Orbitas

Orbitas Bereavement Services Ltd

Report and Financial Statements

31 March 2015

Corporate Information

For the Period Ended 31 March 2015

Directors:

Councillor David Marren - Chairman (appointed 24th October 2013)
K Melling – Managing Director (appointed 26/03/2014)
Councillor Penny Butterill (appointed 22nd November 2013)
Councillor Lesley Smetham (appointed 22nd November 2013)

Registered office:

Westfields
Middlewich Road
Sandbach
Cheshire
CW11 1HZ

Company Registration Number:

087474498 (England and Wales)

Auditors:

Grant Thornton UK LLP
Colmore Plaza
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

Bankers:

Barclays Bank PLC
Unit 3,
Riverside 2,
Campbell Road,
Stoke-on-Trent,
ST4 4RJ

Contents

Strategic Report

The Directors present their strategic report for the year ended 31 March 2015.

Business Review

Orbitas Bereavement Services Ltd (Orbitas) commenced trading on 1 April 2014. During the year, the company transitioned from a Municipal in-house service provider to an arms length company, wholly owned by Cheshire East Borough Council (CEBC) following the transfer of employees and services from CEBC.

During the year the company has adopted FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard.

Orbitas performed strongly in 2014/15, recording a £69,249 profit from its operations, prior to statutory pensions accounting and contractual profit share adjustments.

None Company income - Core bereavement services related income (i.e. Burials/Cremations) is managed/collected by Orbitas on behalf of CEBC through the contract. However, that income is retained by CEBC in its accounts. The overall income position is reviewed/monitored as part of the Agency Contract arrangements and is integral to the contract management share criteria. In year, Orbitas managed core bereavement income totalling £2.418m which exceeded target by £13,049.

The profit for the year, after statutory pensions accounting and contract profit share adjustment is £7,849.

The following table summarises the financial performance from Orbitas operational activities, the effects of pensions-related items and the profit sharing arrangements.

	Orbitas 2014/15 £'000
Turnover (before contract share adj)	(1,363)
Cost of Sales	848
Gross Profit	(515)
Administrative Costs/ Finance Costs	445
Net profit from Operations	**(70)**
IAS19 Pensions adjustments through Income Statement	51
Profit before Contract Share	**(19)**
Contract Share Adjustment	11
Profit for the Year as per Income Statement	**(8)**

The combined contract performance, including the income managed/collected by Orbitas (as referred to above) showed and combined profit of £31,400. The contracted profit sharing arrangement is such that, 25% profit (i.e. £7,850) is retained by the Company, and 75% (£23,550) is retained by the Parent. This is effected through a management fee adjustment. Of the share retained by the Parent (CEBC), £15,700 is held as a ring-fenced reserve in the CEBC Group Accounts, for future use by the Company in line with provisions in the contract.

The Company's key financial and other performance indicators during the year were as follows:

	2014/15 £'000
Turnover (continuing operations)	(1,352)
Operating profit	(27)
Finance costs	19
Profit for the financial year	**(8)**
Current assets as a% of current liabilities (`quick ratio')	122%
Average number of employees	26

Turnover

Turnover from continuing operations exceeded target of £1.29m by £61,768 (4.7%) during the year, due in part to: additional service contract payment for the costs of the Bereavement Services work in year undertaken for Cheshire East Borough Council (CEBC); plus new income generated from bereavement related sales/services.

Operating profit

Operating profit of £27k was achieved in year. This improvement was caused mainly by the net contribution from bereavement services operation.

Finance Charges

Finance charges were £19,004 during the period. These charges were in respect of pensions, due to the interest costs for scheme liabilities exceeding the expected returns on assets in the scheme.

Taxation

Orbitas is wholly owned by CEBC. Income secured from CEBC accounts for 99% of turnover in the period. The remaining 1% is derived mainly from external customers who are clients inherited from services previously provided by CEBC and for which the activities generating the turnover are non profit making at this time.

Orbitas and other wholly owned subsidiaries of the Cheshire East Group have applied for exemption from corporation tax on the basis that the activity carried out for CEBC is a mutual trade and, as such, no corporation tax is due. No provision has been made for any potential corporation or deferred tax liability on the basis that the application for exemption will be approved and the amount involved is immaterial.

Other performance indicators

The company's "quick ratio" (current assets as a percentage of current liabilities) is 122% and therefore reflects the Company's ability to meets it's liabilities (creditors due), this position is assisted through payment mechanism/cash-flow funding through the services contract with CEBC.

The average number of employees has increased by 3 during the year. This is attributable to the transfer of the Electricians Team from CEBC, with effect from1st November 2014. The team form the new minor maintenance service within Orbitas, offering a range of electrical and maintenance services primarily to CEBC in this first reporting period but in future more so to external customers.

Principal risks and uncertainties

During the transition from Council Service to wholly owned company, Orbitas has developed a comprehensive risk management process that is more commercially focussed. A corporate risk register has been established, identifying strategic and operational risks that could impact upon trading activities, presenting all principal risks in a simple "balanced scorecard" arrangement on a regular frequency to the Board of Directors in order to evaluate the company's risk appetite.

Risks and associated mitigations are identified throughout the organisation with those that have the greatest potential impact being presented and owned by the Board of Directors. The principal risks and uncertainties facing the company are broadly grouped as – customer; finance, people and processes.

Customer Risks

Orbitas is currently reliant on its one major customer CEBC. At this point it considers that its contractual position with the Council will ensure that Orbitas continues to be the customer's key source of supply.

During this initial operating period, Orbitas has become more focussed on a variety of alternative business stream activities that directly engage with Funeral Directors and the general public and as a result of this we have become more focussed upon our various customer interfaces. This has lead to a number of new opportunities being pursued that will compliment the business going forward. During this initial operating period activities undertaken outside of the contract arrangement with CEBC have been relatively small scale and have therefore been deemed low risk.

Towards the end of the first quarter trading period, a third party facility commenced trading within our southern catchment area. Although this was expected and acknowledged as a trading risk the impact across the whole trading period has proved minimal.

Legislative Risks

The Company contracts with CEBC (as its Agent) to provide services in line with current Council policy and national legislation. Where legislation results in a requirement to change the specification or delivery method for the services commissioned, the Company is confident that the terms of the contract will ensure that any material financial impact will be mitigated either by additional funding being provided or certain services being re-scoped within the commissioned services schedule.

Finance - exposure to credit, liquidity and cash flow risk

Please refer also to the notes on pages 12 and 13 in the Notes to the Accounts.

Orbitas is financed predominantly by a management fee paid to it by CEBC. The management fee is paid in line with a profile that matches the forecast expenditure of the company. Consequently, careful monitoring of the cash position together with a prudent approach to cash flow management of payables, receivables and inventories should prevent the company from any risk to its cash flow.

The company contracts with cremator maintenance providers on behalf of CEBC and consequently, in the event of any material increases in general prices or fuel costs, the company could be exposed to cost pressures that will need to be recovered from CEBC. However, efficient monitoring of contract costs and prudent procurement of contracts for cremator maintenance should enable it to mitigate the impact on the company's financial performance.

At this early stage in Orbitas' development the principal risks associated with income recovery (credit risk) and cash flow is seen as low due to the contractual terms secured with the company's major customer CEBC. As the company expands, increasing its customer base, further consideration will be given to emerging risks and any necessary controls. However, risk associated with price and supply chain variation are seen as a greater risk but the improved controls established over this initial period associated with increased investment in facilities along with a sharing of procurement expertise with other companies within the CEBC group of companies and enhancements with company policies, have helped to remove some of the uncertainty associated with this category.

People

Orbitas' employees are seen to be the company's greatest asset and as such a vital component for future success. Since transitioning from the in-house service of CEBC to that of a wholly owned company, consideration has been given to the business risks associated with employee development and retention. Efforts are ongoing to review the company employee structure in an attempt to support the transition, increase resilience and to develop a suitable succession plan that enables the company to be self-sustaining over the longer term. Furthermore, significant measures have been pursued including extensive employee engagement through surveys, Directors engagement sessions and frequent newsletters to further mitigate this risk within the people category. Some of the outputs from these measures include Company policy reviews, increased wellbeing initiatives and the introduction of a wide range of employee salary sacrifice initiatives.

Processes - Legislative Risks

Orbitas contracts with CEBC to provide services in line with current Council policy and national legislation. Where legislation results in a requirement to change the specification or delivery method for the services commissioned, Orbitas is confident that the terms of the contract will ensure that any material financial impact will be mitigated either by additional funding being provided or certain services being re-scoped within the commissioned services schedules. Change in-year, is seen as a low risk; invariably process changes associated with legislative amendments have sufficient lead-in periods to allow all parties to develop suitable implementation processes.

By virtue of the nature of the services delivered, Orbitas operates in a regulated environment that requires thorough and detailed operational processes to manage.

During this initial period, extensive work has been undertaken to review company policies with any amendments focussed upon reducing processing risk. Furthermore, in acknowledgment of the complexities and risks associated with the sensitivities and legislative standards required to operate along with future company development aspirations, Orbitas has introduced a dedicated team to oversee its requirements associated with Safety, Health, Environment and Quality (SHEQ). Work is underway to develop the company's quality manual with a view to secure external accreditation (ISO9001) during 2015/16. The above, demonstrate some of the positive controls being pursued to reduce risk and uncertainty within the process category.

ENVIRONMENTAL REVIEW

Corporate Responsibility

Orbitas has always had strong company values associated with social and community responsibility and we have a great awareness of the positive impact that our activities can have upon the communities we serve.

For some time, we have been developing our own bespoke “social model toolkit” and have extensive evidence across a wide range of indicators that measure the outputs we have achieved, resulting in positive sustainable outcomes within the communities that we operate.

We regularly try and recruit new employees from within the local community.

Orbitas recognises that its employees are fundamental to its success and believes that drawing on their different perspectives and experience adds value to how it does business. Orbitas is committed to investing in its employees to enhance their performance, develop skills, strengthen retention and build a customer focused culture.

Orbitas is also committed to supporting the communities in which it operates. We are very proud of our track record (that can be evidenced) associated with the social impact that our actions/interventions have achieved. The activities we are targeting include:

- Providing Better Value Services – “Putting Residents First”
- Creating skills and training activities
- Supporting positive collaboration with other service providers to improve the services we provide.
- Employment opportunities for the long-term unemployed, NEETs, etc
- Work placements to school children and young adults

Encouraging community engagement

Environmental Management

In addition to complying with relevant environmental, quality and general performance standards as set out in legislation or regulatory guidance, Orbitas aspires to enhance its environment both through its employees and by engaging with local communities and partner organisations.

Orbitas has identified a number of environmentally friendly methodologies which it seeks to employ in order to reduce any adverse impact it may have. These include a gradual reduction in the number of polythene containers used and replacement of these with scattering tubes and biodegradable containers. The Company actively promotes the use of environmentally friendly coffins in its cemeteries and also promotes natural floral tributes which are sourced locally.

Reducing our carbon footprint is a key target for the Company and we seek to achieve this through improved energy efficiency and the achievement, as a minimum, of cremation emission levels set by the Government under the Environmental Protection Act. Low carbon emissions will be an essential requirement when the Company purchases new vehicles.

We are also keen to make better and more efficient use of the energy and materials generated by the Company’s activities – we recycle metal residue resulting from cremations and use energy from heat generated by cremators at our Macclesfield site. We also seek to make the best use of environmentally friendly products that are available such as energy efficient lightbulbs.

Our Sandbach cemetery has been recognised for enhancing the environment through achieving the Green Flag standard. In addition, the Company is a key partner in a project that will see the creation of a natural habitat in the Macclesfield Valley, the restoration of the dam and the environmental enhancements that are being undertaken in a low maintenance, sustainable way. Orbitas will continue to work with CEBC and other strategic partners to complete the project.

Carbon Reduction Commitment (CRC)

The Carbon Reduction Commitment Energy Efficiency Scheme (CRC) aims to reduce energy consumption and/or the carbon footprint of large, non-energy intensive organisations including public and private sector employers. Under the CRC we actively monitor and report on our consumption of gas and electricity and certain types of fuel and seek to reduce our impact.

Orbitas continues to work in partnership with CEBC and other alternative service delivery vehicles to meet a joint Carbon Management Plan that was first set out in 2010. Activities to date have focused on reducing the carbon footprint associated with the management of our Estates and Operations and service delivery. We also aspire to be a community leader in minimising the effects of climate change. Practical examples of this approach in action include promoting travel options that minimise the impact such as cycling to work and car sharing. Orbitas seeks to procure locally where possible to maximise the positive contribution we make to the local economy, in turn making a positive contribution to sustainability goals by reducing our carbon footprint.

Resources

Orbitas' core operations are delivered from 11 Cemeteries and 2 Crematoria spanning the Cheshire East Borough, providing local bereavement services mainly to the residents of CEBC. With a workforce of less than 30 people, the Company provides for almost 400 interments and almost 3000 cremations per year.

As part of its new approach, Orbitas has expanded its range of services to include a small minor works team to facilitate minor electrical repairs and the installation of alarms, key safes and grab rails as well as other small household repairs. These services are currently provided primarily to elderly and vulnerable people, at the request of CEBC's Adults Services.

HEALTH & SAFETY

This part of the report provides a summary of the Orbitas' health and safety performance and key activities during 2014/15.

Policy

The Board considers that health and safety is as important as any other aspect of business management and is committed to promoting high standards of health, safety and welfare on all of its sites, premises, and in all of its activities.

Management Control

To achieve the Policy aims, the Board works closely with the management team to create a culture where employees are encouraged and feel able to discuss all aspects of health and safety within the Company. We continue to ensure compliance with all relevant legal duties in respect of health and safety at work legislation and provide adequate resources for planning, provision and maintenance of safe working conditions and a safe system of work.

The Managing Director has overall responsibility for the health and safety policy and performance and is supported in this task by the Health & Safety Officers. Operational management at all levels retain responsibility for delivering and improving upon current health and safety performance.

Health & Safety Objectives

The Company's objective is to plan, control and monitor activities, such that they do not to harm anyone, whether directly or indirectly employed, visitors or members of the public. To achieve this, throughout 2014/15 we have:

- Established a joint Management and Trade Union Health and Safety Forum providing further opportunities for issues and suggestions to be raised, and acting on these.
- Audited our health and safety management systems and implemented improvements.
- Conducted regular and planned health and safety site inspections, implemented improved and provided feedback to issues raised.
- Begun to assess our policies, procedures and systems against the ISO 9001 standard.

Healthcare

We are committed to undertaking a programme of risk based health screening for our workforce coupled with rehabilitation support.

Orbitas has provided proactive support including confidential counselling and health awareness newsletters to enable employees to access professional support and intervention, ideally before more serious problems emerge.

We use feedback obtained from screening as well as analysis of accidents to identify training needs and changes to equipment design.

Safety performance

During 2014/15 Orbitas had no accidents recorded that were RIDDOR reportable. The small number of accidents that did occur were fully investigated and improvement actions implemented where required.

Future Goals & Plans

- Further coaching of Managers to ensure they are able to undertake more in depth investigations which will highlight deeper root cause issues and enable the Company to learn lessons to prevent recurrence.

- Increased internal auditing and subsequent trend monitoring will enable the Company to identify risks to the business and implement plans to improve.

- Continued monitoring of accidents and near misses will help drive improvement by highlighting where there may be a failure of systems or behaviours.
- Improved data and information distribution to support our colleagues in other areas of the business and gauged by satisfaction feedback surveys.

- Working together safely by improved analysis of work activities and risk assessment, recording, reviewing and monitoring.

By order of the board

K Melling – Managing Director

Directors Report

Registered No. 08747498

The directors present their report and the financial statements for the year ended 31 March 2015.

Results

The profit for the year is £7,849. (*2014 – profit £NIL - Dormant*)

Directors of the company

The current directors are shown on the Corporate Information page.

Chairman's Introduction – The shift to a Commercial Approach

"As a Board we recognise that our employees are our greatest resource and their wellbeing is paramount to our current and future success."

I have great pleasure in presenting Orbitas' first Director's report. It has been an exciting first year of trading for the company that has seen: the launch of the Orbitas brand; the Company commence its first significant contract with Cheshire East Borough Council (CEBC); the transfer of employees from CEBC who are now all valued employees of Orbitas and a diversification of the services offered by Orbitas associated with our latest "Handyman" business stream.

During this initial period, we have taken the opportunity to strengthen our values that are predominantly focussed upon our customers and employee's needs. As a Board we recognise that our employees are our greatest resource and their wellbeing is paramount to our current and future success. We actively engage them at all levels and are proud to invest time and resources into their development ensuring that we maintain the high service standards to which we have become accustomed to.

Although we acknowledge strong competition within our service sector, as a new company our ultimate goal is to be "best-in-class".

This report, I believe demonstrates our determination to succeed whilst at the same time builds confidence in our ability to manage and govern this strong but sensitive business. I believe that it is important to ensure that sound governance principles underpin the way we operate at Board level and throughout the company.

When combined, all of the above will, I believe help us to create a sustainable business model that will continue to be successful for many years to come. I would also like to take this opportunity to show my sincere appreciation to the efforts and commitment made by all of our employees in making it possible to shift from an in-house Council Service to that of a Wholly Owned Company model, operating in a commercial environment.

David Marren
Chairman

Future developments

The Company expects to continue operating across its current range of business activities but expects to change the way its services are provided and delivered over the next five years to better align to the commercial needs of this sector. In order to do so, we will need to create additional capacity from existing resources and from time-to-time secure short-term specialist support to achieve our goals. By adopting this approach we expect the Company to strengthen its position and become more profitable.

Company/ Business Development

Some of the key achievements made during our first trading year are as follows:

- Launched the Company and transferred over 30 employees from CEBC;
- Completed Office improvements at our Crewe facility;
- Secured funding for facility improvements at our Crewe facility;
- Introduced Christmas floral display sales to our customers;
- Introduced scrolling photographs at our Macclesfield and Crewe facilities;
- Maintained levels of business following the opening of a third party facility within our catchment area; &
- Increased our service offering in November 2014 to include Electrical repairs

Events since the balance sheet date

There have been no significant adjusting events or material transactions since the balance sheet date that will have an impact on the accounts presented. However, Orbitas does report a non-adjusting event relating to a change in ownership of the Company with effect from 1 April 2015 whereby Orbitas, Transport Service Solutions Ltd (TSS), Ansa Environmental Services Ltd (Ansa), Engine of the North and Civicance Ltd (all previously CEBC wholly owned Company's) have become 80% subsidiaries of a newly created holding company Cheshire East Residents First Limited (CERF Ltd) with the 20% minority interest remaining with CEBC. Cheshire East Residents First Ltd is a 100% subsidiary of CEBC.

Disabled Employees

Orbitas gives full consideration to applications for employment from people with disabilities where the candidate's individual aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities for training, career development and promotion are available for all employees including those with disabilities.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee Involvement

Orbitas operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the company, has been addressed through the Company newsletter and provision of the Quarterly Public Reports.

Regular meetings are held between management and Trade Union Representatives, and Stakeholder Group Meetings are held directly with employees, to allow a free flow of information and ideas. Local managers meet with employees to hold Toolbox Talks (front line operational updates) and there are two Employee Representatives who sit on the Company Board on an alternating basis who accesses strategic information and acts as a further conduit of views and information between employees and the most senior representatives of the Company.

An annual staff survey is conducted to review the Company's performance across a number of different measures and this also provides a further opportunity for employees to share their ideas and opinions.

Directors' Liabilities

The company considers that there is no issue that lead to there being any directors' liabilities.

Directors interests are reported in note 19 of the notes to the Accounts.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 1 to 5.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Auditors

A resolution to re-appoint Grant Thornton will be put to the members at the Annual General Meeting.

Directors Statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on the Corporate Information page. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and

- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of the relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board on and signed on its behalf.

K Melling – Managing Director

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK 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 for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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 Acts 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.

Independent auditor's report

To the members of [Enter Company Name]

To be inserted post audit of the Accounts.

Independent auditor's report

To the members of [Company name]

To be inserted post audit of the Accounts.

Statement of Comprehensive Income

For the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	2	1,352,294	-
Cost of Sales	6	(873,721)	-
Gross Profit		**478,573**	**-**
Administrative Expenses	5,6	451,720	-
Operating (loss)/ profit	**4**	**26,853**	**-**
Total operating (loss) / profit		**26,853**	**-**
Exceptional Items			
			-
Profit/(loss) on ordinary activities before interest		**26,853**	**-**
Interest payable and similar charges		-	-
Finance expense relating to defined benefit scheme	7	(19,004)	-
Profit/(loss) on ordinary activities before taxation		**7,849**	**-**
Taxation	20	-	-
Profit/(loss) for the financial year/period		**7,849**	**-**
Other comprehensive income for the year/period			
Opening pension scheme deficit	16	(420,000)	-
Movement on pensions scheme in year	16	(349,000)	-
Other comprehensive period for the year/period	15	**(769,000)**	**-**
Total comprehensive income for the year/period		**(761,151)**	**-**

The notes on pages 18 to 37 form part of these financial statements.

Statement of changes in equity

For the year ended 31 March 2015

	Share capital £	Share Premium £	Retained Earnings £	Revaluation Reserve £	Total Equity £
Balance at beginning of year 01.04.2014	1	0	0	0	**1**
Profit for the year	0	0	7,849	0	**7,849**
Other Comprehensive Income	0	0	(769,000)	0	**(769,000)**
Total Comprehensive Income for the year	**1**	**0**	**(761,151)**	**0**	**(761,150)**
Share Issues	0	0	0	0	**0**
Dividends payable	0	0	0	0	**0**
Balance at end of the year 31.03.2015	**1**	**0**	**(761,151)**	**0**	**(761,150)**

The notes on pages 18 to 37 form part of these financial statements.

Statement of Financial Position

At 31 March 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets		-	-
Tangible assets		-	-
Total Fixed Assets		**-**	**-**
Current assets			
Stocks	9	37,021	-
Debtors	8,12,13,18	124,612	1
Prepayments		12,106	-
Cash at bank in hand	10	219,526	-
Total Current assets		**393,265**	**1**
Creditors: amounts falling due within one year			
Trade creditors	11,12,13,18	(319,415)	-
Total Creditors: amounts falling due within one year		**(319,415)**	**-**
Net Current Assets		**73,850**	**1**
Total Assets less current liabilities		**73,850**	**1**
Creditors: amounts falling due after more than one year			
Provisions		(3,000)	-
Total Creditors: amounts falling due after more than one year		**(3,000)**	**-**
Defined benefit pension plan deficit	16	(832,000)	-
Net Assets		**(761,150)**	**-**
Capital and Reserves			
Share capital	14	1	1
Retained Earnings	15	(761,151)	-
Total Equity		**(761,150)**	**1**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

K Melling – Managing Director

The notes on pages 18 to 37 form part of these financial statements.

Notes to the financial statements

At 31 March 2015

1. Authorisation of the financial statements and compliance with FRS101

The financial statements of Orbitas Bereavement Services Ltd (Orbitas) (the “Company”) for the year ended 31 March 2015 were authorised for issue by the board of directors on 17th July 2015 and the balance sheet was signed on the board’s behalf by Kevin Melling – Managing Director. Orbitas Bereavement Services Ltd is incorporated and domiciled in England and Wales.

These statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and in accordance with applicable accounting standards.

The Orbitas financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Orbitas has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of CEBC. The results of Cheshire East Borough Council Group are included in the consolidated financial statements of CEBC which are available from:
http://www.cheshireeast.gov.uk/council_and_democracy/your_council/council_finance_and_governance/statement_of_accounts/statement_of_accounts.aspx

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance Financial Reporting Standard 101 (Reduced Disclosure Framework) in conjunction with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).. The statements have been prepared on a going concern basis using the historical cost convention, except for the revaluation of certain financial instruments and comply with the Companies Act 2006 in all respects.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31st March 2015.
In producing the Accounts the following accounting concepts are applied:

Notes to the financial statements

At 31 March 2015

- Consistency

The company will review its accounting polices each year and the impact of any significant change in policies will be declared in the accounting statements so that fair comparisons can be made on a consistent basis.

- Materiality

The concept that any omission from, or inaccuracy in, the statement of accounts should not be so large as to affect the understanding of those statements by a reader, either in terms of the nature of the transactions or their value.

- Going Concern

The principle that accounts are always prepared on the basis that the organisation will continue to operate for the foreseeable future.

Orbitas Bereavement Services Ltd is a company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is Westfields, Middlewich Road, Sandbach, Cheshire, CW11 1HZ. The nature of the Company's operations and its principal activities are set out in the Strategic Report and Directors Report on pages 1 to 12.

Judgements and key sources of estimation and uncertainty

These financial statements have been prepared in accordance with the accounting policies, set out below. The preparation of financial statements in conformity with generally accepted accounting policies requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. Although these judgements and estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from these.

Pensions costs

At 31 March 2015, Orbitas' defined benefit scheme had assets with a fair value of £2.809million and obligations with a present value of £3.641million (see note 16). The calculations of the assets and liabilities from such plans are based upon statistical and actuarial calculations. The present value of the defined benefit obligation is impacted by assumptions on discount rates used to arrive at the present value of future pension liabilities, and assumptions on future increases in salaries and benefits. The Company's independent actuaries used statistically based assumptions covering areas such as future withdrawals of participants from the scheme and estimates on life expectancy. The actuarial assumptions used may differ materially from actual results due to changes in economic and market conditions, higher or lower withdrawal rates, longer or shorter life spans of participants and other changes in the assumptions employed by the actuaries. These differences could impact the assets or liabilities recognised in the balance sheet in future periods.

Notes to the financial statements

At 31 March 2015

Orbitas has prepared its accounts for pensions in accordance with IAS19. The Income Statement reflects charges made against profit and loss in the year under IAS19. The actuarial adjustment arising between the opening pension position and the actuarial valuation under IAS19 is reported in the Statement of Other Comprehensive income, with the net pension liability being shown in the Statement of Financial Position. The pension scheme liabilities are guaranteed by CEBC under the TUPE Transfer regulations agreed as part of the Contract.

Taxation

Orbitas and other wholly owned subsidiaries of the Cheshire East Group have applied for exemption from corporation tax on the basis that the activity carried out for CEBC is a mutual trade and, as such, no corporation tax is due. No provision has been made for any potential corporation or deferred tax liability on the basis that the application for exemption will be approved and the amount involved is immaterial.

Going Concern

In the opinion of the Directors Orbitas has adequate financial resource to continue to operate into the foreseeable future. Accordingly, the accounts have been prepared on that basis.

Significant Accounting Policies

a) Impairment of non-financial assets

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the financial statements
At 31 March 2015

b) Provisions for liabilities

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

c) Financial Instruments

Financial Assets
Financial assets within the scope of IAS39 are classified as financial assets at fair value through profit or loss or as receivables. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date i.e. the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash, trade and other receivables.

The subsequent measurement of financial assets depends on their classification as follows:

- Financial assets at fair value through profit and loss:
- Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Receivables:
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method (EIM), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIM. The EIM amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Financial Liabilities
Financial liabilities within the scope of IAS39 are classified as financial liabilities at fair value through profit or loss. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Notes to the financial statements

At 31 March 2015

The subsequent measurement of financial liabilities depends on their classification as follows:

- Financial liabilities at fair value through profit or loss:
- Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

d) Stocks

Stocks are stated at the lower of cost and/or net realisable value and where appropriate are stated net of provisions for slow moving and obsolete inventory. Cost comprises direct materials only, no direct labour or overheads have been incurred in bringing inventories to their present location and condition.

e) Trade & other debtors

Income is accounted for on an accruals basis, i.e. recorded in the year the activity takes place rather than when cash is paid or received. Income is recorded in the year in which it is earned. Therefore, debtors are recorded in the accounts at the time payment is due.

Trade debtors, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and/or recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the company will not be able to recover balances in full. Balances are then written off when the probability of recovery is assessed as being remote.

f) Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

g) Income Taxes

Current Tax
Current tax payable is based on taxable profits for the year. Taxable profits differ from the profit or loss as reported in the income statement because they exclude items of income and expenses that are taxable or allowable in other years and further exclude items that are never taxable or deductible.

Notes to the financial statements

At 31 March 2015

The Company's current tax payable is calculated using rates which have been enacted or substantively enacted at the balance sheet date

Income tax is charged or credited to the other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Deferred Tax

Deferred tax is the tax that is expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Provision is made in full for deferred tax liabilities that arise from timing differences where transactions or events that result in an obligation to pay more tax in the future have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that they will be recoverable in the future. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

h) Pensions and other post employment benefits

Most employees of Orbitas participate in the Local Government Pension Scheme (LGPS). The LGPS provides final salary defined benefits to members (retirement lump sums and pensions) based on membership earned during the time that the employee was a member of the scheme.

Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme, meaning that the Scheme's liabilities are backed by investment assets. It is a statutory defined benefit final salary scheme and all employees of Orbitas may participate in the Fund. The Company and its employees pay contributions into the Fund, calculated by the Fund's independent Actuary, at a level intended to fund the growth in pensions over the longer term.

Orbitas has accounted for the defined benefit pension scheme in accordance with International Accounting Standard IAS19. Any past service benefits only relate to periods commencing from 1st April 2014 and past service costs prior to this date are being borne by CEBC.

Notes to the financial statements

At 31 March 2015

The pension scheme assets are invested and managed independently of the finances of the Company and are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance costs. Actuarial gains and losses are recognised in Other Comprehensive Income. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the Statement of Financial Position.

i) Exceptional Items

Items that are either material in size or non-operating in nature are presented as operating exceptional items in the income statement within operating profit. The Directors are of the opinion that the separate recording of operating exceptional items provides helpful information about the Company's underlying business performance. Examples of events which may give rise to the classification of items as exceptional include, material non-recurring income or expenditure (e.g. discontinued operations or write down of inventories).

j) Revenue recognition

Revenue represents the income receivable excluding value added tax, trade discounts, in the ordinary course of business for goods and services provided. Revenue is measured at the fair value of consideration received

Revenue is not recognised until the services have been provided to the customer. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

k) Operating profit / (loss)

Operating profit/(loss) is stated after charging cost of sales and operating expenses against revenue recognised in the period but before finance charges and finance income.

m) Insurance

With the exception of Directors and Officers Indemnity Insurance, all other insurance is arranged through CEBC.

As a general principle for all CEBC wholly owned and controlled companies, all strategic assets (property, plant and equipment) with exception of sub-leased assets, will be retained by CEBC. As a consequence, CEBC can extend its existing insurance approach and policies to cover the majority of the insurance requirement of the companies. This means that the Company is covered by the same self insurance arrangements as CEBC.

Notes to the financial statements

At 31 March 2015

CEBC has established an Insurance Fund to meet these potential costs, with annual contributions being charged to its revenue account. CEBC therefore makes provision for claims notified and for claims incurred but which have not yet been notified.

n) Overheads & Support Services

Some support services are provided by fellow wholly owned subsidiary, Ansa Environmental Services Ltd (e.g. HR). Other support services are provided externally by CEBC. These external support services are provided in accordance with agreed charges set out in the contracts between the Company and CEBC and usually take the form of a fixed price, for a package of Support Services provided each year

o) Parent owned assets used in the course of business

Orbitas conducts its ordinary activities from and utilises the tangible assets (e.g. properties & vehicles) that are owned by its ultimate parent, CEBC. In regard of the properties, CEBC acts as corporate landlord for all CEBC wholly owned company's and is responsible for insuring the properties and all aspects of maintenance and utility costs. For vehicles, CEBC owned assets are provided for use, free of charge, however the company is responsible for maintenance and running costs associated with vehicles and plant.

o) VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from them. At the year end any amounts outstanding are represented by a debtor or creditor on the Balance Sheet.

p) Events after the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Accounts are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Accounts are adjusted to reflect such events;
- Those that are indicative of conditions that arose after the reporting period – the Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the Notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Accounts.

Notes to the financial statements

At 31 March 2015

3. Turnover

Turnover recognised in the Comprehensive Income Statement is analysed as follows:

	2015	2014
	£'000	£'000
Sale of goods	0	-
Provision of Electrician Services	57	-
Provision of Bereavement Services	1,295	-
	1,352	-
Finance revenue	0	-
Turnover from continuing operations	**0**	**-**

All turnover arose within the United Kingdom.

4. Operating Profit

This is stated after charging/(crediting):

	2015	2014
	£'000	£'000
Cost of stocks recognised as an expense (included in Cost of sales)	14	-

5. Auditors Remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided by the Company.

	2015	2014
	£000	£'000
External Audit Fee	6	-
Tax Compliance	2	-
Total	**8**	**-**

6. Staff costs and directors' remuneration

	2015	2014
	£'000	£'000
(a) Staff costs		
Wages and salaries	522	-
Social security costs	31	-
Other pension costs before defined benefit adjustment	103	-
	656	**-**

Notes to the financial statements

At 31 March 2015

The average monthly number of employees during the year was made up as follows:

	2015	2014
	No.	*No*
Management & Admin	6	-
Bereavement Services	18	-
Electricians	2	-

		2015	2014
		£'000	£'000
(b)	Directors remuneration	28	-

In respect of the highest paid director:

Aggregate remuneration	10	-
Accrued pension at the end of the year	-	-
Accrued lump sum at the end of the year	-	-

CEBC recharged directors' remuneration to Orbitas relating to the 2013-2014 financial year during 2014-2015, totalling £12,980.

7. Interest payable

	2015	2014
	£'000	£'000
Interest Income on pension scheme assets	(103)	-
Interest on pension scheme liabilities	122	-
Total interest expense	**19**	**-**

8. Debtors

	2015	2014
	£'000	£'000
Due within one year:		
Trade debtors	5	-
Other debtors	47	-
Amounts due from group undertakings	73	
Called up share capital not paid	-	1
Prepayments	12	-
	137	**1**

9. Stocks

	2015	2014
	£'000	£'000
Consumable stock	**37**	**-**

Notes to the financial statements

At 31 March 2015

10. Cash and cash equivalents

	2015	2014
	£'000	£'000
Cash at bank and in hand	**220**	**-**

11. Trade creditors

	2015	2014
	£'000	£'000
Due within one year:		
Trade creditors	67	-
Amounts owed to group undertakings	213	-
Taxation and social security	11	-
Other creditors	17	-
Accruals and deferred income	11	-
	319	**-**

12. Nature and extent of risks arising from Financial Instruments

The identification, understanding and management of risk are, by necessity, a major part of the Company's financial management activities. The current key risks are liquidity risk and credit risk

Liquidity Risk

This is the risk that the Company will not have sufficient cash resources to meet its obligations to its creditors and employees as they fall due for payment. The Company's primary contract is with Cheshire East Borough Council and is currently paid quarterly in advance for its contracted management fee (2014/15 Annual value £1.2m), therefore the company forecasts and manages its day to day cash flow through the management.

Credit Risk

This is the risk that the Company will not be repaid in full when it invests money with other financial institutions (counterparties). Credit risk is being reduced by using surplus cash balances to avoid the need to raise any long term loans to finance expenditure.

Orbitas makes provision for bad/doubtful debts over 6 months old. The table below shows likely impact of non-recovery of debtors based on experience over the last 12 months.

Notes to the financial statements

At 31 March 2015

	Amount deposited At 31 March 2015 £'000	Experience of Default %	Maximum exposure to default £'000
Trade Debtors	5	86	3
Other Debtors	47	5	2

The Company generally allows its trade debtors credit of 1 month. Of the £3,468 invoiced income outstanding from trade debtors, £3,468k is past its due date for payment. This is analysed by age below:

Age of invoiced debt:	£
Less that 3 month overdue	0
3 to 6 months overdue	468
6 months to 1 year overdue	3,000
More than 1 year overdue	0

13. Financial Instruments

An explanation of the Company's financial instrument risk management position is set out in note 15 above.

Liquidity Risk

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2015 based on contracted undiscounted payments.

Year ended 31 March 2015

Non-derivative financial liabilities

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Trade & other creditors	13	66	5	0	0	84

Trade and other Creditors mainly originate from the Company's ongoing operations. These assets are considered as part of the Company's overall liquidity risk.

Fair value of financial assets and financial liabilities

Set out on the next page is a comparison by category of carrying amounts and fair value of all the Company's financial instruments.

Notes to the financial statements

At 31 March 2015

	2015 Carrying amount £'000	2015 Fair Value £'000
<u>Financial assets</u>		
Loans and receivables		
Cash	220	220
Trade & other debtors	52	52
<u>Financial Liabilities</u>		
Trade and other creditors	84	84

The carrying value of short term receivables and payables are assumed to approximate their fair values where discounting is not material.

14. Authorised, issued and called up share capital

	2015 No	2015 £	2014 No	2014 £
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	£1.00		
Allotted, called up, not paid			1	£1.00

Cheshire East Borough Council holds 1 ordinary share of £1, issued and allotted in 2013-14, fully paid in 2014-15 year.

15. Reserves

2015	Retained Earnings £'000	Total Equity £'000
Opening pension scheme deficit	420	420
Actuarial loss of defined benefit		
Pension plans (net of tax)	<u>349</u>	<u>349</u>
Other Comprehensive income for the year	**<u>769</u>**	**<u>769</u>**
2014	Nil	Nil

The opening pension scheme deficit represents the opening position as at 1st April 2014 under IAS19 valuation basis. As noted under accounting policy (h), the pension scheme deficit reflects only that element accruing since 1st April 2014; all past service deficit in respect of employees at 31 March 2014 remained with CEBC.

Notes to the financial statements

At 31 March 2015

16. Pensions and other post employment benefits

As part of the terms and conditions of employment of its employees, the Company makes contributions towards the cost of post-employment benefits. Although these benefits are not payable until employees retire, the Company has a commitment to make payments towards the benefits and to disclose them at the time that employees earn their future entitlement.

The Company participates in the Local Government Pensions Scheme (LGPS). The rate of employer contributions due to the Fund is determined every three years and is based upon a valuation by the Funds' Actuary; the valuation effective for the 2014/15 financial year was undertaken as at 31 March 2013.

In year the Company paid employer contributions of £103,106 into the Cheshire Pension Fund (the Fund), which represented 20.4% of employees' pensionable pay.

The principal risks to the Company of the Scheme are the longevity assumptions, changes to inflation, bond yields, the performance of the equity investments held, and any significant statutory or structural changes to the Scheme. The risks are, in part, mitigated by the annual process of charging to the Company's Statement of Consolidated Income any increase/decrease in the net asset or liability, as identified by the actuarial valuation.

Notes to the financial statements

At 31 March 2015

Pensions and other post employment benefits (continued)

Transactions relating to Post-Employment Benefits

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year are analysed as follows:

	2014/15 Local Gov't Pension Scheme £'000
Year ended 31 March 2015	
Recognised in the Income Statement	
Current Service Cost	135
Recognised in arriving at operating profit	**135**
Of the total charge, £108,285 was included in cost of sales and £26,716 was included in administrative expenses.	
Net interest on defined benefit liability	19
Taken to the Statement of Comprehensive Income	
Initial recognition of net liability as at 1st April 2014	(420)
Return on plan assets (excluding amounts included in net interest expense)	237
Actuarial changes arising from changes in demographic assumptions	0
Actuarial changes arising from changes in financial assumptions	(586)
Recognised in the Statement of Comprehensive Income	**(769)**

Pensions Assets & Liabilities in the Statement of Financial Position

	2014/15 Local Gov't Pension Scheme £'000
Present value of the defined benefit obligation	3,641
Fair value of plan assets	(2,809)
Net liability arising from defined benefit obligation	**832**

Notes to the financial statements
At 31 March 2015

Pensions and other post employment benefits (continued)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	2014/15 Local Gov't Pension Scheme £'000
Present value of Scheme Liabilities at 1 April	2,770
Current Service Cost	135
Interest Cost	122
Contributions from Scheme participants	28
Re-measurement (gains) / losses arising from:	
- changes in demographic assumptions	0
- changes in financial assumptions	586
- changes in other assumptions	0
Past service cost (including curtailments)	0
Benefits paid	0
Liabilities extinguished on settlements	0
Present value of Scheme Liabilities at 31 March	**3,641**

Reconciliation of the fair value of plan assets:

	2014/15 Local Gov't Pension Scheme £'000
Opening fair value of Scheme assets at 1 April	2,350
Effect of Settlements	0
Interest Income	103
Re-measurement (gains) / losses:	
- return on plan assets, excluding the amount in the net interest expense	237
Contributions:	
- employers	91
- plan participants	28
Benefits paid	0
Closing fair value of Scheme Assets at 31 March	**2,809**

Notes to the financial statements
At 31 March 2015

Pensions and other post employment benefits (continued)

At the date of the Statement of Financial Position, the Company's share of scheme assets was as follows:

	Fair Value at 31-Mar-15 £'000
Equity securities:	
Consumer	378
Manufacturing	148
Energy and Utilities	71
Financial Institutions	92
Health and Care	46
Information Technology	133
Other	78
	946
Debt Securities:	
Other (non-Corporate, non-Government) *	0
Private Equity *	136
Property:	
UK Property *	224
Overseas Property *	7
	231
Investment Funds and Unit Trusts:	
Equities	538
Bonds	359
Hedge Funds *	394
Other *	161
	1,451
Cash and cash equivalents *	45
Total value of Scheme assets	**2,809**
Comprising:	
Assets in Active Markets	1,842
Assets not in Active Markets (marked * above)	967
Total value of Scheme assets	**2,809**

Notes to the financial statements
At 31 March 2015

Pensions and other post employment benefits (continued)

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries. The estimates used have been based on the last formal valuation of the Fund, carried out as at 31 March 2013 and projected forward to 31 March 2015

The table below shows the principal assumptions used by the Actuary:

	2014/15 Local Gov't Pension Scheme £'000
Mortality Assumptions:	
Average life expectancy at 65 for current pensioners:	
- Men	22.3 years
- Women	24.4 years
Average life expectancy at 65 for future pensioners:	
- Men	24.1 years
- Women	26.7 years
Financial Assumptions:	
Rate of increase in salaries	3.3%
Rate of increase in pensions	2.4%
Rate of discounting scheme liabilities	3.2%
Commutation	
An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.	

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and, for each change, assumes that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for both men and women. In practice this is unlikely to occur and changes in some of the assumptions may be interrelated.

Notes to the financial statements

At 31 March 2015

Pensions and other post employment benefits (continued)

The estimations in the sensitivity analysis have followed the accounting policies for the Scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period. The sensitivities regarding the principal assumptions used to measure the Scheme liabilities are:

	Approx. % increase to Employers Liability	Approximate monetary amount
	Local Gov't Pension Scheme	Local Gov't Pension Scheme
	%	£'000
0.5% decrease in Real Discount Rate	12%	425
1 year increase in Member Life Expectancy	3%	109
0.5% increase in the Salary Increase rate	5%	195
0.5% increase in the Pension Increase Rate	6%	218

Impact on Orbitas Cash flows

An objective of the Scheme is to keep the employer's contributions at as constant a rate as possible. There is an agreed strategy with the Scheme's actuary to achieve a funding level of 100% over the next 20 years and funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The actuary's 2015 assessment takes account of national changes introduced by the Public Pensions Services Act 2013. For service dating from 1 April 2014, the Act replaces a retiring employee's entitlement to pension based on final salary with a scheme based on career average earnings. This effect of this change in entitlement will be reflected in the net pension liability from 2014/15 onwards. The Company anticipates making employer contributions of £0.128m to the local Government Pension Scheme in 2015-16. The weighted average duration of the defined benefit obligation of Scheme members is 18.5 years:

	Liability Split	Weighted Average Duration (years)
Active Members	100%	18.5
Deferred Members	0%	0.0
Pensioner Members	0%	0.0
	100%	**18.5**

Notes to the financial statements

At 31 March 2015

17. Directors interests

Mr Kevin Melling, Managing Director, has interests in the following CEBC wholly owned companies:

- Ansa Environmental Services Ltd
- Transport Service Solutions Ltd

Transactions between fellow wholly owned subsidiaries are reported below in note 18.

18. Other related party transactions

During the year the Company entered into transactions, in the ordinary course of the business, with other related parties. Those transactions with directors are disclosed in note 6. Transactions entered into, and trading balances outstanding at 31 March with other related parties, are as follows:

2014-15	Sales to related party £'000	Purchases from related party £'000	Amounts owed by related party £'000	Amounts owed to related party £'000
Cheshire East B C	(1,320)	272	72	(127)
Ansa Env. Services Ltd	-	105	-	(86)
	(1,320)	377	72	(213)

19. Ultimate group undertaking

The Company's immediate and ultimate parent undertaking is CEBC. The Company is included within these group accounts which are publically available.

20. Contingent Liability

There is a contingent liability for Corporation Tax in the event that the claim for exemption from Corporation Tax is not successful and a current/ deferred tax liability crystallises.