

Strata Service Solutions Limited

**Annual Report and Financial Statements
Year Ended 31 March 2016**

Registration number: 09041662

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
Ms K Jenkins
Mr N A Aggett

Registered office Civic Centre
Paris Street
Exeter
Devon
EX1 1JN

Auditors PKF Francis Clark
Vantage Point
Woodwater Park
Pynes Hill
Exeter
Devon
EX2 5FD

Strata Service Solutions Limited

Strategic Report

Year Ended 31 March 2016

The Directors present their strategic report for the year ended 31 March 2016.

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 £6,565,165 (2015: £2,466,140 for a 5 month trading period) with a loss before taxation for the year of £1,037,593 (2015: loss of £2,771,722). 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.

Whilst the comparative period is from incorporation on 15 May 2014 to 31 March 2015, it actually related to a five month trading period from 1 November 2014.

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 ~~15 July 2016~~ and signed on its behalf by:



Mr R D Hodgson
Director

Strata Service Solutions Limited

Directors' Report

Year Ended 31 March 2016

The Directors present their report and the financial statements for the year ended 31 March 2016.

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

Mr S P Hodder (resigned 5 July 2015)

Mr D P Moors (resigned 29 February 2016)

Ms K Jenkins

Mr N A Aggett (appointed 5 July 2015)


The following director was appointed after the year end:

Mr P Nicholls (appointed 1 April 2016)

Disclosure of information to the auditors

Each Director has taken 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 15 July 2016 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;
- state whether applicable UK Accounting Standards has 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

We have audited the financial statements of Strata Service Solutions Limited for the year ended 31 March 2016, set out on pages 7 to 24. 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 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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:

Strata Service Solutions Limited

Independent Auditor's Report

- 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

PKF Francis Clark

.....
Christopher Bush (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Vantage Point
Woodwater Park
Pynes Hill
Exeter
Devon
EX2 5FD

Date:..... *4.8.2016*

Strata Service Solutions Limited

Profit and Loss Account

Year Ended 31 March 2016

	Note	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Turnover	3	6,565,165	2,466,140
Cost of sales		<u>(2,919,344)</u>	<u>(1,309,922)</u>
Gross profit		3,645,821	1,156,218
Administrative expenses		<u>(4,557,932)</u>	<u>(718,160)</u>
Operating (loss)/profit	5	(912,111)	438,058
Transfer of pension scheme liabilities	4	-	(3,161,130)
Other interest receivable and similar income	8	11,518	4,483
Interest payable and similar charges	9	<u>(137,000)</u>	<u>(53,133)</u>
Loss before tax		(1,037,593)	(2,771,722)
Taxation	10	<u>(2,304)</u>	<u>(897)</u>
Loss for the financial year		<u><u>(1,039,897)</u></u>	<u><u>(2,772,619)</u></u>

The above results were derived from continuing operations.

Strata Service Solutions Limited

Statement of Comprehensive Income

Year Ended 31 March 2016

	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Loss for the year	(1,039,897)	(2,772,619)
Remeasurement gain/loss on defined benefit pension schemes	17 <u>1,103,000</u>	<u>(703,000)</u>
Total comprehensive income for the year	<u><u>63,103</u></u>	<u><u>(3,475,619)</u></u>


Strata Service Solutions Limited

Balance Sheet

31 March 2016

	Note	31 March 2016 £	31 March 2015 £
Fixed assets			
Intangible assets	11	1,963,841	1,991,104
Tangible assets	12	<u>1,270,788</u>	<u>1,425,069</u>
		<u>3,234,629</u>	<u>3,416,173</u>
Current assets			
Stocks		7,845	12,447
Debtors	13	1,537,634	718,887
Cash at bank and in hand		<u>504,809</u>	<u>1,374,444</u>
		2,050,288	2,105,778
Creditors: Amounts falling due within one year	15	<u>(1,294,043)</u>	<u>(1,153,880)</u>
Net current assets		<u>756,245</u>	<u>951,898</u>
Total assets less current liabilities		3,990,874	4,368,071
Deferred income	15	<u>(1,774,678)</u>	<u>(1,569,978)</u>
Net assets excluding pension liability		2,216,196	2,798,093
Net pension liability	17	<u>(3,377,000)</u>	<u>(4,022,000)</u>
Net liabilities		<u>(1,160,804)</u>	<u>(1,223,907)</u>
Capital and reserves			
Called up share capital	19	3	3
Capital contribution reserve	18	1,613,725	2,064,067
Profit and loss account	18	<u>(2,774,532)</u>	<u>(3,287,977)</u>
Total equity		<u>(1,160,804)</u>	<u>(1,223,907)</u>

Approved and authorised by the Board on ~~15 JULY 2016~~ 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 2016

	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 year	-	-	(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)
		Capital contribution reserve £	Profit and loss account £	Total £
Loss for the period	-	-	(2,772,619)	(2,772,619)
Other comprehensive income	-	-	(703,000)	(703,000)
Total comprehensive income	-	-	(3,475,619)	(3,475,619)
New share capital subscribed	3	-	-	3
Transfer of donated assets	-	2,251,709	-	2,251,709
Transfer to profit and loss reserve	-	(187,642)	187,642	-
At 31 March 2015	3	2,064,067	(3,287,977)	(1,223,907)

Strata Service Solutions Limited

Statement of Cash Flows

Year Ended 31 March 2016

	Note	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Cash flows from operating activities			
Loss for the year		(1,039,897)	(2,772,619)
Adjustments to cash flows from non-cash items			
Transfer of pension scheme		-	3,161,130
Depreciation and amortisation	5	884,809	304,610
Finance income	8	(11,518)	(4,483)
Finance costs	9	137,000	53,133
Corporation tax	10	2,304	897
		<u>(27,302)</u>	<u>742,668</u>
Working capital adjustments			
Net pension movement	17	321,000	104,870
Decrease/(increase) in stocks		4,602	(12,447)
Increase in trade debtors	13	(818,747)	(718,887)
Increase in trade creditors	15	138,756	1,152,983
Increase in deferred income		204,700	1,569,978
		<u>(176,991)</u>	<u>2,839,165</u>
Cash generated from operations		(176,991)	2,839,165
Corporation tax paid		<u>(897)</u>	<u>-</u>
Net cash flow from operating activities		<u>(177,888)</u>	<u>2,839,165</u>
Cash flows from investing activities			
Interest received		11,518	4,483
Acquisitions of tangible assets		(194,653)	(876,201)
Acquisition of intangible assets		<u>(508,612)</u>	<u>(592,873)</u>
Net cash flows from investing activities		<u>(691,747)</u>	<u>(1,464,591)</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	3
Interest paid		<u>-</u>	<u>(133)</u>
Net cash flows from financing activities		<u>-</u>	<u>(130)</u>
Net (decrease)/increase in cash and cash equivalents		(869,635)	1,374,444
Cash and cash equivalents at 1 April		<u>1,374,444</u>	<u>-</u>
Cash and cash equivalents at 31 March		<u><u>504,809</u></u>	<u><u>1,374,444</u></u>

The notes on pages 12 to 24 form an integral part of these financial statements.

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2016

1 General information

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

The address of its 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.

Change in basis of accounting and basis 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. The company has transferred from previously extant UK GAAP to FRS 102 as at 15 May 2014. There is no material impact on the reported financial position and financial performance as a result of the transition to FRS 102.

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. 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 2016

2 Accounting policies (continued)

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:

Intangible assets - amortisation. The carrying amount is £1,963,841 (2015 - £1,991,104).

Tangible assets - depreciation. The carrying amount is £1,270,788 (2015 - £1,425,069).

Defined benefit pension liability - assumptions. The carrying amount is £(3,377,000) (2015 - £(4,022,000)).

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.

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:

Asset class	Depreciation method and rate
Computer equipment	5-10 years straight line

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2016

2 Accounting policies (continued)

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, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software	5 years straight line

Stocks

Stocks represent consumable stock and are carried at cost.

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.

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2016

2 Accounting policies (continued)

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 financial instruments:

- Short term trade debtors and creditors;
- Long term loan debtors.

Basic financial assets and liabilities

Basic financial assets comprise short term trade and other debtors and cash and bank balances. Basic financial liabilities comprise short term trade and other creditors. Such 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.

Financial liabilities and equity instruments

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

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:

	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Fee income	6,121,496	1,352,533
Grant income	443,669	1,113,607
	<u>6,565,165</u>	<u>2,466,140</u>

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2016

4 Exceptional items

The analysis of the company's exceptional items for the year is as follows:

	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Transfer of pension scheme liability	-	(3,161,130)

5 Operating loss

Arrived at after charging

	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Depreciation expense	348,934	124,950
Amortisation expense	535,875	179,660

6 Staff costs

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

	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Wages and salaries	1,904,002	852,138
Social security costs	142,219	61,333
Pension costs, defined benefit scheme	547,000	202,000
	<u>2,593,221</u>	<u>1,115,471</u>

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

	Year ended 31 March 2016 No.	15 May 2014 to 31 March 2015 No.
Administration and support	<u>72</u>	<u>72</u>

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2016

7 Auditors' remuneration

	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Audit of the financial statements	<u>3,865</u>	<u>3,500</u>

8 Other interest receivable and similar income

	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Interest income on bank deposits	<u>11,518</u>	<u>4,483</u>

9 Interest payable and similar charges

	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Interest on bank overdrafts and borrowings	-	133
Net finance costs in respect of defined benefit pension scheme	<u>137,000</u>	<u>53,000</u>
	<u>137,000</u>	<u>53,133</u>

10 Taxation

Tax charged/(credited) in the income statement

	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Current taxation		
UK corporation tax	<u>2,304</u>	<u>897</u>

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2016

10 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015 - higher than the standard rate of corporation tax in the UK) of 20% (2015 - 20%).

The differences are reconciled below:

	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Loss before tax	<u>(1,037,593)</u>	<u>(2,771,722)</u>
Corporation tax at standard rate	(207,519)	(554,344)
Effect of expense not deductible in determining taxable profit	<u>209,823</u>	<u>555,241</u>
Total tax charge	<u>2,304</u>	<u>897</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.

11 Intangible assets

	Software £	Total £
Cost or valuation		
At 1 April 2015	2,170,764	2,170,764
Additions	<u>508,612</u>	<u>508,612</u>
At 31 March 2016	<u>2,679,376</u>	<u>2,679,376</u>
Amortisation		
At 1 April 2015	179,660	179,660
Amortisation charge	<u>535,875</u>	<u>535,875</u>
At 31 March 2016	<u>715,535</u>	<u>715,535</u>
Carrying amount		
At 31 March 2016	<u>1,963,841</u>	<u>1,963,841</u>
At 31 March 2015	<u>1,991,104</u>	<u>1,991,104</u>

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2016

12 Tangible assets

	Computer equipment £	Total £
Cost or valuation		
At 1 April 2015	1,550,019	1,550,019
Additions	194,653	194,653
At 31 March 2016	<u>1,744,672</u>	<u>1,744,672</u>
Depreciation		
At 1 April 2015	124,950	124,950
Charge for the year	348,934	348,934
At 31 March 2016	<u>473,884</u>	<u>473,884</u>
Carrying amount		
At 31 March 2016	<u>1,270,788</u>	<u>1,270,788</u>
At 31 March 2015	<u>1,425,069</u>	<u>1,425,069</u>

13 Debtors

	31 March 2016 £	31 March 2015 £
Trade debtors	135,511	349,468
Other debtors	172,190	195,012
Prepayments and accrued income	1,229,933	174,407
	<u>1,537,634</u>	<u>718,887</u>

14 Cash and cash equivalents

	31 March 2016 £	31 March 2015 £
Cash at bank	<u>504,809</u>	<u>1,374,444</u>

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2016

15 Creditors

	31 March 2016 £	31 March 2015 £
Due within one year		
Trade creditors	29,837	27,797
Corporation tax	2,304	897
Other creditors	4,422	27,601
Accrued expenses	<u>1,257,480</u>	<u>1,097,585</u>
	<u>1,294,043</u>	<u>1,153,880</u>
Deferred income		
Government grants	<u>1,774,678</u>	<u>1,569,978</u>

16 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	6,900	58,431
Later than one year and not later than five years	<u>100,499</u>	<u>43,385</u>
	<u>107,399</u>	<u>101,816</u>

17 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 November 2014. 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.

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2016

17 Pension and other schemes (continued)

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £686,000 (2015 - £256,000).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

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

	31 March 2016 £	31 March 2015 £
Fair value of scheme assets	5,370,000	5,025,000
Present value of defined benefit obligation	<u>(8,747,000)</u>	<u>(9,047,000)</u>
Defined benefit pension scheme deficit	<u>(3,377,000)</u>	<u>(4,022,000)</u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	31 March 2016 £
Present value at start of year	9,047,000
Current service cost	547,000
Interest cost	319,000
Actuarial gains and losses	(1,286,000)
Benefits paid	(3,000)
Contributions by scheme participants	<u>123,000</u>
Present value at end of year	<u>8,747,000</u>

Fair value of scheme assets

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

	31 March 2016 £
Fair value at start of year	5,025,000
Interest income	182,000
Return on plan assets, excluding amounts included in interest income/(expense)	(183,000)
Employer contributions	228,000
Contributions by scheme participants	123,000
Benefits paid	(3,000)
Administrative expenses	<u>(2,000)</u>
Fair value at end of year	<u>5,370,000</u>

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2016

17 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	31 March 2016 £	31 March 2015 £
Cash and cash equivalents	120,000	87,000
Equity instruments	3,804,000	3,713,000
Debt instruments	339,000	495,000
Property	601,000	502,000
Other assets	506,000	228,000
	<u>5,370,000</u>	<u>5,025,000</u>

Return on scheme assets

	31 March 2016 £	31 March 2015 £
Return on scheme assets	<u>(183,000)</u>	<u>226,000</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.

Principal actuarial assumptions

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

	31 March 2016 %	31 March 2015 %
Discount rate	3.90	3.50
Future salary increases	4.30	4.40
Future pension increases	2.50	2.60
Inflation	<u>3.40</u>	<u>3.40</u>

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2016

17 Pension and other schemes (continued)

Post retirement mortality assumptions

	31 March 2016 Years	31 March 2015 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	25.00	25.00
Future UK pensioners at retirement age - female	<u>29.00</u>	<u>28.00</u>

18 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.

19 Share capital

Allotted, called up and fully paid shares

	31 March 2016		31 March 2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

20 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £116,709 (2015 - £188,931).

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2016

21 Related party transactions

Key management personnel

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

Key management compensation

	31 March 2016 £	31 March 2015 £
Salaries and other short term employee benefits	75,000	30,625
Post-employment benefits	9,225	3,767
	<u>84,225</u>	<u>34,392</u>

22 Transition to FRS 102

The company transitioned to FRS102 from the previously extant UK GAAP as at 15 May 2014. There were no changes to the previously stated equity as at 15 May 2014 and 1 April 2015 or in the profit for the period ended 31 March 2015 as a result of the transition to FRS102.

Strata Service Solutions Limited

Detailed Profit and Loss Account

Year Ended 31 March 2016

	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Turnover		
Fee income	6,121,496	1,352,533
Grant income	443,669	1,113,607
	<u>6,565,165</u>	<u>2,466,140</u>
Cost of sales		
Opening stock	(12,447)	-
Closing stock	7,845	12,447
Wages and salaries	(1,904,002)	(852,138)
Staff NIC (Employers)	(142,219)	(61,333)
Staff pensions (Defined benefit)	(547,000)	(202,000)
Staff training	(30,054)	(3,973)
Temporary staff wages	(207,434)	(82,245)
Other employment costs	(47,886)	(22,694)
Redundancy costs	(36,147)	(97,986)
	<u>(2,919,344)</u>	<u>(1,309,922)</u>
Gross profit	3,645,821	1,156,218
Gross profit (%)	55.53%	46.88%
Administrative expenses		
Administrative expenses	<u>(4,557,932)</u>	<u>(718,160)</u>
Operating (loss)/profit	<u>(912,111)</u>	<u>438,058</u>
Transfer of pension scheme liabilities	-	(3,161,130)
Other interest receivable and similar income		
Interest income on bank deposits	(11,518)	(4,483)
Interest payable and similar charges		
Interest on bank overdrafts and borrowings	-	(133)
Interest on defined benefit pension scheme	<u>(137,000)</u>	<u>(53,000)</u>
	<u>(137,000)</u>	<u>(53,133)</u>
Loss before tax	<u><u>(1,037,593)</u></u>	<u><u>(2,771,722)</u></u>

This page does not form part of the statutory financial statements.

Strata Service Solutions Limited

Detailed Profit and Loss Account

Year Ended 31 March 2016

	Year ended 31 March 2016 £	15 May 2014 to 31 March 2015 £
Administration costs		
Repairs and maintenance	27,071	-
Telephone and fax	556,671	5,880
Licences and support	995,958	153,047
Computer software and maintenance costs	1,326,362	77,623
Printing, postage and stationery	407,279	34,903
Trade subscriptions	139	6
Sundry expenses	178,190	78,789
Travel and subsistence	31,851	4,948
Advertising	46,167	15,101
Auditor's remuneration	3,865	3,500
Legal and professional	98,021	38,837
Bank charges	1,549	916
Amortisation of intangible assets	535,875	179,660
Depreciation of computer equipment (owned)	348,934	124,950
	<u>4,557,932</u>	<u>718,160</u>