,090
Profit for the year	-	93	93
Total comprehensive income	-	93	93
At 31 December 2015	21	1,162	1,183

# **Carlisle Security Services Limited**

## **Notes to the Financial Statements for the year ended 31 December 2016**

### **1 General information**

The company is a private company limited by share capital incorporated in England and domiciled in the United Kingdom.

The address of its registered office is:

800 The Boulevard  
Capability Green  
Luton  
Bedfordshire  
LU1 3BA

These financial statements were authorised for issue by the Board on 29 June 2017 and the balance sheet was signed on behalf of the Board by A L Wilford.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Significant accounting judgements**

In applying the company's accounting policies the following judgements have been made that may have a significant effect on the amounts recognised in the financial statements:

##### *Recoverability of debtors*

The company determines whether debtors are impaired if events or changes in circumstances indicate that the carrying value may not be recoverable at least on an annual basis.

##### *Vacant property*

When a property substantially ceases to be used for the purposes of the business, provision is made to the extent that the recoverable amount of the interest in the property is expected to be insufficient to cover the future obligations relating to the lease.

#### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

# **Carlisle Security Services Limited**

## **Notes to the Financial Statements for the year ended 31 December 2016 (continued)**

### **2 Accounting policies (continued)**

#### **Summary of disclosure exemptions**

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Impellam Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### **Going concern**

The directors have set out their business review for the company in the Strategic Report on page 2.

The company is expected to generate sufficient operational cash flows for the foreseeable future. Furthermore the company participates in the centralised treasury arrangements and banking facilities provided by its ultimate parent company, Impellam Group Plc. The company has received assurances from the directors of the ultimate parent company that there are no factors which cast doubt on the Group's ability to continue with those treasury and banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of Impellam Group Plc, the company's directors have a reasonable expectation that the company will be able to continue in operation for the foreseeable future. Therefore the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

#### **Exemption from preparing a cash flow statement**

The company has taken advantage of the exemption under FRS 101 not to publish a cash flow statement as its ultimate parent, Impellam Group Plc, a company incorporated in the United Kingdom, has prepared consolidated financial statements which are publicly available.

#### **Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 1 January 2016 have had a material effect on the financial statements.

# Carlisle Security Services Limited

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 2 Accounting policies (continued)

#### Revenue recognition

Turnover, which is stated exclusive of value added tax, comprises amounts receivable for employment services, net of rebates and discounts provided within the United Kingdom. The nature of the company's activities is such that revenue is recognised when a written agreement, terms and conditions or an approved customer order is in place and the services have been fully rendered. At that time, pricing is then fixed and determinable. The company's procedures require review of a customer's ability to pay prior to a service provision, at the time of such provision, and at the time of billing, such that collectibility is reasonably assured.

#### Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### Tangible assets and depreciation

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Asset class	Depreciation method and rate
Office equipment	25% straight line basis
Fixtures and fittings	15 - 33% straight line basis
Short leasehold land and buildings	over the term of the lease

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.



## **Carlisle Security Services Limited**

### **Notes to the Financial Statements for the year ended 31 December 2016 (continued)**

#### **2 Accounting policies (continued)**

##### **Trade receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

##### **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Provisions for liabilities**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

##### **Operating lease payments**

Rentals payable under operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged in the profit and loss account on a straight line basis over the lease term.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Defined contribution pension obligation**

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

##### **Financial assets and liabilities**

###### **Classification**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial assets and financial liabilities are recorded at fair value on the transaction date, on the company's balance sheet when the company has become a party to the contractual provisions of the instrument and derecognised when this is no longer the case.

# Carlisle Security Services Limited

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 3 Revenue

The turnover of the company arises wholly from activities undertaken within the United Kingdom.

The analysis of the company's revenue for the year from continuing operations is as follows:

	2016 £ 000	2015 £ 000
Rendering of services	22,450	19,137

### 4 Operating loss

Arrived at after charging

	2016 £ 000	2015 £ 000
Depreciation expense	217	270
Operating lease expense - property	7	19
Operating lease expense - plant and machinery	49	65

### 5 Auditor's remuneration

	2016 £ 000	2015 £ 000
Audit of the financial statements	23	16

### 6 Interest payable and similar expenses

	2016 £ 000	2015 £ 000
Interest on bank overdrafts and borrowings	-	1
Other finance costs	7	3
	7	4

### 7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £ 000	2015 £ 000
Wages and salaries	19,124	16,117
Social security costs	1,436	1,250
Pension costs, defined contribution scheme	159	139
	20,719	17,506

The figures in the tables above include £18,401,000 (31 December 2015: £15,703,000) in relation to operational staff which have been included in cost of sales in the profit and loss account.

# Carlisle Security Services Limited

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 7 Staff costs (continued)

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Administration and support	3	3
Sales, marketing and distribution	973	731
Other departments	71	67
	<u>1,047</u>	<u>801</u>

### 8 Directors' remuneration

The emoluments of the directors are paid by the ultimate parent company, Impellam Group Plc. The emoluments attributable to services in relation to this company are £50,000 (2015: £49,000).

### 9 Income tax

Tax (credited) in the income statement

	2016 £ 000	2015 £ 000
<b>Current taxation</b>		
UK corporation tax	26	-
UK corporation tax adjustment to prior periods	(53)	-
	(27)	-
Payment for group relief received	51	(83)
Total current income tax	<u>24</u>	<u>(83)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	(14)	(28)
Deferred tax adjustment relating to previous years	46	(3)
Total deferred taxation	<u>32</u>	<u>(31)</u>
Tax credit in the income statement	<u>56</u>	<u>(114)</u>

# Carlisle Security Services Limited

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 9 Income tax (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (31 December 2015 - lower than the standard rate of corporation tax in the UK) of 20% (31 December 2015 - 20%).

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Profit/(loss) before tax	215	(21)
Corporation tax at standard rate	43	(4)
Decrease from transfer pricing adjustments	-	(23)
Decrease in current tax from adjustment for prior periods	(8)	-
Expenses/(income) not taxable/allowable in determining taxable profits	7	(88)
Difference between depreciation and capital allowances	-	36
Payments for Group relief not at the standard rate of tax	-	(4)
Deferred tax on short term timing differences	-	(31)
Deferred tax expense relating to changes in tax rates or laws	14	-
Total tax charge/(credit)	56	(114)

UK legislation requires, in broad terms, that most transactions between connected parties be at an arm's length price for tax purposes (commonly known as 'transfer pricing'). As a result, this company must make an adjustment for deemed net interest on intercompany balances that has not been recognised in the financial statements.

UK legislation also places restrictions on the amount of interest payable by a group of companies which can be deducted for tax purposes (commonly known as the 'debt cap rules'), but also allows a restricted exemption for interest receivable subject to various conditions.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax balances at 30 December 2016 have been calculated based on these rates.

#### Deferred tax

Deferred tax asset

31 December 2016	Asset £ 000
Accelerated tax depreciation	94
Provisions	11
	105

# Carlisle Security Services Limited

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 9 Income tax (continued)

31 December 2015	Asset £ 000
Accelerated tax depreciation	124
Provisions	13
	<u>137</u>

Deferred tax movement during the year:

	At 1 January 2016 £ 000	Recognised in income £ 000	At 31 December 2016 £ 000
Accelerated tax depreciation	124	(30)	94
Provisions	13	(2)	11
Net tax assets	<u>137</u>	<u>(32)</u>	<u>105</u>

Deferred tax movement during the prior year:

	At 1 January 2015 £ 000	Recognised in income £ 000	At 31 December 2015 £ 000
Accelerated tax depreciation	93	31	124
Provisions	13	-	13
Net tax assets	<u>106</u>	<u>31</u>	<u>137</u>

### 10 Property, plant and equipment

	Short leasehold land and buildings £ 000	Fixtures and fittings £ 000	Office equipment £ 000	Total £ 000
<b>Cost or valuation</b>				
At 1 January 2016	115	772	1,915	2,802
Additions	-	16	14	30
At 31 December 2016	<u>115</u>	<u>788</u>	<u>1,929</u>	<u>2,832</u>
<b>Depreciation</b>				
At 1 January 2016	115	767	1,548	2,430
Charge for the year	-	4	213	217
At 31 December 2016	<u>115</u>	<u>771</u>	<u>1,761</u>	<u>2,647</u>
<b>Carrying amount</b>				
At 31 December 2016	<u>-</u>	<u>17</u>	<u>168</u>	<u>185</u>
At 31 December 2015	<u>-</u>	<u>5</u>	<u>367</u>	<u>372</u>

There is no material difference between the market value and net book value of the fixed assets.

# Carlisle Security Services Limited

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 11 Trade and other receivables

	2016 £ 000	2015 £ 000
Trade receivables	2,474	2,137
Amounts owed by related parties	6,374	4,175
Accrued income	242	305
Prepayments	73	163
Other receivables	-	88
Total current trade and other receivables	<u>9,163</u>	<u>6,868</u>

Amounts owed by related parties are interest free, unsecured and repayable on demand.

### 12 Trade and other payables

	2016 £ 000	2015 £ 000
Trade payables	71	208
Accrued expenses	790	416
Amounts owed to related parties	5,814	3,456
Social security and other taxes	594	984
Outstanding defined contribution pension costs	24	40
Other payables	<u>1,633</u>	<u>1,227</u>
	<u>8,926</u>	<u>6,331</u>

Amounts owed to related parties are interest free, unsecured and repayable on demand.

### 13 Provisions for liabilities

	Property provision £ 000
At 1 January 2016	200
Decrease in existing provisions credited to the profit and loss account	<u>(200)</u>
At 31 December 2016	<u>-</u>

A provision is made when a property leased by the company is empty with no plans to occupy. The provision relates to rent and associated costs up to the first date at which the lease could be terminated.

# Carlisle Security Services Limited

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 14 Share capital

#### Allotted, called up and fully paid shares

	2016		2015	
	No. 000	£ 000	No. 000	£ 000
Ordinary £1 share of £1 each	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>

### 15 Obligations under leases and hire purchase contracts

#### Operating leases

The total future value of minimum lease payments is as follows:

	2016 £ 000	2015 £ 000
Within one year	106	256
In two to five years	63	1,017
In over five years	-	70
	<u>169</u>	<u>1,343</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £56,000 (2015 - £84,000)

### 16 Pension and other schemes

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £159,000 (2015 - £139,000).

Contributions totalling £24,000 (2015 - £40,000) were payable to the scheme at the end of the year and are included in creditors.

### 17 Contingent liabilities

The company has given cross guarantees as follows: a) As part of the Group's overdraft facility of which the company is a member; the net aggregate amount outstanding against this facility in other group companies as at 31 December 2016 was £18,863,000 (31 December 2015: £Nil).

### 18 Related party transactions

The company has taken advantage of the exemptions in FRS101 Section 8 from disclosing transactions with other members of the Group.

### 19 Parent and ultimate parent undertaking

The Company's immediate parent is Carlisle Support Services Group Limited.

## **Carlisle Security Services Limited**

### **Notes to the Financial Statements for the year ended 31 December 2016 (continued)**

#### **19 Parent and ultimate parent undertaking (continued)**

The Company's ultimate parent undertaking, Impellam Group Plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Impellam Group Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF14 3UZ. Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

At 31 December 2016, the Lombard Trust was interested in and controlled 51.1% of Impellam Group Plc.