Registered number: 09598549

CORSERV LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

Bishop Fleming

Chartered Accountants

CORSERV LIMITED

COMPANY INFORMATION

DIRECTORS	C H Dennis (resigned 12 October 2018) E K Holt T A Jeans (appointed 8 September 2017) J G Keohane R A Pears (appointed 10 November 2017) J D Rand (appointed 10 November 2017) C J Robinson (appointed 1 March 2018) A J Barnett (resigned 29 December 2017) J Clark (resigned 28 June 2017) M J Eathorne-Gibbons (resigned 24 July 2017) M Lee (appointed 9 November 2017, resigned 1 March 2018) D Scrafton (resigned 26 July 2017)
COMPANY SECRETARY	R C Zmuda
REGISTERED NUMBER	09598549
REGISTERED OFFICE	Corserv Head Office Higher Trenant Road Wadebridge Cornwall PL27 6TW
INDEPENDENT AUDITORS	Bishop Fleming LLP Chartered Accountants & Statutory Auditors Salt Quay House 4 North East Quay Sutton Harbour Plymouth PL4 0BN
BANKERS	NatWest 2/4 St Nicholas Street Truro Cornwall TR1 2RN

CORSERV LIMITED

CONTENTS

INTRODUCTION

Corserv Limited is the group holding company for four companies within the Cornwall Council portfolio (Cormac Solutions Limited, Cornwall Housing Limited, Cornwall Airport Limited and Cornwall Development Company Ltd) along with a jointly owed company with Nottinghamshire County Council, Via East Midlands Limited.

BUSINESS REVIEW

In the year to the 31st March 2018 Corserv Group delivered Profit before Tax (PBT) of £2.509m on consolidated Turnover of £157.7m (1.6%).

The Group incurred a number of one off costs in 2017/18 covering:

- Stock provisions £0.4m
- Plant write down £0.25m
- Labour related provisions £0.5m
- Redundancy costs £0.8m

PBT before the one off costs listed was £4.27m (2.7%) and compares favourably against the 16/17 PBT of £2.92m (2%)

Turnover for 2017/18 delivered year on year growth of 6.1% with Highways Maintenance responsible for 3.2% of total Turnover growth.

The Group managed cash liquidity through the maintenance of commercial loan facilities with Cornwall Council, a strong focus on working capital and carrying adequate cash balances across the subsidiaries.

The Group has a clear strategy with its main client Cornwall Council through an agreed four year Business Plan and the future pipeline of work is strong and consistent.

PRINCIPAL RISKS AND UNCERTAINTIES

The Corserv Group regularly reviews risks from across the subsidiary companies. The top five risks on the Group risk register are:

- Difficulty in recruiting and retaining the staff required to deliver Group strategy
- Failure to comply with H&S legislation
- Organisational Risk, pace of change too fast and a risk of organisational 'overload'.
- Local Government Pension Scheme (LGPS) liabilities and increasing costs
- Maintaining adequate, efficient and secure IT Data/ Systems

Mitigating actions have been identified to reduce the impact of these risks over time.

The Group will focus over 2018/19 on emerging risks from the Brexit process and work with its suppliers, customers and other stakeholder to mitigate the specific Brexit risks.

FINANCIAL KEY PERFORMANCE INDICATORS

Accidents
Safety is the Group's top priority. Recording and monitoring of incidents through the SHEQ IT system allows the Group of companies to adequately review safety key performance indicators.

Finance
The Groups finances and controls are regularly review through a program of internal and external audit with areas identified for improvement tracked and monitored through the Group Audit Committee.

Customer satisfaction
The Group regularly monitors customer satisfaction both through direct customer dialogue and adhoc customer feedback.

Future developments
The Corserv Group is focused on:

- Identifying and delivering cost synergies from across the Group Companies.
- Building common Group platforms across Finance, HR, Procurement, SHEQ and customer service.
- Developing new business streams and joint ventures.
- Raising the Groups profile as one of the largest local authority owned Group of companies in the UK.

Social responsibility
Corserv is a value driven business and is committed to making a positive contribution to our communities.
During 2017/18 the Group organised a number of events in support of its chosen charities, the Childrens Hospice South West and the Cornwall Air Ambulance.
Over 200,000 volunteer hours with an estimated equivalent value of £3.5m have been devoted in supporting individuals and recognised voluntary/charity groups across the Groups area of operation.

This report was approved by the board on 05/11/18 and signed on its behalf.

C J Robinson
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The provision of head office services and the supply of highway services, facilities management, specialist consultancy, housing and airport management services.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,301,000 (2017: £2,475,000).

Dividends of £2,190,000 (2017: £1,457,000) were paid during the year by the group during the year.

DIRECTORS

The directors who served during the year were:

C H Dennis (resigned 12 October 2018)
E K Holt
T A Jeans (appointed 8 September 2017)
J G Keohane
R A Pears (appointed 10 November 2017)
J D Rand (appointed 10 November 2017)
C J Robinson (appointed 1 March 2018)
A J Barnett (resigned 29 December 2017)
J Clark (resigned 28 June 2017)
M J Eathorne-Gibbons (resigned 24 July 2017)
M Lee (appointed 9 November 2017, resigned 1 March 2018)
D Scrafton (resigned 26 July 2017)

FUTURE DEVELOPMENTS

Disclosed within the strategic report.

EMPLOYEE INVOLVEMENT

The company supports regular top down and bottom up communication involving all staff. During 2017/18 company-wide feedback sessions continued and the Senior Leadership Team held a number of formal and informal engagement sessions focusing on Health & Safety, operational matters and business performance.

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 the director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the group since the year end.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

C J Robinson

C J Robinson
Director

Date: 05/11/18

Corserv Head Office
Higher Trenant Road
Wadebridge
Cornwall
PL27 6TW

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CORSERV LIMITED

OPINION

We have audited the financial statements of Corserv Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018, which comprise the group Income statement, the group Statement of comprehensive income, the group and company Statements of financial position, the group Statement of cash flows, the group and company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's 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.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

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

We have nothing to report in this regard.

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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Bishop Fleming LLP

Robert Davey FCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN
Date: 9TH NOVEMBER 2018

CORSERV LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £000	2017 £000
Turnover		**157,714**	148,463
Cost of sales		**(134,459)**	(128,489)
GROSS PROFIT		**23,255**	19,974
Administrative expenses		**(22,421)**	(17,903)
Other operating income	5	**1,278**	957
OPERATING PROFIT	6	**2,112**	3,028
Share of profit of joint ventures		**919**	257
TOTAL OPERATING PROFIT		**3,031**	3,285
Reversal of impairments		**231**	443
Interest receivable and similar income	10	**11**	27
Interest payable and similar charges	11	**(607)**	(839)
Loss on disposal of fixed assets		**(157)**	-
PROFIT BEFORE TAX		**2,509**	2,916
Tax on profit	12	**(1,208)**	(441)
PROFIT FOR THE FINANCIAL YEAR		**1,301**	2,475
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent		**1,301**	2,475
		1,301	2,475

The notes on pages 20 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	2018 £000	2017 £000
Profit for the financial year	**1,301**	2,475
OTHER COMPREHENSIVE INCOME		
Actuarial gain/(loss) on defined benefit schemes	**830**	(1,106)
Movement on deferred tax relating to pension (losses)/gains	**(194)**	7
Dividends paid	**(2,190)**	(1,457)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**(1,554)**	(2,556)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(253)**	(81)
PROFIT FOR THE YEAR ATTRIBUTABLE TO:		
Owners of the parent company	**1,301**	2,475
	1,301	2,475
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent company	**(253)**	(81)
	(253)	(81)

The notes on pages 20 to 47 form part of these financial statements.

CORSERV LIMITED
REGISTERED NUMBER:09598549

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 £000	2018 £000	As restated 2017 £000	As restated 2017 £000
FIXED ASSETS					
Intangible assets	15		**1,141**		773
Tangible assets	16		**17,159**		17,649
Investments	17		**751**		203
			19,051		18,625
CURRENT ASSETS					
Stocks	18	**2,342**		2,682	
Debtors: amounts falling due within one year	19	**27,155**		26,002	
Cash at bank and in hand	20	**14,208**		10,409	
		43,705		39,093	
Creditors: amounts falling due within one year	21	**(41,923)**		(30,345)	
NET CURRENT ASSETS			**1,782**		8,748
TOTAL ASSETS LESS CURRENT LIABILITIES			**20,833**		27,373
Creditors: amounts falling due after more than one year	22		**(10,013)**		(15,669)
PROVISIONS FOR LIABILITIES					
Deferred taxation		**(107)**		(122)	
Other provisions	25	**(403)**		(550)	
			(510)		(672)
NET ASSETS EXCLUDING PENSION LIABILITY			**10,310**		11,032
Pension liability			**(8,464)**		(8,933)
NET ASSETS			**1,846**		2,099
CAPITAL AND RESERVES					
Called up share capital	26		**500**		500
Profit and loss account	27		**1,346**		1,599
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY			**1,846**		2,099
			1,846		2,099

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2018

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

C J Robinson
Director

Date: 05/11/18

The notes on pages 20 to 47 form part of these financial statements.

CORSERV LIMITED
REGISTERED NUMBER:09598549

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £000	2018 £000	As restated 2017 £000	As restated 2017 £000
FIXED ASSETS					
Intangible assets	15		**298**		202
Investments	17		**500**		500
			798		702
CURRENT ASSETS					
Debtors: amounts falling due within one year	19	**1,472**		654	
Cash at bank and in hand	20	**309**		229	
		1,781		883	
Creditors: amounts falling due within one year	21	**(2,072)**		(1,334)	
NET CURRENT LIABILITIES			**(291)**		(451)
TOTAL ASSETS LESS CURRENT LIABILITIES			**507**		251
NET ASSETS			**507**		251
CAPITAL AND RESERVES					
Called up share capital	26		**500**		500
Profit and loss account brought forward		**(249)**		-	
Profit for the year		**2,446**		1,208	
Other changes in the profit and loss account		**(2,190)**		(1,457)	
Profit and loss account carried forward			**7**		(249)
			507		251

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

C J Robinson
Director

Date: 05/11/18

The notes on pages 20 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£000	£000	£000	£000
At 1 April 2017	500	1,599	2,099	2,099
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	1,301	1,301	1,301
Actuarial gains on pension scheme	-	636	636	636
Dividends: Equity capital	-	(2,190)	(2,190)	(2,190)
AT 31 MARCH 2018	500	1,346	1,846	1,846

The notes on pages 20 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£000	£000	£000	£000
At 1 April 2016	500	1,680	2,180	2,180
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	2,475	2,475	2,475
Actuarial losses on pension scheme	-	(1,099)	(1,099)	(1,099)
Dividends: Equity capital	-	(1,457)	(1,457)	(1,457)
AT 31 MARCH 2017	500	1,599	2,099	2,099

The notes on pages 20 to 47 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2017	500	(249)	251
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	2,446	2,446
Dividends: Equity capital	-	(2,190)	(2,190)
AT 31 MARCH 2018	500	7	507

The notes on pages 20 to 47 form part of these financial statements.

CORSERV LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2016	500	-	500
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	1,208	1,208
Dividends: Equity capital	-	(1,457)	(1,457)
AT 31 MARCH 2017	**500**	**(249)**	**251**

The notes on pages 20 to 47 form part of these financial statements.

CORSERV LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £000	As restated 2017 £000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**1,301**	2,475
ADJUSTMENTS FOR:		
Amortisation of intangible assets	**284**	241
Depreciation of tangible assets	**3,134**	3,107
(Profit) / Loss on disposal of tangible assets	**157**	(15)
Impairments of fixed assets	**245**	-
Reversal of impairments	**(231)**	(473)
Interest paid	**373**	839
Interest and dividends received	**(11)**	(27)
Taxation charge	**1,208**	440
Income taxes paid	**(77)**	(427)
Decrease in stocks	**340**	320
(Increase) in debtors	**(2,240)**	(3,698)
Increase in creditors	**6,511**	9
(Decrease)/increase in provisions	**(162)**	103
Pension charge less contributions	**254**	210
Share of (profit) in joint ventures	**(919)**	(203)
Decrease/(increase) in deferred income grants	**-**	(10)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**10,167**	2,891
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	**(651)**	(354)
Purchase of tangible fixed assets	**(553)**	(268)
Sale of tangible fixed assets	**32**	15
Interest received	**-**	27
Income from investments	**11**	-
Dividends received	**190**	-
Longterm investments	**-**	(500)
Capital grants received	**-**	20
NET CASH FROM INVESTING ACTIVITIES	**(971)**	(1,060)

CONSOLIDATED ANALYSIS OF NET DEBT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £000	As restated 2017 £000
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary shares	-	500
Repayment of loans	-	(34)
Repayment of finance leases	**(2,841)**	(2,841)
Dividends paid	**(2,190)**	(1,457)
Interest paid	**(373)**	(839)
NET CASH USED IN FINANCING ACTIVITIES	**(5,404)**	(4,671)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**3,792**	(2,840)
Cash and cash equivalents at beginning of year	**10,409**	13,249
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**14,201**	10,409
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	**14,208**	10,409
Bank overdrafts	**(7)**	-
	14,201	10,409

The notes on pages 20 to 47 form part of these financial statements.

1. GENERAL INFORMATION

The company (registered number 09598549) is a private company, limited by shares and registered in England and Wales. The registered office address is Corserv Head Office, Higher Trenant Road, Wadebridge, Cornwall, PL27 6TW.

The provision of head office services and the supply of highway services, facilities management, specialist consultancy, housing and airport management services.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated income statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. ACCOUNTING POLICIES (continued)

2.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Long-term contracts

Where the outcome of a long-term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the reporting date. Turnover is calculated using a valuation of the work performed during the year, along with an assessment of the stage of completion of the contract.

Where the outcome of a long-term contract cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred if it is considered probable that these will be recovered.

Full provision is made for losses on contracts in the year in which they are first forseen.

Provision of airport and affiliated operations

Revenue in respect of airport operations is recognised when the service is provided. Where services have not been invoiced in the year then the relevant amount is provided for within accrued income.

2. ACCOUNTING POLICIES (continued)

2.4 INTEREST INCOME

Interest income is recognised in the Consolidated income statement using the effective interest method.

2.5 FINANCE COSTS

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

2.6 BORROWING COSTS

All borrowing costs are recognised in the Consolidated income statement in the year in which they are incurred.

2.7 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The group operates a defined contribution plan for its employees and also a defined benefit scheme managed by Cornwall Council. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

DEFINED BENEFIT PENSION PLAN

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

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

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

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

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

2. ACCOUNTING POLICIES (continued)

2.7 PENSIONS (CONTINUED)

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

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

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

The assets of the scheme are invested independently of the finances of the companies. Contributions are made to the scheme in accordance with recommendations of an independent actuary in respect of current and future service.

There is a Deed of Guarantee from Cornwall Council to Cormac Solutions and Cornwall Housing that confirms that Cornwall Council remains liable for any deficit in the local government pension scheme in relation to these companies. The contributions payable to the scheme are agreed with the Council. Therefore, the scheme is accounted for by the Companies as if it were a defined contribution scheme.

2.8 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2. ACCOUNTING POLICIES (continued)

2.9 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Capitalised software	-	3 to 10 years

2. ACCOUNTING POLICIES (continued)

2.10 TANGIBLE FIXED ASSETS

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

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

The estimated useful lives range as follows:

Freehold property	- see below
Long-term leasehold property improvements	- 10% per annum
Plant and machinery	- 10% to 33% per annum
Motor vehicles	- 25% per annum
Fixtures and fittings	- 8% to 10% per annum
Computer equipment	- 20% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated income statement.

Depreciation of freehold property

Freehold property includes social housing property at valuation (existing use value for social housing) and office buildings at valuation (open market valuation)

Freehold land is not depreciated. Depreciation of social housing properties is charged on a component basis, so as to write down the net book value of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life.

The housing property components are depreciated at the following annual rates:

- Structure: 2.00% per annum
- Roofs: 3.33% per annum
- Heating systems: 5.00 % per annum
- Kitchens and bathrooms: 6.66% per annum
- Windows: 10.00% per annum

Office buildings are depreciated at 2% per annum.

2. ACCOUNTING POLICIES (continued)

2.11 IMPAIRMENT OF FIXED ASSETS

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

2.12 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 ASSOCIATES AND JOINT VENTURES

An entity is treated as a joint venture where the group is a party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated income statement includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the Consolidated statement of financial position, the interests in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

2.14 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of extraction for quarry stock using standard costs or purchase cost on a first in, first out basis for other stocks.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 DEBTORS

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

2. ACCOUNTING POLICIES (continued)

2.16 CASH AND CASH EQUIVALENTS

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.17 CREDITORS

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

2.18 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated income statement in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.19 FINANCIAL INSTRUMENTS

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2. ACCOUNTING POLICIES (continued)

2.19 FINANCIAL INSTRUMENTS (CONTINUED)

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

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

2.20 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Provisions for remedial works are recognised by the company using judgement based on past experience and the company's record of requiring remedial action.

- Valuation of incomplete contracts at the year-end: contracts are valued (both in terms of cost and revenue) by the in house team based on their experience in the industry and their knowledge of the contract in question.

- When considering lease arrangements, an adjustment has been made to recognise the tangible fixed assets leased from Cornwall Council on the company's Statement of Financial Position as it is considered that the risks and rewards of ownership of the assets lie with the company.

- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. Any changes in these assumptions, which are disclosed in note 30, will impact the carrying amount of the pension liability.

- No deferred tax asset has been included in the financial statements relating to the defined benefit pension scheme liability. In making the decision whether to recognise this deferred tax asset management have assessed the availability of taxable profits in future periods which could be utilised. On the basis that sufficient taxable profits are not anticipated in the future, it has been decided not to recognise the deferred tax asset.

4. TURNOVER

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

	2018	2017
	£000	£000
Highways service	**101,824**	97,100
Operation of airport	**10,267**	9,211
Housing services	**37,473**	36,922
Economic development services	**6,820**	4,960
Other services	**1,330**	270
	157,714	148,463

All turnover arose within the United Kingdom.

5. OTHER OPERATING INCOME

	2018 £000	2017 £000
Other operating income	**17**	40
Net rents receivable	**903**	690
Sundry income	**358**	227
	1,278	957

6. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £000	2017 £000
Amortisation on intangible fixed assets	**284**	241
Depreciation on tangible fixed assets	**3,134**	3,107
Loss on disposal of tangible fixed assets	**(157)**	-
Other operating lease rentals	**1,215**	1,293
Defined contribution pension cost	**5,922**	5,161
Defined benefit pension cost	**2,814**	2,480
Impairment of fixed assets	**245**	-

7. AUDITORS' REMUNERATION

	2018 £000	2017 £000
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	**93**	90

FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:

	2018 £000	2017 £000
Taxation compliance services	**10**	17
	10	17

8. EMPLOYEES

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

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Wages and salaries	**52,979**	50,841	**341**	40
Social security costs	**4,409**	4,141	**16**	-
Cost of defined benefit scheme	**2,814**	2,480	**17**	-
Cost of defined contribution scheme	**5,922**	5,161	**21**	-
	66,124	62,623	**395**	40

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

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Executive	**9**	13	-	-
Management	**231**	191	-	-
Operations	**1,615**	1,696	-	-
Administration	**139**	158	6	6
	1,994	2,058	6	6

9. DIRECTORS' REMUNERATION

	2018 £000	As restated 2017 £000
Directors' emoluments	**340**	238
Company contributions to defined contribution pension schemes	**27**	25
	367	263

Remuneration in respect of directors and key management personnel for the group was as follows:

During the year retirement benefits were accruing to 1 director (2017:1) in respect of defined contribution pension schemes and 3 directors (2017: 3) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £221,000 (including compensation for loss of office £30,000) (2017:£106,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,000 (2017:£16,000).

10. INTEREST RECEIVABLE

	2018 £000	2017 £000
Share of joint ventures' interest receivable	-	2
Other interest receivable	11	25
	11	27

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £000	2017 £000
Other loan interest payable	373	567
Share of joint ventures	-	6
Other interest payable - pensions	234	266
	607	839

12. TAXATION

	2018 £000	2017 £000
CORPORATION TAX		
Current tax on profits for the year	586	389
Adjustments in respect of previous periods	451	(11)
Joint venture taxation	181	51
	1,218	429
TOTAL CURRENT TAX	1,218	429
DEFERRED TAX		
Origination and reversal of timing differences	(10)	12
TOTAL DEFERRED TAX	(10)	12
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	1,208	441

12. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2017:lower than) the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	**2,509**	2,916
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017:20%)	**477**	583
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**161**	3
Fixed asset differences	**38**	-
Amounts charged directly to the STRGL or otherwise transferred	**158**	-
Adjustments to tax charge in respect of prior periods	**447**	(11)
Group income	**-**	(251)
Group relief claimed	**(34)**	-
Non-taxable loss	**-**	66
Capital gains	**-**	26
Movement in provisions	**-**	(10)
Adjust opening/closing deferred tax to average rate	**(23)**	35
Deferred tax not recognised	**(16)**	-
TOTAL TAX CHARGE FOR THE YEAR	**1,208**	441

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

13. DIVIDENDS

	2018 £000	2017 £000
Dividends paid by group	**2,190**	1,457
	2,190	1,457

14. PARENT COMPANY PROFIT FOR THE YEAR

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements. The profit after tax of the parent company for the year was £2,446,000 (2017:£1,207,000).

15. INTANGIBLE ASSETS

Group

	Computer software £000
COST	
At 1 April 2017	**1,460**
Additions	**651**
Disposals	**(214)**
At 31 March 2018	**1,897**
AMORTISATION	
At 1 April 2017	**687**
Charge for the year	**284**
On disposals	**(214)**
At 31 March 2018	**757**
NET BOOK VALUE	
At 31 March 2018	**1,140**
At 31 March 2017	773

15. INTANGIBLE ASSETS (CONTINUED)

Company

	Computer software £000
COST	
At 1 April 2017	**238**
Additions	**144**
At 31 March 2018	**382**
AMORTISATION	
At 1 April 2017	**36**
Charge for the year	**48**
At 31 March 2018	**84**
NET BOOK VALUE	
At 31 March 2018	**298**
At 31 March 2017	202

16. TANGIBLE FIXED ASSETS

Group

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Assets under construction £000	Total £000
COST OR VALUATION								
At 1 April 2017 (as previously stated)	3,767	318	1,363	521	205	118	431	6,723
Prior Year Adjustment	-	-	14,873	-	-	-	-	14,873
At 1 April 2017 (as restated)	3,767	318	16,236	521	205	118	431	21,596
Additions	-	83	2,398	-	19	25	291	2,816
Disposals	-	-	(156)	(200)	(5)	(41)	-	(402)
Transfers between classes	-	75	356	-	-	-	(431)	-
Revaluations	119	-	-	-	-	-	-	119
At 31 March 2018	3,886	476	18,834	321	219	102	291	24,129

16. TANGIBLE FIXED ASSETS (CONTINUED)

DEPRECIATION								
At 1 April 2017 (as previously stated)	**112**	**44**	**153**	**510**	**190**	**97**	**-**	**1,106**
Prior Year Adjustment	**-**	**-**	**2,841**	**-**	**-**	**-**	**-**	**2,841**
At 1 April 2017 (as restated)	**112**	**44**	**2,994**	**510**	**190**	**97**	**-**	**3,947**
Charge for the year on owned assets	**116**	**41**	**108**	**9**	**5**	**14**	**-**	**293**
Charge for the year on financed assets	**-**	**-**	**2,841**	**-**	**-**	**-**	**-**	**2,841**
Disposals	**-**	**-**	**-**	**(200)**	**(5)**	**(39)**	**-**	**(244)**
Impairment charge	**-**	**-**	**245**	**-**	**-**	**-**	**-**	**245**
Revaluations	**(112)**	**-**	**-**	**-**	**-**	**-**	**-**	**(112)**
At 31 March 2018	**116**	**85**	**6,188**	**319**	**190**	**72**	**-**	**6,970**
NET BOOK VALUE								
At 31 March 2018	**3,770**	**391**	**12,646**	**2**	**29**	**30**	**291**	**17,159**
At 31 March 2017 (as restated)	3,655	275	13,242	11	14	21	431	17,649

The Group's 56 housing properties were been valued by Cornwall Council Property Services, professional valuers on 1 April 2017. The valuation was completed in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. The 3 office buildings were valued at open market value on 31 March 2018, by Vickery Holman, professional valuers.

17. FIXED ASSET INVESTMENTS

Group

	Investment in joint ventures £000
COST OR VALUATION	
At 1 April 2017	**203**
Joint venture dividends received	**(190)**
Share of profit/(loss)	**738**
At 31 March 2018	**751**
NET BOOK VALUE	
At 31 March 2018	**751**
At 31 March 2017	203

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Cormac Solutions Limited	Ordinary	100 %	Supply of highway maintenance, facilities management and major contracts works
Cornwall Housing Limited	Ordinary	100 %	Housing company
Cornwall Airport Limited	Ordinary	100 %	Operator of Newquay airport
Cornwall Development Company Ltd	Ordinary	100 %	Improving economic prosperity in Cornwall
Rural Economic Partnership Limited	Ordinary	100 %	Property management

The aggregate of the share capital and reserves as at 31 March 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £000	Profit/(loss) £000
Cormac Solutions Limited	**2,544**	**1,480**
Cornwall Housing Limited	**5,657**	**(472)**
Cornwall Airport Limited	**(459)**	**(36)**
Cornwall Development Company Limited	**(7,010)**	**(240)**
Rural Economic Partnership Limited	**628**	**37**

17. FIXED ASSET INVESTMENTS (CONTINUED)

PARTICIPATING INTERESTS

The Group owns 51% of the issued share capital of Via East Midlands Limited which is a special purpose joint venture company jointly owned and controlled by Corserv Limited and Nottinghamshire County Council. The entity is accounted for as a jointly controlled entity as control of the organisation and its profits are shared with Nottinghamshire County Council. The joint venture was specifically established to provide and safeguard the delivery of a sustainable highways service for Nottinghamshire. Via East Midlands Limited also provides highways and fleet management services in Nottinghamshire and the surrounding areas.

Company

	Investments in subsidiary companies £000
COST OR VALUATION	
At 1 April 2017	**500**
At 31 March 2018	**500**
NET BOOK VALUE	
At 31 March 2018	**500**
At 31 March 2017	500

18. STOCKS

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Finished goods and goods for resale	**2,342**	2,682	**-**	-
	2,342	2,682	**-**	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

19. DEBTORS

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade debtors	6,541	8,696	80	270
Amounts owed by group undertakings	16,743	14,771	1,423	364
Other debtors	1,660	803	51	-
Prepayments and accrued income	2,082	517	-	-
Tax recoverable	129	1,215	(82)	20
	27,155	26,002	1,472	654

20. CASH AND CASH EQUIVALENTS

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Bank and cash balances	14,208	10,409	310	229
Less: bank overdrafts	(7)	-	-	-
	14,201	10,409	310	229

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018 £000	Group Restated 2017 £000	Company 2018 £000	Company Restated 2017 £000
Bank overdrafts	7	-	-	-
Trade creditors	5,100	2,980	-	33
Amounts owed to group undertakings	15,533	11,121	1,917	1,204
Corporation tax	83	38	-	-
Other taxation and social security	5,202	3,421	8	-
Group obligations under finance lease and hire purchase contracts	2,841	2,841	-	-
Other creditors	1,914	481	-	-
Accruals and deferred income	11,243	9,463	147	97
	41,923	30,345	2,072	1,334

22. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	Group Restated	**Company**	Company Restated
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Group obligations under finance leases and hire purchase contracts	**8,556**	9,190	-	-
Amounts owed to group undertakings	**1,445**	6,479	-	-
Accruals and deferred income	**12**	-	-	-
	10,013	15,669	-	-

The Group has a funding arrangement with Cornwall Council. An initial £6,500,000 was drawn down in previous years and a further £2,500,000 was drawn down during 2017/18. Interest is fixed at 5.5% and the amount is repayable on demand. At the year end, the amount outstanding under this arrangement was £7,500,000 (2017: £5,000,000).

The Group has a long term loan to fund housing development from Cornwall Council, secured by fixed charges on individual properties. The total amount received was £1,700,000 and is repayable over 50 years in half yearly installments. Interest is fixed at 4.5% for the term. At the year end, Cornwall Housing Limited had an outstanding loan of £1,479,000 (2017: £1,513,000).

Loans from the ultimate parent undertaking (Cornwall Council) are repayable as follows:

	Group 2018 £000	Group 2017 £000
Within one year	**7,534**	34
Between one to two years	**34**	34
Between two to five years	**102**	102
Over five years	**1,309**	6,343
	8,979	6,513

23. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group	Group As restated
	2018	2017
	£000	£000
Within one year	**2,841**	2,841
Between 1-5 years	**8,556**	9,190
	11,397	12,031

24. FINANCIAL INSTRUMENTS

	Group	Group Restated	**Company**	Company Restated
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
FINANCIAL ASSETS				
Financial assets that are debt instruments measured at amortised cost	**39,153**	34,679	**1,813**	863
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	**(33,933)**	(33,093)	**(1,827)**	(1,237)

Financial assets that are debt instruments measured at amortised cost comprise of cash and cash equivalents, trade debtors, amounts due from related parties and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to group undertakings, net obligations under finance leases and hire purchase contracts and other creditors.

25. PROVISIONS

Group

	Staff Cost Provision	**Provision for Remedial Works**	**Total**
	£000	**£000**	**£000**
At 1 April 2017	**100**	**450**	**550**
Charged to profit or loss	**24**	**-**	**24**
Utilised in year	**-**	**(171)**	**(171)**
AT 31 MARCH 2018	**124**	**279**	**403**

26. SHARE CAPITAL

	2018 £000	2017 £000
ALLOTTED, CALLED UP AND FULLY PAID		
500,002 ordinary shares of £1 each	**500**	500

27. RESERVES

Profit and loss account

Profit and loss account comprises of all current and prior period accumulated profits and losses.

28. PRIOR YEAR ADJUSTMENT

An adjustment has been made in the Cormac Solutions Limited financial statements to recognise the tangible fixed assets leased from Cornwall Council on the company's Statement of Financial Position as it is considered that the risks and rewards of ownership of the assets lie with the company. This has resulted in the same adjustment being made to the Group Statement of Financial Position.

Plant and machinery with a cost of £14,873,000 and accumulated depreciation of £2,841,000 at 31 March 2017 has been recognised. A corresponding finance lease liability of £12,031,000 has been recognised within creditors at 31 March 2017. There is no impact on profit previously recorded for the period to 31 March 2017.

29. PENSION COMMITMENTS

Defined contribution pension scheme

The group operates a Defined contribution pension scheme as detailed in note 2.7.

The group operates a defined contribution pension scheme for certain employees. The pension charge for the year represents contributions payable by the group to the scheme and amounted to £5,922,000 (2017: £5,161,000).

The outstanding creditor on the defined contribution scheme at the balance sheet date was £533,000.

Defined benefit pension scheme

The group operates a Defined benefit pension scheme.

The group is a member of the Cornwall Council Pension Fund, with assets held in a separate fund. The Cornwall Council Pension Fund in turn is part of the Local Government Pension Scheme (LGPS) and is a defined benefit, occupational pension scheme.

The scheme provides retirement benefits on the basis of members career average revalued earnings.

The fund employs professional fund management companies to manage its investments on a day to day basis, in accordance with the strategy set by the Pensions Committee. They have full discretion of the management of their individual portfolio, subject to statutory limits and any discretions set down in the Statement of Investment Principles.

The total contribution made for the year ended 31 March 2018 was £515,000 (2017: £489,000) of which employer's contributions totalled £407,000 (2017: £386,000) and employees' contributions totalled £108,000 (2017: £103,000).

29. PENSION COMMITMENTS (CONTINUED)

The estimated employer's contributions for the year ended 31 March 2019 are £418,000.

The date of the most recent comprehensive actuarial valuation was 31 March 2016 by Hymans Robertson LLP, a qualified independent actuary.

The total cost relating to defined benefit schemes for the year recognised in the profit and loss as an expense was £768,000. This comprises of:

- Current service costs (recognised in costs of sales) of £534,000.
- Net Interest cost (recognised net interest expense) of £234,000.

A remeasurement gain of £636,000 (2017: £1,099,000) has separately been recognised within other comprehensive income. This is after taking into account the adjustment in the associated deferred tax on the pension liability.

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £NIL (2017: £NIL).

	2018	2017
	£000	£000
RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES		
At the beginning of the year	**27,493**	25,604
Current service cost	**534**	330
Interest expense	**720**	898
Actuarial (gains)/losses	**(584)**	1,080
Employee contributions	**108**	103
Benefits paid	**(555)**	(522)
AT THE END OF THE YEAR	**27,716**	27,493

RECONCILIATION OF PRESENT VALUE OF PLAN ASSETS

	2018	2017
	£000	£000
At the beginning of the year	**18,560**	17,987
Interest income	**486**	632
Actuarial gains	**246**	(26)
Employee and employer contributions	**515**	489
Benefits paid	**(555)**	(522)
AT THE END OF THE YEAR	**19,252**	18,560

29. PENSION COMMITMENTS (CONTINUED)

Composition of plan assets:

	2018 £000	2017 £000
Equities	**8,664**	8,538
Bonds	**8,856**	8,352
Property	**1,348**	1,299
Cash	**384**	371
TOTAL PLAN ASSETS	**19,252**	18,560

	2018 £000	2017 £000
Fair value of plan assets	**19,252**	18,560
Present value of plan liabilities	**(27,716)**	(27,493)
NET PENSION SCHEME LIABILITY	**(8,464)**	(8,933)

Principal acturial assumptions at the statement of financial position date (expressed as weighted averages):

	2018 %	2017 %
Discount rate	**2.7**	2.6
Future salary increases	**2.4**	2.5
Future pension increases	**2.3**	2.4
Inflation assumption	**2.3**	2.4
Mortality rates		
- for a male aged 65 now	**22.1**	22.1
- at 65 for a male aged 45 now	**24**	24
- for a female aged 65 now	**24.5**	24.5
- at 65 for a female member aged 45 now	**26.4**	26.4

30. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000
Not later than 1 year	**1,114**	1,296
Later than 1 year and not later than 5 years	**3,184**	2,308
Later than 5 years	**-**	10
	4,298	3,614

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,214,567 (2017: £1,310,589).

31. POST BALANCE SHEET EVENTS

Nottinghamshire County Council (NCC) has announced its intention to purchase (through agreement) the 51% Corserv shareholding in Via East Midlands Limited. Confidential negotiations have been underway for a number of weeks between NCC, Corserv Group and Cornwall Council (Corserv's shareholder). NCC now needs to seek approval through its committee structure, which involves providing information regarding the proposed purchase into the public domain. The potential sale of Corserv's 51% shareholding in Via East Midlands Limited does constitute a post balance sheet event that is now disclosed as a note to these accounts.

No amendments to the financial statements are considered necessary as a result of this event.

32. RELATED PARTY TRANSACTIONS

There are no key management outside of the Directors. Details of Directors' remuneration can be seen in Note 9 to the financial statements.

The consolidated financial statements of Corserv Limited have taken advantage of the exemption in Financial Reporting Standard 102 Section 33.1A in not disclosing intra group transactions where 100% of the voting rights are controlled within the group.

The group purchased services totalling £15,737,000 (2017: £11,021,000) from the ultimate parent undertaking, Cornwall Council. Income during the period from Cornwall Council totalled £125,005,000 (2017: £121,822,000).

The group borrowed £1,466,000 from Cornwall Council (2017: repaid loans of £1,534,000) and paid interest on the loans of £373,000 (2017: £566,000).

During the year, the group paid dividends of £2,190,000 (2017: £1,457,000) to Cornwall Council.

At the year end the group companies owed Cornwall Council £16,978,000 (2017: £11,064,000), a further £1,632,000 of deferred income from Cornwall Council is also included within creditors. Cornwall Council owed group companies £15,275,000 (2017: £14,363,000), a further £695,000 of accrued income from Cornwall Council is also included within debtors at 31 March 2018.

The group made sales to Via East Midlands of £1,314,000 (2017: £950,000). Via East Midlands is a joint venture between the group and Nottinghamshire County Council. Via East Midlands paid dividends of £190,000 to the group during the year. At the year end, Via East Midlands owed the group £205,000 (2017: £519,000).

The group made sales of £1,345,000 (2017: £1,641,000) to Cormac Contracting a company wholly owned by Cornwall Council. The group made purchases of £nil (2017: £75,000) from Cormac Contracting during the year. At year end, the group was owed £1,263,000 (2017: £407,000) from Cormac Contracting. At 31 March 2018, the group companies owed Cormac Contracting £nil (2017: £22,000).

The group purchased services totalling £117,000 (£39,000) from a company controlled by a director of Corserv Limited.

The group purchased services totalling £53,000 (£16,000) from a company controlled by another director of Corserv Limited.

The group purchased services totalling £52,000 (£31,000) from a company controlled by another director of Corserv Limited.

The group purchased services totalling £8,000 (£8,000) from a company controlled by another director of Corserv Limited.

33. CONTROLLING PARTY

Cornwall Council, the direct parent undertaking, is considered the ultimate controlling party due to its 100% shareholding of the company.