

Commercial Services Kent Limited
Financial Statements
for the year ended 31 March 2022
Company Registration Number 05858177

WEDNESDAY



ABDZZYLM

A11

05/10/2022

#318

COMPANIES HOUSE

CONTENTS

	Page
Company information	2
Strategic report	3 - 8
Directors' report	9 -12
Independent auditor's report to the members of Commercial Services Kent Limited	13 – 17
Statement of comprehensive income	18
Balance sheet	19
Statement of changes in equity	20
Notes to the financial statements	21 – 41

COMPANY INFORMATION

Directors	L M Bayford R Dargue P R Dearing M D Johnson C Richards D G Whittle M S Yarham
Registered Office	1 Abbey Wood Road Kings Hill West Malling Kent ME19 4YT
Registered Number	05858177
Independent Auditor	Bishop Fleming UK LLP Salt Quay House 4 North East Quay Sutton Harbour Plymouth Devon PL4 0BN

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The directors present their strategic report for the year ended 31 March 2022.

Review of the business

The company provides a range of services including provision of temporary staff, waste management, vehicle leasing and other managed portfolio services.

Results and performance

The results of the company for the year are set out on page 18 and show a profit for the financial year attributable to the shareholder of £1,458,000 (2021: £749,000). The equity attributable to the shareholder totals £4,210,000 (2021: £3,283,000).

The Company performed well during the year. Overall sales were up 19% and profits increased £709,000. The performance was driven by a significant increase in sales, but also through margin gains and continued cost efficiencies. The increase in sales was primarily due to increased demand for recruitment activities and waste services.

Demand for Fleet services fell due to increasing pressures on supply chains, The print services activity was closed during the year and resources diverted to more profitable parts of the business. Overall gross profit margin increased by 1.2% due to the higher levels of recruitment sales. The overall profit margin increased 1.0% boosted by income from interests in joint ventures.

The company continues to focus on growth and cost efficiencies across the business, exiting non-profitable contracts and closely monitoring key performance indicators. A similar performance is expected for the year ended 31 March 2023.

Key performance indicators

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

Principal risks and uncertainties

The principal risk and uncertainty facing the company is that the majority of the company's revenue is with Local Authorities. Cuts in local government spending are impacting on the volume of work available to the company from existing customers. The company continues to mitigate this risk by pursuing new partnership agreements e.g. a new joint venture with Luton Borough Council.

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

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Principal risks and uncertainties (continued)

The impacts of the Covid-19 pandemic represent the most challenging environment for a generation and the affects continued into 2021, although to a lesser extent. Due to the wide-ranging mix of activities, the Company were able to adapt and respond positively to the pandemic, reallocating resources to activities in higher demand. The business has continued to monitor and manage financial liquidity and re-prioritise investment plans in response to the pandemic and the economic environment.

Whilst the impacts of Covid-19 reduced in 2021, the business continued to review and implement safe ways of working based on advice from central Government and independent risk assessments within each operating environment. Staff have continued to demonstrate remarkable dedication in difficult circumstances and we are proud of the way our people responded to a further year of working in a strictly controlled operating environment. Our priority has continued to focus on the health and wellbeing of our staff, while taking the necessary actions to protect our business and respond to the higher demands experienced in the recruitment business.

At the start of the pandemic, we put in place stringent safety protocols and heightened sanitation measures at all our sites and enabled employees to work from home wherever possible, implementing new policies and resources to support all our people, both on site and at home. In line with advice from central Government the shift in 2022 has been liberating for staff and business activities. An office refurbishment has further complemented the shift and stimulated increased collaboration and support across the business.

Over the last two years, the business has been at the forefront of maintaining essential services in the community and despite the challenges, the business has continued to show considerable resilience throughout the pandemic. This is testament to the dedication of staff making the business more agile and putting the consumer at the heart of everything we do. Growth in sales and profits clearly demonstrates the success of this strategy and the business is continuing to review and monitor activities, divesting from less profitable activities and channelling resources into areas of higher demand and higher margins. Whilst the impacts of the pandemic have reduced, the legacy is challenging. The economic environment has entered a period of high inflation and higher taxes. Supply chains are strained and the exchange rate has plummeted. There is a risk that inflation will become embedded in the economy with rising prices and spiralling wage demands, creating higher prices.

A combination of Brexit factors and the heavy cost of Covid-19 has significantly increased the level of public sector debt resulting in higher taxes for both employees and business. Factors such as the aging population, early retirement and immigration controls have created a wide range of skills shortages making it harder to recruit experienced staff and driving up salaries. In response the business has implemented a Talent Acquisition plan to ensure the business is properly resourced with the right skills and experience.

The emergence of increasingly complex cyber threats has been an on-going risk, which has been heightened due to Covid-19 and subsequently due to the invasion of the Ukraine. Therefore, the business continues to invest in advanced cybersecurity risk protection to provide additional safeguards in these challenging times.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Principal risks and uncertainties (continued)

At 31 March 2022, the company had cash balances of £6,475,000 and net current assets of £11,097,000 together with long-term contracts with its ultimate controlling party, Kent County Council and other public sector entities for the majority of its annual revenue. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within its current finance facility arrangements. In addition, the company has access to further financing in the form of loans and credit facilities of £7.8m. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the challenging economic outlook.

Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition, the directors have received confirmation from Kent County Council that they will provide ongoing financial support to the company for a period of at least a year subsequent to the signing of these accounts in order to allow the company to meet its liabilities as they fall due. The directors have therefore adopted the going concern basis in preparing the financial statements for the year ended 31 March 22.

Outlook and future developments

Business Environment

The company continues to operate in a challenging environment. Ultimately there is a risk that public sector spending will be squeezed again over an extended period, coupled with high inflation and high taxes. This will impact the ability of the company to grow organically and invest in new opportunities. However, the company has responded well during the year by innovatively bidding for unplanned adhoc opportunities to be delivered in future years, by switching resources to maximise value. In particular, the company has formed a recruitment joint venture with Surrey County Council following the successful implementations of a joint ventures with Hampshire County Council and Luton Borough Council in previous years. This should strengthen the track record for similar opportunities in the future.

Strategy

Given the business environment described, the company plans to mitigate further risk by driving improvement to its performance through a focus on process, people and property. We aim to improve efficiency in all areas of our operations through cost reduction, removal of non-profitable contracts and more effective use of resources. The company will also continue to spread risk by providing and extending its diverse range of services in order to consolidate its position and maximising profitable growth. The company is closely monitoring market opportunities and its cost base so that it can respond to the difficult market conditions effectively over the medium term. This should enable the company to improve its overall position.

Whilst organic growth remains a core opportunity for the business, the company will also review options to invest in new activities where these align with its strategic goals and provide synergies with its existing portfolio. Therefore on 31 March 2022, the company acquired the entire share capital of Bowerhouse II Solar Limited, which operates in the solar energy market.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Principal risks and uncertainties (continued)

Overall the company aims to deliver shareholder value by:

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

Financial risk management

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

Section 172(1) statement

The directors are well aware of their duty, both individually and collectively, under section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the company, (the "s.172(1) Matters").

Each year the company produces a 3-year business plan, which considers all of these aspects, and is done in conjunction with the company's ultimate shareholder, to ensure that the interests of the shareholder are reflected within the company's plans. In making these decisions, the Directors consider both the immediate and long-term consequences of the options under consideration.

As the Board of Directors, it is our intention to behave responsibly and ensure that management operate the businesses in a responsible manner, operating with high standards of business conduct and good governance as would be expected of a company of our scale.

Further Information on how the directors have had regard to the s.172(1) Matters can be found below in relation to the five strategic stakeholder groups identified as critical to our future success: our shareholders, our customers, our staff, our communities and our suppliers.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Section 172(1) statement (continued)

Our shareholders	
<i>Why they matter to us</i>	They are our providers of capital without whom we could not grow and invest for future success.
<i>What matters to our shareholder</i>	Our investors are concerned with a broad range of issues including, financial and operational performance, strategic execution, investment plans and capital distribution.
<i>How the board engages with the shareholder</i>	The company board engages with the shareholder through regular attendance at the shareholder board, comprehensive reporting, annual business plans and regular communications and meetings.
<i>How the shareholder influences board decision-making</i>	The shareholder's views are considered carefully and helped to shape the strategic direction of the company as outlined in its annual business plan.

Our staff	
<i>Why our staff matter to us</i>	Our staff are a key resource, dedicated to creating and optimising service solutions for our customers.
<i>What matters to our staff</i>	Our staff are concerned with opportunities for personal development and career progression, inclusion, fair pay and the ability to make a difference.
<i>How the Board engages with staff</i>	The board engages with staff through in-house information bulletins and reports as well as informal monthly meetings and quarterly updates.
<i>How staff influence Board decision-making</i>	The board has continued to encourage leaders to focus on career development, succession planning and staff engagement.

Our customers	
<i>Why our customers matter to us</i>	Most of our customers are in the public sector and when we serve our customers we are proud to be serving the communities they work in.
<i>What matters to our customers</i>	Our customers need excellent services that provide value for money, delivered efficiently, compliantly and safely.
<i>How the board engages with customers</i>	The board engages with customers through regular meetings to develop a deeper understanding and appreciation of the customers' requirements.
<i>How customers influence board decision-making</i>	The board routinely considers the economic pressures faced by its customers and reviews strategy with the aim of meeting customer needs more effectively. During the year the company supported Kent County Council and its partners by the recruitment of temporary workers to support asymptomatic test centres.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Section 172(1) statement (continued)

Our communities	
<i>Why our communities matter to us</i>	Our shareholder serves the community and we are proud to serve the community too, doing business ethically, providing value for money and demonstrating commitment to quality services in all we do.
<i>What matters to our communities</i>	Our community care about the services provided to them across a huge range of activities so they can easily access a full range of quality services to meet their needs and expectations.
<i>How the board engages with communities</i>	The board endorses a culture of giving back time and skills to the community and encourages leaders to recruit staff from the local community and invest in their training and opportunities for their future development.
<i>How communities influence board decision -making</i>	The board seeks to optimise performance and ethical returns, thereby enabling the company and Kent County Council, to which it provides managed portfolio services, the ability to contribute additional funds/resources to support front line services delivered to the community.

Our suppliers	
<i>Why our suppliers matter to us</i>	Our suppliers and agencies are experts in their fields and help us to deliver quality services to our customers to meet our strategic goals.
<i>What matters to our suppliers</i>	Fair and sustained contracts are important to our suppliers and help them to plan and invest for the future. In addition, payment terms in line with the Public Contracts Regulations 2015, enable suppliers to meet their financial obligations.
<i>How the board engages with suppliers</i>	The board engages with suppliers through the divisional leadership team who work closely with suppliers to develop strong mutually beneficial partnerships.
<i>How suppliers influence board decision -making</i>	The board recognise that building a sustainable supply chain is essential to the long term success of the business and therefore board decisions carefully consider procurement routes and supplier impacts.

This report was approved by the board on 26th July 2022 and signed on its behalf.



M D Johnson
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2022.

Future developments

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

Financial instruments

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

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

a) Credit risk

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

b) Liquidity risk

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

c) Cash flow risk

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

d) Currency risk

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Directors

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

L M Bayford	
R Dargue	
P R Dearing	Resigned 1 August 2021, Appointed 29 November 2021
J E Humphrey	Resigned 1 January 2022
M D Johnson	
F E L Driscoll	Appointed 1 August 2021, Resigned 23 November 2021
C Richards	Appointed 26 August 2021
A C Robinson	Resigned 30 November 2021
D G Whittle	
M S Yarham	

Employees

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

Employee engagement statement

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

Statement of engagement with suppliers, customers and others in a business relationship with the company

The company has included this information within its Section 172(1) statement in the Strategic Report.

Streamlined energy and carbon reporting ('SECR')

The company's Streamlined Energy and Carbon Reporting information is included within the consolidated financial statements of Kent HoldCo Ltd.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Statement of corporate governance arrangements

The company has maintained compliance with the Quoted Companies Alliance Corporate Governance Code.

The board provides leadership and sets the strategic direction of the business to promote long term growth and sustainability. The board have delegated powers to the chief executive officer and sub-committees but retains exclusive control over reserved matters.

The governance structure includes: an Executive Committee to support the chief executive officer and to implement strategy and drive financial and operational improvements in the business; an Audit and Risk Committee to oversee critical areas of financial reporting, risk management and controls; and a Remuneration Committee to provide measured reviews on executive and non-executive pay and benefits and also staff remuneration and policy across the business.

The governance structure has embraced diversity and inclusion and board directors come from a broad range of professional backgrounds and industry experience. The independence of non-executive directors is reviewed on a regular basis and the board maintains a clear policy to manage any conflicts of interest. Key areas of focus include strategy, finance and risk management, governance, culture and ethics.

The board has delegated to the Audit and Risk Committee the responsibility for overseeing the company's corporate governance. The committee is composed of independent non-executive directors who had four scheduled meetings during the year and, in addition, informal meetings as required with senior members of the board.

At regular meetings the committee receives and considers:

- financial reporting, accounting policies and other accounting matters;
- risk updates including the risk matrix of principal risks and emerging risks;
- reports on irregularities, whistleblowing and attempted fraud;
- updates on internal audits, issues raised and observations on internal controls;
- updates from external auditors and consideration of their audit findings; and
- reports on legal claims, the status of the investigations and outcomes.

The committee also reviewed management's going concern assessment and has approved the continued application of the going concern basis.

The committee uses in depth reviews and professional advisors to consider relevant and important issues.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Statement of director's responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board


M D Johnson
Director 26th July 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMERCIAL SERVICES KENT LIMITED
FOR THE YEAR ENDED 31 MARCH 2022**

Opinion

We have audited the financial statements of Commercial Services Kent Limited (the 'company') for the year ended 31 March 2022, which comprise statement of comprehensive Income, balance sheet, statement of changes in equity and notes to the financial statements, 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 company's affairs as at 31 March 2022 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.

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 Company 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMERCIAL SERVICES KENT LIMITED
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 12, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMERCIAL SERVICES KENT LIMITED
FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

Responsibilities of directors (continued)

In preparing the financial statements, the directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- The nature of the industry and sector, control environment and business performance;
- Results of our enquires of management and directors in relation to their own identification and assessment of the risks of irregularities within the Company; and
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or noncompliance with laws and regulations.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the areas of high risk to be in relation to revenue recognition. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focussing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures within the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Financial Reporting Standard 102 and UK tax legislation. In addition we considered provision of other laws and regulations that do not have a direct effect on the financial statements but compliance with may be fundamental for the Company's ability to operate or avoid a material penalty. These included safeguarding regulations, health and safety regulations; employment legislation; and data protection laws.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMERCIAL SERVICES KENT LIMITED
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures performed to respond to the risks identified included, but were not limited to:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- Reviewing board minutes;
- Identifying and testing journal entries, evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMERCIAL SERVICES KENT LIMITED
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

Nathan Coughlin 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: *29th July 2022*

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £000	2021 £000
Turnover	4	56,705	47,809
Cost of sales		(44,527)	(38,111)
Gross profit		12,178	9,698
Administrative expenses		(10,467)	(9,094)
Other operating income	5	81	532
Operating profit	6	1,792	1,136
Income from interests in joint ventures	8	177	-
Profit before interest and taxation		1,969	1,136
Interest receivable and similar income	9	23	15
Interest payable and similar expenses	9	-	(191)
Profit on ordinary activities before taxation		1,992	960
Tax on profit on ordinary activities	10	(534)	(211)
Profit for the financial year		1,458	749
Profit for the financial year attributable to owners of the parent		1,458	749
Total comprehensive income for the year attributable to owners of the parent		1,458	749


The above all relate to continuing operations of the company.

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	11	2,541	2,994
Tangible assets	12	200	227
Subsidiary undertakings	13	4,849	-
		7,590	3,221
Current assets			
Inventories	14	-	2
Debtors	15	14,868	5,280
Cash at bank and in hand		6,475	5,034
		21,343	10,316
Creditors – amounts falling due within one year	16	(10,246)	(9,863)
Net current assets		11,097	453
Total assets less current liabilities		18,687	3,674
Creditors – amounts falling due after more than one year	17	(13,992)	-
Provision for other liabilities	19	(485)	(391)
Net assets		4,210	3,283
Capital and reserves			
Called up share capital	20	-	-
Retained earnings		4,210	3,283
Equity attributable to owners of the parent		4,210	3,283

The notes on pages 21 to 41 are an integral part of these financial statements.

The financial statements on pages 18 to 41 were authorised for issue by the board of directors on 26th July 2022 and were signed on its behalf.



M D Johnson
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up Share capital £000	Retained earnings £000	Total £000
Balance at 1 April 2020	-	2,534	2,534
Profit for the year	-	749	749
Total comprehensive income for the year	-	749	749
Balance as at 31 March 2021	-	3,283	3,283
Profit for the year	-	1,458	1,458
Total comprehensive income for the year	-	1,458	1,458
Contribution to another group company on behalf of the parent	-	(531)	(531)
Total transactions with owners, recognised directly in equity	-	(531)	(531)
Balance as at 31 March 2022	-	4,210	4,210

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. General information

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

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

2. Statement of compliance

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

3. Summary of significant accounting policies

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

a) Basis of preparation

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

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

b) Going concern

At 31 March 2022, the company had cash balances of £6,475,000 and net current assets of £11,097,000 together with long-term contracts with its ultimate controlling party, Kent County Council. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate without any additional borrowing facilities being required. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

Therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition, the directors have received confirmation from Kent County Council that they will provide ongoing financial support to the Company for a period of at least a year subsequent to the signing of these accounts in order to allow the Company to meet its liabilities as they fall due. The directors have therefore adopted the going concern basis in preparing the financial statements for the year ended 31 March 2022.

3. Summary of significant accounting policies (continued)

c) Exemptions for qualifying entities under FRS 102

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

The company has taken advantage of the following exemptions:

- i. from preparing a statement of cash flows under FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and its ultimate parent company, Kent County Council, includes the company's cash flows in its own consolidated financial statements;
- ii. from the financial instruments disclosure requirements of FRS 102 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A under FRS 102 paragraph 1.12(c), on the basis that it is a qualifying entity and its intermediate parent, Kent Holdco Ltd, includes the company's financial instruments disclosures in its own consolidated financial statements; and
- iii. from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

d) Consolidated financial statements

The company is a wholly owned subsidiary of Kent County Trading Limited and of its ultimate parent, Kent County Council. It is included in the consolidated financial statements of Kent Holdco Ltd and Kent County Council which are publicly available. The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The smallest group to consolidate these financial statements is Kent Holdco Ltd whose registered office address is 1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT. The ultimate parent undertaking and largest group to consolidate these financial statements is Kent County Council. The address of the ultimate parent is Sessions House, County Hall, County Road, Maidstone, Kent, ME14 1XQ.

These financial statements are the company's separate financial statements.

e) Foreign currency

- i. Functional and presentation currency

The company's financial statements are presented in pound sterling and rounded to thousands.

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

3. Summary of significant accounting policies (continued)

e) Foreign currency (continued)

ii. Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within administrative expenses.

f) Revenue recognition

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

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the company's sales channels have been met, as described below.

i. Sale of goods

The company operates a fleet business which sells and leases vehicles to customers. Revenue from the sale of new and used vehicles is recognised at the point at which a customer takes possession of a vehicle. Vehicles are leased to customers on back to back contracts with suppliers and revenue is recognised over the period of the lease. Where amounts are received in advance this is disclosed in other liabilities as deferred income.

ii. Sale of services

The company operates a recruitment agency. Revenue from temporary placements, which represents amounts billed for the services of temporary staff including the salary cost of these staff, is recognised when the service has been provided. Revenue from permanent placements is typically based on a percentage of the candidate's remuneration package and is recognised when a candidate commences employment.

The company operates waste sites for Kent County Council. Revenue for contractual services is recognised over the period of the contract and revenue for variable haulage is recognised based on activity.

3. Summary of significant accounting policies (continued)

f) Revenue recognition (continued)

ii. Sale of services (continued)

The company operates a print works business for which revenue is recognised on the completion of each job.

The company supplies back office services, including the supply of staff, under managed service arrangements to group undertakings and Kent County Council. Revenue from back office services is recognised based on an allocation of the costs incurred. Revenue from the supply of staff is recognised as payroll costs are incurred.

iii. Interest income

Interest income is recognised using the effective interest rate method.

iv. Dividend income

Dividend income is recognised when the right to receive payment is established.

g) Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on fixed assets are credited to the profit and loss account at the same rate as the amortisation and depreciation on the asset to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in "other operating income" within the statement of comprehensive income in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough').

h) Employee benefits

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

i. Short term benefits

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

3. Summary of significant accounting policies (continued)

h) Employee benefits (continued)

ii. Defined contribution pension plans

The company operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown as accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

The company also makes defined contributions for employees transferred from Kent County Council on 1 April 2013 under a TUPE arrangement. These employees participate in the Kent County Council Pension Fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme. The company's obligations to this scheme have been agreed at a fixed rate. The company accounts for the scheme as a defined contribution scheme. The pension charged to the statement of comprehensive income represents the amounts payable by the company to the fund in respect of the year.

iii. Commission and bonus plans

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

i) Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

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

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

3. Summary of significant accounting policies (continued)

i) Taxation (continued)

ii. Deferred tax

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

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

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

j) Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

3. Summary of significant accounting policies (continued)

k) Intangible assets

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

- Computer software 5 years
- Software development 5 to 10 years

Amortisation is charged to administrative expenses in the statement of comprehensive income.

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

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

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during the development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

l) Tangible assets

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

i. Fixtures, fittings and equipment

Fixtures, fittings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

3. Summary of significant accounting policies (continued)

l) Tangible assets (continued)

ii. Depreciation and residual values

Depreciation on assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

- Fixtures, fittings and equipment 5 to 10 years

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

iii. Subsequent additions and major components

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

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

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

iv. Derecognition

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

m) Borrowing costs

All borrowing costs are recognised in statement of comprehensive income in the period in which they are incurred.

n) Leased assets

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

i. Operating leased assets

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

3. Summary of significant accounting policies (continued)

n) Leased assets (continued)

ii. Lease incentives

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

o) Investments

Investment in a subsidiary company is held at cost less accumulated impairment losses.

p) Inventories

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

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

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

q) Cash and cash equivalents

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

r) Provisions and contingencies

i. Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular provision is not made for future operating losses.

3. Summary of significant accounting policies (continued)

r) Provisions and contingencies (continued)

i. Provisions (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to passage of time is recognised as a finance cost.

ii. Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

s) Financial instruments

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

i. Financial assets

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

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

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

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 statement of comprehensive income.

3. Summary of significant accounting policies (continued)

s) Financial instruments (continued)

i. Financial assets (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

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

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

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii. Offsetting

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

t) Share capital

Ordinary shares are classified as equity.

u) Distributions to equity holders

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

3. Summary of significant accounting policies (continued)

v) Related party transactions

The company does not disclose related party transactions in accordance with FRS 102 paragraph 33.11 in relation to:

- i. Kent County Council; and
- ii. entities that are related parties because they are controlled, or jointly controlled, by Kent County Council.

4. Turnover

Analysis of turnover by category:

	2022 £000	2021 £000
Sales of goods	327	886
Services	56,378	46,923
	56,705	47,809

5. Other operating income

	2022 £000	2021 £000
Government grants	81	532
	81	532

6. Operating profit

Operating profit is stated after charging/(crediting):

	Note	2022 £000	2021 £000
Wages and salaries		24,197	19,703
Social security costs		2,190	1,754
Other pension costs	17	1,139	1,167
Total staff costs		27,526	22,624
Amounts capitalised	10	(228)	(225)
Staff costs charged to profit and loss		27,298	22,399
Impairment of trade receivables		(28)	71
Operating lease charges		909	1,312
Audit fees payable to the company's auditor		24	19

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

7. Employees and directors

Employees

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

	2022 No.	2021 No.
Temporary staff	366	343
Administration staff	79	76
Direct services	292	298
Recruitment	35	23
Other	40	37
	812	777

Directors

The directors' emoluments were as follows:

	2022 £000	2021 £000
Aggregate emoluments	150	274
Post-employment benefits	14	26
Compensation for loss of office	-	193
	164	493

Post-employment benefits are accruing for 1 director (2021: 3) under defined contribution schemes. No directors (2021: none) were members of company defined benefits schemes.

The remuneration of certain directors was paid by the intermediate parent company, Kent Holdco Limited. The services of these individuals to this company and to a number of fellow subsidiaries are of a non-executive nature and their remuneration is deemed to be wholly attributable to their services to the intermediate parent undertaking. Accordingly, the above details include no remuneration in respect of these individuals.

Highest paid director

The highest paid director's emoluments were as follows:

	2022 £000	2021 £000
Aggregate emoluments	150	161
Post-employment benefits	14	15
	164	176

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

8. Joint ventures

The joint ventures of Commercial Services Kent Limited are:

Name	Address of the registered office	Nature of business	Interest
Hampshire & Kent Commercial Services LLP	1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT	Recruitment services	50% joint venture
Luton & Kent Commercial Services LLP	1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT	Recruitment services	50% joint venture
Surrey & Kent Commercial Services LLP	1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT	Recruitment services	50% joint venture

Surrey & Kent Commercial Services LLP is a joint venture formed by Commercial Services Kent Limited and Surrey County Council which commenced trading on 1 February 2022.

During the year the company received an allocation of profit of £177,000 from Hampshire & Kent Commercial Services LLP (2021: £nil).

9. Net interest expense

a) Interest receivable and similar income

	2022 £000	2021 £000
Interest receivable on related party loans	23	15
Total interest receivable and similar income	23	15

b) Interest payable and similar charges

	2022 £000	2021 £000
Interest expense on related party loans	-	191
Total interest payable and similar charges	-	191

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

10. Income tax

a) Tax expense included in statement of comprehensive income

	2022 £000	2021 £000
Current tax:		
- UK Corporation tax on profit for the year	375	226
- Amount payable to a fellow subsidiary in respect of group relief	142	-
- Adjustment in respect of prior periods	(77)	(25)
Total current tax	440	201
Deferred tax:		
- Origination and reversal of timing differences	(95)	(15)
- Adjustment in respect of prior periods	73	25
- Impact of change in tax rate	116	-
Total deferred tax	94	10
Tax on profit on ordinary activities	534	211

b) Reconciliation of tax charge

Tax assessed for the period is higher (2021: higher) than the standard rate of corporation tax in the UK for the year ended 31 March 2022 of 19% (2021: 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	1,992	960
Profit multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	378	182
Effects of:		
- Unrecognised deferred tax	-	(6)
- Income not subject to tax	(34)	-
- Expenses not deductible for tax purposes	13	1
- Tax on share of profits of joint ventures	65	34
- Adjustments to tax charge in respect of prior years	(4)	-
- Re-measurement of deferred tax – change in UK tax rate	116	-
Tax charge for year	534	211

c) Tax rate changes

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining reducing at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

11. Intangible assets

	Computer software £000	Software development £000	Total £000
At 31 March 2021			
Cost	2,525	4,188	6,713
Accumulated amortisation	(1,506)	(2,213)	(3,719)
Net book amount	1,019	1,975	2,994
Year ended 31 March 2022			
Opening net book amount	1,019	1,975	2,994
Additions	20	-	20
Additions – internally generated	212	16	228
Amortisation	(304)	(397)	(701)
Closing net book amount	947	1,594	2,541
At 31 March 2022			
Cost	2,757	4,204	6,961
Accumulated amortisation	(1,810)	(2,610)	(4,420)
Net book amount	947	1,594	2,541

The company's bill validation and invoicing software is included in software development and has a carrying value of £1,595,000 and is being amortised over 10 years.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

12. Tangible assets

	Fixtures, fittings and equipment £000	Total £000
At 31 March 2021		
Cost	1,462	1,462
Accumulated depreciation	(1,235)	(1,235)
Net book amount	227	227
Year ended 31 March 2022		
Opening net book amount	227	227
Additions	51	51
Depreciation	(78)	(78)
Closing net book amount	200	200
At 31 March 2022		
Cost	1,513	1,513
Accumulated depreciation	(1,313)	(1,313)
Net book amount	200	200

13. Subsidiary undertakings

	2022 £000	2021 £000
At 1 April	-	-
Additions	4,849	-
At 31 March	4,849	-

Subsidiary undertakings comprise equity shares in Bowerhouse II Solar Limited which Commercial Services Kent Limited acquired 100% of the equity share capital of on 31 March 2022. The address of the registered office of Bowerhouse II Solar Limited is 1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT.

14. Inventories

	2022 £000	2021 £000
Raw materials and consumables	-	2
	-	2

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

15. Debtors

	2022	2021
	£000	£000
Trade debtors	2,528	1,612
Amounts owed by group undertakings	9,696	528
Other receivables	575	731
Prepayments	1,298	1,306
Accrued income	771	1,103
	14,868	5,280

Amounts owed by group undertakings includes £nil (2021: £230,000) which carried interest at 5% per annum and was repaid during the year, £nil (2021: £136,000) which carried interest at 5% per annum and was repaid during the year, and £153,000 (2021: £nil) which carries interest at 5% per annum and is due for repayment by 28 January 2028. Other amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provisions for impairment of £24,000 (2021: £108,000).

16. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	1,939	1,167
Amounts owed to group undertakings	779	-
Corporation tax	106	58
Other taxation and social security	2,230	3,517
Other creditors	664	280
Accruals and deferred income	4,478	4,841
Deferred consideration	50	-
	10,246	9,863

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

	2022 £000	2021 £000
Amounts falling due between one and five years:		
Accruals and deferred income	1,435	-
	1,435	-
Amounts falling due after five years:		
Accruals and deferred income	12,557	-
	12,557	-
Total creditors falling due after more than one year	13,992	-

18. Post-employment benefits

The company provides defined contribution schemes for its employees. This includes participation in the Local Government Pension Scheme for which the employer contributions have been set at a fixed rate.

The amount recognised as an expense for the defined contribution schemes was:

	2022 £000	2021 £000
Current period contributions	1,139	1,167

19. Provision for other liabilities

The company had the following provisions during the year:

	Deferred tax provision £000	Total £000
At 1 April 2021	391	391
Amount charged to profit or loss	94	94
At 31 March 2022	485	485

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

19. Provision for other liabilities (continued)

Deferred tax

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

	2022 £000	2021 £000
Acquired intangible assets	391	367
Accelerated capital allowances	120	43
Other timing differences	(26)	(19)
	485	391

The net deferred tax liability expected to reverse in 2023 is £143,000. This primarily relates to the reversal of timing differences on acquired intangible and tangible assets and capital allowances through depreciation and amortisation, offset by expected tax deductions when payments are made to utilise provisions.

20. Share capital and other reserves

Ordinary shares of £1 each Allotted and fully paid	Number	£
At 1 April 2021	2	2
At 31 March 2022	2	2

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

21. Capital and other commitments

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

Payments due	2022 £000	2021 £000
Not later than one year	735	887
Later than one year and not later than five years	348	1,052
	1,083	1,939

The company had no other off-balance sheet arrangements at 31 March 2022 (2021: £nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

22. Related party transactions

See note 7 for disclosure of the directors' remuneration.

The company's related party transactions were with: other companies that are wholly owned within the group and so have not been disclosed under FRS 102 paragraph 33.1A; and Kent County Council or entities controlled or jointly controlled by Kent County Council and so have not been disclosed under FRS 102 paragraph 33.11.

23. Business combinations

On 31 March 2022, the company acquired the entire share capital of Bowerhouse II Solar Limited which operates in the solar energy market.

The following table summarises the consideration paid by the company.

Consideration at 31 March 2022	£000
Cash	4,661
Deferred consideration	50
Directly attributable costs	138
	4,849

24. Controlling party

The immediate parent undertaking is Kent County Trading Limited.

The ultimate parent undertaking, the ultimate controlling party, and the largest group to consolidate these financial statements is Kent County Council. Copies of the Kent County Council consolidated financial statements can be obtained from Sessions House, County Hall, County Road, Maidstone, Kent, ME14 1XQ.