Commercial Services Trading Limited

Financial Statements
for the year ended 31 March 2017

Company Registration Number 05858178

COMMERCIAL SERVICES TRADING LIMITED
COMPANY REGISTRATION NUMBER: 05858178

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COMPANY INFORMATION

Directors	A C Baldwin J D Burr J Evans A Lattimer N Major E L Mitchell K M Short N P A Vickers
Company Secretary	K M Short
Registered Office	1 Abbey Wood Road Kings Hill West Malling Kent ME19 4YT
Registered Number	05858178
Independent Auditor	Grant Thornton UK LLP Melton Street London NW1 2EP

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Introduction

The directors present their strategic report for the year ended 31 March 2017.

Review of the business

The company provides a range of services including provision of temporary staff, vehicle leasing, landscape services, vehicle engineering services and energy switching services.

Results and performance

The results of the company for the year are set out on page 10 and show a profit for the financial year attributable to the shareholder of £10,000 (2016: £156,000). The equity attributable to the shareholder totals £5,344,000 (2016: £5,334,000).

The performance of the company during the year reflects an increase in revenue from the recruitment business offset by reduced demand for landscape and engineering services with gross profit remaining largely static due to product mix. A similar performance is expected for the year ended 31 March 2018.

Key performance indicators

The company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non financial and the most significant of these are the key performance indicators. The key financial performance indicators are revenue, gross profit, and net profit. These KPIs indicate the volume of work the company has undertaken as well as the efficiency and profitability with which this work has been delivered.

Principal risks and uncertainties

The principal risk and uncertainty facing the company is that a large proportion of the company's revenue is with Local Authorities. Cuts in local government spending are likely to impact on the volume of work available to the company from existing customers. The company is seeking to mitigate this risk by pursuing new partnership arrangements and bidding for new opportunities.

Failure to protect the company's reputation and brands could lead to a loss of trust and confidence and a decline in our customer base.

Outlook and future developments

Business Environment
The company continues to operate in a challenging environment where the impact of austerity measures is impacting our public sector customers. This impacts the ability of the company to organically grow.

Outlook and future developments (continued)

Strategy

Given the business environment described, the company is spreading risk by continuing to provide a diverse range of services and targeting growth in market segments where greater market share should be achievable. In addition we aim to improve efficiency in all areas of our operations through cost reduction and more effective use of resources. This should enable the company to maintain its overall position.

Overall the company aims to deliver shareholder value by:

- delivering sales growth through new services that complement the company's portfolio ;
- enhancing margins through operational efficiencies; and
- managing operations and working capital proficiently to generate strong cash flows.

Financial risk management

In common with other businesses, the company aims to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit and cash flow forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business. Trade debtors are also closely monitored to keep the risk of bad debts to a minimum.

This report was approved by the board on 21 June 2017 and signed on its behalf.

JD Burr
Director

The directors present their report and the audited financial statements of the company for the year ended 31 March 2017.

Future developments

Future developments of the business are discussed in the strategic report.

Financial instruments

The company's activities expose it to a variety of financial risks: credit risk; liquidity risk; and cash flow risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out on a group basis by the finance department of Commercial Services Kent Limited using principles provided by the board.

a) Credit risk
Credit limits are set for customers based on a combination of credit checks and trading history. The limits are reviewed regularly and the debts are actively chased by the credit control department.

b) Liquidity risk
Working capital requirements are regularly reviewed in conjunction with available financing facilities as part of routine financial management.

c) Cash flow risk
As the company has no significant interest bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

d) Currency risk
As the vast majority of both sales and purchases are transacted in sterling, the company has minimal exposure to translation and transaction foreign exchange risk.

Directors

The directors, and those who served during the year and up to the date of signing these financial statements, were as follows:

A C Baldwin	
J D Burr	
J Evans	
S G Heywood	(resigned 30 April 2016)
A Lattimer	
N Major	
E L Mitchell	
R L Pimenta	(resigned 30 April 2016)
K M Short	
N P A Vickers	(appointed 1 May 2016)

Employees

Employee involvement
Consultation with employees or their representatives has continued at all levels with the aims of ensuring that their views are taken into account when decisions are made that are likely to affect their interest. All employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the in-house information bulletins and reports as well as informal fortnightly meetings.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Statement of director's responsibilities

The directors are responsible for preparing the annual 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 prepared 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 its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, 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.

Disclosure of information to auditors

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

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

By order of the board

K M Short
Company Secretary
21 June 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMERCIAL SERVICES TRADING LIMITED FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Commercial Services Trading Limited for the year ended 31 March 2017 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, 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 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 group and the parent 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.

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.

Grant Thornton UK LLP

Richard Hagley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
21 June 2017

COMMERCIAL SERVICES TRADING LIMITED
COMPANY REGISTRATION NUMBER: 05858178

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £000	2016 £000
Turnover	4	**20,745**	18,034
Cost of sales		**(16,103)**	(13,397)
Gross profit		**4,642**	4,637
Administrative expenses		**(5,374)**	(5,250)
Other operating income	5	**880**	899
Operating profit	6	**148**	286
Interest receivable and similar income	8	**2**	1
Interest payable and similar charges	8	**(124)**	(95)
Profit on ordinary activities before taxation		**26**	192
Tax on profit on ordinary activities	9	**(16)**	(36)
Profit for the financial year		**10**	156
Profit for the financial year attributable to owners of the parent		**10**	156
Total comprehensive income for the year attributable to owners of the parent		**10**	156

The above all relate to continuing operations of the company.

COMMERCIAL SERVICES TRADING LIMITED
COMPANY REGISTRATION NUMBER: 05858178

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £000	2016 000
Fixed assets			
Intangible assets	10	**41**	60
Tangible assets	11	**3,958**	4,102
		3,999	4,162
Current assets			
Inventories	12	**155**	156
Debtors	13	**8,013**	7,595
Cash at bank and in hand		**493**	408
		8,661	8,159
Creditors – amounts falling due within one year	14	**(4,708)**	(4,859)
Net current assets		**3,953**	3,300
Total assets less current liabilities		**7,952**	7,462
Creditors – amounts falling due after more than one year	15	**(2,450)**	(1,950)
Provision for other liabilities	17	**(158)**	(178)
Net assets		**5,344**	5,334
Capital and reserves			
Called up share capital	18	**4,000**	4,000
Retained earnings		**1,344**	1,334
Equity attributable to owners of the parent		**5,344**	5,334

The notes on pages 13 to 28 are an integral part of these financial statements.

The financial statements on pages 10 to 28 were authorised for issue by the board of directors on 21 June 2017 and were signed on its behalf.

J D Burr
Director

COMMERCIAL SERVICES TRADING LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up Share capital £000	Retained earnings £000	Total £000
Balance at 1 April 2015	1,000	1,178	2,178
Profit for the year	-	156	156
Total comprehensive income for the year	**-**	**156**	**156**
Conversion of redeemable shares	3,000	-	3,000
Total transactions with owners, recognised directly in equity	**3,000**	**-**	**3,000**
Balance as at 31 March 2016	**4,000**	**1,334**	**5,334**
Profit for the year	-	10	10
Total comprehensive income for the year	**-**	**10**	**10**
Balance as at 31 March 2017	**4,000**	**1,344**	**5,344**

1. General information

Commercial Services Trading Limited ("the company") operates a diversified portfolio of businesses delivering a range of services within the UK and some niche services to support the shareholder. The company operates with a number of recognised brand names.

The company is a private company limited by shares and is incorporated in England. The address of its registered office is 1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT.

2. Statement of compliance

The financial statements of Commercial Services Trading Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

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

a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies.

b) Going concern

The company relies on the support of its ultimate parent undertaking, Kent County Council. The ultimate parent undertaking has given assurances that its support will not be withdrawn. It is on this basis that the company continues to adopt the going concern basis in preparing its financial statements.

3. Summary of significant accounting policies (continued)

c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholder.

The company has taken advantage of the following exemptions:

i. from preparing a statement of cash flows under FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and its immediate parent company, Kent County Trading Limited, includes the company's cash flows in its own consolidated financial statements;
ii. from the financial instruments disclosure requirements of FRS 102 paragraphs 11.39 – 11.48A and 12.26 – 12.29 under FRS 102 paragraph 1.12(c), on the basis that it is a qualifying entity and its immediate parent company, Kent County Trading Limited, includes the company's financial instruments disclosures in its own consolidated financial statements; and
iii. from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

d) Foreign currency

i. Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions

At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of discounts and rebates allowed by the company and valued added taxes.

3. Summary of significant accounting policies (continued)

f) Employee benefits

The company provides a range of benefits to employees, including commission and bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

ii. Defined contribution pension plans

The company operates defined contribution plans 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 when they are due. Amounts not paid are shown as accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

iii. Commission and bonus plans

The company operates a number of commission and bonus plans for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. Summary of significant accounting policies (continued)

g) Taxation (continued)

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

h) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Computer software 5 years

Amortisation is charged to administrative expenses in the profit and loss account.

Where factors such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred.

3. Summary of significant accounting policies (continued)

i) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

i. Land and buildings

Land and buildings include leasehold office property. Land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

ii. Plant and machinery and fixtures, fittings and equipment

Plant and machinery and fixtures, fittings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

iii. Depreciation and residual values

Land is not depreciated. Depreciation on assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

- Land and buildings 20 to 50 years
- Plant and machinery 4 to 10 years
- Fixtures, fittings and equipment 3 to 20 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

iv. Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

v. Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account and included in administrative expenses.

3. Summary of significant accounting policies (continued)

j) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

k) Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i. Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

ii. Lease incentives

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

l) Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

m) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks less bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

3. Summary of significant accounting policies (continued)

n) Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

ii. Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and are subsequently measured at amortised cost using the effective interest method.

iii. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

3. Summary of significant accounting policies (continued)

o) Share capital

Ordinary shares are classified as equity. Redeemable shares are classified as debt.

p) Distributions to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

q) Related party transactions

The company discloses transactions with related parties which are not wholly owned within the Kent County Trading Limited group of companies. It does not disclose transactions with members of the same group that are wholly owned.

4. Turnover

Analysis of turnover by category:

	2017	2016
	£000	£000
Temporary staff	**6,647**	3,562
Vehicle rental	**5,066**	5,021
Landscape Services	**4,923**	5,337
Engineering	**2,054**	2,277
Energy	**949**	624
Recharges	**893**	757
Other	**213**	456
	20,745	18,034

5. Other operating income

	2017	2016
	£000	£000
Rent received	**386**	401
Service charge receivable	**494**	498
	880	899

6. Operating profit

Operating profit is stated after charging:

	2017 £000	2016 £000
Wages and salaries	**3,102**	2,128
Social security costs	**259**	180
Other pension costs	**111**	87
Staff costs charged to profit and loss	**3,472**	2,395
Loss on disposal of tangible assets	**-**	2
Impairment of trade receivables	**161**	31
Operating lease charges	**3,257**	3,526
Audit fees payable to the company's auditor	**9**	8

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditor for 'Other services' as this information is included in the consolidated financial statements of Kent County Trading Limited.

7. Employees and directors

Employees
The average monthly number of persons (including executive directors) employed by the company during the year was:

	2017 No.	2016 No.
Temporary staff	**38**	-
Facilities management	**-**	14
Landscape services	**39**	37
Engineering	**10**	7
Recruitment	**34**	24
Other	**23**	16
	144	98

Directors
The directors' emoluments were paid by a fellow subsidiary undertaking.

8. Net interest expense

a) Interest receivable and similar income

	2017 £000	2016 £000
Bank interest received	**2**	1
Total interest receivable and similar income	**2**	1

b) Interest payable and similar charges

	2017 £000	2016 £000
Interest expense on related party loans	**124**	95
Total interest payable and similar charges	**124**	95

9. Income tax

a) Tax expense included in profit or loss

	2017 £000	2016 £000
Current tax:		
- UK corporation tax on profits for the year	**36**	-
- Adjustment in respect of prior periods	**-**	-
Total current tax	**36**	-
Deferred tax:		
- Origination and reversal of timing differences	**(20)**	31
- Adjustment in respect of prior periods	**-**	5
Total deferred tax	**(20)**	36
Tax on profit on ordinary activities	**16**	36

9. Income tax (continued)

b) Reconciliation of tax charge

Tax assessed for the period is higher (2016: lower) than the standard rate of corporation tax in the UK for the year ended 31 March 2017 of 20% (2016: 20%). The differences are explained below:

	2017	2016
	£000	£000
Profit on ordinary activities before tax	**26**	192
Profit multiplied by the standard rate of tax in the UK of 20% (2016: 20%)	**5**	38
Effects of:		
- Expenses not deductible for tax purposes	**11**	12
- Adjustments to tax charge in respect of prior years	**-**	5
- Group relief received	**-**	(19)
Tax charge for year	**16**	36

10. Intangible assets

	Computer software	**Total**
	£000	**£000**
At 31 March 2016		
Cost	93	93
Accumulated amortisation	(33)	(33)
Net book amount	60	60
Year ended 31 March 2017		
Opening net book amount	**60**	**60**
Amortisation	**(19)**	**(19)**
Closing net book amount	**41**	**41**
At 31 March 2017		
Cost	**93**	**93**
Accumulated amortisation	**(52)**	**(52)**
Net book amount	**41**	**41**

The useful life of software is based on its expected utilisation by the company.

11. Tangible assets

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
At 31 March 2016				
Cost	2,512	256	1,866	4,634
Accumulated depreciation	(179)	(48)	(305)	(532)
Net book amount	2,333	208	1,561	4,102
Year ended 31 March 2017				
Opening net book amount	**2,333**	**208**	**1,561**	**4,102**
Additions	**-**	**63**	**31**	**94**
Depreciation	**(61)**	**(59)**	**(118)**	**(238)**
Closing net book amount	**2,272**	**212**	**1,474**	**3,958**
At 31 March 2017				
Cost	**2,512**	**319**	**1,897**	**4,728**
Accumulated depreciation	**(240)**	**(107)**	**(423)**	**(770)**
Net book amount	**2,272**	**212**	**1,474**	**3,958**

The net book value of land, included in land and buildings above, comprises:

	2017 £000	2016 £000
Long leasehold	**593**	593
Carrying amount	**593**	593

12. Inventories

	2017 £000	2016 £000
Raw materials and consumables	**20**	36
Work in progress	**135**	120
	155	156

There is no significant difference between the replacement cost of the inventory and its carrying amount.

13. Debtors

	2017	2016
	£000	£000
Trade debtors	**2,121**	2,267
Amounts owed by group undertakings	**1,755**	1,791
Other receivables	**540**	136
Prepayments	**1,300**	1,450
Accrued income	**2,297**	1,951
	8,013	7,595

Trade debtors are stated after provisions for impairment of £245,000 (2016: £79,000).

14. Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	**221**	755
Amounts owed to group undertakings	**1,000**	1,000
Corporation tax	**36**	-
Other taxation and social security	**302**	225
Other creditors	**600**	559
Accruals and deferred income	**2,549**	2,320
	4,708	4,859

15. Creditors: amounts falling due after more than one year

	2017	2016
	£000	£000
Amounts falling due between one and five years		
Related party loans (see note 20)	**2,450**	1,950
	2,450	1,950

16. Post-employment benefits

The company provides defined contribution schemes for its employees. The amount recognised as an expense for the defined contribution schemes was:

	2017	2016
	£000	£000
Current period contributions	**111**	87

17. Provision for other liabilities

The company had the following provisions during the year:

	Deferred tax provision £000	Total £000
At 1 April 2016	178	178
Amount charged to profit or loss	(20)	(20)
At 31 March 2017	**158**	**158**

Deferred tax

The provision for deferred tax consists of the following deferred tax liabilities/(assets):

	2017 £000	2016 £000
Capital allowances	192	191
Other timing differences	(34)	(13)
	158	178

The net deferred tax liability expected to reverse in 2018 is £22,000. This primarily relates to the reversal of timing differences on acquired intangible and tangible assets and capital allowances through depreciation and amortisation, offset by expected tax deductions when payments are made to utilise provisions.

18. Share capital and other reserves

Ordinary shares of £1 each Allotted and fully paid	Number	£000
At 1 April 2016	4,000,002	4,000
At 31 March 2017	**4,000,002**	**4,000**

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

19. Capital and other commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payments due	2017 £000	2016 £000
Not later than one year	2,865	2,986
Later than one year and not later than five years	5,174	5,422
Later than five years	12,514	13,271
	20,553	21,679

The company had no other off-balance sheet arrangements.

20. Related party transactions

The company has loans from Kent County Council of £2,450,000 (2016: £1,950,000). The loans are included within creditors due after one year. Interest payable on the loans from Kent County Council has been charged £124,000 (2016: £95,000).

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

	2017 £000	2016 £000
Sales	3,456	3,423
Trade debtors	403	296
Purchases	2,431	2,813
Trade creditors	(102)	(47)
Other debtors	10	-
Other creditors	(341)	(459)

During the year, the company traded with GEN2 Property Limited, a company owned by Kent County Council. The following transactions occurred during the financial period:

	2017 £000	2016 £000
Sales	36	-
Trade debtors	10	-

See note 7 for disclosure of the directors' remuneration.

The company's other related party transactions were with other companies that are wholly owned within the group and so have not been disclosed under FRS 102 paragraph 33.1A.

21. Controlling party

The immediate parent undertaking and the smallest and largest group to consolidate these financial statements is Kent County Trading Limited. Copies of the Kent County Trading Limited consolidated financial statements can be obtained from the Company Secretary at 1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT.

The ultimate parent undertaking and ultimate controlling party is Kent County Council, whose principal place of business is County Hall, Maidstone, Kent, ME14 1XQ. The financial statements of Kent County Council can be obtained from County Hall, Maidstone, Kent, ME14 1XQ.