

Company Registration No. 04155293 (England and Wales)

CITY & KENT CLEANING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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CITY & KENT CLEANING LIMITED

COMPANY INFORMATION

Director	Mr I Pether
Company number	04155293
Registered office	23 St Leonards Road Bexhill-on-Sea East Sussex TN40 1HH
Auditor	McPhersons CFG Limited 23 St Leonards Road Bexhill-on-Sea East Sussex TN40 1HH
Business address	31 Metro Centre Kangley Bridge Road Lower Sydenham London SE26 5BW

CITY & KENT CLEANING LIMITED

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CITY & KENT CLEANING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The director presents the strategic report for the year ended 31 March 2016.

Fair review of the business

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and noncomplex nature of our business and is written in the context of the risks and uncertainties we face.

We consider our key financial performance indicators to be those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit percentage and net assets. The company's turnover was £7,582,323 (2015: £7,370,966), the gross profit percentage achieved was 20% (2015: 22%) and the net assets of the company were £1,554,031 (2015: £1,448,472). Taking this into account the results for the year and the financial position at the year end were considered satisfactory by the directors who expect that the company will be profitable again in 2017 and show continued growth in the foreseeable future.

The deep cleaning field in which we operate is a specialist area and whilst we continue to face competition, we are constantly aware of the need to invest in and respond to changes in technology and operating techniques.

The key business risks and uncertainties affecting the company are considered to relate to the potential loss of significant contracts. However the high quality staff and continued investment in training and equipment along with strong controls based around our ISO qualifications mitigates this risk.

As indicated earlier, we feel that our year end position is financially secure, with our balance sheet disclosing both a healthy net current assets and net assets position.

On behalf of the board



Mr I Pether

Director

2/12/16

CITY & KENT CLEANING LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The director presents his annual report and financial statements for the year ended 31 March 2016.

Principal activities

The principal activity of the company continued to be that of general commercial cleaners, healthcare cleaning specialists and suppliers of cleaning materials.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr I Pether

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £185,800. The director does not recommend payment of a final dividend.

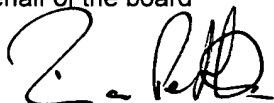
Auditor

The auditor, McPhersons CFG Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr I Pether

Director

2/12/16

CITY & KENT CLEANING LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is 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.

CITY & KENT CLEANING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITY & KENT CLEANING LIMITED

We have audited the financial statements of City & Kent Cleaning Limited for the year ended 31 March 2016 set out on pages 6 to 26. 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 director and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 2016 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 the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CITY & KENT CLEANING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CITY & KENT CLEANING LIMITED

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.

Mark Finch (Senior Statutory Auditor)
for and on behalf of McPhersons CFG Limited

05.12.16.

Chartered Accountants
Statutory Auditor

23 St Leonards Road
Bexhill-on-Sea
East Sussex
TN40 1HH

CITY & KENT CLEANING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Turnover	3	7,552,323	7,370,966
Cost of sales		(6,014,125)	(5,812,720)
Gross profit		<u>1,538,198</u>	<u>1,558,246</u>
Administrative expenses		(1,176,014)	(1,095,040)
Other operating income		9,600	9,600
Operating profit	4	<u>371,784</u>	<u>472,806</u>
Interest receivable and similar income	7	780	4,067
Interest payable and similar charges	8	(15,865)	(22,274)
Profit before taxation		<u>356,699</u>	<u>454,599</u>
Taxation	9	(67,980)	(99,214)
Profit for the financial year		<u><u>288,719</u></u>	<u><u>355,385</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CITY & KENT CLEANING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	2016	2015
	£	£
Profit for the year	288,719	355,385
	<u> </u>	<u> </u>
Other comprehensive income		
Adjustments to the fair value of financial assets	3,300	-
Tax relating to other comprehensive income	(660)	-
	<u> </u>	<u> </u>
Other comprehensive income for the year	2,640	-
	<u> </u>	<u> </u>
Total comprehensive income for the year	291,359	355,385
	<u> </u>	<u> </u>

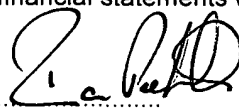
CITY & KENT CLEANING LIMITED

BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Goodwill	11		12,000		18,000
Tangible assets	12		619,663		636,561
Investment properties	13		175,000		171,700
			<u>806,663</u>		<u>826,261</u>
Current assets					
Stocks	15	208,121		194,350	
Debtors	16	1,448,294		1,499,011	
Cash at bank and in hand		389,931		325,054	
		<u>2,046,346</u>		<u>2,018,415</u>	
Creditors: amounts falling due within one year	17	(989,340)		(1,052,346)	
Net current assets			<u>1,057,006</u>		<u>966,069</u>
Total assets less current liabilities			<u>1,863,669</u>		<u>1,792,330</u>
Creditors: amounts falling due after more than one year	18		(289,490)		(329,636)
Provisions for liabilities	21		(20,148)		(14,222)
Net assets			<u><u>1,554,031</u></u>		<u><u>1,448,472</u></u>
Capital and reserves					
Called up share capital	24		500		500
Revaluation reserve			2,640		-
Capital redemption reserve			500		500
Profit and loss reserves			<u>1,550,391</u>		<u>1,447,472</u>
Total equity			<u><u>1,554,031</u></u>		<u><u>1,448,472</u></u>

The financial statements were approved and signed by the director and authorised for issue on



 Mr I Pether
 Director 21/2/16.

Company Registration No. 04155293

CITY & KENT CLEANING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2014		500	-	500	1,173,087	1,174,087
Year ended 31 March 2015:						
Profit and total comprehensive income for the year		-	-	-	355,385	355,385
Issue of share capital	24	450	-	-	-	450
Dividends	10	-	-	-	(81,000)	(81,000)
Reduction of shares	24	(450)	-	-	-	(450)
Balance at 31 March 2015		500	-	500	1,447,472	1,448,472
Year ended 31 March 2016:						
Profit for the year		-	-	-	288,719	288,719
Other comprehensive income:						
Adjustments to fair value of financial assets		-	3,300	-	-	3,300
Tax relating to other comprehensive income		-	(660)	-	-	(660)
Total comprehensive income for the year		-	2,640	-	288,719	291,359
Dividends	10	-	-	-	(185,800)	(185,800)
Balance at 31 March 2016		500	2,640	500	1,550,391	1,554,031

CITY & KENT CLEANING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	29	515,785		478,167	
Interest paid		(15,865)		(22,274)	
Income taxes paid		(95,795)		(64,632)	
Net cash inflow from operating activities		404,125		391,261	
Investing activities					
Purchase of tangible fixed assets		(149,527)		(573,424)	
Proceeds on disposal of tangible fixed assets		25,010		46,490	
Proceeds from other investments and loans		3,300		-	
Interest received		780		4,067	
Net cash used in investing activities		(120,437)		(522,867)	
Financing activities					
Proceeds from issue of shares		-		450	
Redemption of shares		-		(450)	
Repayment of bank loans		(25,964)		160,262	
Payment of finance leases obligations		(7,047)		(61,950)	
Dividends paid		(185,800)		(81,000)	
Net cash (used in)/generated from financing activities		(218,811)		17,312	
Net increase/(decrease) in cash and cash equivalents		64,877		(114,294)	
Cash and cash equivalents at beginning of year		325,054		439,348	
Cash and cash equivalents at end of year		389,931		325,054	

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Company information

City & Kent Cleaning Limited is a company limited by shares incorporated in England and Wales. The registered office is 23 St Leonards Road, Bexhill-on-Sea, East Sussex, TN40 1HH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of City & Kent Cleaning Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the invoiced value, net of VAT, of goods sold and services provided to customers. Uninvoiced work undertaken for customers at the year end is accrued at full retail value.

The company's turnover derives solely from its principal activity of the provision of cleaning services and supply of cleaning consumables.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of cleaning services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of ten years, however no amortisation is provided in the year of acquisition.

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets include investment properties valued by the director on an open market value basis. Other tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings freehold	2% straight line basis
Land and buildings leasehold	5% reducing balance
Plant and machinery	25% straight line basis
Fixtures, fittings & equipment	25% straight line basis
Motor vehicles	25% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

Gains or losses arising from changes in the fair value of investment property are included in profit and loss for the period in which they arise.

1.7 Impairment of fixed assets

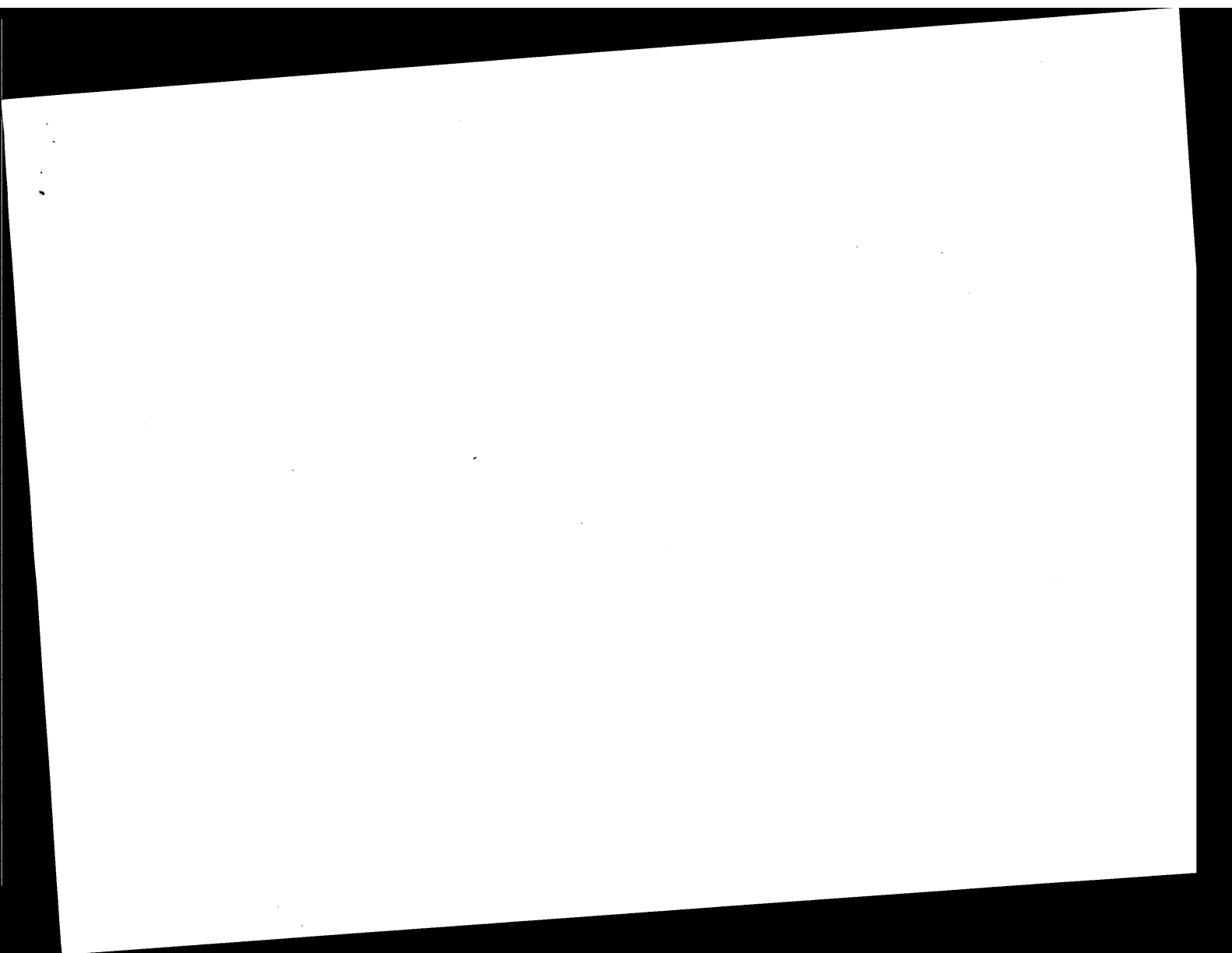
At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.



CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 loss 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Cleaning services and consumables	7,552,323	7,370,966

Other significant revenue

Interest income	780	4,067
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Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	7,552,323	7,370,966

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	9,000	9,000
Depreciation of owned tangible fixed assets	74,492	54,656
Depreciation of tangible fixed assets held under finance leases	67,854	71,033
Profit/(loss) on disposal of tangible fixed assets	(931)	30,804
Amortisation of intangible assets	6,000	6,000
Cost of stocks recognised as an expense	1,669,726	1,711,277
Operating lease charges	13,275	15,334

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

5 Employees

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

	2016 Number	2015 Number
Management	12	12
Administrative staff	4	4
Cleaning staff	120	118
	<u>136</u>	<u>134</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	4,387,042	4,034,048
Pension costs	101,594	40,914
	<u>4,488,636</u>	<u>4,074,962</u>

6 Director's remuneration

	2016 £	2015 £
Remuneration for qualifying services	8,052	5,772
Company pension contributions to defined contribution schemes	20,000	-
	<u>28,052</u>	<u>5,772</u>

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	780	4,067
	<u>780</u>	<u>4,067</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	780	4,067
	<u>780</u>	<u>4,067</u>

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

8 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	9,691	9,717
Interest on finance leases and hire purchase contracts	6,174	12,557
	<u>15,865</u>	<u>22,274</u>

9 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	62,714	95,795
	<u></u>	<u></u>
Deferred tax		
Origination and reversal of timing differences	5,266	3,419
	<u></u>	<u></u>
Total tax charge	<u>67,980</u>	<u>99,214</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	<u>356,699</u>	<u>454,599</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	71,340	95,466
Tax effect of expenses that are not deductible in determining taxable profit	5,760	4,265
Permanent capital allowances in excess of depreciation	(30,298)	(20,563)
Depreciation on assets not qualifying for tax allowances	16,098	18,292
Other permanent differences	(186)	-
Deferred tax adjustments in respect of prior years	5,266	3,419
Tax at marginal rate	-	(1,665)
Taxation for the year	<u>67,980</u>	<u>99,214</u>

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

9 Taxation

(Continued)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2016 £	2015 £
Deferred tax arising on: Revaluation of investments	660	-

10 Dividends

	2016 £	2015 £
Interim paid	185,800	81,000

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2015 and 31 March 2016	219,000
Amortisation and impairment	
At 1 April 2015	201,000
Amortisation charged for the year	6,000
At 31 March 2016	207,000
Carrying amount	
At 31 March 2016	12,000
At 31 March 2015	18,000

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

12 Tangible fixed assets

	Land and buildings freehold £	Land and buildings leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2015	371,886	9,983	69,074	82,975	507,778	1,041,696
Additions	-	3,687	2,051	10,101	133,688	149,527
Disposals	-	-	-	-	(64,338)	(64,338)
At 31 March 2016	371,886	13,670	71,125	93,076	577,128	1,126,885
Depreciation and impairment						
At 1 April 2015	-	2,781	67,999	40,971	293,384	405,135
Depreciation charged in the year	7,438	544	764	20,288	113,312	142,346
Eliminated in respect of disposals	-	-	-	-	(40,259)	(40,259)
At 31 March 2016	7,438	3,325	68,763	61,259	366,437	507,222
Carrying amount						
At 31 March 2016	364,448	10,345	2,362	31,817	210,691	619,663
At 31 March 2015	371,886	7,202	1,075	42,004	214,394	636,561

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Motor vehicles	107,303	147,614
Depreciation charge for the year in respect of leased assets	67,854	71,033

13 Investment property

	2016 £
Fair value	
At 1 April 2015	171,700
Net gains or losses through fair value adjustments	3,300
At 31 March 2016	175,000

The investment property was valued on 31 March 2016 by the director on an open market basis. No depreciation is provided in respect of this property.

On an historical cost basis this would have been included at an original cost of £171,700 (2015 - £171,700).

14 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,439,467	1,499,011
Carrying amount of financial liabilities		
Measured at amortised cost	892,301	952,069

15 Stocks

	2016 £	2015 £
Finished goods and goods for resale	208,121	194,350

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

16 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,213,459	1,282,246
Other debtors	226,008	216,765
Prepayments and accrued income	8,827	-
	<u>1,448,294</u>	<u>1,499,011</u>

17 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	19	29,984	29,428
Obligations under finance leases	20	55,593	49,014
Trade creditors		491,286	528,428
Corporation tax		62,714	95,795
Other taxation and social security		288,583	321,118
Other creditors		25,948	15,563
Accruals and deferred income		35,232	13,000
		<u>989,340</u>	<u>1,052,346</u>

18 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	19	226,421	252,941
Obligations under finance leases	20	63,069	76,695
		<u>289,490</u>	<u>329,636</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	141,538	157,837
	<u>141,538</u>	<u>157,837</u>

19 Loans and overdrafts

	2016 £	2015 £
Bank loans	256,405	282,369
	<u>256,405</u>	<u>282,369</u>
Payable within one year	29,984	29,428
Payable after one year	226,421	252,941
	<u>256,405</u>	<u>282,369</u>

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

19 Loans and overdrafts

(Continued)

The long-term loans are secured by fixed charges over the company's freehold and investment properties.

20 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	55,592	49,014
In two to five years	63,070	76,695
	<u>118,662</u>	<u>125,709</u>

Finance lease payments represent rentals payable by the company for motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	22	20,148	14,222
		<u>20,148</u>	<u>14,222</u>

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
ACAs	19,488	14,222
Revaluations	660	-
	<u>20,148</u>	<u>14,222</u>

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

22 Deferred taxation (Continued)

	2016 £
Movements in the year:	
Liability at 1 April 2015	14,222
Charge to profit or loss	5,266
Liability at 31 March 2016	19,488

23 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	101,594	40,914

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £101,594 (2015 - £40,914).

24 Share capital

	2016 £	2015 £
Ordinary share capital		
Authorised		
1,000 Ordinary A shares of £1 each	1,000	1,000
1,000 Ordinary B shares of £1 each	1,000	1,000
1,000 Ordinary C shares of £1 each	1,000	1,000
1,000 Ordinary D shares of £1 each	1,000	1,000
	4,000	4,000
Issued and fully paid		
400 Ordinary A shares of £1 each	400	400
50 Ordinary B shares of £1 each	50	50
50 Ordinary C shares of £1 each	50	50
	500	500

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

25 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Between two and five years	2,981	2,981
	<u>2,981</u>	<u>2,981</u>

26 Related party transactions

Transactions with related parties

The following amounts were outstanding at the reporting end date:

	2016 £	2015 £
Amounts owed to related parties		
Mr I Pether	16,961	6,479
	<u>16,961</u>	<u>6,479</u>

The bank loan with Barclays Bank plc is supported by a personal guarantee from Mr I Pether, the director.

27 Directors' transactions

Dividends totalling £72,000 (2015 - £81,000) were paid in the year in respect of shares held by the company's directors.

28 Controlling party

The ultimate controlling party is Mr I Pether, the director.

CITY & KENT CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

29 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	288,719	355,385
Adjustments for:		
Taxation charged	67,980	99,214
Finance costs	15,865	22,274
Investment income	(780)	(4,067)
(Gain)/loss on disposal of tangible fixed assets	(931)	30,804
Amortisation and impairment of intangible assets	6,000	6,000
Depreciation and impairment of tangible fixed assets	142,346	125,689
(Decrease) in provisions	(3,300)	-
Movements in working capital:		
(Increase)/decrease in stocks	(13,771)	8,905
Decrease/(increase) in debtors	50,717	(395,508)
(Decrease)/increase in creditors	(37,060)	229,471
Cash generated from operations	515,785	478,167