

**Strata Service Solutions Limited**

**Annual Report and Financial Statements  
Year Ended 31 March 2017**

**Registration number: 09041662**

# Strata Service Solutions Limited

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# **Strata Service Solutions Limited**

## **Company Information**

<b>Directors</b>	Mr S P I Davey
	Mr R D Hodgson
	Ms K Jenkins
	Mr N A Aggett
	Mr P Nicholls
	Mr J P Hedge
<b>Registered office</b>	Civic Centre
	Paris Street
	Exeter
	Devon
	EX1 1JN
<b>Auditors</b>	PKF Francis Clark
	Statutory Auditor
	Vantage Point
	Woodwater Park
	Pynes Hill
	Exeter
	Devon
	EX2 5FD

# Strata Service Solutions Limited

## Strategic Report

Year Ended 31 March 2017

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

### 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.

### Fair review of the business

Turnover for the year amounted to £7,092,509 (2016: £6,565,165) with a loss before taxation for the year of £663,237 (2016: loss of £1,037,593). In spite of the loss, the Directors are satisfied that the guarantee provided by the three owner Council's in respect of the Pension Fund liabilities means that the Company can continue to trade and invest in the infrastructure required to grow the Company.

The Company's mutual trading status means that it only conducts business with the three owner Councils.

### Principal risks and uncertainties

The Company is owned by three Local Authorities, who have agreed to fund the Company until at least March 2018. However, budgets are fixed and must therefore be managed tightly, to deliver the objectives set for the Company.

As the owners are Local Authorities, they are subject to political change, which can affect the Company. If political change does take place in one of the owners, there is still a requirement to give 18 months notice after the end of the three year period prior to leaving the Company, which should allow for a full assessment of the Company moving forward.

Approved by the Board on 28.07/17 and signed on its behalf by:



Mr R D Hodgson  
Director

## **Strata Service Solutions Limited**

### **Directors' Report**

**Year Ended 31 March 2017**

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

#### **Directors of the company**

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

Mr S P I Davey

Mr R D Hodgson

Mr M Parkinson (resigned 15 June 2017)

Ms K Jenkins

Mr N A Aggett

Mr P Nicholls (appointed 1 April 2016)

The following director was appointed after the year end:

Mr J P Hedge (appointed 10 May 2017)

#### **Disclosure of information to the auditors**

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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 28.07.17 and signed on its behalf by:



Mr R D Hodgson  
Director

## **Strata Service Solutions Limited**

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

The directors acknowledge their responsibilities 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **Strata Service Solutions Limited**

### **Independent Auditor's Report to the Members of Strata Service Solutions Limited**

We have audited the financial statements of Strata Service Solutions Limited for the year ended 31 March 2017, set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

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

As explained more fully in the 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 to the financial statements.

#### **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 2017 and of its loss 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.

## Strata Service Solutions Limited

### Independent Auditor's Report to the Members of Strata Service Solutions Limited

#### Opinion on other matter 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.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

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



Stephanie Henshaw (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Vantage Point  
Woodwater Park  
Pynes Hill  
Exeter  
Devon  
EX2 5FD

Date: 11/8/17



## Strata Service Solutions Limited

### Profit and Loss Account

Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover	3	7,092,509	6,565,165
Cost of sales		<u>(2,841,293)</u>	<u>(2,919,344)</u>
Gross profit		4,251,216	3,645,821
Administrative expenses		<u>(4,790,641)</u>	<u>(4,557,932)</u>
Operating loss	4	(539,425)	(912,111)
Other interest receivable and similar income		4,200	11,518
Interest payable and similar charges	7	<u>(128,032)</u>	<u>(137,000)</u>
Loss before tax		(663,257)	(1,037,593)
Taxation	8	<u>(840)</u>	<u>(2,304)</u>
Loss for the financial year		<u><u>(664,097)</u></u>	<u><u>(1,039,897)</u></u>

The notes on pages 12 to 22 form an integral part of these financial statements.

## Strata Service Solutions Limited

### Statement of Comprehensive Income

Year Ended 31 March 2017

	Note	2017 £	2016 £
Loss for the year		(664,097)	(1,039,897)
Remeasurement (loss)/gain on defined benefit pension schemes	15	<u>(3,180,000)</u>	<u>1,103,000</u>
Total comprehensive income for the year		<u><u>(3,844,097)</u></u>	<u><u>63,103</u></u>

# Strata Service Solutions Limited

## Balance Sheet

31 March 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	9	1,871,728	1,963,841
Tangible assets	10	<u>1,100,968</u>	<u>1,270,788</u>
		<u>2,972,696</u>	<u>3,234,629</u>
<b>Current assets</b>			
Stocks		4,384	7,845
Debtors	11	1,928,981	1,537,634
Cash at bank and in hand		<u>811,600</u>	<u>504,809</u>
		2,744,965	2,050,288
<b>Creditors: Amounts falling due within one year</b>	13	<u>(1,736,193)</u>	<u>(1,294,043)</u>
<b>Net current assets</b>		<u>1,008,772</u>	<u>756,245</u>
<b>Total assets less current liabilities</b>		3,981,468	3,990,874
<b>Deferred income</b>	13	<u>(2,062,369)</u>	<u>(1,774,678)</u>
<b>Net assets excluding pension liability</b>		1,919,099	2,216,196
Net pension liability	15	<u>(6,924,000)</u>	<u>(3,377,000)</u>
<b>Net liabilities</b>		<u>(5,004,901)</u>	<u>(1,160,804)</u>
<b>Capital and reserves</b>			
Called up share capital	17	3	3
Capital contribution reserve	16	1,094,754	1,613,725
Profit and loss account	16	<u>(6,099,658)</u>	<u>(2,774,532)</u>
<b>Total equity</b>		<u>(5,004,901)</u>	<u>(1,160,804)</u>

Approved and authorised by the Board on 23.07.17 and signed on its behalf by:



Mr R D Hodgson  
Director

Company Registration Number: 09041662

## Strata Service Solutions Limited

### Statement of Changes in Equity

Year Ended 31 March 2017

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 2016	3	1,613,725	(2,774,532)	(1,160,804)
Loss for the year	-	-	(664,097)	(664,097)
Other comprehensive income	-	-	(3,180,000)	(3,180,000)
Total comprehensive income	-	-	(3,844,097)	(3,844,097)
Transfer to profit and loss reserve	-	(518,971)	518,971	-
At 31 March 2017	3	1,094,754	(6,099,658)	(5,004,901)

  

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 2015	3	2,064,067	(3,287,977)	(1,223,907)
Loss for the period	-	-	(1,039,897)	(1,039,897)
Other comprehensive income	-	-	1,103,000	1,103,000
Total comprehensive income	-	-	63,103	63,103
Transfer to profit and loss reserve	-	(450,342)	450,342	-
At 31 March 2016	3	1,613,725	(2,774,532)	(1,160,804)

The notes on pages 12 to 22 form an integral part of these financial statements.  
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# Strata Service Solutions Limited

## Statement of Cash Flows

Year Ended 31 March 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Loss for the year		(664,097)	(1,039,897)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	911,873	884,809
Loss on disposal of tangible assets		95,195	-
Finance income		(4,200)	(11,518)
Finance costs	7	128,032	137,000
Corporation tax	8	840	2,304
		<u>467,643</u>	<u>(27,302)</u>
Working capital adjustments			
Net pension movement	15	239,000	321,000
Decrease in stocks		3,461	4,602
Increase in trade debtors	11	(391,347)	(818,747)
Increase in trade creditors	13	443,615	138,756
Increase in deferred income		<u>287,691</u>	<u>204,700</u>
Cash generated from operations		1,050,063	(176,991)
Corporation tax paid		<u>(2,304)</u>	<u>(897)</u>
Net cash flow from operating activities		<u>1,047,759</u>	<u>(177,888)</u>
<b>Cash flows from investing activities</b>			
Interest received		4,200	11,518
Acquisitions of tangible assets		(253,525)	(194,653)
Acquisition of intangible assets		<u>(491,611)</u>	<u>(508,612)</u>
Net cash flows from investing activities		(740,936)	(691,747)
<b>Cash flows from financing activities</b>			
Interest paid		<u>(32)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		306,791	(869,635)
Cash and cash equivalents at 1 April		<u>504,809</u>	<u>1,374,444</u>
Cash and cash equivalents at 31 March		<u>811,600</u>	<u>504,809</u>

# **Strata Service Solutions Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2017**

### **1 General information**

The company is a private company limited by share capital incorporated in England and Wales.

The address of its principal place of business and registered office is:

Civic Centre  
Paris Street  
Exeter  
Devon  
EX1 1JN

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

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.

#### **Basis of accounting and statement of compliance**

The company's financial statements have been prepared in accordance with FRS 102 - the Financial Reporting Standard applicable in the UK and Republic of Ireland.

There are no material departures from FRS 102.

The functional currency of Strata Service Solutions Limited is considered to be pounds sterling because that is the currency of the economic environment in which the company operates.

#### **Going concern**

Although the company is in a net liability position, the councils have signed up to an agreement with the company for an initial three year period with agreed annual revenue contributions which ends 1 November 2017. The three councils are required to give 18 months' notice to terminate the service provision. To date no council has indicated a desire to serve notice. The intention of the directors is to offer the councils an extension to the existing agreement and they have no reason to expect that the extension will not be accepted. In addition the councils have provided a guarantee to meet in full any remaining liability on the pension scheme in the event of insolvency of the company.

On this basis, the directors have prepared the financial statements on a going concern basis.

# **Strata Service Solutions Limited**

## **Notes to the Financial Statements**

### **Year Ended 31 March 2017**

#### **Key sources of estimation uncertainty**

The directors have considered the judgements and estimation uncertainties included in these financial statements and the accounting policies applied and concluded that these do not have a significant effect on the amounts recognised in the financial statements or lead to a risk of causing a material misstatement of the carrying amounts of assets and liabilities within the next financial year. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period only, or in the period of revision and future periods if the revision affects both current and future periods.

The items in the financial statement where these judgements and estimates have been made include:

Due to advancements in technology the estimation of the useful economic life of intangible assets, which predominately are made up of software, is deemed to be key. The carrying amount is £1,871,729 (2016 - £1,963,841).

Due to advancements in technology the estimation of the useful economic life of tangible assets, which predominately are made up of computer equipment, is deemed to be key. The carrying amount is £1,100,968 (2016 - £1,270,788).

Defined benefit pension liability - assumptions. The carrying amount is £(6,924,000) (2016 - £(3,377,000)).

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the provision of information technology services to the relevant councils. Turnover is shown net of value added tax, returns, rebates and discounts. Fees are invoiced quarterly and recognised in the period to which they relate. Revenue is accrued or deferred as appropriate.

#### **Government grants**

Government grants relating to fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the expenditure is incurred.

#### **Tax**

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

#### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### Asset class

Computer equipment

### Depreciation method and rate

5-10 years straight line

### Intangible assets

Intangible assets are stated in the balance sheet at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

### Amortisation

Amortisation is provided on intangible assets so as to write off the cost over their useful life as follows:

### Asset class

Software

### Amortisation method and rate

5 years straight line

### Stocks

Stocks represent consumable stock and are carried at cost less provision for impairment.

### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

### Defined benefit pension obligation

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

### Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

The company holds the following basic financial instruments:

- Short term trade and other debtors and creditors

These instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.



# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### 3 Revenue

The analysis of the company's revenue for the year from continuing operations, all of which is attributable to the United Kingdom, is as follows:

	2017 £	2016 £
Fee income	6,576,917	6,121,496
Grant income	515,592	443,669
	<u>7,092,509</u>	<u>6,565,165</u>

### 4 Operating loss

Arrived at after charging

	2017 £	2016 £
Depreciation expense	363,369	348,934
Amortisation expense	548,504	535,875
Loss on disposal of property, plant and equipment	<u>95,195</u>	<u>-</u>

### 5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	2,029,875	1,904,002
Social security costs	196,297	142,219
Pension costs, defined benefit scheme	<u>470,000</u>	<u>547,000</u>
	<u>2,696,172</u>	<u>2,593,221</u>

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

	2017 No.	2016 No.
Administration and support	<u>68</u>	<u>72</u>

### 6 Auditor's remuneration

	2017 £	2016 £
Audit of the financial statements	<u>4,225</u>	<u>3,865</u>

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### 7 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and borrowings	32	-
Net finance costs in respect of defined benefit pension scheme	128,000	137,000
	<u>128,032</u>	<u>137,000</u>

### 8 Taxation

Tax charged/(credited) in the profit and loss account

	2017 £	2016 £
<b>Current taxation</b>		
UK corporation tax	<u>840</u>	<u>2,304</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 20% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Loss before tax	<u>(663,257)</u>	<u>(1,037,593)</u>
Corporation tax at standard rate	(132,651)	(207,519)
Effect of expense not deductible in determining taxable profit	<u>133,491</u>	<u>209,823</u>
Total tax charge	<u>840</u>	<u>2,304</u>

By virtue of its members, the company has been set up as a mutual trading company and as such the tax charge for the year is only applied to its external investment income.

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### 9 Intangible assets

	Software £	Total £
<b>Cost or valuation</b>		
At 1 April 2016	2,679,376	2,679,376
Additions	491,611	491,611
Disposals	(68,166)	(68,166)
At 31 March 2017	3,102,821	3,102,821
<b>Amortisation</b>		
At 1 April 2016	715,535	715,535
Amortisation charge	548,505	548,505
Amortisation eliminated on disposals	(32,947)	(32,947)
At 31 March 2017	1,231,093	1,231,093
<b>Carrying amount</b>		
At 31 March 2017	1,871,728	1,871,728
At 31 March 2016	1,963,841	1,963,841

### 10 Tangible assets

	Computer equipment £	Total £
<b>Cost or valuation</b>		
At 1 April 2016	1,744,672	1,744,672
Additions	253,525	253,525
Disposals	(116,082)	(116,082)
At 31 March 2017	1,882,115	1,882,115
<b>Depreciation</b>		
At 1 April 2016	473,884	473,884
Charge for the year	363,369	363,369
Eliminated on disposal	(56,106)	(56,106)
At 31 March 2017	781,147	781,147
<b>Carrying amount</b>		
At 31 March 2017	1,100,968	1,100,968
At 31 March 2016	1,270,788	1,270,788

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### 11 Debtors

	2017 £	2016 £
Trade debtors	341,663	135,511
Other debtors	582,189	172,190
Prepayments and accrued income	1,005,129	1,229,933
	<u>1,928,981</u>	<u>1,537,634</u>

### 12 Cash and cash equivalents

	2017 £	2016 £
Cash at bank	<u>811,600</u>	<u>504,809</u>

### 13 Creditors

	2017 £	2016 £
<b>Due within one year</b>		
Trade creditors	224,465	29,837
Corporation tax	840	2,304
Social security and other taxes	428,791	-
Other creditors	12,544	4,422
Accrued expenses	1,069,553	1,257,480
	<u>1,736,193</u>	<u>1,294,043</u>
<b>Deferred income</b>		
Government grants	<u>2,062,369</u>	<u>1,774,678</u>

### 14 Obligations under leases and hire purchase contracts

#### Operating leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	45,888	6,900
Later than one year and not later than five years	4,619	100,499
	<u>50,507</u>	<u>107,399</u>

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### 15 Pension and other schemes

#### Defined benefit pension schemes

##### 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 Councils have provided guarantees to meet their share of their respective liabilities to the scheme in the event of the insolvency of the company.

The date of the most recent comprehensive actuarial valuation was 01 April 2017. 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.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £598,000 (2016 - £686,000).

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

The amounts recognised in the statement of financial position are as follows:

	2017 £	2016 £
Fair value of scheme assets	6,514,000	5,370,000
Present value of defined benefit obligation	(13,438,000)	(8,747,000)
Defined benefit pension scheme deficit	<u>(6,924,000)</u>	<u>(3,377,000)</u>

#### *Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	2017 £
Present value at start of year	8,747,000
Current service cost	470,000
Interest cost	343,000
Actuarial gains and losses	3,346,000
Benefits paid	(50,000)
Contributions by scheme participants	125,000
Experience loss on defined benefit obligations	293,000
Change in demographic assumptions	164,000
Present value at end of year	<u>13,438,000</u>

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### *Fair value of scheme assets*

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

	2017 £
Fair value at start of year	5,370,000
Interest income	215,000
Return on plan assets, excluding amounts included in interest income/(expense)	819,000
Actuarial gains and losses	(196,000)
Employer contributions	234,000
Contributions by scheme participants	125,000
Benefits paid	(50,000)
Administrative expenses	(3,000)
Fair value at end of year	<u>6,514,000</u>

### *Analysis of assets*

The major categories of scheme assets are as follows:

	2017 £	2016 £
Cash and cash equivalents	174,000	120,000
Equity instruments	4,798,000	3,804,000
Debt instruments	362,000	339,000
Property	570,000	601,000
Other assets	610,000	506,000
	<u>6,514,000</u>	<u>5,370,000</u>

### *Return on scheme assets*

	2017 £	2016 £
Return on scheme assets	<u>819,000</u>	<u>(183,000)</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

Year Ended 31 March 2017

#### *Principal actuarial assumptions*

The principal actuarial assumptions at the statement of financial position date are as follows:

	2017 %	2016 %
Discount rate	2.80	3.90
Future salary increases	4.20	4.30
Future pension increases	2.70	2.50
Inflation	3.60	3.40

#### *Post retirement mortality assumptions*

	2017 Years	2016 Years
Current UK pensioners at retirement age - male	23.00	23.00
Current UK pensioners at retirement age - female	26.00	26.00
Future UK pensioners at retirement age - male	26.00	25.00
Future UK pensioners at retirement age - female	28.00	29.00

#### **16 Reserves**

##### Capital contribution reserve

The capital contribution reserve arose on the commencement of trade, following the donation of intangible and tangible fixed assets to the company from the three councils for nil consideration. An element of this is transferred to the profit and loss reserve as the assets are depreciated. Similarly transfers are performed based on gains and losses that arise on the disposal of donated assets.

#### **17 Share capital**

##### Allotted, called up and fully paid shares

	No.	2017 £	No.	2016 £
Ordinary shares of £1 each	3	3	3	3

#### **18 Commitments**

##### Capital commitments

The total amount contracted for but not provided in the financial statements was £319,519 (2016 - £116,709).

## **Strata Service Solutions Limited**

### **Notes to the Financial Statements**

**Year Ended 31 March 2017**

#### **19 Related party transactions**

##### **Key management personnel**

The directors are not remunerated from this company, other key management remuneration is as follows:

##### **Key management compensation**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Salaries and other short term employee benefits	67,859	75,000
Post-employment benefits	8,347	9,225
	<u>76,206</u>	<u>84,225</u>

##### **Summary of transactions with other related parties**

Entities with joint control over the company

The company recognised turnover of £7,092,509 (2016: £6,565,165) to the Councils which jointly control it. At the year end £336,415 (2016: £135,311) was owed to the company by the Councils.



# Strata Service Solutions Limited

## Detailed Profit and Loss Account

Year Ended 31 March 2017

	2017 £	2016 £
<b>Turnover</b>		
Fee income	6,576,917	6,121,496
Grant income	515,592	443,669
	<u>7,092,509</u>	<u>6,565,165</u>
<b>Cost of sales</b>		
Opening stock	(7,845)	(12,447)
Closing stock	4,384	7,845
Wages and salaries	(2,029,875)	(1,904,002)
Staff NIC (Employers)	(196,297)	(142,219)
Staff pensions (Defined benefit)	(470,000)	(547,000)
Staff training	(34,482)	(30,054)
Temporary staff wages	(35,576)	(207,434)
Other employment costs	(18,071)	(47,886)
Redundancy costs	(53,531)	(36,147)
	<u>(2,841,293)</u>	<u>(2,919,344)</u>
<b>Gross profit</b>	4,251,216	3,645,821
<b>Gross profit (%)</b>	<b>59.94%</b>	<b>55.53%</b>
<b>Administrative expenses</b>		
Administrative expenses	<u>(4,790,641)</u>	<u>(4,557,932)</u>
<b>Operating loss</b>	<u>(539,425)</u>	<u>(912,111)</u>
<b>Other interest receivable and similar income</b>		
Interest income on bank deposits	(4,200)	(11,518)
<b>Interest payable and similar charges</b>		
Interest on bank overdrafts and borrowings	(32)	-
Interest on defined benefit pension scheme	<u>(128,000)</u>	<u>(137,000)</u>
	<u>(128,032)</u>	<u>(137,000)</u>
<b>Loss before tax</b>	<u><u>(663,257)</u></u>	<u><u>(1,037,593)</u></u>

## Strata Service Solutions Limited

### Detailed Profit and Loss Account

Year Ended 31 March 2017

	2017 £	2016 £
<b>Administration costs</b>		
Repairs and maintenance	14,627	27,071
Telephone and fax	510,261	556,671
Licences and support	1,067,161	995,958
Computer software and maintenance costs	1,376,487	1,326,362
Printing, postage and stationery	396,024	407,279
Trade subscriptions	1,149	139
Sundry expenses	135,225	178,190
Travel and subsistence	42,485	31,851
Advertising	85,997	46,167
Auditor's remuneration	4,225	3,865
Auditor's remuneration - Internal audit services	16,675	-
Legal and professional	131,653	98,021
Bank charges	1,604	1,549
Amortisation of intangible assets	548,504	535,875
Depreciation of computer equipment (owned)	363,369	348,934
(Profit)/loss on disposal of tangible fixed assets	95,195	-
	<u>4,790,641</u>	<u>4,557,932</u>