
COMMERCIAL SERVICES KENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014



COMMERCIAL SERVICES KENT LIMITED

COMPANY INFORMATION

DIRECTORS

G P C Parsons Esq (appointed 13 November 2013)
Mrs K M Short (appointed 28 February 2014)
R Martin Esq (appointed 28 February 2014)
C McCoy Esq (appointed 10 June 2014)
S G Heywood Esq
I A McPherson Esq (resigned 10 March 2014)
L J Faulkner Esq (resigned 13 November 2013)
L Coulson Esq (resigned 28 February 2014)
D Jackson Esq (resigned 31 March 2014)

COMPANY SECRETARY

Mrs K Short

REGISTERED NUMBER

05858177

REGISTERED OFFICE

1 Abbey Wood Road
West Malling
Kent
ME19 4YT

INDEPENDENT AUDITORS

Barnes Roffe LLP
Chartered Accountants & Statutory Auditor
Charles Lake House
Claire Causeway
Crossways Business Park
Dartford
Kent
DA2 6QA

COMMERCIAL SERVICES KENT LIMITED

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COMMERCIAL SERVICES KENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

INTRODUCTION

The directors present their strategic report accompanying the financial statements for the year ended 31 March 2014.

BUSINESS REVIEW

The directors note that the company traded at a satisfactory level during the 2013-14 year.

Under FRS17, the Company has included a pension deficit for the year of £1,275,000 reducing total recognised gains and losses for the year to a loss of £1,073,410.

Trade levels continue to be satisfactory and for those continuing activities a similar performance is expected for 2014/15.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and execution of the company's strategy are subject to current economic uncertainty caused by the underlying economic environment and the impact of austerity measures on our customers.

Failure to compete in terms of price and customer service in increasingly competitive local markets could adversely affect the Group's financial results.

Also failure to protect the Group's reputation and brand could lead to a loss of trust and confidence and a decline in our customer base.

The Company employs a number of staff who are members of the Kent County Council Pension Fund. The scheme is a defined benefit statutory scheme administered in accordance with Local Government Pension Scheme Regulations 2013/14. Benefits are based on final salary and length of service on retirement. Deficits under the scheme could increase if there is a fall in corporate bond yields which are not offset by an increase in the pension scheme's assets. Other risks affecting the fund include investments, inflation and life expectancy risks. There are also increasing risks of legal and regulatory changes introducing more burdensome requirements.

FINANCIAL KEY PERFORMANCE INDICATORS

The Company tracks financial performance indicators based on the consolidated results of the group. No other key performance indicators would benefit any reader of the accounts.

This report was approved by the board on

28/11/14

X and signed on its behalf.


G Parsons Esq
Director

COMMERCIAL SERVICES KENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 then apply them consistently;
- make judgments and accounting 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;
- 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.

PRINCIPAL ACTIVITIES

The principal activities in the year expanded to include Recruitment services, Waste disposal services, Facilities Management Services and Print and Design Services. These businesses were previously carried out by other trading entities in the wider group and were transferred to promote and sustain further growth.

During the year the Company ceased trading in Print and Design services.

RESULTS

The loss for the year, after taxation, amounted to £1,357,410 (2013 - profit £NIL).

DIRECTORS

The directors who served during the year were:

G P C Parsons Esq (appointed 13 November 2013)
Mrs K M Short (appointed 28 February 2014)
R Martin Esq (appointed 28 February 2014)
S G Heywood Esq
I A McPherson Esq (resigned 10 March 2014)
L J Faulkner Esq (resigned 13 November 2013)
L Coulson Esq (resigned 28 February 2014)
D Jackson Esq (resigned 31 March 2014)

COMMERCIAL SERVICES KENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

FUTURE DEVELOPMENTS

Commercial Services Kent Limited is part of a diversified portfolio of businesses delivering a range of services with long-term underlying growth prospects and some niche services to support the shareholder. This includes quality brands our customers recognise as leaders in their markets. The Group is managed by a corporate centre, which sets the strategic direction of the Group continually seeking opportunities to improve growth and drive returns in a manner consistent with the Group's heritage of committed service to its customers, whilst promoting a culture of responsibility and integrity across the business.

The Group aims to deliver shareholder value by:

- Delivering organic sales growth through new services that complement the Group's portfolio and expansion into new high growth markets.
- Enhancing margins through operational efficiencies.
- Managing operations and working capital proficiently to generate strong cash-flows.

In line with the strategic direction of the Group and following a review by Kent County Council, the ultimate parent entity, the Company will cease trading in the Facilities Management division and the activity will be transferred back to the shareholder by December 2014.

The business has also undertaken development of a new computer operating system during the year for one of its key brands and this development programme will continue into 2015. Development expenditure in respect of the new system has been capitalised in the current year and amortised in accordance with the group accounting policy.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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 auditors are aware of that information.

This report was approved by the board on x 28/4/14 x and signed on its behalf.



Mrs K Short
Secretary

COMMERCIAL SERVICES KENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL SERVICES KENT LIMITED

We have audited the financial statements of Commercial Services Kent Limited for the year ended 31 March 2014, set out on pages 6 to 21. 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 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 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 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. 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

UNQUALIFIED OPINION ON 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 March 2014 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.

COMMERCIAL SERVICES KENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL SERVICES KENT LIMITED

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Mario Ciantanni (Senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants & Statutory Auditor
Charles Lake House
Claire Causeway
Crossways Business Park
Dartford
Kent
DA2 6QA

Date: 12 December 2014

COMMERCIAL SERVICES KENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
TURNOVER	1,2		
Acquisitions		50,747,643	-
		<u>50,747,643</u>	<u>-</u>
Discontinued operations		935,283	-
		<u>51,682,926</u>	<u>-</u>
Cost of sales	3	(38,132,805)	-
		<u>13,550,121</u>	<u>-</u>
GROSS PROFIT			
Administrative expenses	3	(14,414,276)	-
		<u>13,550,121</u>	<u>-</u>
OPERATING LOSS	4		
Continuing operations		-	-
Acquisitions		(499,067)	-
Discontinued operations		(365,088)	-
		<u>(864,155)</u>	<u>-</u>
Interest receivable and similar income		12,745	-
Other finance (costs)/income	8	(506,000)	-
		<u>12,745</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,357,410)	-
Tax on loss on ordinary activities	9	-	-
		<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	17	<u>(1,357,410)</u>	<u>-</u>

The notes on pages 10 to 21 form part of these financial statements.

COMMERCIAL SERVICES KENT LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £	2013 £
LOSS FOR THE FINANCIAL YEAR		(1,357,410)	-
Actuarial gain related to pension scheme	19	<u>284,000</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>(1,073,410)</u>	<u>-</u>

The notes on pages 10 to 21 form part of these financial statements.

COMMERCIAL SERVICES KENT LIMITED
REGISTERED NUMBER: 05858177

BALANCE SHEET
AS AT 31 MARCH 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Intangible assets	10	703,559	-
Tangible assets	11	1,015,329	-
		<u>1,718,888</u>	<u>-</u>
CURRENT ASSETS			
Stocks	12	2,618	-
Debtors	13	10,417,990	6
Cash at bank and in hand		101,550	2,679
		<u>10,522,158</u>	<u>2,685</u>
CREDITORS: amounts falling due within one year	14	<u>(8,235,993)</u>	<u>(4,405)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>2,286,165</u>	<u>(1,720)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,005,053</u>	<u>(1,720)</u>
CREDITORS: amounts falling due after more than one year	15	<u>(3,805,183)</u>	<u>-</u>
NET ASSETS/(LIABILITIES) EXCLUDING PENSION SCHEME LIABILITIES		<u>199,870</u>	<u>(1,720)</u>
Defined benefit pension scheme liability	19	<u>(1,275,000)</u>	<u>-</u>
NET LIABILITIES INCLUDING PENSION SCHEME LIABILITIES		<u><u>(1,075,130)</u></u>	<u><u>(1,720)</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	2	2
Profit and loss account	17	<u>(1,075,132)</u>	<u>(1,722)</u>
SHAREHOLDERS' DEFICIT	18	<u><u>(1,075,130)</u></u>	<u><u>(1,720)</u></u>

COMMERCIAL SERVICES KENT LIMITED

BALANCE SHEET (continued)
AS AT 31 MARCH 2014

The financial statements were approved and authorised for issue by the board and were signed on its behalf
on 28th November 2014 X

X  X

S G Heywood Esq
Director

X  X

G P C Parsons Esq
Director

The notes on pages 10 to 21 form part of these financial statements.

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 Going concern

The company relies on the support of its parent undertaking, Kent County Council. The parent undertaking has given assurances that its support will not be withdrawn. It is on this basis that the accounts have been prepared under the going concern concept, and do not reflect any adjustment that may be necessary should that support be withdrawn.

1.4 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.5 Intangible fixed assets and amortisation

Intangible assets are development costs capitalised in accordance with SSAP 13. They represent expenditure on viable projects in the course of development, which are deferred until the project has attained a commercial basis. Intangible assets are amortised on a straight line basis over 5 years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	- 14% to 33% straight line
Office equipment	- 20% straight line

1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES (continued)

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at current tax rates.

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company participates in a defined benefit pension scheme. The liabilities of the pension fund attributable to the company are included in the balance sheet on an actuarial basis using the projected unit method. The assets of the pension fund attributable to the company are included in the balance sheet at their fair value. The liabilities and assets attributable to the company are based on a full actuarial valuation dated 1 April 2013 updated to 31 March 2014.

2. TURNOVER

An analysis of turnover by class of business is as follows:

	2014 £	2013 £
Sales - temporary staff	36,699,042	-
Sales - facilities management	6,177,046	-
Sales - other	1,289,158	-
Other income - recharges	5,634,619	-
Sales - waste	1,883,061	-
	<u>51,682,926</u>	<u>-</u>

All turnover arose within the United Kingdom.

The whole of the turnover and profit before taxation from continuing activities is attributable to the principal activity of the company. The turnover and profit before taxation from discontinued activities arose from printing services

COMMERCIAL SERVICES KENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

3. ANALYSIS OF OPERATING (LOSS)/PROFIT

	2014		2013	
	Continuing £	Discontinued £	Continuing £	Discontinued £
Turnover	50,747,643	935,283	-	-
Cost of sales	(37,385,844)	(746,961)	-	-
Gross profit	13,361,799	188,322	-	-
Administrative expenses	(13,860,866)	(553,410)	-	-
	(499,067)	(365,088)	-	-

The following amounts were included within continuing activities in relation to acquisitions during the year:

	2014 £
Turnover	50,747,643
Cost of sales	(38,572,290)
Gross profit	12,175,353
Administrative expenses	(12,674,420)
Operating (loss)/profit	(499,067)

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2014 £	2013 £
Amortisation - intangible fixed assets	3,221	-
Depreciation of tangible fixed assets: - owned by the company	162,455	-

5. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	12,000	-

COMMERCIAL SERVICES KENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	17,869,071	-
Other pension costs (Note 19)	3,486,070	-
	<u>21,355,141</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Temporary staff	532	0
Administration staff	95	5
Facilities management	63	0
Education services	196	0
Landscape services	115	0
Laser energy	67	0
Engineering	40	0
Recruitment	34	0
Other	58	0
	<u>1,200</u>	<u>5</u>

7. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	529,656	-
Company pension contributions to defined contribution pension schemes	62,645	-

During the year retirement benefits were accruing to 5 directors (2013 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £203,261 (2013 - £NIL).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,634 (2013 - £NIL).

COMMERCIAL SERVICES KENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

8. OTHER FINANCE (COST)/INCOME

	2014 £	2013 £
Expected return on pension scheme assets	1,250,000	-
Interest on pension scheme liabilities	(1,756,000)	-
	<u>(506,000)</u>	<u>-</u>

9. TAXATION

	2014 £	2013 £
UK corporation tax charge on loss for the year	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - *the same as*) the standard rate of corporation tax in the UK of 20% (2013 - 20%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	<u>(1,357,410)</u>	<u>-</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013 - 20%)	(271,482)	-
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	397,559	-
Capital allowances for year in excess of depreciation	(9,909)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(161,131)	-
Unrelieved tax losses carried forward	31,518	-
Group relief	13,445	-
	<u>-</u>	<u>-</u>
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company have a tax loss carried forward of £157,588 to offset against future taxable profits.

COMMERCIAL SERVICES KENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

10. INTANGIBLE FIXED ASSETS

	Computer software £	Software development £	Total £
Cost			
Additions	96,854	636,851	733,705
At 31 March 2014	96,854	636,851	733,705
Amortisation			
Charge for the year	3,221	-	3,221
Impairment charge	26,925	-	26,925
At 31 March 2014	30,146	-	30,146
Net book value			
At 31 March 2014	66,708	636,851	703,559

11. TANGIBLE FIXED ASSETS

	Motor vehicles £	Office equipment £	Total £
Cost			
Additions	-	801,158	801,158
Transfers intra group	100,859	275,767	376,626
At 31 March 2014	100,859	1,076,925	1,177,784
Depreciation			
Charge for the year	17,797	144,658	162,455
At 31 March 2014	17,797	144,658	162,455
Net book value			
At 31 March 2014	83,062	932,267	1,015,329

12. STOCKS

	2014 £	2013 £
Finished goods and goods for resale	2,618	-

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

13. DEBTORS

	2014 £	2013 £
Trade debtors	7,626,674	-
Other debtors	90,239	-
Prepayments and accrued income	2,701,077	6
	<u>10,417,990</u>	<u>6</u>

**14. CREDITORS:
Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	2,625,160	2,137
Amounts owed to group undertakings	622,695	-
Other taxation and social security	1,703,940	-
Accruals and deferred income	3,284,198	2,268
	<u>8,235,993</u>	<u>4,405</u>

**15. CREDITORS:
Amounts falling due after more than one year**

	2014 £	2013 £
Other creditors	3,805,183	-
	<u>3,805,183</u>	<u>-</u>

16. SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

17. RESERVES

	Profit and loss account £
At 1 April 2013	(1,722)
Loss for the year	(1,357,410)
Pension reserve movement	284,000
At 31 March 2014	<u>(1,075,132)</u>

The closing balance on the profit and loss account includes a £1,275,000 (2013 - £NIL) debit, stated after deferred taxation of £NIL (2013 - £NIL), in respect of pension scheme liabilities of the company pension scheme.

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014 £	2013 £
Opening shareholders' deficit	(1,720)	(1,720)
(Loss)/profit for the financial year	(1,357,410)	-
Other recognised gains and losses during the year	284,000	-
Closing shareholders' deficit	<u>(1,075,130)</u>	<u>(1,720)</u>

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. 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 £593,070 (2013: £nil). Contributions totalling £141,500 (2013: £nil) were payable to the fund at the balance sheet date and are included in creditors.

The company operates a defined benefit pension scheme. Employees transferred from Kent County Council on 1 April 2013 under a TUPE arrangement participate in the Kent County Council Pension Fund (the Fund), part of the Local Government Pension Scheme, a defined benefit statutory scheme. The most recent actuarial valuation was carried out as at 1 April 2013. The opening defined benefit obligation and fair value of the scheme assets were transferred on 1 April 2013. The results have been updated to 31 March 2014 by a qualified independent actuary.

The return on the Fund (on a bid value to bid value basis) for the period to 31 March 2014 is estimated to be 8%.

COMMERCIAL SERVICES KENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

19. PENSION COMMITMENTS (continued)

The amounts recognised in the balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(43,554,000)	-
Fair value of scheme assets	30,448,000	-
Deficit in scheme	(13,106,000)	-
Deficit at 1 April 2013 not recognised (see below)	11,831,000	-
Net liability	(1,275,000)	-

Under the TUPE arrangements for the transference of staff from Kent County Council to the company on 1 April 2013 there is a calculated deficit in respect of pension benefits provided by the Local Government Pension Scheme of £11,831,000 at the date of transfer.

The directors are advised by the scheme actuary that on a scheme funding valuation basis the scheme is fully funded, notwithstanding the deficit calculated under FRS17. On this basis the calculated deficit at 1 April 2013 is not recognised.

The amounts recognised in the profit and loss account are as follows:

	2014 £	2013 £
Current service cost	(2,476,000)	-
Interest on obligation	(1,756,000)	-
Expected return on scheme assets	1,250,000	-
Gains on curtailments and settlements	(417,000)	-
Administration expenses	(22,000)	-
Total	(3,421,000)	-
Actual return on scheme assets	2,210,000	-

Movements in the present value of the defined benefit obligation were as follows:

	2014 £	2013 £
Opening defined benefit obligation	37,942,000	-
Current service cost	2,476,000	-
Interest cost	1,756,000	-
Contributions by scheme participants	597,000	-
Actuarial Losses	676,000	-
Losses on curtailments	417,000	-
Benefits paid	(310,000)	-
Closing defined benefit obligation	43,554,000	-

COMMERCIAL SERVICES KENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

19. PENSION COMMITMENTS (continued)

Changes in the fair value of scheme assets were as follows:

	2014 £	2013 £
Opening fair value of scheme assets	26,111,000	-
Expected return on assets	1,250,000	-
Actuarial gains and (losses)	960,000	-
Contributions by employer	1,862,000	-
Contributions by scheme participants	597,000	-
Benefits paid	(310,000)	-
Administration expenses	(22,000)	-
	30,448,000	-

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £284,000 (2013 - £NIL).

The company expects to contribute £1,668,000 to its defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	71.00 %	- %
Bonds	12.00 %	- %
Property	10.00 %	- %
Cash	3.00 %	- %
Target return portfolio	4.00 %	- %

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are:

	2014	2013
Discount rate at 31 March	4.60 %	- %
Expected return on scheme assets at 31 March	4.60 %	- %
Future salary increases	4.70 %	- %
Future pension increases	2.90 %	- %

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2014	2013
Retiring today		
Males	22.7	-
Females	25.1	-
Retiring in 20 years		
Males	24.9	-
Females	27.4	-

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19. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(43,554,000)	-
Scheme assets	30,448,000	-
Deficit	(13,106,000)	-
Experience adjustments on scheme assets	960,000	-

20. OPERATING LEASE COMMITMENTS

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Expiry date:		
Within 1 year	4,345	-
Between 2 and 5 years	6,798	-

COMMERCIAL SERVICES KENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related party disclosures', not to disclose any transactions with members of the group headed by Kent County Trading Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in the consolidated financial statements.

The company has a loan from Kent County Council of £3,805,183 (2013: £nil). The loan is repayable on demand and carries no interest charge and is included within creditors due after one year.

During the year, the company traded with Kent County Council, the ultimate controlling party. The following transactions occurred during the financial period:

	2014 £	2013 £
Sales	49,213,246	-
Purchases	1,281,731	-
Trade debtors	6,569,383	-
Trade creditors	(173,105)	-
Other debtors	1,288,344	-
Other creditors	(556,710)	-

22. POST BALANCE SHEET EVENTS

From 18 August 2014 the facilities management trade has been transferred to the ultimate parent undertaking. During the year ended 31 March 2014 the results of the business were turnover of £6,177,046 and profit of £1,119,556 before central overheads.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate controlling party is Kent County Council, which owns 100% of the issued share capital of the parent company, Kent County Trading Limited.