

Registered number
03545205

KMS (UK) Ltd
Report and Accounts
31 December 2012

FRIDAY



L2HS7NSO

L19

27/09/2013

#208

COMPANIES HOUSE

KMS (UK) Ltd
Registered number. 03545205
Directors' Report

The directors present their report and accounts for the year ended 31 December 2012

Principal activities and review of the business

The company's principal activity during the year continued to be the provision of housekeeping staff mainly to the hotel industry

Financial instrument risk

The company's exposure to interest rate fluctuations on its borrowings is managed by using a Interest rate swap. This was originally a fixed rate agreement entered into on the 7th April 2008 for a period of 10 years at a fixed rate of 5.32% for a notional amount of £1,000,000. But on the 29th January 2009 this was renegotiated to a 15 year agreement with a step rate of interest as follows -

Year 1 -	2.77%
Year 2 -	3.80%
Years 3 - 8	5.82%
Years 9 - 13	5.90%

This is to expire in early 2023

Directors

The following persons served as directors during the year

C Gates
M Ganeva

Directors' responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts 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 accounts 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 accounts, the directors are required to

- select suitable accounting policies and then 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 accounts,
- prepare the accounts 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 accounts 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

KMS (UK) Ltd
Registered number: 03545205
Directors' Report

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This report was approved by the board on 27 September 2013 and signed on its behalf



C Gates
Director

KMS (UK) Ltd
Independent auditors' report
to the shareholders of KMS (UK) Ltd

We have audited the accounts of KMS (UK) Ltd for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 Section 495 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 Statement of Directors' Responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts 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.

In accordance with the exemption provided by APB Ethical Standard - Provisions Available for Smaller Entities (Revised), we have prepared and submitted the company's returns to the tax authorities and assisted with the preparation of the accounts.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the accounts

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

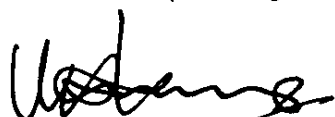
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

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 been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the accounts 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
- the directors were not entitled to prepare the accounts and the directors' report in accordance with the small companies regime.



Michael Richard George (Senior Statutory Auditor)
for and on behalf of Michael George & Co Ltd
Chartered Accountants and Statutory Auditors
27 September 2013

Dawes Court House
Dawes Court
High Street
Esher
Surrey KT10 9QD

KMS (UK) Ltd
Profit and Loss Account
for the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	2	7,495,870	6,992,483
Cost of sales		(6,665,179)	(6,141,271)
Gross profit		<u>830,691</u>	<u>851,212</u>
Administrative expenses		(787,272)	(760,620)
Operating profit	3	<u>43,419</u>	<u>90,592</u>
Interest receivable		-	45
Profit on ordinary activities before taxation		<u>43,419</u>	<u>90,637</u>
Tax on profit on ordinary activities	6	(13,245)	(21,363)
Profit for the financial year		<u>30,174</u>	<u>69,274</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years

KMS (UK) Ltd
Balance Sheet
as at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	7	10,456	14,948
Current assets			
Debtors	8	1,760,009	1,614,693
Cash at bank and in hand		53,279	278,773
		<u>1,813,288</u>	<u>1,893,466</u>
Creditors amounts falling due within one year	9	(1,791,963)	(1,906,808)
Net current assets/(liabilities)		<u>21,325</u>	<u>(13,342)</u>
Net assets		<u>31,781</u>	<u>1,606</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	31,681	1,506
Shareholders' funds	12	<u>31,781</u>	<u>1,606</u>



C Gates
Director
Approved by the board on 27 September 2013

KMS (UK) Ltd
Cash Flow Statement
for the year ended 31 December 2012

	Notes	2012 £	2011 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		43,419	90,593
Depreciation charges		4,859	5,280
Increase in debtors		(145,316)	(70,577)
Decrease in creditors		(78,512)	(88,530)
Net cash outflow from operating activities		<u>(175,550)</u>	<u>(63,234)</u>
CASH FLOW STATEMENT			
Net cash outflow from operating activities		(175,550)	(63,234)
Returns on investments and servicing of finance	13	-	45
Taxation		(49,578)	(70,001)
Capital expenditure	13	<u>(367)</u> (225,495)	<u>(1,935)</u> (135,125)
Decrease in cash		<u>(225,495)</u>	<u>(135,125)</u>
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the period		(225,494)	(135,126)
Change in net debt	14	<u>(225,494)</u>	<u>(135,126)</u>
Net funds at 1 January		278,773	413,899
Net funds at 31 December		<u>53,279</u>	<u>278,773</u>

KMS (UK) Ltd
Notes to the Accounts
for the year ended 31 December 2012

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Going concern

The accounts have been prepared on the going concern basis as the directors are confident that the company will continue to generate profits in order to provide adequate resources

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows

Leasehold land and buildings	over the lease term
Fixtures & Fittings	10% straight line
Plant and Machinery	20% straight line

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

2 Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers

3 Operating profit	2012	2011
	£	£
This is stated after charging		
Depreciation of owned fixed assets	4,859	5,279
Auditors' remuneration for audit services	<u>5,000</u>	<u>4,500</u>
4 Directors' emoluments	2012	2011
	£	£
Emoluments	<u>244,112</u>	<u>244,112</u>

KMS (UK) Ltd
Notes to the Accounts
for the year ended 31 December 2012

5 Staff costs	2012 £	2011 £
Wages and salaries	<u>7,022,758</u>	<u>6,575,362</u>

Average number of employees during the year	Number	Number
Administration	12	10
Operational	<u>602</u>	<u>576</u>
	<u>614</u>	<u>586</u>

6 Taxation	2012 £	2011 £
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	13,245	21,363
	<u>13,245</u>	<u>21,363</u>
Tax on profit on ordinary activities	<u>13,245</u>	<u>21,363</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2012 £	2011 £
Profit on ordinary activities before tax	43,419	90,637
Standard rate of corporation tax in the UK	20 25%	20 25%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	8,792	18,354
Effects of		
Expenses not deductible for tax purposes	7,123	5,623
Capital allowances for period in excess of depreciation	(2,670)	(2,614)
Current tax charge for period	<u>13,245</u>	<u>21,363</u>
Non corporation tax liability	<u>28,765</u>	<u>9,953</u>

KMS (UK) Ltd
Notes to the Accounts
for the year ended 31 December 2012

7 Tangible fixed assets

	leasehold land and £	Plant and machinery £	Total £
Cost			
At 1 January 2012	5,016	49,367	54,383
Additions	-	367	367
At 31 December 2012	<u>5,016</u>	<u>49,734</u>	<u>54,750</u>
Depreciation			
At 1 January 2012	3,274	36,161	39,435
Charge for the year	836	4,023	4,859
At 31 December 2012	<u>4,110</u>	<u>40,184</u>	<u>44,294</u>
Net book value			
At 31 December 2012	<u>906</u>	<u>9,550</u>	<u>10,456</u>
At 31 December 2011	<u>1,742</u>	<u>13,206</u>	<u>14,948</u>

8 Debtors

	2012 £	2011 £
Trade debtors	1,139,442	1,109,187
Directors' loan account	<u>620,567</u>	<u>505,506</u>
	<u>1,760,009</u>	<u>1,614,693</u>

9 Creditors amounts falling due within one year

	2012 £	2011 £
Trade creditors	14,114	11,776
Factoring	701,639	766,002
VAT liability	539,172	473,910
Corporation tax	53,733	90,066
Other taxes and social security costs	147,246	132,278
Wages accrual	126,581	195,959
Holiday accrual	203,978	205,697
Other creditors	-	25,620
Accruals and deferred income	<u>5,500</u>	<u>5,500</u>
	<u>1,791,963</u>	<u>1,906,808</u>

Amounts owed under a debtor financing arrangement are secured on the trade debtors of the company and by way of a fixed and floating charge on all the company's assets

KMS (UK) Ltd
Notes to the Accounts
for the year ended 31 December 2012

10 Share capital	2012 No	2011 No	2012 £	2011 £
Allotted, called up and fully paid Ordinary shares of £1 each	100	100	<u>100</u>	<u>100</u>

11 Profit and loss account	2012 £
At 1 January 2012	1,507
Profit for the financial year	30,174
At 31 December 2012	<u>31,681</u>

12 Reconciliation of movement in shareholders' funds	2012 £	2011 £
At 1 January	1,606	(67,668)
Profit for the financial year	30,174	69,274
At 31 December	<u>31,780</u>	<u>1,606</u>

13 Gross cash flows	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	<u>-</u>	<u>45</u>
Capital expenditure		
Payments to acquire tangible fixed assets	<u>(367)</u>	<u>(1,935)</u>

14 Analysis of changes in net debt	At 1 Jan £	Cash flows £	Non-cash £	At 31 Dec £
Cash at bank and in hand	278,773	(225,494)		53,279
Total	<u>278,773</u>	<u>(225,494)</u>	<u>-</u>	<u>53,279</u>

KMS (UK) Ltd
Notes to the Accounts
for the year ended 31 December 2012

15 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as

	Land and 2012 £	Land and 2011 £
Operating leases which expire within one year	27,996	27,996
within two to five years	-	27,996
	<u>27,996</u>	<u>55,992</u>

16 Transactions with directors

The only transactions which are required to be disclosed are those relating to the directors' loan accounts which are as follows

	2012 £
Joint C Gates and M Ganeva	
At 1 January 2012	505,506
Net loans	115,061
	<u>620,567</u>
At 31 December 2012	

17 Controlling party

The company has been under the control of the directors C Gates and M Ganeva. They also jointly own 100% of the issued share capital of the company.

18 Interest rate risk and contingent liability

The company's exposure to interest rate fluctuations on its borrowings is managed by using an interest rate swap. This originally was a fixed rate agreement entered into on the 7th April 2008 for a period of 10 years at a fixed rate of 5.32% for a notional amount of £1,000,000. But on the 29th January 2009 this was renegotiated to a 15 year agreement with a step rate of interest as follows -

Year 1 -	2.77%
Year 2 -	3.80%
Years 3 - 8	5.82%
Years 9 - 13	5.90%

This is to expire in April 2023. This current hedging arrangement has been a cost to the company in 2012 of £48,465 (2011-£29,909) because the current LIBOR rate is 0.5%. The cancellation fee is apparently in excess of £200,000. Therefore there is no current fair value for this hedge as a result of the fall in interest rates.