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## COMMERCIAL SERVICES TRADING LIMITED

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### DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013



Barnes Roffe LLP, Chartered Accountants  
Charles Lake House, Claire Causeway, Crossways Business Park, Dartford, Kent, DA2 6QA  
JH, 30 August 2013

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## COMMERCIAL SERVICES TRADING LIMITED

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### COMPANY INFORMATION

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**DIRECTORS**

D N Jackson Esq  
I A McPherson Esq (appointed 2 July 2012)  
S Heywood Esq (appointed 22 March 2013)  
L Coulson Esq

**COMPANY SECRETARY**

L Coulson Esq

**REGISTERED NUMBER**

05858178

**REGISTERED OFFICE**

1 Abbey Wood Road  
Kings Hill  
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

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**COMMERCIAL SERVICES TRADING LIMITED**

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## COMMERCIAL SERVICES TRADING LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

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The directors present their report and the financial statements for the year ended 31 March 2013

#### 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,
- 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 AND REVIEW OF BUSINESS

The principal activities in the year continued to provide waste, community services and equipment, and facility management services.

#### RESULTS

The profit for the year, after taxation, amounted to £266,707 (2012 - £213,270)

#### DIRECTORS

The directors who served during the year were

D N Jackson Esq  
I A McPherson Esq (appointed 2 July 2012)  
S Heywood Esq (appointed 22 March 2013)  
L Coulson Esq

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## COMMERCIAL SERVICES TRADING LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

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#### BUSINESS REVIEW

The directors note that the company traded at a satisfactory level during the 2012-13 year

Trade levels continued to be satisfactory and for those continuing activities a similar performance is expected for 2013-14. From April the company will add to its trading activities by carrying out business previously traded by other group companies. This will increase the turnover and profitability of the company.

On 29 August 2012 the company changed its name by special resolution to Commercial Services Trading Limited.

#### FUTURE DEVELOPMENTS

Following a review of the group by Kent County Council, the ultimate parent entity, from April 1st the company will add a broader base to its existing business streams and this trading will add to the turnover and profitability of the Company. The additional businesses were previously carried out by other trading entities in the wider group and have been transferred to promote and sustain further growth.

The company acquired a long leasehold building during the year, which was opened for business in May 2013. The share capital of the company has been increased at the end of the year to provide funds for the relocation of the business, and working capital for the expanded business.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and execution of the company's strategy are subject to the current economic uncertainty.

#### PROVISION 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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 14<sup>th</sup> October 2013

and signed on its behalf



**L Coulson Esq**  
Secretary

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## **COMMERCIAL SERVICES TRADING LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL SERVICES TRADING LIMITED**

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We have audited the financial statements of Commercial Services Trading Limited for the year ended 31 March 2013, set out on pages 5 to 13. 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 directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2013 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 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.

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COMMERCIAL SERVICES TRADING LIMITED

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

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**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 3.12.2013

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**COMMERCIAL SERVICES TRADING LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2013**

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	<b>Note</b>	<b>2013 £</b>	<b>2012 £</b>
<b>TURNOVER</b>	1,2	<b>3,772,657</b>	<b>4,094,515</b>
Cost of sales		<u><b>(3,135,895)</b></u>	<u><b>(3,473,613)</b></u>
<b>GROSS PROFIT</b>	3	<b>636,762</b>	<b>620,902</b>
Administrative expenses		<u><b>(275,544)</b></u>	<u><b>(369,265)</b></u>
<b>OPERATING PROFIT</b>	3	<b>361,218</b>	<b>251,637</b>
Interest receivable and similar income		<u><b>3,068</b></u>	<u><b>1,385</b></u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>364,286</b>	<b>253,022</b>
Tax on profit on ordinary activities	5	<u><b>(97,579)</b></u>	<u><b>(39,752)</b></u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u><b>266,707</b></u></u>	<u><u><b>213,270</b></u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account

The notes on pages 7 to 13 form part of these financial statements

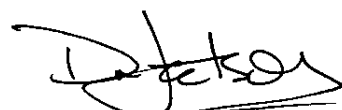


**COMMERCIAL SERVICES TRADING LIMITED**  
**REGISTERED NUMBER. 05858178**

**BALANCE SHEET**  
**AS AT 31 MARCH 2013**

	Note	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	6	3,773,579	118,655
<b>CURRENT ASSETS</b>			
Stocks	7	86,242	30,849
Debtors	8	783,814	335,962
Cash at bank		1,404,732	711,105
		<u>2,274,788</u>	<u>1,077,916</u>
<b>CREDITORS</b> amounts falling due within one year	9	<u>(1,146,154)</u>	<u>(638,684)</u>
<b>NET CURRENT ASSETS</b>		<u>1,128,634</u>	<u>439,232</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,902,213</u>	<u>557,887</u>
<b>CREDITORS</b> amounts falling due after more than one year	10	(3,000,000)	-
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred Tax	11	<u>(77,619)</u>	<u>-</u>
<b>NET ASSETS</b>		<u><u>1,824,594</u></u>	<u><u>557,887</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,000,002	2
Profit and loss account	13	<u>824,592</u>	<u>557,885</u>
<b>SHAREHOLDERS' FUNDS</b>	14	<u><u>1,824,594</u></u>	<u><u>557,887</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
14<sup>th</sup> October 2013



**D N Jackson Esq**  
Director

The notes on pages 7 to 13 form part of these financial statements

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## COMMERCIAL SERVICES TRADING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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#### 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 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

##### 1.3 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

##### 1.4 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

L/Term Leasehold Property	-	Straight line over 50 years
Motor Vehicles	-	Straight line over 3 - 7 years
Fixtures & Fittings	-	Straight line over 10 years
Office Equipment	-	Straight line over 10 years

##### 1.5 STOCK AND WORK-IN-PROGRESS

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

##### 1.6 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

##### 1.7 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

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**COMMERCIAL SERVICES TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

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**2 TURNOVER**

An analysis of turnover by class of business is as follows

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Facilities management	<b>2,774,845</b>	<b>3,373,872</b>
Landscape services	<b>997,812</b>	<b>720,643</b>
	<b>3,772,657</b>	<b>4,094,515</b>

All turnover arose within the United Kingdom

**3 OPERATING PROFIT**

The operating profit is stated after charging

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets		
- owned by the company	<b>26,693</b>	<b>11,590</b>
Auditors' remuneration	<b>7,175</b>	<b>4,918</b>
Operating lease rentals	<b>-</b>	<b>24,619</b>

During the year, no director received any emoluments (2012 - £NIL)

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COMMERCIAL SERVICES TRADING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013

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4. STAFF COSTS

Staff costs were as follows

	2013 £	2012 £
Wages and salaries	1,684,258	1,434,591
Other pension costs	13,975	6,161
	<u>1,698,233</u>	<u>1,440,752</u>

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

	2013 No.	2012 No
Facility management	72	57
Waste Management	11	11
Kent Scheme	2	2
	<u>85</u>	<u>70</u>

5. TAXATION

	2013 £	2012 £
<b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on profit for the year	19,960	39,752
<b>DEFERRED TAX</b> (see note 11)		
Origination and reversal of timing differences	77,619	-
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>97,579</u>	<u>39,752</u>

**COMMERCIAL SERVICES TRADING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**5. TAXATION (continued)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2012 - *lower than*) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	<u>364,286</u>	<u>253,022</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	87,429	65,786
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6	120
Capital allowances for year in excess of depreciation	(63,482)	(21,232)
Change in tax rates	(3,993)	-
Marginal relief	-	(4,922)
<b>CURRENT TAX CHARGE FOR THE YEAR</b> (see note above)	<u>19,960</u>	<u>39,752</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges

**6. TANGIBLE FIXED ASSETS**

	Leasehold property £	Motor Vehicles £	Fixtures & Fittings £	Office Equipment £	Total £
<b>COST</b>					
At 1 April 2012	-	130,245	-	-	130,245
Additions	2,092,406	-	1,313,444	275,767	3,681,617
At 31 March 2013	<u>2,092,406</u>	<u>130,245</u>	<u>1,313,444</u>	<u>275,767</u>	<u>3,811,862</u>
<b>DEPRECIATION</b>					
At 1 April 2012	-	11,590	-	-	11,590
Charge for the year	8,896	17,797	-	-	26,693
At 31 March 2013	<u>8,896</u>	<u>29,387</u>	<u>-</u>	<u>-</u>	<u>38,283</u>
<b>NET BOOK VALUE</b>					
At 31 March 2013	<u>2,083,510</u>	<u>100,858</u>	<u>1,313,444</u>	<u>275,767</u>	<u>3,773,579</u>
At 31 March 2012	<u>-</u>	<u>118,655</u>	<u>-</u>	<u>-</u>	<u>118,655</u>

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COMMERCIAL SERVICES TRADING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013

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**7 STOCKS**

	2013 £	2012 £
Stock and work-in-progress	86,242	30,849

**8. DEBTORS**

	2013 £	2012 £
Trade debtors	373,330	293,311
Other debtors, accrued income and prepayments	410,484	42,651
	783,814	335,962

**9. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £	2012 £
Trade creditors	729,246	159,876
Corporation tax	19,960	39,752
Social security and other taxes	30,419	95,951
Other creditors, accruals and deferred income	366,529	343,105
	1,146,154	638,684

**10 CREDITORS:  
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2013 £	2012 £
Share capital treated as debt (Note 12)	3,000,000	-

**11 DEFERRED TAXATION**

	2013 £	2012 £
At beginning of year	-	-
Charge for year	77,619	-
At end of year	77,619	-

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**COMMERCIAL SERVICES TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

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**11. DEFERRED TAXATION (continued)**

The provision for deferred taxation is made up as follows

	2013 £	2012 £
Accelerated capital allowances	<u>77,619</u>	<u>-</u>

**12. SHARE CAPITAL**

	2013 £	2012 £
<b>SHARES CLASSIFIED AS CAPITAL</b>		
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
1,000,002 (2012 - 2) Ordinary shares of £1 each	<u>1,000,002</u>	<u>2</u>
<b>SHARES CLASSIFIED AS DEBT</b>		
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
3,000,000 Redeemable shares of £1 each	<u>3,000,000</u>	<u>-</u>

During the year 1,000,000 Ordinary £1 shares, 1,000,000 Redeemable £1 shares and 2,000,000 Redeemable 2017 £1 shares were issued at par. Both classes of redeemable shares entitle the holder to one vote in any circumstance. The Redeemable shares and Redeemable 2017 shares can be redeemed at the option of the company or the shareholder at any time after 1 April 2016 and 1 April 2017 respectively.

**13. RESERVES**

	Profit and loss account £
At 1 April 2012	557,885
Profit for the year	266,707
At 31 March 2013	<u>824,592</u>

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## COMMERCIAL SERVICES TRADING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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#### 14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds	557,887	344,617
Profit for the year	266,707	213,270
Shares issued during the year	1,000,000	-
Closing shareholders' funds	<u>1,824,594</u>	<u>557,887</u>

#### 15. OPERATING LEASE COMMITMENTS

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	2013 £	2012 £
<b>EXPIRY DATE</b>		
Within 1 year	7,132	8,693
Between 2 and 5 years	<u>16,906</u>	<u>17,062</u>

#### 16. RELATED PARTY TRANSACTIONS

During the year the company made sales to Kent County Council, the ultimate controlling party, of £2,514,409 (2012 £2,189,375). At the year end, the balance owed by Kent County Council included in trade debtors amounted to £301,092 (2012 £236,438) and £205,873 (2012 £nil) in other debtors.

The company also made purchases of goods and management services from Kent County Council amounting to £880,033 (2012 £193,897). At the year end, the balance owed to Kent County Council, included in trade creditors, amounted to £343,091 (2012 £89,658).

The company has chosen to take advantage of exemptions under FRS 8 not to provide related party disclosures in its own financial statements when those statements are presented within consolidated financial statements of its group.

#### 17. POST BALANCE SHEET EVENTS

As noted in the directors' report on page 2 the ultimate parent undertaking has carried out a review of the group's trading activities. Post year end the employment agency activities of fellow subsidiary, Kent Top Temps Limited, together with other business units of Kent County Council Commercial Services, were transferred to Commercial Services Kent Limited and Commercial Services Trading Limited.

#### 18. 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.