

**Strata Service Solutions Limited**

**Annual Report and Financial Statements  
Period from 15 May 2014 to 31 March 2015**

**Company Registration Number: 09041662**

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# Strata Service Solutions Limited

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# Strata Service Solutions Limited

## Company Information

**Directors** Mr S P I Davey  
Mr R D Hodgson  
Mr M Parkinson  
Mr S P Hodder  
Mr D P Moors

**Registered office** Civic Centre  
Paris Street  
Exeter  
Devon  
EX1 1JN

**Auditors** Francis Clark LLP  
Vantage Point  
Woodwater Park  
Pynes Hill  
Exeter  
EX2 5FD

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**Strata Service Solutions Limited**  
Strategic Report  
Period from 15 May 2014 to 31 March 2015

The directors present their strategic report for the period from 15 May 2014 to 31 March 2015.

**Business review**

***Fair review of the business***

[Fair review of the business](#)

***Principal risks and uncertainties***

[Principal risks and uncertainties](#)

Approved by the Board on ..... and signed on its behalf by:

.....  
Mr R D Hodgson  
Director

# Strata Service Solutions Limited

## Directors' Report

Period from 15 May 2014 to 31 March 2015

The directors present their report and the financial statements for the period from 15 May 2014 to 31 March 2015.

### **Incorporation**

The company was incorporated on 15 May 2014 and commenced trading on 1 November 2014 .

### **Principal activity**

The principal activity of the company is the provision of information technology services to East Devon District Council, Teignbridge District Council and Exeter City Council.

### **Directors of the company**

The directors who held office during the period were as follows:

Mr S P I Davey (appointed 15 May 2014)

Mr R D Hodgson (appointed 1 November 2014)

Mr M Parkinson (appointed 15 May 2014)

Mr S P Hodder (appointed 15 May 2014)

Mr D P Moors (appointed 3 February 2015)

### **Disclosure of information to the auditor**

Each of the persons who is a director at the date of approval of this report confirm that:

- So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each director has 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 auditor is aware of that information.

Approved by the Board on ..... and signed on its behalf by:

.....  
Mr R D Hodgson  
Director

## **Strata Service Solutions Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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# Strata Service Solutions Limited

## Independent Auditor's Report

We have audited the financial statements of Strata Service Solutions Limited for the period from 15 May 2014 to 31 March 2015, set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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 the 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 2015 and of its loss for the period 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Strata Service Solutions Limited**

**Independent Auditor's Report**

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**Matters on which we are required to report by exception**

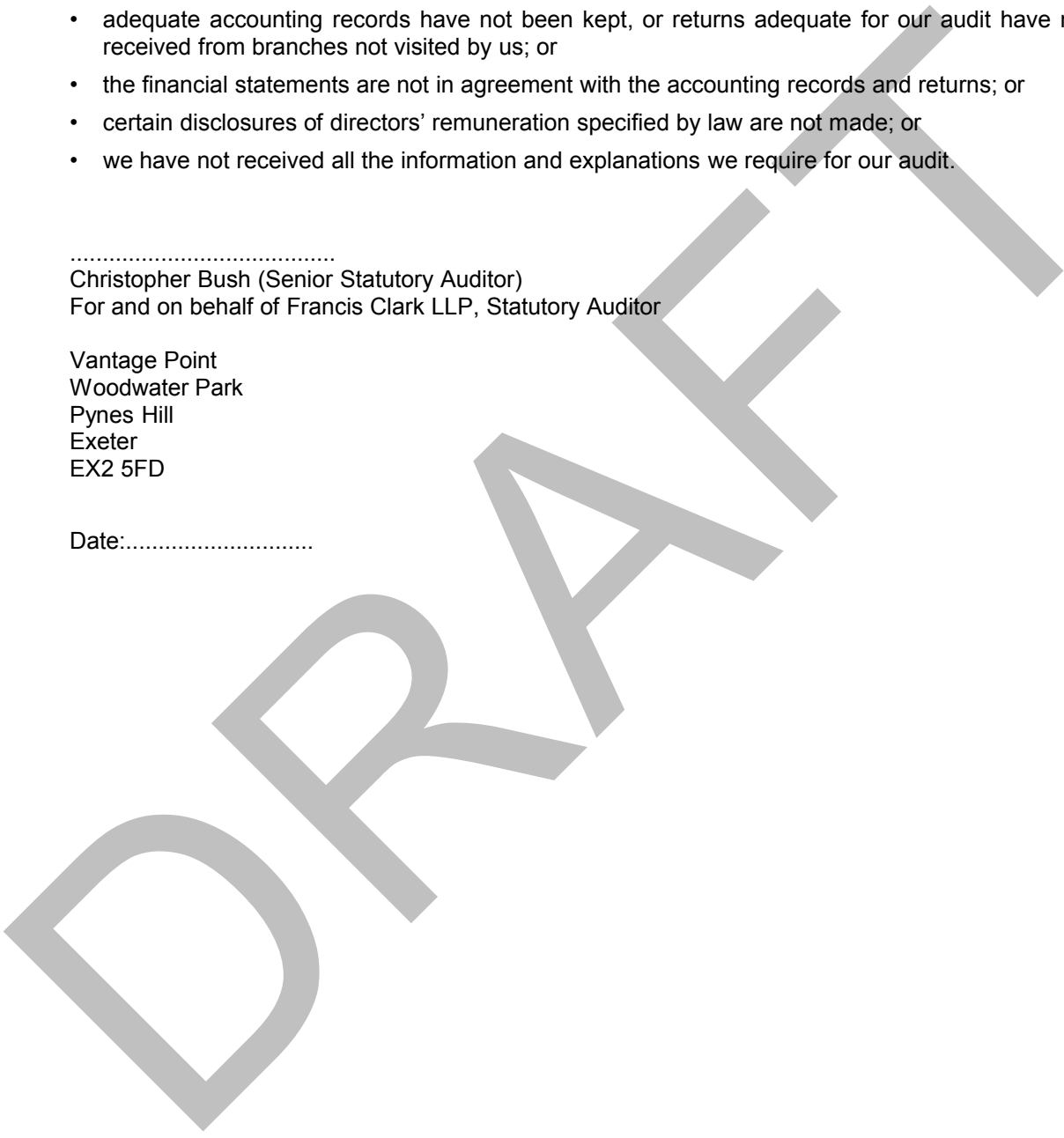
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

.....  
Christopher Bush (Senior Statutory Auditor)  
For and on behalf of Francis Clark LLP, Statutory Auditor

Vantage Point  
Woodwater Park  
Pynes Hill  
Exeter  
EX2 5FD

Date:.....





# Strata Service Solutions Limited

## Profit and Loss Account

Period from 15 May 2014 to 31 March 2015

	Note	15 May 2014 to 31 March 2015 £
<b>Turnover</b>	2	4,036,118
Cost of sales		<u>(1,270,408)</u>
<b>Gross profit</b>		2,765,710
Administrative expenses		<u>(413,550)</u>
<b>Operating profit</b>	3	2,352,160
Other exceptional items	4	<u>(3,161,130)</u>
Other interest receivable and similar income	6	4,483
Interest payable and similar charges	7	<u>(53,133)</u>
<b>Loss on ordinary activities before taxation</b>		<u>(857,620)</u>
Tax on loss on ordinary activities	8	-
<b>Loss for the financial period</b>	14	<u><u>(857,620)</u></u>

Turnover and operating profit derive wholly from continuing operations.

**Strata Service Solutions Limited**  
Statement of Total Recognised Gains and Losses  
Period from 15 May 2014 to 31 March 2015

	15 May 2014 to 31 March 2015	Note
Loss for the financial period	£ (857,620)	
Actuarial loss recognised on defined benefit pension scheme	<u>(703,000)</u>	
Total recognised gains and losses relating to the period	<u><u>(1,560,620)</u></u>	

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# Strata Service Solutions Limited

## Balance Sheet

31 March 2015

	Note	31 March 2015 £
<b>Fixed assets</b>		
Intangible fixed assets	9	2,155,914
Tangible fixed assets	10	<u>1,499,389</u>
		<u>3,655,303</u>
<b>Current assets</b>		
Stocks		12,447
Debtors	11	724,414
Cash at bank and in hand		<u>1,374,444</u>
		2,111,305
<b>Creditors: Amounts falling due within one year</b>	12	<u>(1,053,516)</u>
<b>Net current assets</b>		<u>1,057,789</u>
Net assets excluding pension liability		4,713,092
Net pension liability	16	<u>(4,022,000)</u>
Net assets		<u>691,092</u>
<b>Capital and reserves</b>		
Called up share capital	13	3
Capital contribution reserve	14	2,251,709
Other reserves	14	1,403,595
Profit and loss account	14	<u>(2,964,215)</u>
<b>Shareholders' funds</b>	15	<u>691,092</u>

Approved and authorised for issue by the Board on ..... and signed on its behalf by:

.....  
Mr R D Hodgson  
Director

Company Registration Number: 09041662

# Strata Service Solutions Limited

## Notes to the Financial Statements

### Period from 15 May 2014 to 31 March 2015

#### 1 Accounting policies

##### Basis of preparation

The financial statements have been prepared under the historical cost convention.

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group.

##### Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the provision of information technology services to the relevant councils.

##### Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic lives. No amortisation is charged in the year of acquisition and a full years charge is made in the year of disposal.

##### Asset class

Software

##### Amortisation method and rate

5 years - straight line

##### Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic lives. No depreciation is charged in the year of addition and a full years charge is made in the year of disposal.

##### Asset class

Computer equipment

##### Depreciation method and rate

5-10 years straight line

##### Stock

Stock represents consumable stock and is valued at cost.

##### Pensions

The company operates a defined benefit pension scheme for certain employees. The assets of the scheme are held separately from those of the company. Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using an AA corporate bond rate. Pension scheme assets are valued at their market value at the balance sheet date. The pension deficit is recognised in full on the balance sheet.

#### 2 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover by geographical location is given below:

	<b>15 May 2014 to 31 March 2015 £</b>
Sales - UK	<u>4,036,118</u>

**Strata Service Solutions Limited**  
Notes to the Financial Statements  
Period from 15 May 2014 to 31 March 2015  
..... *continued*

**3 Operating profit**

Operating profit is stated after charging:

	<b>15 May 2014 to 31 March 2015 £</b>
Auditor's remuneration	<u>3,500</u>

**4 Exceptional items**

	<b>15 May 2014 to 31 March 2015 £</b>
Transfer of pension scheme liability (note 16)	<u>3,161,130</u>

**5 Particulars of employees**

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	<b>15 May 2014 to 31 March 2015 No.</b>
Administration and support	<u>73</u>

The aggregate payroll costs were as follows:

	<b>15 May 2014 to 31 March 2015 £</b>
Wages and salaries	852,138
Social security costs	61,333
Staff pensions (note 16)	<u>202,000</u>
	<u>1,115,471</u>

**Strata Service Solutions Limited**  
Notes to the Financial Statements  
Period from 15 May 2014 to 31 March 2015  
..... continued

**6 Other interest receivable and similar income**

	<b>15 May 2014 to 31 March 2015 £</b>
Bank interest receivable	<u>4,483</u>

**7 Interest payable and similar charges**

	<b>15 May 2014 to 31 March 2015 £</b>
Interest on bank borrowings	133
Net finance costs in respect of defined benefit pension schemes	<u>53,000</u>
	<u>53,133</u>

**8 Taxation**

**Tax on loss on ordinary activities**

	<b>15 May 2014 to 31 March 2015 £</b>
<b>Current tax</b>	
UK Corporation tax	<u>-</u>

**Factors affecting current tax charge for the period**

Tax on loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20.00%.

The differences are reconciled below:

	<b>15 May 2014 to 31 March 2015 £</b>
Loss on ordinary activities before taxation	<u>(857,620)</u>
Corporation tax at standard rate	(171,524)
Capital allowances in excess of depreciation	(112,213)
Unrelieved tax losses and other deductions arising in the period	<u>283,737</u>
Total current tax	<u>-</u>

**Strata Service Solutions Limited**  
Notes to the Financial Statements  
Period from 15 May 2014 to 31 March 2015  
..... continued

**9 Intangible fixed assets**

	Software £	Total £
<b>Cost</b>		
Transfer of donated assets (note 14)	1,577,891	1,577,891
Additions	<u>578,023</u>	<u>578,023</u>
At 31 March 2015	2,155,914	2,155,914
<b>Amortisation</b>		
At 31 March 2015	<u>-</u>	<u>-</u>
<b>Net book value</b>		
At 31 March 2015	<u>2,155,914</u>	<u>2,155,914</u>

**10 Tangible fixed assets**

	Computer equipment £	Total £
<b>Cost or valuation</b>		
Transfer of donated assets (note 14)	673,818	673,818
Additions	<u>825,571</u>	<u>825,571</u>
<b>At 31 March 2015</b>	<u>1,499,389</u>	<u>1,499,389</u>
<b>Net book value</b>		
<b>At 31 March 2015</b>	<u>1,499,389</u>	<u>1,499,389</u>

**11 Debtors**

	31 March 2015 £
Trade debtors	86,222
Other debtors	463,785
Prepayments and accrued income	<u>174,407</u>
	<u>724,414</u>

**Strata Service Solutions Limited**  
Notes to the Financial Statements  
Period from 15 May 2014 to 31 March 2015  
..... continued

**12 Creditors: Amounts falling due within one year**

	<b>31 March 2015 £</b>
Trade creditors	27,797
Other creditors	27,601
Accruals and deferred income	998,118
	<u>1,053,516</u>

**13 Share capital**

**Allotted, called up and un-paid shares**

	<b>31 March 2015</b>	
	<b>No.</b>	<b>£</b>
Ordinary shares of £1 each	<u>3</u>	<u>3</u>

**New shares allotted**

During the period 3 Ordinary shares having an aggregate nominal value of £3 were allotted for an aggregate consideration of £3. on incorporation.

**14 Reserves**

	<b>Capital contribution reserve £</b>	<b>Other reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
Loss for the period	-	-	(857,620)	(857,620)
Actuarial loss on pension schemes	-	-	(703,000)	(703,000)
Transfer of donated assets	2,251,709	-	-	2,251,709
Transfer to other reserve	-	<u>1,403,595</u>	<u>(1,403,595)</u>	-
At 31 March 2015	<u>2,251,709</u>	<u>1,403,595</u>	<u>(2,964,215)</u>	<u>691,089</u>

On 1 November 2014 intangible fixed assets with a net book value of £1,577,891 and tangible fixed assets with a net book value of £673,818 were donated by East Devon District Council, Teignbridge District Council and Exeter City Council for nil consideration. As a result £2,251,709 has been recognised as a capital contribution.

The other reserve represents amounts set aside in a depreciation shrinking fund in order to maintain sufficient reserves to enable the future replacement of assets.



**Strata Service Solutions Limited**  
Notes to the Financial Statements  
Period from 15 May 2014 to 31 March 2015  
..... continued

**15 Reconciliation of movement in shareholders' funds**

	<b>15 May 2014 to 31 March 2015 £</b>
Loss attributable to the members of the company	(857,620)
Other recognised gains and losses relating to the period	1,548,709
New share capital subscribed	3
Net addition to shareholders' funds	<u>691,092</u>
Shareholders' funds at end of period	<u><u>691,092</u></u>

**16 Pension schemes**

**Defined benefit pension schemes**

The company's employees belong to the Local Government Pension Scheme (LGPS).

The assets and liabilities of the scheme were transferred to the company on 1 November 2014 when the employees, who are members of the scheme, were transferred to the company from East Devon District Council, Teignbridge District Council and Exeter City Council. As part of the arrangements for the transfer, the Council has provided a guarantee to meet in full any remaining liability to the scheme in the event of the insolvency of the company.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2016 and will set contributions for the period 1 April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

Contributions payable to the pension scheme at the end of the period are £30,874.

The total contributions in the next year are expected to be £231,000.

***Reconciliation of scheme assets and liabilities to assets and liabilities recognised***

The amounts recognised in the balance sheet are as follows:

	<b>31 March 2015 £</b>
Fair value of scheme assets	5,025,000
Present value of scheme liabilities	<u>(9,047,000)</u>
Net liability in the balance sheet	<u><u>(4,022,000)</u></u>

**Strata Service Solutions Limited**  
Notes to the Financial Statements  
Period from 15 May 2014 to 31 March 2015  
..... *continued*

**Scheme assets**

Changes in the fair value of scheme assets are as follows:

	<b>15 May 2014 to 31 March 2015 £</b>
Transferred at 1 November 2014	4,573,000
Interest on assets	78,000
Return on assets less interest	226,000
Administrative expenses	(1,000)
Employer contributions	97,000
Contributions by scheme participants	<u>52,000</u>
Fair value at end of period	<u><u>5,025,000</u></u>

**Analysis of assets**

The major categories of scheme assets are as follows:

	<b>31 March 2015 £</b>
Equity instruments	3,713,000
Debt instruments	495,000
Property	502,000
Cash	87,000
Other assets	<u>228,000</u>
	<u><u>5,025,000</u></u>

**Actual return on scheme's assets**

	<b>15 May 2014 to 31 March 2015 £</b>
Actual return on scheme assets	<u><u>226,000</u></u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset classes.

**Strata Service Solutions Limited**  
Notes to the Financial Statements  
Period from 15 May 2014 to 31 March 2015  
..... *continued*

***Scheme liabilities***

Changes in the present value of scheme liabilities are as follows:

	<b>15 May 2014 to 31 March 2015 £</b>
Transferred at 1 November 2014	7,733,000
Current service cost	202,000
Interest cost	131,000
Contributions by scheme participants	52,000
Change in financial assumptions	929,000
Present value at end of period	<u>9,047,000</u>
<b>Analysed as:</b>	
Present value arising from wholly or partly funded schemes	<u>9,047,000</u>

***Principal actuarial assumptions***

The principal actuarial assumptions at the balance sheet date are as follows:

	<b>31 March 2015 %</b>
Discount rate	4
Future salary increases	4
Future pension increases	3
Inflation	3

***Post retirement mortality assumptions***

	<b>31 March 2015 Years</b>
Current pensioners at retirement age - male	23
Current pensioners at retirement age - female	26
Future pensioners at retirement age - male	25
Future pensioners at retirement age - female	28

**Strata Service Solutions Limited**  
Notes to the Financial Statements  
Period from 15 May 2014 to 31 March 2015  
..... continued

**Amounts recognised in the profit and loss account**

	<b>15 May 2014 to 31 March 2015 £</b>
<b>Amounts recognised in operating profit</b>	
Current service cost	202,000
Administrative expenses	1,000
Recognised in arriving at operating profit	<u>203,000</u>
<b>Amounts recognised in other finance cost</b>	
Interest cost	131,000
Expected return on scheme assets	<u>(78,000)</u>
Recognised in other finance cost	<u>53,000</u>
Total recognised in the profit and loss account	<u><u>256,000</u></u>

**Amounts recognised in the statement of total recognised gains and losses**

	<b>15 May 2014 to 31 March 2015 £</b>
Actual return less expected return on scheme assets	226,000
Changes in assumptions	<u>(929,000)</u>
Actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	<u><u>(703,000)</u></u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and (losses) since 1 November 2014 is (£703,000).

**Sensitivity analysis**

The effect of small changes to the discount rate and mortality assumptions on the defined benefit obligation and projected service cost would be:

	<b>Defined benefit obligation £</b>	<b>Projected service cost £</b>
On the assumptions set out above	<b>9,047,000</b>	<b>553,000</b>
0.1% increase in discount rate	<b>8,803,000</b>	<b>538,000</b>
0.1% decrease in discount rate	<b>9,298,000</b>	<b>568,000</b>
One year increase in mortality age rating assumption	<b>8,740,000</b>	<b>534,000</b>
One year decrease in mortality age rating assumption	<b>9,357,000</b>	<b>572,000</b>

# Strata Service Solutions Limited

## Notes to the Financial Statements

Period from 15 May 2014 to 31 March 2015

..... continued

### **History of experience adjustments on scheme assets and liabilities**

Amounts for the current period are as follows:

	<b>31 March 2015 £</b>
Fair value of scheme assets	5,025,000
Present value of scheme liabilities	<u>(9,047,000)</u>
Deficit in scheme	<u>(4,022,000)</u>

### **17 Related party transactions**

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

**Strata Service Solutions Limited**  
 Detailed Profit and Loss Account  
 Period from 15 May 2014 to 31 March 2015

	<b>15 May 2014 to 31 March 2015</b>	
	£	£
<b>Turnover</b>		
Sales, UK		4,036,118
<b>Cost of sales</b>		
Wages and salaries	852,138	
Staff NIC (Employers)	61,333	
Staff pensions	202,000	
Staff training	3,973	
Temporary staff wages	42,731	
Other employment costs	22,694	
Redundancy costs	97,986	
Closing stock	<u>(12,447)</u>	
		<u>(1,270,408)</u>
<b>Gross Profit</b>		2,765,710
<b>Administrative expenses</b>		
Administration expenses		<u>(413,550)</u>
<b>Operating Profit</b>		2,352,160
<b>Non-operating exceptional items</b>		
Other exceptional items		(3,161,130)
Other interest receivable and similar income		4,483
<b>Interest payable and similar charges</b>		
Bank interest payable	(133)	
Other interest payable	<u>(53,000)</u>	
		<u>(53,133)</u>
<b>Net Loss for the year</b>		<u><u>(857,620)</u></u>

**Strata Service Solutions Limited**  
Detailed Profit and Loss Account  
Period from 15 May 2014 to 31 March 2015  
..... *continued*

	<b>15 May 2014 to 31 March 2015 £</b>
<b>Administrative expenses</b>	
Telephone and fax	5,880
Licences and support	153,047
Computer software and maintenance costs	77,623
Printing, postage and stationery	34,903
Trade subscriptions	6
Sundry expenses	78,789
Travel and subsistence	4,948
Advertising	15,101
Auditor's remuneration	3,500
Legal and professional	38,837
Bank charges	916
	<hr/>
	<b>413,550</b>
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