

# Annual Report and Financial Statements

## Liverpool Streetscene Services Limited

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For the year ended 31<sup>st</sup> March 2021



**Liverpool Streetscene Services Limited****Registered Number: 04161448**

Registered number: 04161448

**Company Information****Directors** Mr S J Reddy**Registered Number** 04161448**Registered Office** Newton Road  
Liverpool  
Merseyside  
L13 3HS**Independent Auditor** Grant Thornton UK LLP  
Chartered Accountants & Senior Statutory Auditor  
Royal Liver Building  
Liverpool  
L3 1PS**Bankers** Barclays Bank Plc  
Liverpool  
L2 1TD**Solicitors** DWF LLP  
2 Hardman Street  
Manchester  
M3 3AA

Liverpool Streetscene Services Limited

Registered Number: 04161448

Contents	Page
Strategic Report.....	4
Director’s Report .....	6
Independent Auditor’s Report.....	9
Statement of Comprehensive Income .....	13
Statement of Financial Position .....	14
Statement of Changes in Equity.....	15
Statement of Cash Flows.....	16
Notes to the Financial Statements .....	17

**Liverpool Streetscene Services Limited****Registered Number: 04161448**

## **Strategic Report**

**For the period ended 31 March 2021**

The Directors present their strategic report for Liverpool Streetscene Services Limited (LSSL) for the year ended 31 March 2021.

This report will provide a record of the Company's financial position and performance.

LSSL is a wholly owned Company of Liverpool City Council established by the City Council in 2016 as a Local Authority Trading Company (LATCO). The Company was established to enable services to be delivered more effectively providing the City Council with savings by way of reduced management fees, enhanced performance and increased productivity.

The public realm services LSSL deliver include:

- Refuse and recycling collection
- Grounds maintenance of highways, parks, green spaces and cemeteries
- Street cleansing
- Highways services

The benefits of the above services being delivered by a LATCO for Liverpool City Council (the Council) are:

- Provide greater control but at the same time flexibility in the contracts, enabling amendments to specifications and working practices more easily to meet current and future requirements.
- Generate efficiency savings, providing the Council a reduction in costs
- Improve value for money through a formal contractual relationship allowing for efficiencies to be redistributed to the Council or reinvested in frontline operations to improve service delivery further.
- Promote Mayoral priorities by working in partnership with the Council and local stakeholders.
- Generate income through trading with the ability to make a profit to subsidise operational costs.

**Liverpool Streetscene Services Limited****Registered Number: 04161448**

## **Strategic Report (continued)**

**For the period ended 31 March 2021**

### **Business review**

The controllable operating position of the Company pre the inclusion of the defined benefit pension scheme entries shows an improved performance of £0.445m with a £0.011m profit. (£0.434m loss, 2020).

The Statement of Comprehensive Income for the year ending 31 March 2021 including the defined benefit pension scheme entries is set out on page 13 and shows a turnover of £39.420m (2020: £37.412m) and a loss after tax of £1.388m (2020: £2.151m).

Revenue in the period ended 31 March 2021 of £39.420m was £2.008m higher than the previous year. The increase is primarily as a result of the second phase of the Alleyway Programme and increased services provided during the lockdown periods. The associated expenditure to delivering the Alleyway Programme and the additional services has had a similar effect on the costs of the business.

### **Principal risks and uncertainties**

The Company uses various financial instruments and these include cash and other items such as trade debtors, trade creditors and intercompany trading balances that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The company has indemnified, by means of directors' and officers' liability insurance, 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. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report

### **Liquidity risk**

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved through intra group funding and support.

This report was approved by the board and signed on its behalf.



**Mr S J Reddy**

**Director**

Date: 3/3/2022

**Liverpool Streetscene Services Limited****Registered Number: 04161448**

## **Directors' Report**

### **For the year ended 31 March 2021**

The Directors present their report and the financial statements for the year ended 31 March 2021.

### **Principal activity**

The principal activity of the Company is supplying Public Realm Services to the Council. There have been no changes in the Company's activities in the period under review. During the year, the Company has provided grounds maintenance for highways, parks and cemeteries, street cleansing and refuse collection services for the Council under long-term contracts.

A short term arrangement is in place to deliver highways related services, comprising Gully works, road markings, street lighting and alleygate maintenance.

### **Results and dividends**

The loss for the year, after taxation, amounted to £1.388m (2020: £2.151m).

The overall deficit as at 31 March 2021 for the defined benefit pension scheme is £14.293m (2020: £11.323m).

The Directors do not recommend the payment of a dividend in respect of the year ended 31 March 2021 (2020: £nil).

### **Directors**

The Directors who served during the year and subsequent to the year-end were:

Ms W A Simon (Resigned 1<sup>st</sup> April 2021)

Miss S Connor (Resigned 1<sup>st</sup> April 2021)

Ms C D Martin (Appointed 1<sup>st</sup> April 2021 & Resigned 31<sup>st</sup> December 2021)

Mr S J Reddy (Appointed 1<sup>st</sup> April 2021)

### **Future developments**

During the Coronavirus pandemic the Company has remained operational and have put in place a number of control measures to decrease the risk to employees delivering our services. The annual review has reflected the impact of Coronavirus on the Business Plan with funding secured to mitigate short term expenditure increases. The primary focus of the Company remains improving the levels of services across its core Public Sector business areas, whilst exploring opportunities for increasing additional commercial revenue streams. The fleet replacement strategy continues to be implemented with two new vehicles to be purchased in 2021.

**Liverpool Streetscene Services Limited****Registered Number: 04161448**

## **Directors' Report (continued)**

**For the year ended 31 March 2021**

### **Disabled employees**

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

### **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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- Make judgements 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.

### **Responsibilities under Section 172 of the Companies Act 2006**

The Directors consider that they have acted in ways that they believe in good faith to be most likely to promote the success of the Company for the benefit of all its stakeholders in the decisions they made during the year ended 31 March 2021, having regard to the consequences of decisions in the long term. We recognise our colleagues as our most important asset and aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and wellbeing of our colleagues are of the highest importance and ensuring these is one of our primary considerations in the way we do business. Caring for our customers is fundamental to the success of our business and we endeavour to serve them to the very best of our ability. We are committed to ensuring that all services provided are of high quality and in accordance with all regulatory requirements.

**Liverpool Streetscene Services Limited****Registered Number: 04161448**

## **Directors' Report (continued)**

**For the year ended 31 March 2021**

We also aim to act responsibly and fairly in our engagement with all stakeholders. The business takes seriously its responsibilities towards the communities it serves, and to the wider environment.

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

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

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- The 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 auditor is aware of that information.

### **Going Concern**

Notwithstanding the loss for the year, the net current liability position and the shareholders' deficit as at 31 March 2021, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis. There is an understanding the reported financial position of the business is significantly impacted, as a direct result of accounting treatment requirements, in relation to the defined benefit pension scheme. Such requirements do not impact the underlying day-to-day cash flow of the business, but do impact the annual losses before tax. (See note 19). The Directors are satisfied that the Company has adequate resources having received confirmation of support of its parent entity, Liverpool City Council, for a period of at least twelve months from the date of approval of these financial statements to enable it to continue trading for the foreseeable future. As part of this assessment, the Directors have considered the potential impact of the coronavirus on the business and Liverpool City Councils ability to support increased contract prices for any service delivery changes.

### **Auditor**

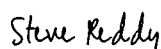
Grant Thornton UK LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### **Key Performance Indicators**

A number of KPI's are used to assess the performance of the business. Some are listed below;

- Controllable operating position breakeven, £0.010m favourable variance.
- Justified missed bins APSE top quartile, target achieved.
- Fly tipping removal within 5 days, 10% above target.
- Customer enquiries resolved within timescale 97.12% (target 90%)

This report was approved by the Board and signed on its behalf.

**Mr S J Reddy****Director**

Date: 3/3/2022



**Liverpool Streetscene Services Limited****Registered Number: 04161448**

## **Independent auditor's report to the members of Liverpool Streetscene Services Limited**

### **Opinion**

We have audited the financial statements of Liverpool Streetscene Services Limited (the 'company') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the

**Liverpool Streetscene Services Limited****Registered Number: 04161448**

## **Independent auditor's report to the members of Liverpool Streetscene Services Limited (Continued)**

directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

**Liverpool Streetscene Services Limited****Registered Number: 04161448**

## **Independent auditor's report to the members of Liverpool Streetscene Services Limited (Continued)**

### **Matters on which we are required to report by exception**

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

### **Responsibilities of directors for the financial statements**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.*

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

**Liverpool Streetscene Services Limited****Registered Number: 04161448**

## **Independent auditor's report to the members of Liverpool Streetscene Services Limited (Continued)**

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company, and the industry in which it operates. We determined the Companies Act 2006 to be the most significant laws and regulations to the entity. We enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minute reviews. From the procedures performed we did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - evaluation of the processes and controls established to address the risks related to irregularities and fraud;
  - testing journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - identifying and testing related party transactions; and
  - the assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the client operates in and understanding of, and practical experience through training and participation with audit engagements of a similar nature.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement; and
  - the company's control environment including the adequacy of procedures for authorisation of transactions.

### **Use of our report**

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.

*Michael Lowe*

Date: 03/03/2022

Michael Lowe

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Liverpool

**Liverpool Streetscene Services Limited****Registered Number: 04161448****Statement of Comprehensive Income****For the year ended 31 March 2021**

	<b>Note</b>	<b>2021 £000's</b>	<b>2020 £000's</b>
Turnover	4	<b>39,420</b>	37,412
Cost of Sales		<b>(38,998)</b>	(37,052)
<b>Gross Profit</b>		<b>421</b>	359
Administrative expenses		<b>(2,358)</b>	(2,100)
Other operating income	5	<b>1,050</b>	0
<b>Operating Loss</b>	6	<b>(886)</b>	(1,741)
Interest payable and similar charges	9	<b>(500)</b>	(410)
<b>Loss before tax</b>		<b>(1,388)</b>	(2,151)
Tax on Profit/Loss	10	<b>0</b>	0
<b>Loss for the period</b>		<b>(1,388)</b>	(2,151)
<b>Other comprehensive income for the year</b>			
Actuarial (losses)/gains on defined pension scheme in year	24	<b>(1,572)</b>	1,210
<b>Other comprehensive income for the year</b>		<b>(1,572)</b>	1,210
<b>Total comprehensive income for the year</b>		<b>(2,960)</b>	(941)

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

All amounts relate to continuing operations

The notes on pages 17 to 34 form part of these financial statements.

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Statement of Financial Position

As at 31 March 2021

	Note	2021 £000's	2020 £000's
<b>Fixed assets</b>			
Tangible assets	11	7,184	7,118
		<u>7,184</u>	<u>7,118</u>
<b>Current assets</b>			
Stocks	12	534	436
Debtors: amounts falling due within one year	13	6,691	4,283
Cash at bank and in hand	14	2,258	185
		<u>9,483</u>	<u>4,904</u>
Creditors: amounts falling due within one year	15	(15,077)	(9,534)
<b>Net current liabilities</b>		<u>(5,595)</u>	<u>(4,630)</u>
<b>Total assets less current liabilities</b>		<u>1,590</u>	<u>2,488</u>
Creditors: amounts falling due after more than one year	16	(5,080)	(5,990)
Pension liability	24	(14,293)	(11,323)
<b>Net liabilities</b>		<u>(17,784)</u>	<u>(14,824)</u>
<b>Capital and reserves</b>			
Called up share capital	19	100	100
Capital contributions reserve	20	700	700
Profit and loss account	20	(18,584)	(15,624)
		<u>(17,784)</u>	<u>(14,824)</u>

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

*Steve Reddy*

**Mr S J Reddy**

**Director**

**Date:** 3/3/2022

The notes on pages 17 to 34 form part of these financial statements.

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Statement of Changes in Equity

For the period ended 31 March 2021

	Called up share capital £000's	Capital contribution reserve £000's	Profit and loss account £000's	Total Equity £000's
<b>As at 31 March 2020</b>	<b>100</b>	<b>700</b>	<b>(15,624)</b>	<b>(14,824)</b>
<b>Comprehensive income for the year</b>				
Loss for the year	0	0	(1,388)	(1,388)
Actuarial Gains for the year	0	0	(1,572)	(1,572)
Total comprehensive income for the year	0	0	(2,960)	(2,960)
<b>As at 31 March 2021</b>	<b>100</b>	<b>700</b>	<b>(18,584)</b>	<b>(17,784)</b>

	Called up share capital £000's	Capital contribution reserve £000's	Profit and loss account £000's	Total Equity £000's
<b>As at 31 March 2019</b>	<b>100</b>	<b>700</b>	<b>(14,683)</b>	<b>(13,883)</b>
<b>Comprehensive income for the year</b>				
Loss for the year	0	0	(2,151)	(2,151)
Actuarial Gains for the year	0	0	1,210	1,210
Total comprehensive income for the year	0	0	(941)	(941)
<b>As at 31 March 2020</b>	<b>100</b>	<b>700</b>	<b>(15,624)</b>	<b>(14,824)</b>

Liverpool Streetscene Services Limited

Registered Number: 04161448

**Statement of Cash Flows**

For the period ended 31 March 2021

	<b>31 March 2021 £000's</b>	<b>31 March 2020 £000's</b>
<b>Cash flows from operating activities</b>		
Loss for the financial period	<b>(1,388)</b>	<b>(2,151)</b>
<b>Adjustments for:</b>		
Depreciation of tangible assets	<b>1,627</b>	<b>1,169</b>
Interest paid	<b>240</b>	<b>146</b>
Decrease/(increase) in stock	<b>(98)</b>	<b>32</b>
Decrease/(increase) in debtors	<b>(237)</b>	<b>115</b>
Decrease/(increase) in amounts owed by groups	<b>(2,171)</b>	<b>(1,034)</b>
(Decrease)/increase in creditors	<b>2,633</b>	<b>238</b>
Defined benefit pension scheme costs less contributions payable	<b>1,138</b>	<b>1,451</b>
Defined benefit pension scheme finance costs	<b>260</b>	<b>266</b>
Increase in amounts owed to groups	<b>2,001</b>	<b>4,930</b>
<b>Net cash generated from operating activities</b>	<b>4,006</b>	<b>5,162</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	<b>(1,694)</b>	<b>(5,048)</b>
<b>Net cash from investing activities</b>	<b>(1,694)</b>	<b>(5,048)</b>
<b>Cash flows from financing activities</b>		
Interest paid	<b>(240)</b>	<b>(146)</b>
<b>Net cash used in financing activities</b>	<b>(240)</b>	<b>(146)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,072</b>	<b>(33)</b>
Cash and cash equivalents at beginning of period	<b>185</b>	<b>218</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,258</b>	<b>185</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	<b>2,258</b>	<b>185</b>
	<b>2,258</b>	<b>185</b>



**Liverpool Streetscene Services Limited****Registered Number: 04161448**

## **Notes to the Financial Statements**

**For the period ended 31 March 2021**

### **1. General Information**

Liverpool Streetscene Services Limited is a limited Company incorporated in the United Kingdom. The registered office is Newton Road, Liverpool, Merseyside, L13 3HS. The principal activity of the Company is supplying Public Realm Services to Liverpool City Council.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### **2.2 Going concern**

Notwithstanding the loss for the year, the net current liability position and the shareholders' deficit as at 31 March 2021, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis. There is an understanding the reported financial position of the business is significantly impacted, as a direct result of accounting treatment requirements, in relation to the defined benefit pension scheme. Such requirements do not impact the underlying day-to-day cash flow of the business, but do impact the annual losses before tax (see note 19).

The Directors are satisfied that the Company has adequate resources having received confirmation of support of its parent entity, Liverpool City Council, for a period of at least twelve months from the date of approval of these financial statements to enable it to continue trading for the foreseeable future. As part of this assessment, the Directors have considered the potential impact of the coronavirus on the business and Liverpool City Councils ability to support increased contract prices for any service delivery changes.

#### **2.3 Stocks**

Stocks and work in progress is valued at the lower of cost and net realisable value.

#### **2.4 Revenue**

Revenue is stated net of VAT. Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the Statement of Financial Position date revenue represents the value of the service provided to date based on a proportion of the total contract value. Where payments from customers are received in advance of services provided, the amounts are recorded as deferred income and included as part of the creditors: amounts falling due within one year.

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 2. Accounting policies (continued)

#### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulate impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of the assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated remaining useful lives are as follows:

Plant & Machinery	- Between 1 Year and 9 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

#### 2.6 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each Statement of Financial Position date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each Statement of Financial Position date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Liverpool Streetscene Services Limited****Registered Number: 04161448**

## **Notes to the Financial Statements (Continued)**

**For the period ended 31 March 2021**

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

#### **2.9 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable with one year, typical trade debtors and creditors, are measured, initially and subsequently, at an undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Statement of Financial Position date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts; and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### **2.11 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 2. Accounting policies (continued)

#### 2.12 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income, or to an item recognised directly in equity is also recognised in other comprehensive income, or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and law that have been enacted or substantively enacted by the Statement of Financial Position date.

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 2. Accounting policies (continued)

#### 2.13 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity, once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

##### Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

Pre 2016 this has been accounted for as if it were a defined contribution scheme as the assets and liabilities could not be identified due to it being a multi-employer scheme. The Company have now been able to separate these balances and account for the scheme as a defined benefit scheme in line with FRS102.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the Statement of Financial Position date, less the fair value of plan assets at the Statement of Financial Position date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected credit method. The Company engaged independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate')

The fair value of plan assets is measured in accordance with the FRS102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial gains/ (losses) on defined benefit pension scheme'.

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 2. Accounting policies (continued)

#### 2.13 Pensions (continued)

The cost of the defined benefit plan, recognised in profit or loss as component costs of pension liability, except where included in the cost of an asset, comprises:

- The increase in net pension benefit liability arising from employee service during the period; and
- The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest on pensions is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit and loss as a finance expense.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include a bad debt provision, depreciation and the net realisable value of fixed assets and are based on management's previous experience in these areas. The estimation of the net pension liability depends on a number of complex and interrelated actuarial assumptions and judgements i.e. rate of inflation, rate of increase in salaries, age of retirement, rate of increase in pensions, mortality rates and expected returns on pension's assets. A firm of actuaries, Mercer Ltd, is engaged to provide expert advice about the assumptions to be applied.

As a result there is inevitably some uncertainty concerning the value of the net pension liability in the financial statements. Changes in the assumptions can give rise to major changes in the liability within the year and across years i.e. actuarial gains and losses.

### 4. Turnover

The whole of the turnover is attributable to the principal activity of the Company and all turnover arose within the United Kingdom.

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 5. Other Operating Income

	2021 £000's	2020 £000's
Government Grant Income	1,050	0

Government grant income receivable is in relation to the Coronavirus Job Retention Scheme.

### 6. Operating Loss

The operating loss is stated after charging:

	2021 £000's	2020 £000's
Depreciation of tangible fixed assets	1,627	1,169
Auditor's Remuneration	28	26
Pension Costs	1,667	1,680

### 7. Employees

Staff costs were as follows:

	2021 £000's	2020 £000's
Wages and salaries	23,036	21,293
Social security costs	1,800	1,643
Pension costs	1,667	1,680
	<b>26,503</b>	<b>24,615</b>

The average monthly number of employees, including the Directors, during the period was as follows:

	2021 No.	2020 No.
Production	642	672
Administration	44	50
	<b>686</b>	<b>722</b>

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 8. Directors' remuneration

Remuneration of nil with nil pension contributions (2020: nil).

### 9. Interest payable and similar charges

	2021 £000's	2020 £000's
Loans from group undertakings	240	144
Defined benefit pension scheme finance costs	260	266
	<u>500</u>	<u>410</u>

### 10. Taxation

	2021 £000's	2020 £000's
Total current tax	-	-
Deferred tax	-	-
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

#### Factors affecting tax charge for the period/year

The Company has tax losses of £13.746m (2020: £12.358m) available to utilise against future profits however is not recognising a deferred tax asset at this time, due to uncertainty over when the losses will be utilised.



Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 11. Tangible fixed assets

	Plant and machinery £000's
<b>Cost or valuation</b>	
At 31st March 2020	12,182
Additions	1,694
Disposals	(548)
At 31st March 2021	<u>13,327</u>
<b>Depreciation</b>	
At 31st March 2020	5,064
Charge for the period on owned assets	1,627
Eliminated on disposal	(548)
At 31st March 2021	<u>6,143</u>
<b>Net Book Value</b>	
At 31st March 2021	<u>7,184</u>
At 31st March 2020	<u>7,118</u>

Disposal in the current period relate to historical, fully depreciated assets no longer considered to be in use.

A fixed charge is held over certain vehicles with a NBV of £5.300m (2020: £6.006m) as security for a loan.

### 12. Stocks

	31 March 2021 £000's	31 March 2020 £000's
Consumables	<u>534</u>	<u>436</u>
	<u>534</u>	<u>436</u>

There were no recognised impairment losses in respect of stock in 2021 or 2020.

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 13. Debtors

	31 March 2021 £000's	31 March 2020 £000's
Trade Debtors	234	226
Amounts owed by group undertakings	6,078	3,907
Prepayments and accrued income	378	150
	<u>6,691</u>	<u>4,283</u>

There was recognised impairment loss against debtors during the year £0.193m (2020: £0.134m)

### 14. Cash and cash equivalents

	31 March 2021 £000's	31 March 2020 £000's
Cash at bank and in hand	2,258	185
	<u>2,258</u>	<u>185</u>

### 15. Creditors: Amounts falling due within one year

	31 March 2021 £000's	31 March 2020 £000's
Trade creditors	2,761	1,156
Amounts owed to group undertakings	6,489	6,126
Taxation and social security	2,441	1,663
Accruals and deferred income	3,386	589
	<u>15,077</u>	<u>9,534</u>

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 16. Creditors: Amounts falling due after more than one year

	31 March 2021 £000's	31 March 2020 £000's
Amounts owed to group undertakings	5,080	5,990
	<u>5,080</u>	<u>5,990</u>

#### Secured loans

The amounts owed to group undertakings (£5.990m) are secured by way of a fixed charge against the assets to which they relate with an interest rate at 4% and a final repayment date August 2027.

### 17. Financial instruments

	31 March 2021 £000's	31 March 2020 £000's
<b>Financial assets</b>		
Financial assets measured at amortised through profit or loss	2,258	185
Financial assets that are debt instruments measured at amortised cost	6,312	4,133
	<u>8,571</u>	<u>4,318</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(17,716)	(13,860)
	<u>(17,716)</u>	<u>(13,860)</u>

Financial assets measured at amortised cost through profit and loss comprise trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors, accruals and deferred income.

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 18. Analysis of Net Debt

	31 March 2020 £000's	Cash Flows £000's	31 March 2021 £000's
Cash at bank and in hand	185	2,073	2,258
Debt due after 1 year	(877)	(33)	(910)
Debt due within 1 year	(5,990)	910	(5,080)
	<u>(6,682)</u>	<u>2,950</u>	<u>(3,732)</u>

### 19. Share capital

	31 March 2021 £000's	31 March 2020 £000's
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares, shares of £1 each	100	100
	<u>100</u>	<u>100</u>

There is a single class of ordinary share.

There are no restrictions on the distribution of dividends or the repayment of capital.

### 20. Reserves

#### Capital contribution reserve

The capital contribution reserve includes all current and prior period capital contributions made to the entity.

#### Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

### 21. Contingent Assets

The Parent entity Liverpool City Council provides a guarantee to Merseyside Pension Fund that it will pick up the pension liabilities in the event the company cannot meet its obligation due to early contract termination or contract failure. The scheme actuary would calculate the liabilities at the time of transfer.

**Liverpool Streetscene Services Limited****Registered Number: 04161448**

## **Notes to the Financial Statements (Continued)**

**For the period ended 31 March 2021**

### **22. Contingent liabilities**

The Directors have confirmed that there were no contingent liabilities which should be disclosed at the end of 31 March 2021, (2020: nil).

### **23. Capital commitments**

The Directors have confirmed that there were no capital commitments which should be disclosed at the end of 31 March 2021, (2020: nil).

### **24. Pension commitments**

The Company provides two pension schemes for the employees.

#### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position.

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 £0.669m (2020: £0.615m). Balance of £nil outstanding at the year-end (2020: £nil)

#### **Defined benefit pension plan**

The Company participates in a local government, multi-employer defined benefit pension scheme for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

Pre 2016 the Company has been unable to identify its share of the assets of the plan and was treated as a defined contribution scheme in accordance with FRS 102 Section 28.11. In order to report with a consistent accounting basis with its parent and other subsidiaries in the group, the Company obtained valuations from the actuary to identify the pension liability.

The pension cost and provision for the year ended 31 March 2021 are based on the advice of a professionally qualified actuary. This shows an overall deficit of £14.293m for the demographic profile of 142 active members and 54 pensioners. The pension costs charge represents contributions payable by the Company to the fund and amounted to £0.983m (2020: £1.064m) including pension strain fees for curtailments.

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 24. Pension commitments (continued)

#### Reconciliation of present value of plan liabilities:

	31 March 2021 £000's	31 March 2020 £000's
At the beginning of the year	49,584	49,306
Current service cost	1,446	1,711
Interest on pension liabilities	1,180	1,242
Past Service Cost	0	630
Member contributions	292	317
Actuarial losses/(gains)	7,515	(3,507)
Curtailments	665	176
Benefits paid	(1,120)	(291)
<b>At the end of the year</b>	<b>59,562</b>	<b>49,584</b>

#### Reconciliation of present value of scheme assets:

	31 March 2021 £000's	31 March 2020 £000's
At the beginning of the year	38,261	38,490
Administration expenses	(22)	(24)
Interest cost	920	976
Actuarial gains/(losses)	5,943	(2,297)
Contributions by employer	995	1,090
Benefits paid	(1,120)	(291)
Members contributions	292	317
<b>At the end of the year</b>	<b>45,269</b>	<b>38,261</b>

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 24. Pension commitments (continued)

#### Composition of plan assets:

	31 March 2021 £000's	31 March 2020 £000's
Equities	23,012	18,540
Bonds	5,771	5,330
Property	4,061	4,057
Cash	1,023	589
Other	11,402	9,745
<b>Total plan assets</b>	<b>45,269</b>	<b>38,261</b>

#### Amounts recognised in Statement of Financial Position

	31 March 2020 £000's	31 March 2020 £000's
Fair value of plan assets	45,269	38,261
Present value of plan liabilities	(59,562)	(49,584)
<b>Net pension scheme liability</b>	<b>(14,293)</b>	<b>(11,323)</b>

The amounts recognised in profit or loss and other comprehensive income are detailed on the following page.

Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 24. Pension commitments (continued)

	31 March 2021 £000's	31 March 2020 £000's
<b>Profit or loss</b>		
Interest on obligation	1,180	1,242
Interest income	(920)	(976)
Current service cost	1,446	1,711
Past Service Cost	0	630
Employer Contributions	(995)	(1,090)
Curtailments	665	176
Administration expenses	22	24
<b>Total finance cost</b>	<b>1,398</b>	<b>1,717</b>
<b>Other comprehensive income</b>		
Actuarial (gains)/losses on plan assets	(5,943)	2,297
Actuarial losses/(gains) on plan liabilities	7,515	(3,507)
<b>Total actuarial (losses)/gains</b>	<b>(1,572)</b>	<b>1,210</b>

The actual return on plan assets for the year was £6.864m (£0.514m in 2020).

The Company expects to contribute £1.000m to its defined benefit pension scheme in 2022.



Liverpool Streetscene Services Limited

Registered Number: 04161448

## Notes to the Financial Statements (Continued)

For the period ended 31 March 2021

### 24. Pension commitments (continued)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	31 March 2021	31 March 2020
Discount rate	2.1%	2.4%
Future salary increases	4.2%	3.6%
Inflation assumptions (CPI)	2.7%	2.1%
Increase in pensions in payment/deferment	2.8%	2.2%
Mortality rates:		
- for a male aged 65 now	21.0	20.9
- future male pensioner age 65 in 20 years time	22.6	22.5
- for a female aged 65 now	24.1	24.0
- future female pensioner age 65 in 20 years time	26.0	25.9

Defined benefit pension scheme amounts:

	31 March 2021 £000's	31 March 2020 £000's
Defined benefit obligation	(59,562)	(49,584)
Scheme assets	45,269	38,261
<b>Deficit</b>	<b>(14,293)</b>	<b>(11,323)</b>

**Liverpool Streetscene Services Limited****Registered Number: 04161448**

## **Notes to the Financial Statements (Continued)**

**For the period ended 31 March 2021**

### **25.Related party transactions**

The Company is wholly owned by Liverpool City Council and has taken exemption under FRS 102 Section 33.1A from disclosing transactions with its parent.

Key management are considered to be the senior management team. The cost of remunerating key management for the year was £0.322m (2020: £0.207m).

### **26.Controlling party**

Liverpool City Council is the ultimate parent undertaking of the Company and is a company incorporated in England and Wales. Its registered office is Cunard Building, Water Street, Liverpool, L3 1AH.

The smallest and largest group of undertakings for which consolidated financial statements have been drawn up is that headed by Liverpool City Council. Copies of the consolidated financial statements may be obtained from its registered office.

### **27.Subsequent Events**

The coronavirus is an adjusting post Statement of Financial Position event and has impacted the business as described in the Directors Report. There have been no other post Statement of Financial Position events.