

**GOVERNANCE AND AUDIT COMMITTEE TRADING
ACTIVITIES SUB GROUP**

Friday, 28th September, 2012

2.00 pm

Swale 3, Sessions House, County Hall, Maidstone



AGENDA

GOVERNANCE AND AUDIT COMMITTEE TRADING ACTIVITIES SUB GROUP

Friday, 28 September 2012 at 2.00 pm
Swale 3, Sessions House, County Hall,
Maidstone

Ask for: **Andrew Tait**
Telephone: **01622 694342**

Tea/Coffee will be available 15 minutes before the meeting

Membership (3)

Conservative (2): Mr R L H Long, TD and Mr C T Wells

Liberal Democrat (1): Mr T Prater

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

Item

- 1 Substitutes
- 2 Declarations of Interest by Members for items on the agenda
- 3 Minutes - 4 July 2012 (Pages 1 - 4)
- 4 Protocol relating to companies in which KCC has an interest (Pages 5 - 12)
- 5 East Kent Opportunities LLP (Pages 13 - 28)
- 6 KCC's dormant companies (Pages 29 - 32)
- 7 KCC's Limited Companies 2011/12 Statutory Accounts (Pages 33 - 312)
- 8 Re-alignment of Commercial Services structure following external review of its activities. (Pages 313 - 356)

Peter Sass
Head of Democratic Services
(01622) 694002

Thursday, 20 September 2012

Please note that any background documents referred to in the accompanying papers may be inspected by arrangement with the officer responsible for preparing the relevant report.

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KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE TRADING ACTIVITIES SUB GROUP

MINUTES of a meeting of the Governance and Audit Committee Trading Activities Sub Group held in the Swale 2, Sessions House, County Hall, Maidstone on Wednesday, 4 July 2012.

PRESENT: Mr R L H Long, TD, Mr T Prater and Mr C T Wells

ALSO PRESENT: Mr R F Manning and Mr J D Simmonds

IN ATTENDANCE: Mr A Wood (Corporate Director of Finance and Procurement), Mr G Record (Finance and Procurement Officer), Ms N Major (Interim Head of Internal Audit), Mr N Jordan (EduKent Manager), Mr P McSweeney (EduKent Officer) and Mr A Tait (Democratic Services Officer)

UNRESTRICTED ITEMS

1. Minutes - 17 May 2010

(Item 3)

RESOLVED that the Minutes of the meeting held on 17 May 2010 are correctly recorded and that they be signed by the Chairman.

2. Protocol relating to Companies in which KCC has an interest

(Item 4)

(1) The Finance and Procurement Officer reported that he had been asked to review the existing *Protocol relating to companies in which KCC has an interest* and the more detailed accompanying *Guidance on Local Authority Companies*. The review had established that the Protocol was fit for purpose subject to some minor amendments which were contained in the body of the written report.

(2) RESOLVED that:-

- (a) the report be noted for assurance;
- (b) the proposed amendments to the Protocol be recommended to Governance and Audit Committee; and
- (c) the Protocol and Guidance be reviewed bi-annually, unless fundamental changes (for example, legislative changes) necessitate a review during the intervening period.

3. EduKent

(Item 5)

(1) The EduKent Manager provided an update on EduKent's current position and made recommendations on how best to ensure its successful and sustainable

development and growth. These included the establishment of an Edukent Board, headed by the Corporate Director for Education, Learning and Skills.

(2) The Sub-Group endorsed the suggestion made by the Corporate Director of Finance and Procurement that a Shadow Board should be established in order to draw up proposed governance arrangements and a business plan which the Sub-Group could consider in detail at a later stage.

(3) RESOLVED that:-

- (a) the report and its recommendations be noted; and
- (b) that a further report be submitted at the earliest opportunity setting out the proposed governance arrangements and a business plan for the Sub-Group's consideration.

4. KCC Limited Companies - 2011/12 Draft Results (subject to audit)

(Item 6)

(1) The Corporate Director of Finance and Procurement reported on the draft material transactions, information and results in relation to the companies that KCC had an interest in. These results were to be included in KCC's Statement of Accounts 2011/12.

(2) In response to questions from the Sub-Group Members, the Corporate Director of Finance and procurement confirmed that a report by an independent consultant on the County Council's commercial businesses would be considered by the Sub-Group at a meeting to be arranged to take place in September 2012.

(3) The Sub-Group asked for a report on East Kent Opportunities LLP to be presented to its next meeting together with a list of all the LLPs and any Joint Arrangements that are Not an Entity (JANEs) that the County Council was involved in.

(4) The Sub-Group asked for a report on dormant Kent Companies.

(5) RESOLVED that:-

- (a) the content of the report be noted for assurance;
- (b) the accurate, complete and up-to-date record of all companies in which KCC has an interest be noted together with the draft (subject to Audit) material transactions, information and results in relation to these companies - for inclusion in KCC's Statement of Accounts 2011-12; and
- (c) a report on East Kent Opportunities LLP and on Kent's dormant companies be presented to the next meeting of the Sub-Group together with a list of all LLPs and JANEs that the County Council is involved in.

5. Trading Activities/Units 2011/12 draft Results (subject to audit)

(Item 7)

(1) The Corporate Director of Finance and Procurement reported the £392.66m trading activity turnover generated across the County Council. He asked the Sub-Group to note that information on the actual cost involved in producing the turnover figures could not be isolated from core activities without undertaking a prohibitive amount of research.

(2) The Sub-Group asked for future reports on this subject to provide some analysis of financial trends; i.e. year-on-year comparative figures.

(3) RESOLVED that:-

(a) the contents of the report be noted for assurance; and

(b) the Trading Activity Results for 2011-12 be noted together with the intention to develop a more refined analysis of the costing, pricing and trends of KCC's trading activities for future reports.

EXEMPT ITEMS

(Open access to Minutes)

The Sub-Group resolved under Section 100A of the Local Government Act 1972 to exclude the public from the meeting for the following business on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 2, 5 and 7 of Part 1 of Schedule 12A of the Act.

6. Update on Kent Cultural Trading (oral report)

(Item 9)

(1) The Interim Head of Internal Audit reported the ongoing investigation into the activities of Kent Cultural Trading Ltd. She explained that the Sub-Group Members needed to be aware that this work was taking place and that a full report on this matter would be presented to the Sub-Group and its parent Committee at the earliest opportunity.

(2) RESOLVED that the report be noted.

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By: John Simmonds, Cabinet Member for Finance & Business Support
Andy Wood, Corporate Director of Finance & Procurement

To: Governance and Audit Committee Trading Activities Sub Group - 28
September 2012

Subject: Protocol relating to companies in which KCC has an interest (the 'Protocol')

Classification: Unrestricted

Summary: Members are invited to approve a small number of proposed amendments to the Protocol, following the request at the Governance and Audit Committee meeting on 26 July 2012 that the Protocol be updated to address specifically anti-fraud and corruption policies.

FOR DECISION

INTRODUCTION

1. The proposed amendments to address specifically anti-fraud and corruption policies are set down in paragraph 3 below.
2. An updated version of the Protocol incorporating the proposed amendments is enclosed at **Appendix 1**.

PROPOSED AMENDMENTS TO THE PROTOCOL

3. Paragraph 7 of the Protocol states that 'The Council shall only become a member or director of a company following a decision of the Cabinet or relevant Cabinet Member taken in accordance with the decision making procedures set out in the Council's Constitution'. It then makes it clear that when seeking such a decision any report to the Cabinet or relevant Cabinet Member shall include statements about a number of specific matters. Sub-paragraph 7(d) concerns 'what Council policies (if any) are to apply to the company'. It is recommended that an additional sentence is added at the end of sub-paragraph 7(d), and that a new sub-paragraph, 7(e), is inserted (as the new penultimate sub-paragraph in paragraph 7) so that the Protocol reads:

'(d) what Council policies (if any) are to apply to the company. If no policies have been stated in the Member decision and the company directors do not formally set their own, the policies adopted should default automatically to KCC policies. Where a company adopts its own policies, assurance must be provided that adequate policies and procedures are in place, with particular reference to anti-fraud and corruption

- (e) that appropriate due diligence has been completed which must include an evaluation of the background, experience and reputation of the company and/or the proposed and existing directors'

RECOMMENDATION

4. Members are invited to approve the proposed amendments to the Protocol set out in paragraph 3 above and incorporated in the updated version of the Protocol attached at **Appendix 1**, following the request at the Governance and Audit Committee meeting on 26 July 2012 that the Protocol be updated to address specifically anti-fraud and corruption policies.

Guy Record, BSS, Finance & Procurement, September 2012

Protocol relating to companies in which KCC has an interest

1. In relation to companies in which the Council has an interest, it is imperative that they are set up, managed and run according to rules of good governance so that risks are mitigated. This Protocol aims to establish processes and provide additional controls to ensure such rules are in place.
2. Anyone within the Council intending to set up a company should refer to the ['Guidance on Local Authority Companies'](#) document on KNET. A robust business case must be provided which gives a cost benefit analysis, considers the accounting and tax implications for the Council and identifies any risks to the Council. The business case must go through the Governance and Audit Committee Trading Activities Sub Group who will examine this and make recommendations. In light of the recommendations the relevant Cabinet Member shall approve the company's business case. Where the company is intending to exercise the power to trade pursuant to section 95 of the Local Government Act 2003, the business case shall contain enough detail to satisfy the requirements of this Act and be similar to that required by the Council for major capital projects.
3. This Protocol relates to the following companies:
 - (a) in the case of companies with issued share capital, those companies in which the Council's interest is more than 1% of the issued share capital, where those shares are held other than for solely investment purposes
 - (b) in the case of any company without shares, where the Council is a member
 - (c) any company of whatever sort in which the Council nominates one or more directors or itself is (or has the right to be) a company director
4. In the case of a company formed or controlled by the Council (or where the Council has, or can reasonably have, input into the wording of the Memorandum and Articles), the following provisions must appear in the company's Articles:
 - (a) The registered office shall be specified as: Sessions House, County Hall, Maidstone, Kent ME14 1XQ (care of the Corporate Director of Finance and Procurement).
 - (b) The Corporate Director (or Managing Director) within whose remit the company's business lies, shall be responsible for nominating a secretary for the company from among his/her staff. A register of all company secretaries will be maintained.
 - (c) Any Member or officer of the Council who is appointed as a director or secretary of that company shall not be appointed in their own private capacity but shall be appointed as a nominee of the Council, which shall have the power to remove and replace such director or secretary as it may see fit.
 - (d) It shall be the responsibility of the Council's representative on the board to make whatever arrangements may be necessary to ensure the

company makes a full annual report of its activities to the Cabinet within three months after the end of its financial year.

- (e) No Member or officer of the Council who is appointed as a director or secretary of that company (or who represents the Council at any meeting of the company or of the board) shall receive any income from the company unless the Council's Corporate Director of Finance and Procurement so agrees in writing in advance. If any income is received by a Member or officer, it must be documented in the relevant Register of Interests and published on the Council's website.
5. In respect of any company to which this Protocol applies the following rules shall also apply (even if not included in the company's Articles):
- (a) Any director of the company who is nominated by the Council (and any person authorised to represent the Council at a meeting of the company or of the board) shall be appointed by the Cabinet or relevant Cabinet Member in accordance with the decision making procedures set out in the Council's Constitution.
 - (b) Any person authorised to represent the Council at a meeting of the company (where the Council is a member of the company) or of the board (where the Council is a director of the company) shall follow such directions as to the operation of the company as may be determined by the Cabinet or relevant Cabinet Member from time to time in accordance with the decision making procedures set out in the Council's Constitution.
 - (c) Directors nominated by the Council shall (so far as permitted by law and their duties to the company as directors) follow such directions as to the operation of the company as may be determined by the Cabinet or relevant Cabinet Member from time to time in accordance with the decision making procedures set out in the Council's Constitution.
 - (d) Members or officers representing the Council on any board shall only take decisions which are in accordance with the company's articles and any Council policies that are to apply to the company.
 - (e) Where Members or officers of the Council incur expenses as a result of their involvement in the company, this shall be claimed by them from the company as the Council's Corporate Director of Finance and Procurement may direct.
6. In any situation where a Member or officer of the Council (or any member of their close family) is (in their private capacity) a member, director or secretary of a company of which the Council is also a member or director, or in respect of which the Council has the right to nominate one or more directors, then such Member or officer shall notify the Corporate Director of Finance and Procurement of this in writing as soon as they become aware of the same. These should be documented in the relevant Register of Interests or Statement of Related Party Transactions, The purpose of this is to prevent the company becoming a local authority company without the Council becoming aware of it.
7. The Council shall only become a member or director of a company following a decision of the Cabinet or relevant Cabinet Member taken in accordance with the decision making procedures set out in the Council's Constitution. When

seeking such a decision any report to the Cabinet or relevant Cabinet Member shall state:

- (a) the Council's rights of membership and to nominate directors (or to itself become a corporate director)
 - (b) the purpose of the company and of the Council's involvement
 - (c) the identity of the initial nominated directors and secretary and any person who is intended to be authorised to represent the Council at a meeting of the company (where the Council is a member of the company) or of the board (where the Council is a corporate director of the company)
 - (d) what Council policies (if any) are to apply to the company. If no policies have been stated in the Member decision and the company directors do not formally set their own, the policies adopted should default automatically to KCC policies. Where a company adopts its own policies, assurance must be provided that adequate policies and procedures are in place, with particular reference to anti-fraud and corruption
 - (e) that appropriate due diligence has been completed which must include an evaluation of the background, experience and reputation of the company and/or the proposed and existing directors
 - (f) any other limits the Councils' Corporate Director of Finance and Procurement or Monitoring Officer recommend be placed on the activities of the company.
8. Once the decision process is completed, the company shall be formed and the Council Members and officers involved with the company shall ensure (so far as it is within their remit) that the relevant policies are applied by the company.
9. This Protocol shall also apply to companies already in existence and as regards such companies:
- (a) a decision dealing with all the relevant matters set out in this Protocol is to be taken under the decision making procedures set out in the Council's Constitution by Cabinet or the relevant Cabinet Member as soon as reasonably practicable, and
 - (b) the Articles to such companies shall (where appropriate and reasonably practicable) be amended as soon as possible.
10. Both as regards companies already in existence and companies yet to be formed, all Members and officers of the Council should, from the date of adoption of this Protocol, act (so far as is reasonably practicable) as if the Articles had already been amended as required by this Protocol, whether or not this has in fact happened.
11. Members and officers of the Council who are running KCC companies must pass a resolution of the company to provide Internal Audit with all information and explanations required to perform internal audits of the companies from time to time. In addition, they must seek appropriate advice from time to time to ensure that:

APPENDIX 1

- (a) they and the company are operating within the law, specifically where they intend to change or expand the business activities of the company
 - (b) they are aware of the extent of their potential personal liabilities, conflicts of interest and any indemnities or insurance cover provided by KCC that may apply to them.
12. KCC Legal Services and KCC Finance between them have produced 'Guidance on Local Authority Companies' that covers these issues in detail and will update and expand this as necessary from time to time.
13. In order that Members and officers of the Council can be fully aware at all times of the extent of KCC's interests in local authority companies and their exposure to potential legal, financial and reputational risks, the Corporate Director of Finance and Procurement shall maintain an accurate, complete and up-to-date record of all companies in which KCC has an interest, clearly identifying those that are trading. Members and officers of the Council are required to supply timely information to the Corporate Director of Finance and Procurement so as to ensure that these records can be fully and properly maintained.
14. Pursuant to Part II of the Local Authorities (Companies) Order 1995, where a company is regulated by KCC (i.e. KCC either controls or has serious influence over it) then the company must provide any Member of the council who requests it such information as that Member reasonably requires for the proper discharge of their duties (but not so as to require breach of any law or of any obligation to a third party).
15. Members and officers representing the Council on the board of any company will at all times comply as appropriate with the County Council's Code of Member Conduct and the Officers Code of Conduct as set out in the Constitution from time to time.
16. Under Appendix 2 Part 2 of the Council's Constitution, the Selection and Member Services Committee is responsible (inter alia) for "making appointments and nominations on behalf of the Council to serve on outside bodies (except those needing to be made by the Leader in connection with a delegation by him of his functions, the list of those appointments to be agreed between the Leader and the Committee from time to time)". Where a decision to appoint rests with the Leader, then the formal decision of the Cabinet or relevant Cabinet Member under paragraph 6 of this Protocol shall act as such appointment. Where the decision rests with the Selection and Member Services Committee, then such appointment shall not take effect unless and until the Committee has resolved to make such appointment.
17. Company directors' duties are codified in Companies Act 2006. There are seven specific duties:

- (a) to act within powers
 - (b) to promote the success of the company
 - (c) to exercise independent judgement
 - (d) to exercise reasonable skill and care
 - (e) to avoid conflicts
 - (f) not to accept benefits from third parties
 - (g) to declare any interest in a proposed transaction
18. As a matter of general principle, the overriding duty of any director in considering an item before the company is to vote in accordance with the interests of that company. In the case of a director who is also an elected Member, or an officer of KCC, this might give rise to a conflict with the interests of KCC.
19. Directors and company officers are responsible for keeping accounts and making relevant returns to the Registrar of Companies, and in addition are required to lodge a copy of the Companies House Annual Return (showing directors and ownership) with KCC Legal Services and KCC Finance.
20. Elected Members and council officers are under a specific obligation (under the Local Authorities (Companies) Order 1995) to report back to the council through the Trading sub group on their involvement in outside companies to which they have been nominated by KCC. Any changes to companies' structure should also be reported to this group.
21. Various breaches of obligation can lead to a director having personal liability or being disqualified from acting as a director. In particular, failure to declare an interest is a criminal offence.
22. KCC's insurance arrangements do not provide an indemnity for Members and officers involved with outside bodies when they act:
- (a) solely on behalf of an outside body
 - (b) outside their delegated powers, i.e. in a decision-making capacity rather than as advisors or observers
 - (c) outside the authority's statutory powers
23. Companies should purchase directors' and officers' liability insurance to protect their directors and officers against claims of negligence, breach of duty, trust, default, etc. Directors should liaise with the company to ensure that such a policy of insurance is maintained at all times, and covers the director as much as it can.
24. KCC may exceptionally give a wider indemnity to specific members/officers where the council specifically requires that person to become a director for KCC business reasons. KCC would insist that such a wider indemnity only dealt with anything not covered by the company's insurance.
25. More detail on indemnities and insurance can be found in the advice note "Members & Officers Indemnity" prepared by the Finance Unit to which reference should be made.
26. There can be a tendency to assume that a new venture requires a new legal entity, and that therefore a new project should be commenced in a new company. This is not necessarily the case. There are a limited number of situations where a limited company might be appropriate. These are:

APPENDIX 1

- (a) Where there is trading to be carried out under the provisions of section 95 of the Local Government Act 2003. Section 95 provides a specific power to trade but the Act says that such trading must be carried out through a limited company. It must be noted that not all trading by KCC is necessarily under the provisions of Section 95. There are other cases where trading can be carried on under other powers (and where therefore a limited company may not be needed). Examples of these other powers are:
- i. Where what is being done is the provision of goods and/or services to another public body under the provisions of the Local Authorities (Goods and Services) Act 1970, whether a particular organisation is a public body for the purposes of that Act is specified in regulations.
 - ii. Where what is being done is incidental to the main function that is being carried out. An example of this might be a library occasionally selling books as part of a promotion of reading. This power will be fairly tightly interpreted. If the main purpose of the activity is to raise money that will not be considered incidental to the original function.
 - iii. Where what is being done is use of surplus capacity. An example might be a council landscape service having raised too many plants and selling off the surplus to the public. If the activity requires the taking on of additional staff or the procurement of new services or equipment then it will almost certainly not come within this category.
- (b) Where for some other specific reason it is advised that a limited company be formed. Typically these reasons will include the wish to take the activity out of the mainstream of KCC activity – either so as to encourage external funding or involvement, or to permit employment of staff outside KCC’s usual terms and conditions for directly employed staff, e.g. Kent Top Temps.
27. Whatever power is being used, and whether a company is being formed or not, care must be taken not to exceed the scope of activity permitted by such powers.
28. More detail on companies generally can be found in the advice note “Local Authority Companies” prepared by the Corporate Director of Finance and Procurement and the Director of Governance and Law to which reference should be made.

Author’s name and title:

Date:

By: John Simmonds, Cabinet Member for Finance & Business Support
Andy Wood, Corporate Director of Finance & Procurement

To: Governance and Audit Committee Trading Activities Sub Group - 28
September 2012

Subject: East Kent Opportunities LLP

Classification: Unrestricted

Summary: To provide a report on East Kent Opportunities LLP as requested at the Governance and Audit Committee Trading Activities Sub Group meeting on 4 July 2012.

FOR ASSURANCE

INTRODUCTION

1. At the last meeting of the G&A Trading Activities Sub Group on 4 July 2012, it was agreed that a report on East Kent Opportunities LLP be presented at the Sub Group's next meeting, together with a list of all the LLPs and any Joint Arrangements that are Not an Entity (JANES) that the County Council was involved in.
2. East Kent Opportunities LLP is the only LLP / JANE that the County Council is involved in.
3. A briefing on the East Kent Opportunities (EKO) Accounts was offered to all Members by Cath Head. This was undertaken on the 15 May 2012.
4. This report provides an update on East Kent Opportunities LLP, and its Annual Report and Financial Statements for 2011/12 are attached for Members' review and consideration.

UPDATE ON EAST KENT OPPORTUNITIES

5. Background - Kent County Council (KCC) and Thanet District Council (TDC) wished to bring forward the economic development and regeneration of the sites known as Eurokent and Manston Business Park. A Member Agreement was signed on the 22 August 2008 and a joint arrangement vehicle was set up, the East Kent Opportunities LLP (EKOLLP), which was incorporated on the 4 March 2008. KCC and TDC have 50:50 ownership, control and economic participation in the joint arrangement. KCC and TDC contributed 38 acres of land each to EKOLLP. The land was valued for stamp duty land tax (SDLT) at £5.5m (KCC contribution) and £4.5m (TDC contribution). The powers used are the 'well-being powers' provided to local authorities in Part I of the Local Government Act 2000.

6. The key developments and issues to note during 2011/12 are as follows:
- i. The Manston site has continued to be marketed and there have been several expressions of interest. Due to both the current economic climate and risk aversion of the lending banks, at present no initial expressions of interest have been converted to a completed sale.
 - ii. In recent months the level of interest in the business park has increased and EKOLLP has secured a sale of 1 acre of land, subject to planning. This deal will enable significant workforce expansion of a large international manufacturing company already based in the area.
 - iii. The poor take-up of land sales and subsequent development is a situation which is shared by nearly all other Business Parks in the Country/County at present. The significant number of high quality industrial and commercial premises available on the second hand market, including those at Manston Business Park, make the construction of new premises a less viable business decision.
 - iv. It is hoped that once the first sale at Manston is completed, whilst a small plot, it will act as an incentive to bring renewed interest and demonstrate to the market that Manston Business Park is a viable business location.
 - v. The Eurokent site is the subject of a major outline mixed use planning application which proposes commercial, community and retail space and up to 550 new homes. The application was registered in October 2011 and has been the subject of extensive negotiations with the Local Planning Authority.
 - vi. A range of additional information has been required by the LPA regarding Highway matters and natural habitat provisions, and survey information tied to changes to the Government's National Planning Policy Framework has caused delays in the determination of the application.
 - vii. It is envisaged that the application will be determined in October 2012.
7. East Kent Opportunities LLP's Annual Report and Financial Statements for 2011/12 are attached, and the key points can be summarised as follows:
- i. In 2011/12, in the EKOLLP accounts, the net assets of the joint arrangement are £10m with an operating loss before members' remuneration and profit shares available for discretionary division among members of £0.40m.
 - ii. The accounts were approved at the last EKO Management Committee on 1 August 2012 and are currently out for signing.

RECOMMENDATION

8. Members are recommended to note the contents of this report for assurance, and to note East Kent Opportunities LLP's Annual Report and Financial Statements for 2011/12 (attached).

Cath Head, BSS, Finance & Procurement, September 2012

Registered number: OC335231

East Kent Opportunities LLP

Annual report and financial statements

For the year ended 31 March 2012

East Kent Opportunities LLP

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East Kent Opportunities LLP

Designated Members

Kent County Council
Thanet District Council

LLP registered number
OC335231

Registered office
Sessions House Room S.3.08, County Hall, Maidstone, Kent, ME14 1XG

Auditors
Reeves & Co LLP, 37 St Margaret's Street, Canterbury, Kent, CT1 2TU

East Kent Opportunities LLP

Members' report

For the year ended 31 March 2012

The members present their annual report together with the audited financial statements of East Kent Opportunities LLP (the LLP) for the year ended 31 March 2012.

Principal activities

The principal object of the LLP is to provide, acquire and develop Manston, KCC Eurokent and TDC Eurokent and any other properties in Kent the members believe appropriate investments.

Designated Members

Kent County Council and Thanet District Council were designated members of the LLP throughout the period.

Members' capital and interests

Each member's subscription to the capital of the LLP is determined by their share of the profit and is repayable following retirement from the LLP.

Details of changes in members' capital in the year ended 31 March 2012 are set out in the financial statements.

Members are remunerated from the profits of the LLP and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between members after finalisation of the financial statements. Members draw a proportion of their profit shares monthly during the year in which it is made, with the balance of profits being distributed after the year, subject to the cash requirements of the business.

Members' responsibilities statement

The members are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law, as applied to LLPs, requires the members to prepare financial statements for each financial year. Under that law the members 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, as applied to LLPs, the members 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the entity's transactions and disclose with reasonable accuracy at any time the financial position of the LLP 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 LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

East Kent Opportunities LLP

Members' report (continued)
For the year ended 31 March 2012

Auditors

The auditors, Reeves & Co LLP, have indicated their willingness to continue in office. The Designated members will propose a motion re-appointing the auditors at a meeting of the members.

This report was approved by the members on and signed on their behalf, by:

Kent County Council
Designated member

East Kent Opportunities LLP

Profit and loss account For the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	1	85,257	-
Administrative expenses		(479,513)	(353,344)
Operating loss	2	(394,256)	(353,344)
Interest receivable and similar income		101	40
Interest payable and similar charges		(6,835)	(774)
Loss for the financial year before members' remuneration and profit shares available for discretionary division among members		(400,990)	(354,078)

The notes on pages 8 to 12 form part of these financial statements.

Balance sheet
As at 31 March 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	3		10,165,489		10,165,489
Current assets					
Debtors	4	5,716,144		5,224,870	
Cash at bank		144,076		9,014	
		5,860,220		5,233,884	
Creditors: amounts falling due within one year	5	(816,850)		(353,838)	
Net current assets			5,043,370		4,880,046
Total assets less current liabilities			15,208,859		15,045,535
Creditors: amounts falling due after more than one year	6		(5,247,859)		(5,084,535)
Net assets attributable to members			9,961,000		9,961,000
Represented by:					
Equity					
Members' other interests - Other reserves classified as equity under FRS 25			9,961,000		9,961,000
			9,961,000		9,961,000
Total members' interests					
Amounts due from members (included in debtors)			(5,617,117)		(5,216,127)
Members' other interests			9,961,000		9,961,000
	7		4,343,883		4,744,873

The financial statements have been prepared in accordance with the special provisions relating to LLPs subject to the small LLPs regime within Part 15 of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the members and were signed on their behalf on

Kent County Council
Designated member

Thanet District Council
Designated member

The notes on pages 8 to 12 form part of these financial statements.

**Notes to the financial statements
For the year ended 31 March 2012**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

1.2 Turnover

Turnover comprises of grants received which are recognised in the profit and loss account in the period in which the expenditure towards which they relate is incurred.

1.3 Tangible fixed assets and depreciation

Land is recorded at its open market value at the date of the last valuation carried out by professional valuers.

1.4 Members' Participation Rights

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with the FRSS (IAS 32) Financial Instruments: Disclosure and Presentation and UITF abstract 39 Members' shares in co-operative entities and similar instruments. A members' participation right results in a liability unless the right to any payment is discretionary on the part of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense in the Profit and Loss Account in the relevant year. To the extent that they remain unpaid at the year end, they are shown as liabilities in the Balance Sheet.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

All amounts due to members that are classified as liabilities are presented in the Balance Sheet within 'Loans and other debts due to members' and are charged to the Profit and Loss Account with 'Members' remuneration charged as an expense'. Amounts due to members that are classified as equity are shown in the Balance Sheet within 'Members' other interests'.

East Kent Opportunities LLP

Notes to the financial statements For the year ended 31 March 2012

2. Operating loss

The operating loss is stated after charging:

	2012 £	2011 £
Auditors' remuneration	<u>4,500</u>	<u>6,600</u>

3. Tangible fixed assets

	Freehold property £
Cost	
At 1 April 2011 and 31 March 2012	<u>10,165,489</u>
Depreciation	
At 1 April 2011 and 31 March 2012	<u>-</u>
Net book value	
At 31 March 2012	<u>10,165,489</u>
At 31 March 2011	<u>10,165,489</u>

The historical cost is based on an independent professional valuation of the land which was carried out in September 2008 by Savills (L&P) Limited, Chartered Surveyors.

4. Debtors

	2012 £	2011 £
Other debtors	99,027	8,743
Amounts due from members	5,617,117	5,216,127
	<u>5,716,144</u>	<u>5,224,870</u>

East Kent Opportunities LLP

Notes to the financial statements For the year ended 31 March 2012

5. Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	33,157	53,266
Amounts owed to members	619,297	190,000
Social security and other taxes	17,085	-
Other creditors	147,311	110,572
	<u>816,850</u>	<u>353,838</u>

6. Creditors: Amounts falling due after more than one year

	2012 £	2011 £
Other loans	<u>5,247,859</u>	<u>5,084,535</u>

Included within other loans is £5,247,859 (2011: £5,084,535) due to Kent County Council for reimbursement of costs associated with a building project.

**Notes to the financial statements
For the year ended 31 March 2012**

7. Reconciliation of members' interests

	Members' capital (classified as equity) £	Other reserves £	Total members' other interests £	Loans and debts due to members less any amounts due from members in debtors £	Total £
Members' interests: balance at 1 April 2010	9,961,000	-	9,961,000	(4,862,049)	5,098,951
Loss for the year available for discretionary division among members	-	(354,078)	(354,078)	-	(354,078)
Members' interests after loss for the year	9,961,000	(354,078)	9,606,922	(4,862,049)	4,744,873
Allocated profit for period	-	354,078	354,078	(354,078)	-
Members' interests: balance at 1 April 2011	9,961,000	-	9,961,000	(5,216,127)	4,744,873
Loss for the year available for discretionary division among members	-	(400,990)	(400,990)	-	(400,990)
Members' interests after loss for the year	9,961,000	(400,990)	9,560,010	(5,216,127)	4,343,883
Allocated profit for period	-	400,990	400,990	(400,990)	-
Members' interests at 31 March 2012	9,961,000	-	9,961,000	(5,617,117)	4,343,883

8. Contingent liabilities

Under the terms of the agreement with KCC, there exists a provision for claims under the Land Compensation Act. This provision is estimated at £200,000 (2011: £693,223). The Members are of the opinion that there may be possible future obligations arising from past events but that the occurrence of these obligations will only be confirmed by future events outside of the control of the Members. Thus the provision is treated as a contingent liability.

**Notes to the financial statements
For the year ended 31 March 2012**

9. Related party transactions

In the opinion of the members there is no controlling party as defined by Financial Reporting Standard for Smaller Entities.

Included in trade creditors at 31 March 2012 is £26,416 (2011: £38,271) due to Kent County Council for expenses paid for on behalf of the limited liability partnership.

Also included in creditors due less than one year is an amount of £619,297 (2011: £190,000) due to Kent County Council and Thanet District Council in respect of short term financing made available to East Kent Opportunities LLP.

East Kent Opportunities LLP

Detailed trading and profit and loss account For the year ended 31 March 2012

	Page	2012 £	2011 £
Turnover	14	85,257	-
Less: Overheads			
Administration expenses	14	(479,513)	(353,344)
		<hr/>	<hr/>
Operating loss		(394,256)	(353,344)
Interest receivable	14	101	40
Interest payable	14	(6,835)	(774)
		<hr/>	<hr/>
Loss for the year available for discretionary division among members		(400,990)	(354,078)
		<hr/> <hr/>	<hr/> <hr/>

East Kent Opportunities LLP

Schedule to the detailed accounts For the year ended 31 March 2012

	2012 £	2011 £
Turnover		
Grant income	<u>85,257</u>	<u>-</u>
	2012 £	2011 £
Administration expenses		
Management charges	28,227	13,209
Computer costs	95	93
Advertising and promotion	3,900	-
Legal and professional	183,395	181,828
Auditors' remuneration	4,500	6,600
Accountancy fees	1,951	1,600
Bank charges	148	35
Sundry expenses	767	3,265
Repairs and maintenance	7,950	10,406
Spine road costs	163,323	136,308
Thanet project	85,257	-
	<u>479,513</u>	<u>353,344</u>
	2012 £	2011 £
Interest receivable		
Bank interest receivable	<u>101</u>	<u>40</u>
	2012 £	2011 £
Interest payable		
Other loan interest payable	<u>6,835</u>	<u>774</u>

By: John Simmonds, Cabinet Member for Finance & Business Support
Andy Wood, Corporate Director of Finance & Procurement

To: Governance and Audit Committee Trading Activities Sub Group - 28
September 2012

Subject: KCC's Dormant Companies

Classification: Unrestricted

Summary: To report on KCC's dormant companies, as requested at the Governance and Audit Committee Trading Activities Sub Group meeting on 4 July 2012.

FOR ASSURANCE

INTRODUCTION

1. At the last meeting of the Governance and Audit Committee Trading Activities Sub Group on 4 July 2012, it was agreed that a report on KCC's dormant companies be presented at the Sub Group's next meeting. It was recommended that the requisite action be taken to dissolve the dormant companies, unless there were found to be appropriate reasons for any of them to remain in existence.
2. KCC's five dormant companies are as follows:
 - Invicta Services Ltd.
 - Kent Training Centres Ltd.
 - Kentish Fare Ltd.
 - Invicta Innovations Ltd.
 - Kent Access Ltd.
3. This report provides an update on the progress that has been made in dissolving the dormant companies.

PROCESS FOR DISSOLVING DORMANT COMPANIES

4. By way of background information, the process for dissolving a dormant company is, in outline, as follows:
 - i. An application for dissolution under section 1003 of the Companies Act 2006 is made by completing and submitting a Form DS1 (Striking off application) for the dormant company, together with a £10 fee, to Companies House. Note: the Form DS1 must be signed by the majority of directors.

- ii. Members of the company (shareholders) must be warned before the application is made as they are entitled to object to the company being struck off.
- iii. All organisations and parties who may have an interest in the company's affairs should be notified by sending them a copy of the application; examples of such parties would be HMRC, employees, and any directors of the company who did not sign the Form DS1.
- iv. On receipt of the application for dissolution by Companies House, notice of the proposed dissolution is published in the London Gazette to allow any interested parties the opportunity to object.
- v. Where there are no reasons to delay, the Registrar strikes the company off the register not less than 3 months after the date of the notice.
- vi. The company is dissolved on publication of a further notice stating this in the London Gazette.

PROGRESS TO-DATE

5. KCC Finance engaged KCC Legal Services to drive the company dissolution process. The table below shows the progress made to-date (i.e. as at the time of writing this report):

Company	Current status
Invicta Services Ltd	Form DS1 lodged (by Commercial Services) with Companies House on 3/7/12
Invicta Innovations Ltd	Form DS1 lodged with Companies House on 20/8/12
Kent Access Ltd	Form DS1 lodged with Companies House on 16/8/12
Kentish Fare Ltd	See Paragraph 6 below
Kent Training Centres Ltd	Form DS1 lodged with Companies House 16/8/12

Note: With the exception of Kentish Fare Limited (see paragraph 6 below), the completion of the remaining steps in the process (i.e. steps iv to vi in paragraph 4 above) should result in KCC's dormant companies being dissolved and struck off the Companies House register by the end of November 2012. Towards the end of November, KCC Legal Services will contact Companies House to seek confirmation that the companies have been dissolved.

6. Kentish Fare Limited is the predecessor of Produced in Kent Limited, albeit a separately registered company. Produced in Kent Limited owns the domain name "kentishfare.co.uk" and that, together with Kentish Fare Limited, forms the Intellectual Property of Produced in Kent Limited. To protect this Intellectual Property, the Directors of Kentish Fare Limited have recommended the company is not dissolved, and instead that ownership is transferred to Produced in Kent Limited. This course of action is supported by KCC's Corporate Director of Finance and Procurement, and the

recommendation is to be placed on the agenda 'For Approval' at the next board meeting of Produced in Kent Limited in October 2012.

RECOMMENDATION

7. Members are recommended to note the contents of this report for assurance, and to note the progress in dissolving KCC's dormant companies.

Guy Record, BSS, Finance & Procurement, September 2012

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By: John Simmonds, Cabinet Member for Finance & Business Support
Andy Wood, Corporate Director of Finance & Procurement

To: Governance and Audit Committee Trading Activities Sub Group - 28
September 2012

Subject: Statutory Accounts for those companies in which KCC has an interest

Classification: Unrestricted

Summary: To present the latest available Statutory Accounts for those companies in which KCC has an interest.

FOR ASSURANCE

INTRODUCTION

1. At the G&A Trading Activities Sub Group meeting on 4 July 2012, Members requested that they receive copies of the latest available Statutory Accounts for those companies in which KCC has an interest at the next Sub Group meeting in September 2012.
2. For background information, this report provides summaries of the principal activities of those companies in which KCC has an interest, as well as the key financial highlights from their latest available Statutory Accounts.
3. Copies of the latest available Audited or Unaudited (if Audited not yet available) Statutory Accounts are attached for Members' review and consideration. The 2010/11 Statutory Accounts are provided in cases where the 2011/12 Accounts are not yet available.

BACKGROUND INFORMATION

4. The table below shows which sets of Statutory Accounts (2010/11 or 2011/12) have been received and attached to this report, any relevant comments and brief synopses of the companies' principal activities, together where applicable with their website addresses.

Background Information

Company Name	Statutory Accounts Received		Audited / Unaudited	Comments	Principal Activities / Website Address
	2010/11	2011/12			
Association of Tourist Attractions in Kent Ltd	✓		U	2011/12 Accounts to be prepared in December 2012	To provide an independent forum for the owners of visitor attractions in Kent
Groundwork Kent & Medway	✓		A	2011/12 Accounts to be prepared in October 2012	To build sustainable communities in areas of need through joint environmental action http://www.groundwork-km.org.uk/
Aylesham & District Community Workshop Trust	✓		A		To support the regeneration of Aylesham http://www.ayleshamworkshopstrust.org.uk/
The Individual Learning Company				KCC no longer has an interest; became an independent organisation in December 2000	
The North Kent Architecture Centre Ltd	✓		A	2011/12 Accounts will be available in November 2012	To provide design support, bringing the value of good design to as many people as possible http://architecture-centre.org/
Visit Kent Ltd	✓		A	2011/12 Accounts will be prepared in October 2012	To promote, market, advertise and develop nationally and internationally the Kent tourist industry http://www.visitkent.co.uk/
Locate in Kent Ltd		✓	A		To stimulate the local economy by encouraging companies to relocate to Kent http://www.locateinkent.com/

Company Name	Statutory Accounts Received		Audited / Unaudited	Comments	Principal Activities / Website Address
	2010/11	2011/12			
Trading Standards South East Ltd	✓		A		To provide consumer advice via a call centre, and training to trading standards professionals https://www.tsse.org.uk/default.aspx
East Kent Spatial Development Company		✓	U		To promote economic development and regeneration http://www.eksdco.co.uk/
Produced in Kent Ltd		✓	A		To increase public awareness of produce produced in Kent http://www.producedinkent.co.uk/
Business Support Kent Community Interest Company	✓		A	2011/12 Accounts to be prepared by the end of September 2012	To improve the competitiveness of SMEs through impartial delivery of a variety of services, and by providing access to information, skills, knowledge and advice they need to succeed http://www.bsk-cic.co.uk/
Kent County Trading Ltd		✓	A		Temporary employment agency and employment business. Also, provider of bus services, facilities management services, and services to care homes
Kent County Supplies Ltd		✓	A		To provide supply services to care homes in respect of medical & hygiene consumables https://www.kcswebshop.co.uk/
Kent County Facilities Ltd		✓	A		To provide facilities management services http://www.kcfacilities.co.uk/
Kent Top Temps Ltd		✓	A		Temporary employment agency and employment business http://www.kenttoptemps.co.uk/

KEY FINANCIAL HIGHLIGHTS

5. The table below shows the key financial highlights from the Statutory Accounts attached:

Company Name	Financial Year	Turnover / Income £k	Profit/Surplus before Tax £k	Retained Profit/Surplus £k	Net Assets £k
Association of Tourist Attractions in Kent Ltd	2010/11 Abbreviated Accounts	N/A	N/A	N/A	11.6
Groundwork Kent & Medway	2010/11	1,634.9	N/A	42.7	217.7
Aylesham & District Community Workshop Trust	2010/11	205.4	N/A	(43.6)	1,902.8
The Individual Learning Company					
The North Kent Architecture Centre Ltd	2010/11	438.7	7.1	6.3	135.7
Visit Kent Ltd	2010/11	1,565.4	6.4	6.4	162.1
Locate in Kent Ltd	2011/12	959.1	16.6	16.1	493.5
Trading Standards South East Ltd	2010/11	2,499.8	1.7	1.3	25.0
East Kent Spatial Development Company	2011/12	720.3	61.4	50.7	2,227.7
Produced in Kent Ltd	2011/12	237.0	(7.8)	(7.8)	19.0
Business Support Kent Community Interest Company (<i>see Note 1</i>)	2010/11	5,076.7	(224.6)	(226.7)	379.3
Kent County Trading Ltd	2011/12	37,741.1	887.3	689.8	2,010.3
Kent County Supplies Ltd	2011/12	657.4	346.3	257.8	(1.7)
Kent County Facilities Ltd	2011/12	3,373.9	253.0	213.3	557.9
Kent Top Temps Ltd	2011/12	34,233.2	290.7	221.3	1,456.8

Note 1 - The pre-tax deficit of £224.6k in 2010/11 contrasts with a pre-tax surplus of £256.5k in 2009/10. A three year contract to provide the Business Link service, funded by the South East England Development Agency, was completed successfully on 31 March 2010. The loss of the Business Link contract to a national service provider had a significant impact on the scale of the group, resulting directly in a reduction in turnover from £9,275.1k in 2009/10 to £5,076.7k in 2010/11. The year to 31 March 2011 was very much one of transition requiring a substantial realignment of the organisation which gave rise to significant one-off costs that contributed to the reported deficit. The 2010/11 Statutory Report and Accounts (attached) state that the group has made good progress in reorganising its operations to address the challenges of this new environment, resulting in a reduction in headcount from 103 to 47, and has been successful in securing some new contracts to sustain its future business. KCC does not hold any shares in Business Support Kent Community Interest Company, but it does contract with the company, and has representation on the Board by Barbara Cooper, Director of Economic Development at KCC.

RECOMMENDATION

6. Members are recommended to note the contents of this report for assurance, and to note the latest available Statutory Accounts (attached) for those companies in which KCC has an interest.

Guy Record,

BSS, Finance & Procurement

September 2012

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REGISTERED NUMBER: 02608373 (England and Wales)

Abbreviated Unaudited Accounts for the Year Ended 31 August 2011

for

**Association of
Tourist Attractions
in Kent Limited**



Association of
Tourist Attractions
in Kent Limited (Registered number: 02608373)

Contents of the Abbreviated Accounts
for the Year Ended 31 August 2011

	Page
Company Information	1
Abbreviated Balance Sheet	2
Notes to the Abbreviated Accounts	3

**Association of
Tourist Attractions
in Kent Limited**

**Company Information
for the Year Ended 31 August 2011**

DIRECTORS:

J Gardner
G Hukins
A Morse
Mrs A Watt
Peter d' Aguilar
Mrs S Hirsch

SECRETARY:

Mrs A Watt

REGISTERED OFFICE:

Ridge Cottage
Speldhurst
Tunbridge Wells
Kent
TN3 0LE

REGISTERED NUMBER:

02608373 (England and Wales)

ACCOUNTANTS:

LAMEY and CO
CHARTERED ACCOUNTANTS
RIDGE COTTAGE
BARDEN ROAD
SPELDHURST
TUNBRIDGE WELLS
Kent
TN3 0LE

**Association of
Tourist Attractions
in Kent Limited (Registered number: 02608373)**

**Abbreviated Balance Sheet
31 August 2011**

	31 8 11 £	31 8 10 £
CURRENT ASSETS		
Debtors	2,100	-
Cash at bank	17,670	14,694
	<u>19,770</u>	<u>14,694</u>
CREDITORS		
Amounts falling due within one year	8,204	1,556
	<u>11,566</u>	<u>13,138</u>
NET CURRENT ASSETS		
	<u>11,566</u>	<u>13,138</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		
	<u>11,566</u>	<u>13,138</u>
RESERVES		
Capital reserve	10,154	10,154
Profit and loss account	1,412	2,984
	<u>11,566</u>	<u>13,138</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 August 2011

The members have not required the company to obtain an audit of its financial statements for the year ended 31 August 2011 in accordance with Section 476 of the Companies Act 2006

The directors acknowledge their responsibilities for

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

The financial statements were approved by the Board of Directors on 14 December 2011 and were signed on its behalf by



Mrs A Watt - Director

The notes form part of these abbreviated accounts

**Association of
Tourist Attractions
in Kent Limited (Registered number: 02608373)**

**Notes to the Abbreviated Accounts
for the Year Ended 31 August 2011**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

2 COMPANY STATUS

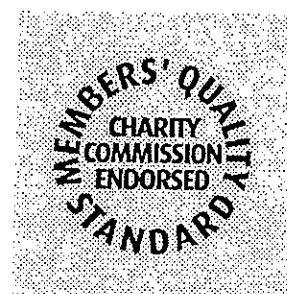
The Company is a private Company limited by guarantee and consequently does not have a share capital. Each of the Directors is liable to contribute an amount not exceeding £1 towards the assets of the Company in the event of liquidation.

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Groundwork Kent & Medway 2010-2011 Annual Report



INVESTOR IN PEOPLE



Groundwork Kent & Medway
(A company limited by guarantee)
REPORT OF THE DIRECTORS

CONTENTS

	Page Number
Report of the directors	1 - 7
Reference and administrative details of the charity, its trustees and advisors	1 - 2
Structure, governance and management	3
Objectives, aims and public benefit	4
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Financial review	5 - 6
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Statement of Directors' responsibilities	6
Statement as to Disclosure of Information to Auditors	7
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The Directors submit their annual report and the audited financial statements for the year ended 31 March 2011.

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS

The name of the Company is Groundwork Kent & Medway; referred to as "the Company" in this report. Groundwork Kent & Medway is a member of the Federation of Groundwork Trusts.

**Principal Office and
Registered Office:**

48 Canterbury Street
GILLINGHAM
ME7 5UN

Telephone:

(01634) 855166

Facsimile:

(01634) 855177

e-mail:

gkm@groundwork.org.uk

Website:

www.groundwork-km.org.uk

Company Registration No:

3068263

Charity Registration No:

1050417

Company Members:

Dartford Borough Council
GlaxoSmithKline plc
Gravesham Borough Council
Kent County Council
Lafarge Cement UK plc
Medway Council
mhs homes
Swale Borough Council
Swale Housing Association
The Federation of Groundwork Trusts
Ward Homes Ltd

Nominated Directors:

Cllr Ann Allen
Cllr John Cubitt
Cllr John Cubitt
Cllr Jane Cribbon
Cllr Cindy Davis
Cllr David Simmons
Mr Richard Harman
Cllr Roy Hunter
Cllr Peter Hicks
Mr Anthony Jones
Cllr Patricia Thurlow

Kent County Council

Gravesham Borough Council

Swale Borough Council

The Federation of Groundwork Trusts
Medway Council

The Federation of Groundwork Trusts
Dartford Borough Council

Resigned 25th July 2011
Appointed 25th July 2011
Resigned 8th May 2011
Appointed 17th May 2011
Resigned 10th May 2010
Appointed 19th May 2010

Resigned 19th May 2010
Appointed 9th September 2010

Co-opted Directors:

Mr Charles Brangwin
Mr Paul Clark
Mr David Cunningham
Mr Mark Heeley
Mr David Scudder
Mr David Simms
Mr Frank Webb
Mr Peter Raby

mhs homes
Member of Parliament for Gillingham
Mace Ltd
Workman LLP
M-real UK Services Ltd
Lafarge Cement UK plc

Resigned 27th May 2010

Resigned 18th November 2010

Glaxo SmithKline

Chairman:

Mr Richard Harman

Company Secretary:

Ms Claire Woodcock

General Manager

Mr Ian Martin

Auditors:

Goatcher Chandler
Chartered Accountants
10 Overcliffe
Gravesend
Kent
DA11 0EF

Solicitors:

Dakers Green Brett
Captains House
Pembroke
Chatham Maritime
Kent
ME4 4UF

Bankers:

National Westminster Bank Plc
117 High Street
Gillingham
Kent
ME7 1AG

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure of the Charity

Groundwork Kent & Medway is a charity and a company limited by guarantee. The governing documents are its Memorandum and Articles of Association which were last amended at the Annual General Meeting of the members of the Company on 6 November 2006 with the prior approval of the Charity Commission.

The subsidiary, Groundwork Environmental Services (Kent) Limited, did not trade during the year. But has been consolidated into this report and accounts.

The Directors

The Directors are the trustees of Groundwork Kent & Medway in accordance with the Charities Act 1993 and they are also the directors of the Company in accordance with the Companies Act 1985. The Board is made up of seven nominated directors (one each nominated by Dartford Borough Council, Gravesham Borough Council, Kent County Council, Medway Council and Swale Borough Council and two nominated by the Federation of Groundwork Trusts) and up to thirteen co-opted directors. The co-opted directors have been invited to join the board by the nominated directors to broaden the skills base of the board or to secure specialist expertise. They have the same voting rights and responsibilities as the nominated directors. The nominated directors serve a term decided by the Company member nominating them up to a maximum of 3 years. The co-opted directors serve a term of up to three years. Nominated and co-opted directors can be appointed for further terms.

Induction and training

New members are provided with copies of the governing documents and key policy documents and a copy of the Federation's Governance Handbook. The General Manager provides an induction session when new directors are appointed and all directors are encouraged to participate in governance training provided by the Federation at regional venues.

Organisational Structure and decision making process

The Board normally meets four times a year and does not have any committees with delegated powers. There is one working group comprising board members and staff, chaired by a board member. This is the Finance and Property Group. This Group normally meets quarterly. The Board has delegated day to day operation of the charity to the General Manager, the powers delegated being set out in a written document. The Board has also established Financial Regulations and a number of policies within which the Board and staff have to operate.

Risk Assessment

A Corporate Risk Assessment was undertaken by the Board, management and staff in early 2002 and is updated annually. The assessment includes plans for managing, evaluating and monitoring major risks. The Board considers that appropriate steps have been taken to assess and control these risks.

Statement of Recommended Practice "Accounting and Reporting by Charities"

The 'Statement of Recommended Practice "Accounting and Reporting by Charities" (revised 2005)' (SORP 2005) has been complied with.

OBJECTIVES, AIMS AND PUBLIC BENEFIT

Groundwork Kent & Medway is a member of the Federation of Groundwork Trusts which comprises around 40 independent charitable companies with a main office in Birmingham co-ordinating activities and a regional office in London.

Groundwork Kent & Medway operates for the public benefit in the Kent County Council and Medway Council local authority areas.

Objects as set out in the Memorandum of Association

The objects of the Company are firstly to promote the conservation, protection and improvement of the physical and natural environment anywhere in the area of Kent & Medway and secondly to provide facilities in the interests of social welfare for recreation and leisure time occupation with the objective of improving the conditions of life for those living in or working in or resorting to the area of Kent & Medway and thirdly to advance public education in environmental matters and of the ways of better conserving, protecting and improving the same wheresoever.

Our Vision is for a society made up of sustainable communities which are vibrant, healthy and safe; which respect the local and global environment and where individuals and enterprise prosper.

Groundwork's Purpose is to build sustainable communities in areas of need through joint environmental action.

The Trustees have referred to the Charity Commission's general guidance on public benefit when reviewing the organisation's objectives and planning future activities. In particular, the Trustees consider how planned activities will contribute to the charitable objectives set out above.

Groundwork Kent & Medway aims to be the partner of choice in delivering community and environmental regeneration for the public benefit throughout Kent & Medway particularly in the Thames Gateway, East Kent and in other areas of need.

We aim to achieve this by focusing on:

- **Land:** Reconnecting people with their surroundings: Delivering high-quality projects to improve open space based on sound design, management and ecological principles;
- **Community:** Building stronger neighbourhoods: Identifying and addressing social and environmental needs by working with and through local communities;
- **Education:** Learning, citizenship and sustainability: Raising awareness of environmental issues, promoting sustainable living and encouraging responsible stewardship of the environment;
- **Youth:** Realising young people's potential: Getting young people engaged in tackling local social and environmental issues and
- **Employment:** Supporting local economies and tackling worklessness: Helping people to develop their confidence, skills and experience in order to find work; contributing to the regeneration of local neighbourhoods.

Successful projects often combine several of these strands as one of our strengths is taking an integrated and holistic approach.

A small management and administration team provides central support services to build partnerships, to develop high quality projects and develop the capabilities and self-confidence of all staff.

ACHIEVEMENTS AND PERFORMANCE

2010 was the first full operating year following the significant Trust restructure in 2009. This year has produced a positive result and, whilst challenging, the staff morale remains high and confidence for the future positive.

During the year the Trust delivered projects to a value of £1,634,926.

The Trust has continued to deliver a range of high quality projects including many that are multi year. We continue to work with partners to deliver major programmes and manage important assets, including Oare Gunpowder Works, Dartford Heath, Dartford Marsh, Gardening Skills, SparkIT, Sure Start Community Involvement in Dartford, Environments for Everyone. Future Jobs Fund and the Gift Wrap Service at Bluewater. We have now established the Trust in Margate and to some extent Thanet.

The Trust funds its programmes from a range of sources. These include the Department for Communities and Local Government (DCLG), the Department of Work and Pensions (DWP), local authorities, housing associations, the National Lottery and the private and voluntary sectors. The continuing support of Dartford Borough Council, Gravesham Borough Council, Thanet District Council, Kent County Council, Medway Council, Swale Borough Council, GlaxoSmithKline, Lafarge Cement UK plc, MHS homes, Swale Housing Association and Ward Homes Ltd has been a key factor in the Company's success and the Board attaches considerable importance to maintaining and enhancing these relationships.

These activities reflect the commitment of the charity's professional and enthusiastic team with diverse skills. The staff are continuing to develop new projects for the benefit of local communities. In January 1999, the Company was recognised as an Investor in People, reflecting its approach to developing and training its staff to meet its objectives. The accreditation is due for review in December 2011.

The Company owns its premises at 48 Canterbury Street, Gillingham which are a significant asset. This property is now on the market with a view to improving the Company's long term cash position.

FINANCIAL REVIEW

The results for the year are set out on pages 10 to 21 of the financial statements.

The net incoming resources for the year amounted to £42,675 as set out in the financial statements. It is planned to increase reserves in future years in line with the Company's reserves policy.

Reserves Policy

The Company maintains reserves mainly to fund the delay in the receipt of income with a small cushion to absorb short- term setbacks. The Company's policy is to establish unrestricted reserves (excluding fixed assets such as premises and equipment) sufficient to cover three months fee income based on the budget for the forthcoming financial year. For the financial year commencing 1 April 2010 this would result in reserves as defined above in the region of £180,000 being required. At 1 April 2010 actual reserves (excluding fixed assets) fell short of this. The Company will aim to retain a surplus each year to increase reserves to the required level by 31 March 2013.

Reserves are monitored and reported to the Board on a quarterly basis and the reserves policy is reviewed on an annual basis.

Property Revaluation

The Company owns the freehold of its principal offices at 48, Canterbury Street, Gillingham. Rogers Stevens & Chance, Chartered Surveyors carried out a revaluation and reported that the open market value with vacant possession on 31st March 2009 was £265,000 and this figure is now reflected in the balance sheet.

Funds

The Company has a number of funds which are described in note 1 (e) in the financial statements. Unrestricted funds do not include payments received in advance and held pending completion of project work which would form part of restricted funds. The company has not designated any funds. In accordance with the Statement of Recommended Practice on Accounting by Charities (SORP 2005), income is recognised to the extent that the service has been delivered or earned. When the payment has been received in advance for expenditure which must take place in a future accounting period or when the payment is dependent on the fulfilment of a contract, payments are deferred until the company becomes entitled to the resources. Restricted reserves can only be used in accordance with the funder's instructions for agreed programmes of work and cannot therefore form part of the unrestricted funds that are under the control of the charity's trustees.

PLANS FOR THE FUTURE

The budget for 2011-2012 has been approved by the Board and includes the target £1.2m for incoming resources to be realised during the year. The planned increase in reserves from this plan is £20k. Further the sale of the building at Canterbury Street should increase cash reserves by some £180k.

Whilst a significant proportion of this funding has been secured, the balance is in various stages of negotiation. This will be one of the factors controlling the level of activity during the year and will affect all of the principal activity programmes. However, progress in developing projects themselves, including consultation, design and securing approvals will also determine the level of activity.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

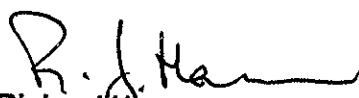
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information and to establish that the company's auditors are aware of that information.

APPOINTMENT OF AUDITORS

A resolution proposing that Goatcher Chandler be re-appointed as auditors of the Company will be put to the Annual General Meeting.

This report was approved by the Board on 26th October 2011


Mr. Richard Harman
Director:

Dated: 26th October 2011

Independent Auditors' Report to the members of GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

This report is issued in respect of an audit carried out under section 495 of the Companies Act 2006.

We have audited the financial statements of Groundwork Kent & Medway for the year ended 31st March 2011 which comprise the Consolidate Financial Activities, Cpnsolidated Income and Expenditure Account, Consolidated Balance Sheet and related notes..

These financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of Groundwork Kent & Medway for the purposes of company law) are responsible for the preparation of the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the charity's financial statements give a true and fair view.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information or explanations we require for our audit, or if disclosure of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An Audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the consolidated financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company and group's affairs as at 31st March 2011 and of their incoming resources and application of resources, including its income and expenditure for the year then ended and
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice and
- have been properly prepared in accordance with the Companies Act 2006 and
- the information given in the Trustees' Report is consistent with the financial statements.


James Goatcher

Senior Statutory Auditor

For and on behalf of:

Goatcher Chandler Chartered Accountants and Registered Auditor 10 Overcliffe Gravesend Kent DA11 0EF

Date 2nd November 2011

GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

Consolidated Statement of Financial Activities

(Incorporating an Income and Expenditure Account)

For the Year Ended 31st March 2011

	Note	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
INCOMING RESOURCES					
Incoming resources from generated funds	2				
Voluntary income		109,500	-	109,500	145,680
Activities for generating funds		2,328	-	2,328	4,564
Investment income		17	-	17	88
Incoming resources from charitable activities	3	-	1,516,555	1,516,555	1,298,600
Other incoming resources	5	6,526	-	6,526	37,930
TOTAL INCOMING RESOURCES		118,371	1,516,555	1,634,926	1,486,862
RESOURCES EXPENDED					
Cost of generating funds	6				
Cost of generating voluntary income		378	-	378	1,388
Charitable activities	4	283,335	1,302,434	1,585,769	1,476,627
Governance costs	7	6,104	-	6,104	6,580
TOTAL RESOURCES EXPENDED		289,817	1,302,434	1,592,251	1,484,595
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		(171,446)	214,121	42,675	2,267
Transfers between funds		214,121	(214,121)	-	-
NET MOVEMENTS IN FUNDS		42,675	-	42,675	2,267
Fund balances brought forward		158,661	-	158,661	156,394
FUND BALANCES CARRIED FORWARD		201,336	-	201,336	158,661

All of the above results are derived from continuing activities.

GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

Consolidated Balance Sheet

As at 31st March 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	9	292,116	301,341
Investment	10	-	1
		<u>292,116</u>	<u>301,342</u>
CURRENT ASSETS			
Debtors	11	258,646	254,893
Cash at bank		<u>3,175</u>	<u>1,717</u>
		261,821	256,610
CREDITORS : Amounts falling due within one year	12	<u>(284,669)</u>	<u>(302,106)</u>
NET CURRENT ASSETS		(22,848)	(45,496)
CREDITORS : Amounts falling due after one year	13	(51,612)	(80,865)
TOTAL ASSETS		<u>217,656</u>	<u>174,981</u>
FUNDS			
Income funds			
Unrestricted funds	15	217,656	174,981
Restricted funds	15	-	-
TOTAL FUNDS		<u>217,656</u>	<u>174,981</u>

Approved on behalf of the Board and signed on its behalf



Director and Trustee

26th October 2011

GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

Balance Sheet

As at 31st March 2011

	Note	2011		2010	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		292,116		301,341
Investment	10		<u>100</u>		<u>101</u>
			292,216		301,442
CURRENT ASSETS					
Debtors	11	258,646		255,661	
Cash at bank		<u>3,160</u>		<u>750</u>	
		261,806		256,411	
CREDITORS : Amounts falling due within one year	12	<u>(284,853)</u>		<u>(302,106)</u>	
NET CURRENT ASSETS			(23,047)		(45,695)
CREDITORS : Amounts falling due after one year	13		(51,612)		(80,865)
TOTAL ASSETS			<u>217,557</u>		<u>174,882</u>
FUNDS					
Income funds					
Unrestricted funds	15		217,557		174,882
Restricted funds	15		-		-
TOTAL FUNDS			<u>217,557</u>		<u>174,882</u>

Approved on behalf of the Board and signed on its behalf



Director and Trustee

26th October 2011

GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

Notes to the Financial Statements

For the Year Ended 31st March 2011

1. ACCOUNTING POLICIES

a. Basis of preparation

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities 2005 (SORP 2005) applicable accounting standards and the Companies Act 2006 as modified by the revaluation of Fixed Assets.

The Company has taken advantage of exemption in Financial Reporting Standard No.1 from preparing a Cashflow Statement given that it is a small company.

b. Company status

The Company and its subsidiaries comprise a small group.

The Company is limited by guarantee. The guarantors are the Members of the Company which are: Dartford Borough Council, Glaxo SmithKline plc, Gravesham Borough Council, The Federation of Groundwork Trusts, Kent County Council, Lafarge Cement plc, Medway Council, mhs homes, Swale Borough Council, Swale Housing Association and Ward Homes Limited.

The liability in respect of the guarantee, as set out in the Memorandum of Association, is limited to £1 per member of the Company. The Company has availed itself of paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Company's activities.

c. Incoming resources

In accordance with SORP 2005, income is recognised to the extent that the service has been delivered or earned. When the payment has been received in advance for expenditure which must take place in a future accounting period or when the payment is dependent on the fulfilment of a contract, payments are deferred until the company becomes entitled to the resources.

d. Fund accounting

Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the Charity.

Designated funds comprise general funds which have been set aside at the discretion of the directors for specific purposes. The purpose and use of the designated funds is set out in the notes to the financial statements.

Restricted funds are funds subject to specific restrictive conditions imposed by donors or by the purpose of the appeal. The purpose and use of the restricted funds is set out in the notes to the financial statements.

All income and expenditure is shown in the Statement of Financial Activities.

Funds are transferred from restricted to unrestricted at the year end on the basis that no restrictions exist on the income and expenditure recognised. Income that has not been fully delivered or earned is deferred.

e. Grants for Core Funding

Grants for core funding are funds provided to support the management and administration of the charity.

f. Gifts in kind

The values attributed to gifts in kind are based on a reasonable estimate of their value to the Charity, or the amount actually realised.

Assets given for use by the Charity, are recognised as incoming resources when receivable.

GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

Notes to the Financial Statements

For the Year Ended 31st March 2011

g. Resources expended

The cost headings comprise expenditure, including staff costs, directly attributable to the activity and are recorded on an accruals basis. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources.

Support costs comprise all services supplied centrally identifiable as wholly or mainly in support of charitable expenditure and include an appropriate proportion of general overheads.

They are allocated on the basis of their use with the aim of ensuring that those costs remaining within administration relate to the management of the Charity's assets, organisational administration and compliance with constitutional and statutory requirements.

h. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows :

Building	Over 50 years
Building refurbishments	Over 10 years
Computer equipment	Over 5 years
Furniture, tools and equipment	Over 5 years
Motor vehicles	Over 4 years

i. Pensions

The Charity contributes toward employees' personal pension schemes and the pension charge represents the amounts payable by the Charity to the schemes in respect of the period and are charged to the Income and Expenditure Account when payable.

j. Operating leases

Rentals applicable to operating leases are charged to the income and expenditure account over the period in which the cost is incurred.

Assets purchased under finance lease are capitalised in fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charges.

Finance charges are written-off to the Income and Expenditure Account over the period of the lease so as to produce a constant periodic rate of charge on fixed asset contracts.

GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

Notes to the Financial Statements

For the Year Ended 31st March 2011

2 INCOMING RESOURCES FROM GENERATED FUNDS

	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
Voluntary income				
Grants for core funding	109,500	-	109,500	145,680
	<u>109,500</u>	<u>-</u>	<u>109,500</u>	<u>145,680</u>
Activities for generating funds				
Rental income	2,328	-	2,328	4,564
	<u>2,328</u>	<u>-</u>	<u>2,328</u>	<u>4,564</u>
Investment income				
Bank interest	17	-	17	88
	<u>17</u>	<u>-</u>	<u>17</u>	<u>88</u>

3 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
Community projects	-	356,564	356,564	266,647
Land projects	-	159,635	159,635	704,779
Education projects	-	84,628	84,628	130,297
Youth projects	-	17,636	17,636	8,866
Employment projects	-	528,892	528,892	176,861
Business projects	-	-	-	4,150
Other projects	-	-	-	4,000
	<u>-</u>	<u>1,147,355</u>	<u>1,147,355</u>	<u>1,295,600</u>

Income from projects was provided by :

Central Government	-	414,965	414,965	155,873
Public Sector	-	21,288	21,288	29,385
Local Government	-	359,537	359,537	347,032
European Funding	-	10,998	10,998	-
Private Sector	-	708,002	708,002	740,409
Lottery Funding	-	1,765	1,765	18,401
Landfill Tax	-	-	-	7,500
	<u>-</u>	<u>1,516,555</u>	<u>1,516,555</u>	<u>1,298,600</u>

GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

Notes to the Financial Statements

For the Year Ended 31st March 2011

4 RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
Community projects	-	278,716	278,716	170,765
Land projects	-	202,313	202,313	615,518
Education projects	-	420,888	420,888	51,499
Youth projects	-	6,025	6,025	11,058
Employment projects	-	394,492	394,492	154,122
Business projects	-	-	-	29,534
Other projects	-	-	-	350
Support costs	283,335	-	283,335	443,781
	<u>283,335</u>	<u>1,302,434</u>	<u>1,585,769</u>	<u>1,476,627</u>

Expenditure on projects comprised :

	Direct costs £	Staff costs £	Indirect costs £	2011 £	2010 £
Community projects	12,309	266,407	-	278,716	170,765
Land projects	115,558	86,755	-	202,313	615,518
Education projects	385,621	35,267	-	420,888	51,499
Youth projects	1,462	4,563	-	6,025	11,058
Employment projects	62,082	332,410	-	394,492	154,122
Business projects	-	-	-	-	29,534
Other projects	-	-	-	-	350
Support costs	-	174,271	109,064	283,335	443,781
	<u>577,032</u>	<u>899,673</u>	<u>109,064</u>	<u>1,585,769</u>	<u>1,476,627</u>

Included in support costs were :

Management and support salaries and on costs	174,271	281,449
Redundancy costs	-	57,568
Premises	27,505	30,676
Administration	56,724	49,817
Depreciation - tangible fixed assets - owned	16,578	11,982
Operating lease rentals - other	8,257	12,289

STAFF COSTS

	2011 £	2010 £
Wages and salaries	817,616	674,972
Social security costs	61,594	65,660
Pension costs	18,541	18,289
Benefits	1,922	7,629
	<u>899,673</u>	<u>766,550</u>

No employee earned £60,000 pa or more.

The trustees neither received nor waived any emoluments during the year (2010 : £Nil).

No trustee received any expenses during the year (2010 : £Nil).

Staff numbers

The average number of employees, analysed by function was :

	2011 No.	2010 No.
Direct charitable activities	48	24
Management and administration of the charity	5	6
	<u>53</u>	<u>28</u>

GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

Notes to the Financial Statements

For the Year Ended 31st March 2011

5 OTHER INCOMING RESOURCES

	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
Grants	-	-	-	25,000
Charitable donation	6,526	-	6,526	12,930
	<u>6,526</u>	<u>-</u>	<u>6,526</u>	<u>37,930</u>

6 COST OF GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
Cost of generating voluntary income				
Fundraising	378	-	378	1,388
	<u>378</u>	<u>-</u>	<u>378</u>	<u>1,388</u>

7 GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
Meeting costs	1,004	-	1,004	822
Legal and professional	120	-	120	968
Audit fees	4,980	-	4,980	4,790
	<u>6,104</u>	<u>-</u>	<u>6,104</u>	<u>6,580</u>

8 INCOME FROM SUBSIDIARY'S TRADING ACTIVITIES

GKM owns 100 ordinary shares of £1 each in a wholly owned subsidiary, Groundwork Environmental Services (Kent) Limited (GES), a company incorporated in England and Wales. The company was dormant throughout the year.

GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

Notes to the Financial Statements (continued)

For the Year Ended 31st March 2011

9 TANGIBLE FIXED ASSETS - Group and Charity

	Freehold Property	Building Refurbishment	Furniture, tools & equipment	Computer equipment	Motor vehicles	Total
Cost						
As at 1st April 2010	265,000	8,000	6,928	27,559	30,612	338,099
Additions	-	-	-	1,858	5,495	7,353
Disposals	-	-	-	-	-	-
As at 31st March 2011	265,000	8,000	6,928	29,417	36,107	345,452
Depreciation						
As at 1st April 2010	3,300	2,400	4,502	14,244	12,312	36,758
Charge for the year	3,300	800	1,732	5,126	5,620	16,578
Disposals	-	-	-	-	-	-
As at 31st March 2011	6,600	3,200	6,234	19,370	17,932	53,336
Net Book Value						
As at 31st March 2011	258,400	4,800	694	10,047	18,175	292,116
As at 31st March 2010	261,700	5,600	2,426	13,315	18,300	301,341

The Company's freehold premises are formally charged to its banker under 1st Legal Charge dated 8th November 2001.

The Company's freehold property was valued by Rogers, Stevens & Chance, Chartered Surveyors, on 31st March 2009. This value has been reflected in the accounts.

10 FIXED ASSET INVESTMENTS

GKM owned 100 ordinary shares of £1 each in a wholly owned subsidiary, Groundwork Environmental Services (Kent) Limited (GES), a company incorporated in England and Wales.

GKM also wholly owned subsidiaries, Grassroots Environmental Enterprises Limited and Groundwork Services (MS) Limited both were incorporated in England and Wales. On 30th March 2010 Grassroots Environmental Enterprises Limited was formally dissolved and on 13th April 2010 Groundwork Services (MS) Limited was also formally dissolved.

Summary Balance Sheets of the subsidiaries are as follows:

	31st March 2011		31st March 2010		
	GES	GS (MS)	GES	Grassroots	GS (MS)
Current assets	199	-	9,881	157	1
Current liabilities	-	-	(9,682)	-	-
Net Assets	199	-	199	157	1
Share capital	100	-	100	-	1
Retained profits	99	-	99	157	-
Net Assets	199	-	199	157	1

GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

Notes to the Financial Statements (continued)

For the Year Ended 31st March 2011

11 DEBTORS

	2011		2010	
	Group £	Charity £	Group £	Charity £
Trade debtors	209,140	209,140	151,296	151,296
Amounts owed by subsidiary undertakings	-	-	-	768
Prepayments	11,828	11,828	6,864	6,864
Accrued income	37,678	37,678	96,733	96,733
	<u>258,646</u>	<u>258,646</u>	<u>254,893</u>	<u>255,661</u>

12 CREDITORS : Amounts falling due within one year

	2011		2010	
	Group £	Charity £	Group £	Charity £
Trade creditors	35,566	10,640	11,324	11,324
Other taxation and social security	45,745	45,745	35,509	35,509
Accruals	5,900	5,900	5,815	5,815
Deferred income	156,457	181,383	150,584	150,584
Other creditors	1,950	1,950	442	442
Amounts owed to subsidiary undertakings	-	184	-	-
Bank overdraft	10,540	10,540	65,501	65,501
Bank loans	4,523	4,523	8,943	8,943
Commercial mortgage	23,988	23,988	23,988	23,988
	<u>284,669</u>	<u>284,853</u>	<u>302,106</u>	<u>302,106</u>

13 CREDITORS : Amounts falling due after one year

	2011		2010	
	Group £	Charity £	Group £	Charity £
Bank loans	-	-	4,527	4,527
Commercial mortgage	51,612	51,612	76,338	76,338
	<u>51,612</u>	<u>51,612</u>	<u>80,865</u>	<u>80,865</u>
Analysis as follows:				
Between one and two years	28,510	28,510	32,931	32,931
Between two and five years	23,102	23,102	47,934	47,934
Five years or more	-	-	-	-
	<u>51,612</u>	<u>51,612</u>	<u>80,865</u>	<u>80,865</u>

GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

Notes to the Financial Statements (continued)

For the Year Ended 31st March 2011

14 FINANCIAL COMMITMENTS

At 31st March 2011 the company has annual commitments under non-cancellable leases as follows :

	2011		2010	
	Group £	Charity £	Group £	Charity £
Other operating leases (non land and buildings) Expiring: Between two and five years	8,257	8,257	12,289	12,289

15 STATEMENT OF FUNDS

	Balance 1st April 2010 £	Income £	Expenditure £	Transfers £	Balance 31st March 2011 £
UNRESTRICTED FUNDS					
General funds	158,562	118,371	(289,817)	214,121	201,237
Revaluation reserve	16,320	-	-	-	16,320
Trading companies	99	-	-	-	99
Total unrestricted funds	174,981	118,371	(289,817)	214,121	217,656
RESTRICTED FUNDS					
Project funding	-	1,516,555	(1,302,434)	(214,121)	-
Total restricted funds	-	1,516,555	(1,302,434)	(214,121)	-
TOTAL FUNDS	174,981	1,634,926	(1,592,251)	-	217,656

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total funds £	2010 £
Fund balances at 31st March 2011 are represented by :				
Tangible fixed assets	292,116	-	292,116	301,341
Investment	1	-	1	1
Current assets	261,820	-	261,820	256,610
Current liabilities	(284,669)	-	(284,669)	(302,106)
Long term liabilities	(51,612)	-	(51,612)	(80,865)
Total Net Assets	217,656	-	217,656	174,981

17 REVALUATION RESERVE

As explained in note 9, the Company's freehold property was independently revalued on 31st March 2009 therefore creating a Revaluation Reserve of £16,320.

18 SUBSIDIARY UNDERTAKINGS

Groundwork Environmental Services (Kent) Limited (GES) provides advisory and consultancy services on all issues concerning the environment. The results of the subsidiary, which did not trade during the year, have been consolidated in these financial statements. The Charity has issued a letter of continued support to its subsidiary undertaking.

The charity had one other subsidiary undertaking; Groundwork Services (MS) Limited which was dissolved on 13th April 2010.

GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

Detailed Income and Expenditure Account

For the Year Ended 31st March 2011

	2011		2010	
	£	£	£	£
PROJECT INCOME				
Central Government		414,965		155,873
Public Sector		21,288		29,385
Local Authority		359,537		347,032
European Union		10,998		-
Private Sector		338,802		307,216
Lottery funding		1,765		18,401
Landfill Tax		-		7,500
Managed Contracts		369,200		433,193
		<u>1,516,555</u>		<u>1,298,600</u>
DIRECT COSTS				
Direct project costs	577,032		547,745	
Project salaries	716,496		474,842	
Pensions and benefits	8,906		10,259	
		<u>(1,302,434)</u>		<u>(1,032,846)</u>
SURPLUS ON PROJECTS		214,121		265,754
OTHER INCOME				
Central Government	65,000		101,180	
Local Authority	14,000		14,000	
Private Sector	30,500		30,500	
Charitable donations	6,526		12,930	
Rental income	2,328		4,564	
Interest receivable	17		88	
Grants	-		25,000	
		<u>118,371</u>		<u>188,262</u>
OVERHEADS				
Management and support salaries	162,714		265,790	
Redundancy costs	-		57,568	
Pensions and benefits	11,557		15,659	
Training and recruitment	2,984		3,505	
Mortgage interest	2,262		2,835	
Hire purchase and bank loan interest	276		1,326	
Premises costs	25,243		27,841	
Insurance	14,295		13,463	
Telephone, fax and internet	6,357		5,264	
Postage, stationery and office supplies	11,119		11,044	
Office equipment leasing and maintenance	10,309		9,549	
Motor and travelling expenses	10,653		10,838	
Marketing and publications	378		1,388	
Auditors remuneration	4,980		4,790	
Legal and professional	120		968	
Network and board meetings	1,004		822	
Loss on disposal of fixed assets	-		800	
Sundry expenses	8,988		6,317	
Depreciation	16,578		11,982	
		<u>(289,817)</u>		<u>(451,749)</u>
SURPLUS FOR THE YEAR		<u><u>42,675</u></u>		<u><u>2,267</u></u>

Company registration number: 03114198
Charity registration number: 1050794

Aylesham & District Community Workshop Trust

(A company limited by guarantee)

Annual Report and Financial Statements
for the Year Ended 31 March 2011

Aylesham & District Community Workshop Trust

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Statement of financial activities per fund	17 to 24
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Aylesham & District Community Workshop Trust

Reference and Administrative Details

Charity name	Aylesham & District Community Workshop Trust
Charity registration number	1050794
Company registration number	03114198
Principal office	Ackholt Road Aylesham Kent CT3 3AJ
Registered office	Ackholt Road Aylesham Kent CT3 3AJ
Trustees	S Bennet L M Ives Cllr L Keen L J Brazier Rev R Fisk D Jennings W Field L Jeavons K Rogers A Hockley J Honnor S Manion M Townsend (Resigned 28 September 2010) R Thompson (appointed 15 May 2011)
Secretary	Mr D Garrity M.B.E., Company secretary
Solicitor	Furley Page 52-54 High Street Whitstable Kent CT5 1BG
Bankers	Lloyds TSB Bank PLC 49 High Street Canterbury Kent CT1 2SE

Aylesham & District Community Workshop Trust

Reference and Administrative Details

Accountant	Batchelor Coop Ltd The New Barn Mill Lane Eastry Sandwich CT13 0JW
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Patron	G Prosser
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Aylesham & District Community Workshop Trust

Trustees' Report

Aylesham & District Community Workshop Trust had a successful year in 2010/2011 and again performed in accordance with our charitable aims.

We have continued to assist in terms of helping other organisation within the village to regenerate Aylesham and bring in modern facilities.

We have been working to assist the Aylesham & Snowdown Welfare Scheme and had a successful opening of the £2.5 million Aylesham Welfare Leisure centre.

The centre has all of the modern facilities with a state of the art 3g synthetic pitch and a multi games area.

The changing rooms are appreciated by the local rugby and football teams with the referees having their own rooms.

We have appointed a not for profit leisure company Freedom Leisure to run the centre and have created seven jobs and we will address the healthy living agenda.

The centre also has a state of the art gymnasium and the response has been great with over 275 people signed .

The social area is also up and running for the creative arts and there will be a joint Snowdown Brass Band ,Snowdown Male voice choir and fireworks display on the Christmas carol evening.

There are more women and children members than ever , years ago there was a check off system of deduction from miners wages and the family was only members by virtue of the mans membership.

Aylesham & District Community Workshop Trust continues to work with HCA and East Kent Spatial Development Company in their ambition in bringing up to 400 jobs to the area after the disappointing decision not to proceed with the Snowdown Colliery development.

The partnership has built the 5 workshop units and they are ready for occupation.

We have funded an employment through the Coalfield Regeneration Trust, East Kent Spatial Development Company and the Workshop Trust which will be delivered by Aylesham Neighbourhood Project.

The project objectives is to bring real paid work to the people of Aylesham and to actively assess the skills of candidates and help them get skills and qualification for work.

The office accommodation, workshops and training in the project that will create up to 400 jobs.

Aylesham Community Conference Centre has performed according to our business plan and although in a demanding sector we continue to be successful. Our conference administration officer monitors client requirement and we continue to improve the service we give.

The recession is making the provision of services very challenging but we have made provision for this eventuality in the preceding years.

The small business units are full and have an interesting group of business operating from them. They have a White Mill veterinarian practice a hairdresser, employment agency, stonemason, machine repair company and Marine software who service the shipping industry with health & safety and maintenance programmes.

Miners Way Business has no empty units and some of the business have ceased to operate and others are struggling in the current economic climate.

We have 10 units occupied and the break even point is five units occupied. This trust activity is an important contributor to our balance sheet and a job generator in the area but we are supporting the struggling businesses.

The maintenance of the buildings is an ongoing investment and we continue to maintain and upgrade the facilities overseen by the maintenance officer.

We continue to work with a *Learn Direct* company *Want to Learn* who are committed to delivering courses in our computer room they attract a good number of local people to carry out computer training. *Want to Learn* are very proactive and are providing very good learning opportunities for local people.

Aylesham & District Community Workshop Trust

Trustees' Report

We continue to train our own staff and we have been encouraging staff to go on training courses Mr Keith Garrity, Mrs Lisa Pope.

We are also serving the local organisations and we host Silver Song Club, NHS Blood service, a slimming club, yoga, Zumba , A.A meeting, and allow each organisation in the village one free event in the hall per year.

We have the Aylesham Minibus Club the 16 seater minibus can be hired at very reasonable rates to local organisations which assist them greatly with their transport issues which are a major problem living in a rural area.

We have entered into a partnership with Aylesham Carnival Committee to run the mini bus which costs us about £2,300/year to run.

We allowed the Carnival Committee to keep all hiring's fees and they will fund the mini bus through the hiring's and grant applications, the Parish Council did not contribute this year but are committed to the project for next year.

Aylesham Workshop Trust grants have been popular again this year and we have been funding football and bowls team shirts with our sponsorship logos on them, and are also sponsoring Bettshanger Bowls club entry into a competitive Kent bowling league. We are confident that this year we will spend all of our £10,000 grant allocation even in the recession.

There is still a need for office accommodation in the Aylesham area and if funds become available we may be interested in filling this pent up demand.

It is my judgement that the next three years will be very difficult on the business and economic front but we as a trust have capital reserves and a plan to see us through.

We have a unique opportunity with Homes & Community Agency's Coalfield programme to equip the Aylesham area with the business infrastructure to be ready for the next economic up turn.

The challenge is to up skill our people and train them for the jobs at the end of this recession. The crying need is for a working population with a higher educational standard and higher skills to match to potential employers needs.

The economic future is uncertain but it is my opinion that the trust is in a good position to for fill its charitable aims and support Aylesham's transition from a large village to a town.

We have had a very busy year and I would like to thank all of our trustees for their work and support in a very challenging time, especially our chair Sam Bennett and our treasurer Lonnie Brazier.

I would like to record my thanks to our staff Lisa Pope, Keith Garrity, Lesley Sellwood and Kenny Devine, they have worked hard for our reputation of excellent service at Aylesham & District Community Workshop Trust and they are the people who enhance our reputation with our clients every day of the week.

The challenges ahead are great but we have the skills and determination to work with our partners to regenerate Aylesham.

Small company provisions

This report has been prepared in accordance with the small companies' regime under the Companies Act 2006.

Approved by the Board on 23 November 2011 and signed on its behalf by:

.....

Mr D Garrity M.B.E.
Secretary

Independent Examiner's Report to the Trustees of Aylesham & District Community Workshop Trust

I report on the accounts of the company for the year ended 31 March 2011, which are set out on pages 6 to 16.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 43(2) of the Charities Act 1993 (the 1993 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 43 of the 1993 Act;
- follow the procedures laid down in the General Directions given by the Charity Commission under section 43(7)(b) of the 1993 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

.....
Mark A Batchelor
Batchelor Coop Ltd
Chartered Accountants
23 November 2011

The New Barn
Mill Lane
Eastry
Sandwich
CT13 0JW

Aylesham & District Community Workshop Trust

Statement of Financial Activities (including Income and Expenditure Account) for the Year Ended 31 March 2011

		Unrestricted Funds	Restricted Funds	Total Funds 2011	Total Funds 2010
	Note	£	£	£	£
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	1,490	-	1,490	6,486
Activities for generating funds	3	59,118	-	59,118	57,269
Investment income	4	63	-	63	52
Incoming resources from charitable activities	5	144,735	174	144,735	149,656
Total incoming resources		<u>205,406</u>	<u>174</u>	<u>205,406</u>	<u>213,463</u>
Resources expended					
Charitable activities	6	188,993	26,673	215,492	224,659
Governance costs	9	33,481	-	33,481	39,343
Total resources expended		<u>222,474</u>	<u>26,673</u>	<u>248,973</u>	<u>264,002</u>
Net expenditure before transfers		(17,068)	(26,499)	(43,567)	(50,539)
Transfers					
Gross transfers between funds		<u>8,795</u>	<u>(8,795)</u>	<u>-</u>	<u>-</u>
Net movements in funds		(8,273)	(35,294)	(43,567)	(50,539)
Reconciliation of funds					
Total funds brought forward		<u>398,475</u>	<u>1,547,850</u>	<u>1,946,325</u>	<u>1,996,864</u>
Total funds carried forward		<u><u>390,202</u></u>	<u><u>1,512,556</u></u>	<u><u>1,902,758</u></u>	<u><u>1,946,325</u></u>

The notes on pages 9 to 16 form an integral part of these financial statements.

Aylesham & District Community Workshop Trust

Balance Sheet as at 31 March 2011

Registration number: 03114198

		2011		2010	
	Note	£	£	£	£
Fixed assets					
Tangible assets	13	1,443,626		1,493,043	
Investments	14	612,000		629,000	
		<u>2,055,626</u>		<u>2,122,043</u>	
Current assets					
Debtors	15	42,194	40,555		
Cash at bank and in hand		<u>84,060</u>	<u>109,407</u>		
		126,254	149,962		
Creditors: Amounts falling due within one year	16	<u>(30,656)</u>	<u>(67,958)</u>		
Net current assets		<u>95,598</u>		<u>82,004</u>	
Total assets less current liabilities		2,151,224		2,204,047	
Creditors: Amounts falling due after more than one year	17	<u>(248,466)</u>	<u>(257,722)</u>		
Net assets		<u>1,902,758</u>		<u>1,946,325</u>	
The funds of the charity:					
Restricted funds in surplus		1,512,556		1,547,850	
Restricted funds in deficit					
Farm		<u>-</u>	<u>-</u>		
Total restricted funds		1,512,556		1,547,850	
Unrestricted funds					
Unrestricted income funds		<u>390,202</u>	<u>398,475</u>		
Total charity funds		<u>1,902,758</u>	<u>1,946,325</u>		

The notes on pages 9 to 16 form an integral part of these financial statements.

Aylesham & District Community Workshop Trust

Balance Sheet as at 31 March 2011

..... *continued*

For the financial year ended 31 March 2011, the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board on 23 November 2011 and signed on its behalf by:

.....

L Jeavons
Trustee

The notes on pages 9 to 16 form an integral part of these financial statements.

Aylesham & District Community Workshop Trust

Notes to the Financial Statements for the Year Ended 31 March 2011

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities (SORP 2005)', issued in March 2005, the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Companies Act 2006.

Fund accounting policy

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Further details of each fund are disclosed in note 21.

Incoming resources

Grants that provide core funding or are of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract.

Resources expended

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grants payable are payments made to third parties in the furtherance of the charitable objectives. Where the charity gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the SoFA once the recipient of the grant has provided the specific service or output.

Grants payable without performance conditions are only recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

Governance costs

Governance costs include costs of the preparation and examination of the statutory accounts, the costs of trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Aylesham & District Community Workshop Trust

Notes to the Financial Statements for the Year Ended 31 March 2011

..... continued

Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Fixed assets

Individual fixed assets costing £50 or more are initially recorded at cost.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Plant and machinery	25% reducing balance
Fixtures and fittings	15% reducing balance
Freehold property	Not depreciated
Motor vehicles	25% reducing balance
Leasehold improvements	Straight line over 50 years
Investment asset	Straight line over 40 years

Investments

Fixed asset investments are included at market value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the statement of the financial activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

Pensions

The charity operates a defined contribution pension scheme. Contributions are charged in the statement of financial activities as they become payable in accordance with the rules of the scheme.

Aylesham & District Community Workshop Trust

Notes to the Financial Statements for the Year Ended 31 March 2011

..... continued

2 Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Donations and legacies				
Appeals and donations	1,490	-	1,490	6,486

3 Activities for generating funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Income from "Miners Way"				
Rental income	59,118	-	59,118	57,269

4 Investment income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Interest on cash deposits	63	-	63	52

5 Incoming resources from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Rental income	144,735	-	144,735	149,656

Aylesham & District Community Workshop Trust

Notes to the Financial Statements for the Year Ended 31 March 2011

..... continued

6 Details of charitable activities

Activities undertaken directly £	Grant funding of activities £	2011 £	2010 £
206,484	9,008	215,492	224,659

7 Support costs

	Costs of generating funds £	Total £
Employment costs	-	-
Establishment costs	4,307	4,307
Telephone	2,185	2,185
Printing, posting and stationery	1,964	1,964
Sundry and other costs	15	15
Motor expenses	86	86
Accountancy fees	522	522
Auditors' remuneration	1,130	1,130
Legal and professional costs	5,172	5,172
Interest payable	18,100	18,100
	<u>33,481</u>	<u>33,481</u>

8 Grantmaking

Grants to institutions £
<u>9,008</u>

9 Governance costs

	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Support costs allocated	<u>33,481</u>	<u>-</u>	<u>33,481</u>	<u>39,343</u>

10 Trustees' remuneration and expenses

No trustees received any remuneration during the year.

Aylesham & District Community Workshop Trust

Notes to the Financial Statements for the Year Ended 31 March 2011

..... continued

11 Net expenditure

Net expenditure is stated after charging:

	2011	2010
	£	£
Auditors' remuneration - audit services	-	3,320
Depreciation of tangible fixed assets	57,797	63,451
Loss/(profit) on sale of intangible fixed assets	<u>1,270</u>	<u>-</u>

12 Taxation

No provision for taxation is included in the financial statements as the company is a charity entitled to the exemption from tax afforded by Section 505, ICTA 1988.

Aylesham & District Community Workshop Trust

Notes to the Financial Statements for the Year Ended 31 March 2011

..... continued

13 Tangible fixed assets

	Freehold interest in land and buildings (including heritage assets) £	Long leasehold and other interests in land and buildings £	Plant and machinery including motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
As at 1 April 2010	426,790	1,297,713	46,492	209,301	1,980,296
Disposals	-	-	(15,824)	(1,277)	(17,101)
As at 31 March 2011	<u>426,790</u>	<u>1,297,713</u>	<u>30,668</u>	<u>208,024</u>	<u>1,963,195</u>
Depreciation					
As at 1 April 2010	-	319,540	22,675	146,925	489,140
Eliminated on disposals	-	-	(9,148)	(1,221)	(10,369)
Charge for the year	-	27,196	4,253	9,349	40,798
As at 31 March 2011	<u>-</u>	<u>346,736</u>	<u>17,780</u>	<u>155,053</u>	<u>519,569</u>
Net book value					
As at 31 March 2011	<u>426,790</u>	<u>950,977</u>	<u>12,888</u>	<u>52,971</u>	<u>1,443,626</u>
As at 31 March 2010	<u>426,790</u>	<u>978,173</u>	<u>23,817</u>	<u>62,376</u>	<u>1,491,156</u>

14 Investments held as fixed assets

	Investment properties £
Market value	
As at 1 April 2010 and 31 March 2011	<u>680,000</u>
Market value	
As at 1 April 2010	51,000
Charge for the year	17,000
As at 31 March 2011	<u>68,000</u>
Net book value	
As at 31 March 2011	<u>612,000</u>
As at 31 March 2010	<u>629,000</u>

All investment assets were held in the UK.

Aylesham & District Community Workshop Trust

Notes to the Financial Statements for the Year Ended 31 March 2011

..... continued

15 Debtors

	2011 £	2010 £
Trade debtors	41,989	38,879
Other debtors	205	1,424
Prepayments and accrued income	-	252
	<u>42,194</u>	<u>40,555</u>

16 Creditors: Amounts falling due within one year

	2011 £	2010 £
Trade creditors	8,984	54,172
Taxation and social security	8,969	998
Other creditors	9,256	8,690
Accruals and deferred income	3,447	4,098
	<u>30,656</u>	<u>67,958</u>

17 Creditors: Amounts falling due after more than one year

	2011 £	2010 £
Other creditors	<u>248,466</u>	<u>257,722</u>

Included in the creditors are the following amounts due after more than 5 years:

	2011 £	2010 £
After more than five years by instalments	<u>204,290</u>	<u>216,498</u>

18 Members' liability

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £10 towards the assets of the charity in the event of liquidation.

19 Pension scheme

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the charity to the scheme and amounted to £1,372 (2010 - £1,512).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Aylesham & District Community Workshop Trust

Notes to the Financial Statements for the Year Ended 31 March 2011

..... continued

20 Related parties

Controlling entity

The charity is controlled by the trustees who are all directors of the company.

21 Analysis of funds

	At 1 April 2010	Incoming resources	Resources expended	Transfers	At 31 March 2011
	£	£	£	£	£
General Funds					
Unrestricted income fund	398,475	205,406	(222,474)	8,795	390,202
Restricted Funds					
Land and buildings	706,349	-	(6,663)	-	699,686
Workshop	561,613	-	(7,486)	-	554,127
Verandah	238,155	-	(6,616)	-	231,539
Telecentre	10,229	-	(1,355)	-	8,874
Farm	8,621	174	-	(8,795)	-
Minibus	17,167	-	(4,553)	-	12,614
Windows	5,716	-	-	-	5,716
	<u>1,547,850</u>	<u>174</u>	<u>(26,673)</u>	<u>(8,795)</u>	<u>1,512,556</u>
	<u>1,946,325</u>	<u>205,406</u>	<u>(248,973)</u>	<u>-</u>	<u>1,902,758</u>

22 Net assets by fund

	Unrestricted Funds	Restricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£	£
Tangible assets	285,349	1,158,277	1,443,626	1,493,043
Investments	-	612,000	612,000	629,000
Current assets	126,254	-	126,254	149,962
Creditors: Amounts falling due within one year	(21,400)	(9,256)	(30,656)	(67,958)
Creditors: Amounts falling due after more than one year	-	(248,466)	(248,466)	(257,722)
Net assets	<u>390,203</u>	<u>1,512,555</u>	<u>1,902,758</u>	<u>1,946,325</u>

Aylesham & District Community Workshop Trust

Statement of financial activities by fund Year Ended 31 March 2011

	Unrestricted income fund 2011	Unrestricted income fund 2010
	£	£
Incoming resources		
Incoming resources from generated funds		
Voluntary income	1,490	500
Activities for generating funds	59,118	57,269
Investment income	63	52
Incoming resources from charitable activities	144,735	149,656
Total incoming resources	<u>205,406</u>	<u>207,477</u>
Resources expended		
Charitable activities	188,993	175,729
Governance costs	33,481	39,343
Total resources expended	<u>222,474</u>	<u>215,072</u>
Net expenditure before transfers	(17,068)	(7,595)
Transfers		
Gross transfers between funds	<u>8,795</u>	<u>-</u>
Net movements in funds	(8,273)	(7,595)
Reconciliation of funds		
Total funds brought forward	<u>398,475</u>	<u>406,070</u>
Total funds carried forward	<u><u>390,202</u></u>	<u><u>398,475</u></u>

Aylesham & District Community Workshop Trust

Statement of financial activities by fund Year Ended 31 March 2011

..... continued

	Land and buildings 2011	Land and buildings 2010
	£	£
Resources expended		
Charitable activities	6,663	9,573
Total resources expended	<u>6,663</u>	<u>9,573</u>
 Net movements in funds	 (6,663)	 (9,573)
Reconciliation of funds		
Total funds brought forward	706,349	715,922
Total funds carried forward	<u><u>699,686</u></u>	<u><u>706,349</u></u>

Aylesham & District Community Workshop Trust

Statement of financial activities by fund Year Ended 31 March 2011

..... continued

	Workshop 2011	Workshop 2010
	£	£
Resources expended		
Charitable activities	7,486	22,710
Total resources expended	<u>7,486</u>	<u>22,710</u>
 Net movements in funds	 (7,486)	 (22,710)
Reconciliation of funds		
Total funds brought forward	<u>561,613</u>	<u>584,323</u>
Total funds carried forward	<u><u>554,127</u></u>	<u><u>561,613</u></u>

Aylesham & District Community Workshop Trust

Statement of financial activities by fund Year Ended 31 March 2011

..... continued

	Verandah 2011	Verandah 2010
	£	£
Resources expended		
Charitable activities	6,616	6,616
Total resources expended	<u>6,616</u>	<u>6,616</u>
 Net movements in funds	 (6,616)	 (6,616)
Reconciliation of funds		
Total funds brought forward	<u>238,155</u>	<u>244,771</u>
Total funds carried forward	<u><u>231,539</u></u>	<u><u>238,155</u></u>

Aylesham & District Community Workshop Trust

Statement of financial activities by fund Year Ended 31 March 2011

..... continued

	Telecentre 2011	Telecentre 2010
	£	£
Resources expended		
Charitable activities	1,355	1,586
Total resources expended	<u>1,355</u>	<u>1,586</u>
 Net movements in funds	 (1,355)	 (1,586)
Reconciliation of funds		
Total funds brought forward	<u>10,229</u>	<u>11,815</u>
Total funds carried forward	<u><u>8,874</u></u>	<u><u>10,229</u></u>

Aylesham & District Community Workshop Trust

Statement of financial activities by fund Year Ended 31 March 2011

..... continued

	Farm 2011	Farm 2010
	£	£
Incoming resources		
Incoming resources from charitable activities	174	-
Total incoming resources	<u>174</u>	<u>-</u>
Resources expended		
Charitable activities	-	2,568
Total resources expended	<u>-</u>	<u>2,568</u>
Net expenditure before transfers	174	(2,568)
Transfers		
Gross transfers between funds	<u>(8,795)</u>	<u>-</u>
Net movements in funds	(8,621)	(2,568)
Reconciliation of funds		
Total funds brought forward	<u>8,621</u>	<u>11,189</u>
Total funds carried forward	<u><u>-</u></u>	<u><u>8,621</u></u>

Aylesham & District Community Workshop Trust

Statement of financial activities by fund Year Ended 31 March 2011

..... continued

	Minibus 2011	Minibus 2010
	£	£
Resources expended		
Charitable activities	4,553	5,607
Total resources expended	<u>4,553</u>	<u>5,607</u>
 Net movements in funds	 (4,553)	 (5,607)
Reconciliation of funds		
Total funds brought forward	<u>17,167</u>	<u>22,774</u>
Total funds carried forward	<u><u>12,614</u></u>	<u><u>17,167</u></u>

Aylesham & District Community Workshop Trust

Statement of financial activities by fund Year Ended 31 March 2011

..... continued

	Windows 2011	Windows 2010
	£	£
Incoming resources		
Incoming resources from generated funds		
Voluntary income	-	5,986
Total incoming resources	-	5,986
Resources expended		
Charitable activities	-	270
Total resources expended	-	270
Net movements in funds	-	5,716
Reconciliation of funds		
Total funds brought forward	5,716	-
Total funds carried forward	5,716	5,716

NORTH KENT ARCHITECTURE CENTRE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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NORTH KENT ARCHITECTURE CENTRE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2011

DIRECTORS:

Ms C Delage
R Holdsworth
S Gaimster
B M Shaw
K D Burbidge
M D Bodkin

SECRETARY:

C Lamb

REGISTERED OFFICE:

The Historic Dockyard
Main Gate Road
CHATHAM
Kent
ME4 4TZ

REGISTERED NUMBER:

03284438 (England and Wales)

**SENIOR STATUTORY
AUDITOR:**

Ian Ellis BSc FCA

AUDITORS:

McCabe Ford Williams
Registered Auditors
Chartered Accountants
Bank Chambers
1 Central Avenue
SITTINGBOURNE
Kent
ME10 4AE

NORTH KENT ARCHITECTURE CENTRE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011

The directors present their report with the financial statements of the company for the year ended 31 March 2011.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of continuing to deliver design support, including design advice on high profile projects throughout the region, training for key decision makers, including planning authority members and officers and housing association staff, assisting with the selection and appointment of designers, writing good practice guidance and working with schools - all to develop an understanding of the importance of good design within the community.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2010 to the date of this report.

Ms C Delage
R Holdsworth
S Gaimster
B M Shaw
K D Burbidge
M D Bodkin

Other changes in directors holding office are as follows:

J McCready - resigned 30 April 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

NORTH KENT ARCHITECTURE CENTRE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

.....
C Lamb - Secretary

Date:

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NORTH KENT ARCHITECTURE CENTRE LIMITED

We have audited the financial statements of North Kent Architecture Centre Limited for the year ended 31 March 2011 on pages six to eleven. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note ten 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 financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NORTH KENT ARCHITECTURE CENTRE LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Directors.

Ian Ellis BSc FCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Registered Auditors
Chartered Accountants
Bank Chambers
1 Central Avenue
SITTINGBOURNE
Kent
ME10 4AE

Date:

NORTH KENT ARCHITECTURE CENTRE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31.3.11 £	31.3.10 £
TURNOVER	2	438,690	557,560
Administrative expenses		437,271	548,943
		1,419	8,617
Other operating income		5,552	5,528
OPERATING PROFIT	3	6,971	14,145
Interest receivable and similar income		100	58
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,071	14,203
Tax on profit on ordinary activities	4	740	3,126
PROFIT FOR THE FINANCIAL YEAR		6,331	11,077

The notes form part of these financial statements

NORTH KENT ARCHITECTURE CENTRE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
31 MARCH 2011

	Notes	31.3.11 £	£	31.3.10 £	£
FIXED ASSETS					
Tangible assets	5		-		1,344
CURRENT ASSETS					
Debtors	6	46,425		51,381	
Cash at bank and in hand		171,457		158,366	
		<u>217,882</u>		<u>209,747</u>	
CREDITORS					
Amounts falling due within one year	7	82,221		81,761	
		<u></u>		<u></u>	
NET CURRENT ASSETS			135,661		127,986
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>135,661</u>		<u>129,330</u>
RESERVES					
Other reserves	9		41,785		41,785
Profit and loss account	9		93,876		87,545
			<u>135,661</u>		<u>129,330</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

.....
R Holdsworth - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The accounts have been prepared on a going concern basis as management are confident that sufficient funds will continue to be available to enable the company to operate for the foreseeable future.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

Turnover represents grants received and also invoiced sales of service, excluding value added tax.

Grants are received from Kent County Council, Medway Council and CABE Regional Programme and are accounted for on a receivable basis.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 33% on cost
Computer equipment	- 33% on cost

Fixed asset additions costing below £1,000 are written off to the income and expenditure account in the year in which the expenditure is incurred.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. OPERATING PROFIT

The operating profit is stated after charging:

	31.3.11	31.3.10
	£	£
Depreciation - owned assets	1,344	1,285
Auditors remuneration	2,565	2,300
	<u> </u>	<u> </u>
Directors' remuneration and other benefits etc	-	-
	<u> </u>	<u> </u>

Directors receive no emoluments or any other benefits.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.3.11 £	31.3.10 £
Current tax:		
UK corporation tax	740	2,404
Underprovision previous year	-	722
	<u>740</u>	<u>3,126</u>
Tax on profit on ordinary activities	<u>740</u>	<u>3,126</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.11 £	31.3.10 £
Profit on ordinary activities before tax	<u>7,071</u>	<u>14,203</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2010 - 21%)	1,485	2,983
Effects of:		
Capital allowances in excess of depreciation	(192)	(615)
Expenditure disallowed for tax purposes	473	36
Under/(Over)provision in previous year	-	722
General provision written back	<u>(1,026)</u>	<u>-</u>
Current tax charge	<u>740</u>	<u>3,126</u>

Deferred tax has not been recognised in the accounts as its recoverability can not currently be assessed with any certainty.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

5. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2010	7,700	33,227	40,927
Disposals	(4,409)	(15,977)	(20,386)
	<hr/>	<hr/>	<hr/>
At 31 March 2011	3,291	17,250	20,541
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 April 2010	7,700	31,883	39,583
Charge for year	-	1,344	1,344
Eliminated on disposal	(4,409)	(15,977)	(20,386)
	<hr/>	<hr/>	<hr/>
At 31 March 2011	3,291	17,250	20,541
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 March 2011	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2010	-	1,344	1,344
	<hr/>	<hr/>	<hr/>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.11 £	31.3.10 £
Trade debtors	37,025	3,604
Other debtors	-	1,985
Prepayments & accrued income	9,400	45,792
	<hr/>	<hr/>
	46,425	51,381
	<hr/>	<hr/>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.11 £	31.3.10 £
Trade creditors	8,193	648
Taxation	740	2,404
Other taxes and PAYE taxes	10,634	13,466
Accruals & Deferred Income	62,654	65,243
	<hr/>	<hr/>
	82,221	81,761
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

8. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	31.3.11 £	31.3.10 £
Expiring:		
Between one and five years	25,009	25,009

9. RESERVES

	Profit and loss account £	Other reserves £	Totals £
At 1 April 2010	87,545	41,785	129,330
Profit for the year	6,331		6,331
At 31 March 2011	93,876	41,785	135,661

10. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to assist with the preparation of the financial statements.

11. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party. The board of trustees and the management team are responsible for the strategic and operational decisions of the charity.

12. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee. The guarantors for the company are:

Chatham Historic Dockyard Trust
 Gravesham Borough Council
 Kent County Council
 Medway Council
 University of Greenwich

NORTH KENT ARCHITECTURE CENTRE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	31.3.11		31.3.10	
	£	£	£	£
Turnover				
Grant income	15,000		15,000	
Project income	423,690		542,560	
		438,690		557,560
Other income				
Rents received	5,552		5,528	
Deposit account interest	100		58	
		5,652		5,586
		444,342		563,146
Expenditure				
Materials	110		1,199	
Rent & rates	25,551		25,012	
Light and heat	-		1,189	
Insurance	7,817		6,888	
Wages	305,435		369,860	
Hire of plant and machinery	442		231	
Telephone	5,696		5,332	
Post, printing and stationery	9,719		13,282	
Advertising and promotions	1,632		1,621	
Motor, travel and subsistence	10,400		14,415	
IT software & support	3,233		2,475	
Repairs and renewals	(4,812)		423	
Cleaning and laundry	2,447		2,475	
Sundry expenses	2,616		1,824	
Subscriptions	2,448		1,772	
Disallowed VAT	4,051		1,113	
Consultancy fees	49,638		83,200	
Legal & professional fees	350		2,492	
Auditors remuneration	2,565		2,300	
Conferences	2,602		4,141	
Catering	3,671		6,192	
		435,611		547,436
		8,731		15,710
Finance costs				
Bank charges		316		222
Carried forward		8,415		15,488

This page does not form part of the statutory financial statements

NORTH KENT ARCHITECTURE CENTRE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	31.3.11		31.3.10	
	£	£	£	£
Brought forward		8,415		15,488
Depreciation				
Computer equipment		1,344		1,285
		<hr/>		<hr/>
NET PROFIT		<u>7,071</u>		<u>14,203</u>

This page does not form part of the statutory financial statements

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Registered number: 04400592

Visit Kent Limited

(A company limited by guarantee)

Directors' report and financial statements

for the year ended 31 March 2011



Visit Kent Limited
(A company limited by guarantee)

Company Information

Directors	N Bunting C Carmichael W Ferris A Cottrell S Curtis (resigned 25 February 2011) K Lynes J Delaney S Matthews-Marsh T Bruton Brigadier M J Meardon RM R Hales M Bedingfield (resigned 2 February 2011) J Bunnnett (appointed 15 March 2011) R Cooper (appointed 15 March 2011)
Company number	04400592
Registered office	28-30 St Peter's Street Canterbury Kent CT1 2BQ
Auditors	Reeves & Co LLP Statutory Auditor & Chartered Accountants 37 St Margarets Street Canterbury Kent CT1 2TU
Bankers	National Westminster Bank Plc 11 The Parade Canterbury Kent CT1 2SG

Visit Kent Limited
(A company limited by guarantee)

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Visit Kent Limited
(A company limited by guarantee)

Directors' report
for the year ended 31 March 2011

The directors present their report and the financial statements for the year ended 31 March 2011

Statement of directors' responsibilities

The directors are responsible for preparing the directors' 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 then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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.

Principal activities

The company's principal activity is to carry on business and activities as may promote, market, advertise and develop nationally and internationally the tourist industry in the county of Kent and all the bodies, entities, persons associated and involved therein.

Directors

The directors who served during the year were

N Bunting
C Carmichael
W Ferns
A Cottrell
S Curtis (resigned 25 February 2011)
K Lynes
J Delaney
S Matthews-Marsh
T Bruton
Brigadier M J Meardon RM
R Hales
M Bedingfield (resigned 2 February 2011)
J Bunnett (appointed 15 March 2011)
R Cooper (appointed 15 March 2011)

Visit Kent Limited
(A company limited by guarantee)

Directors' report
for the year ended 31 March 2011

Provision of in-kind services

During the period Visit Kent Limited had a very close working relationship with the Kent County Council (KCC). Visit Kent Limited benefited from the services of secondees to a total value of £35,544 during the year to 31 March 2011 (2010 £35,000). In addition services valued at £415,400 (2010 £400,000) were provided by a number of private sector investors. Visit Kent Limited is grateful to the providers of these services, without which much of the work undertaken could not have been achieved.

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

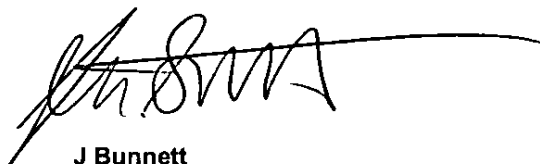
- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

The auditors, Reeves & Co LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21 December 2011 and signed on its behalf



J Bunnett
Director

Visit Kent Limited
(A company limited by guarantee)

Profit and loss account
for the year ended 31 March 2011

	Note	2011 £	2010 £
Turnover	1	1,565,381	1,091,729
Cost of sales		(1,446,527)	(994,918)
Gross profit		118,854	96,811
Administrative expenses		(112,758)	(81,752)
Operating profit	2	6,096	15,059
Interest receivable and similar income		335	293
Profit on ordinary activities before taxation		6,431	15,352
Tax on profit on ordinary activities	4	(71)	(62)
Profit for the financial year	9	6,360	15,290

The notes on pages 7 to 10 form part of these financial statements

Visit Kent Limited
(A company limited by guarantee)

Independent auditors' report to the members of Visit Kent Limited

We have audited the financial statements of Visit Kent Limited for the year ended 31 March 2011, set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Visit Kent Limited
(A company limited by guarantee)

Independent auditors' report to the members of Visit Kent Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report

Reeves & Co LLP

Peter Manser FCA DChA (Senior statutory auditor)
for and on behalf of
Reeves & Co LLP
Statutory Auditor
Chartered Accountants
Canterbury
Date 22/12/2011

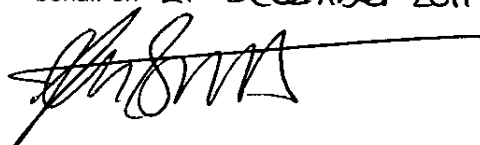
Visit Kent Limited
(A company limited by guarantee)
Registered number 04400592

Balance sheet
as at 31 March 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible Fixed Assets	5		12,968		3,695
Current assets					
Debtors	6	279,365		179,374	
Cash at bank and in hand		175,798		203,170	
		<u>455,163</u>		<u>382,544</u>	
Creditors amounts falling due within one year	7	(306,062)		(230,530)	
Net current assets			<u>149,101</u>		<u>152,014</u>
Total assets less current liabilities			<u>162,069</u>		<u>155,709</u>
Capital and reserves					
Profit and loss account	9		<u>162,069</u>		<u>155,709</u>
			<u>162,069</u>		<u>155,709</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2011



J Bunnett
Director

The notes on pages 7 to 10 form part of these financial statements

Visit Kent Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2011

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied, exclusive of Value Added Tax and trade discounts

Interreg income

Grant funding from Europe (Interreg) is only recognised when the relevant claim has been submitted in circumstances where the Board are confident that the claim will be accepted

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Office equipment	-	20% straight line
Computer equipment	-	33% straight line
Furniture and fittings	-	20% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

1.5 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.6 Going concern

The company has considerable financial resources together with a number of future investors and campaigns from which it is expected to derive a significant amount of income. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have considered the impact of the government cuts on local authority spending and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements

Visit Kent Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2011

2 Operating profit

The operating profit is stated after charging

	2011 £	2010 £
Depreciation of tangible fixed assets - owned by the company	4,718	2,683
Auditors' remuneration	3,700	4,100
	<u> </u>	<u> </u>

3 Directors' remuneration

	2011 £	2010 £
Aggregate emoluments	101,000	88,333
	<u> </u>	<u> </u>

4. Taxation

	2011 £	2010 £
UK corporation tax charge on profit for the year	71	62
	<u> </u>	<u> </u>

Factors affecting tax charge for the year

In October 2004 the Inland Revenue agreed that the company was not trading for the purposes of the Taxes Acts and as such would not be liable to corporation tax on any temporary surplus arising from its activities. The company, would however, remain liable to tax on any investment income arising.

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Visit Kent Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2011

5 Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 April 2010	7,646	41,638	49,284
Additions	4,900	9,206	14,106
Disposals	(2,281)	(5,272)	(7,553)
At 31 March 2011	10,265	45,572	55,837
Depreciation			
At 1 April 2010	6,138	39,451	45,589
Charge for the year	1,282	3,436	4,718
On disposals	(2,169)	(5,269)	(7,438)
At 31 March 2011	5,251	37,618	42,869
Net book value			
At 31 March 2011	5,014	7,954	12,968
At 31 March 2010	1,508	2,187	3,695

6 Debtors

	2011 £	2010 £
Trade debtors	138,412	156,484
Interreg debtors	111,524	-
Other debtors	29,429	22,890
	279,365	179,374

7 Creditors:
Amounts falling due within one year

	2011 £	2010 £
Trade creditors	93,441	131,278
Corporation tax	70	62
Social security and other taxes	-	6,551
Other creditors	212,551	92,639
	306,062	230,530

Visit Kent Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2011

8. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

9. Reserves

	Profit and loss account £
At 1 April 2010	155,709
Profit for the year	6,360
	<hr/>
At 31 March 2011	162,069
	<hr/>

10. Contingent liabilities

The company's entitlement to Interreg grant funding (see note 1.3) is dependant on it meeting certain "key delivery outcomes" as specified within the grant documentation. In the opinion of the directors the company has continued to meet these "key delivery outcomes". Therefore whilst failure to adhere to these requirements could result in an obligation to repay part of the funds, no attempt has been made to quantify the amount of this contingent liability as in the opinion of the directors the likelihood of the company being obliged to make any repayment is negligible.

Following a recent routine inspection into its VAT affairs, the company is currently in negotiation with HM Revenue & Customs in respect of the VAT treatment of certain matters. The directors are confident of a successful outcome to these negotiations. However the timing of the resolution of these negotiations and the potential financial effect on the company is unknown at this stage. As a result of these uncertainties the company has not recognised any potential liability in the financial statements that may arise as a result of these negotiations.

11. Operating lease commitments

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2011	2010
	£	£
Expiry date:		
Between 2 and 5 years	25,000	11,500
	<hr/>	<hr/>

12. Controlling party

In the opinion of the directors there is no one ultimate controlling party.

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LOCATE IN KENT LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

DRAFT

HEDLEY DUNK LIMITED
Chartered Accountants & Statutory Auditor
Trinity House
3 Bullace Lane
Dartford
Kent
DA1 1BB

LOCATE IN KENT LIMITED
(A company limited by guarantee)

COMPANY INFORMATION

DIRECTORS

P Wookey
A King
D C Brooks Wilson
G Harris
R Cooper
Sir C B Gough (deceased 25 April 2012)
I A Legg
M F Stevens
K G Lynes (deceased 30 March 2012)
S A Neal
N A Fenton
A Blevins
W Morris
B Cooper
M Dance (appointed 18 June 2012)

COMPANY SECRETARY

S Draper

COMPANY NUMBER

03230721

REGISTERED OFFICE

35 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4DG

AUDITORS

Hedley Dunk Limited
Chartered Accountants & Statutory Auditor
Trinity House
3 Bullace Lane
Dartford
Kent
DA1 1BB

LOCATE IN KENT LIMITED
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements for the year ended 31 March 2012.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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 then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was to encourage companies to relocate to Kent from other areas of the UK and overseas, thereby increasing the prosperity of the area through economic development and employment opportunities. The company actively markets the area and provides a competitive support package for potential investors.

DIRECTORS

The directors who served during the year were:

P Wookey
A King
D C Brooks Wilson
G Harris
R Cooper
Sir C B Gough (deceased 25 April 2012)
I A Legg
M F Stevens
K G Lynes (deceased 30 March 2012)
S A Neal
N A Fenton
A Blevins
W Morris
B Cooper

LOCATE IN KENT LIMITED
(A company limited by guarantee)

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Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 9
The following pages do not form part of the statutory financial statements:	
Detailed profit and loss account and summaries	10 - 11

LOCATE IN KENT LIMITED
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2012

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Hedley Dunk Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

and signed on its behalf.

S Draper
Secretary

DRAFT

LOCATE IN KENT LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCATE IN KENT LIMITED

We have audited the financial statements of Locate in Kent Limited for the year ended 31 March 2012, set out on pages 5 to 9. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, 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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

UNQUALIFIED OPINION ON 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 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

LOCATE IN KENT LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCATE IN KENT LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report.

Jason Outram FCA DChA (Senior statutory auditor)

for and on behalf of
Hedley Dunk Limited

Chartered Accountants
Statutory Auditor

Trinity House
3 Bullace Lane
Dartford
Kent
DA1 1BB
Date:

DRAFT

LOCATE IN KENT LIMITED
(A company limited by guarantee)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
TURNOVER	1	959,114	1,207,770
Cost of sales		(217,071)	(235,672)
GROSS PROFIT		742,043	972,098
Administrative expenses		(728,251)	(819,297)
OPERATING PROFIT	2	13,792	152,801
Interest receivable and similar income		2,826	2,131
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		16,618	154,932
Tax on profit on ordinary activities	4	(565)	(448)
PROFIT FOR THE FINANCIAL YEAR	9	16,053	154,484

The notes on pages 7 to 9 form part of these financial statements.

LOCATE IN KENT LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 03230721

BALANCE SHEET
AS AT 31 MARCH 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	5		-		819
CURRENT ASSETS					
Debtors	6	47,415		15,355	
Cash at bank and in hand		498,888		578,059	
		<u>546,303</u>		<u>593,414</u>	
CREDITORS: amounts falling due within one year	7	(52,811)		(116,794)	
NET CURRENT ASSETS			493,492		476,620
NET ASSETS			<u>493,492</u>		<u>477,439</u>
CAPITAL AND RESERVES					
Profit and loss account	9		493,492		477,439
			<u>493,492</u>		<u>477,439</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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



P Wookey
Director

M Dance
Director

The notes on pages 7 to 9 form part of these financial statements.

LOCATE IN KENT LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment - 50% straight line

1.4 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the company	819	892
Auditors' remuneration	4,687	4,905
Pension costs	37,673	39,025
	<u>43,179</u>	<u>44,822</u>

3. DIRECTORS' REMUNERATION

	2012 £	2011 £
Aggregate emoluments	121,081	134,260
	<u>121,081</u>	<u>134,260</u>

LOCATE IN KENT LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

4. TAXATION

	2012 £	2011 £
UK corporation tax charge on profit for the year	565	448

5. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 1 April 2011 and 31 March 2012	96,027
Depreciation	
At 1 April 2011	95,208
Charge for the year	819
At 31 March 2012	96,027
Net book value	
At 31 March 2012	-
At 31 March 2011	819

6. DEBTORS

	2012 £	2011 £
Trade debtors	6,000	9,797
Other debtors	41,415	5,558
	47,415	15,355

**7. CREDITORS:
Amounts falling due within one year**

	2012 £	2011 £
Trade creditors	15,905	69,613
Corporation tax	565	448
Social security and other taxes	9,777	13,254
Deferred income	5,000	3,000
Accruals and other creditors	21,564	30,479
	52,811	116,794

LOCATE IN KENT LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

8. COMPANY STATUS

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

9. RESERVES

	Profit and loss account £
At 1 April 2011	477,439
Profit for the year	16,053
	<hr/>
At 31 March 2012	493,492
	<hr/>

10. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £37,673 (2011 - £39,025).

11. OPERATING LEASE COMMITMENTS

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows:

	2012 £	2011 £
Expiry date:		
Within 1 year	30,039	30,028
Between 2 and 5 years	62,581	90,084
After more than 5 years	-	2,502
	<hr/>	<hr/>

12. RELATED PARTY TRANSACTIONS

The following transactions with members have occurred during the year:

Kent Developers Group - Contribution £70,989 (2011 £86,760)
Kent County Council - Contribution £800,000 (2011 £850,000)
Kent County Council - Recharge of director's and marketing personnel services £211,160 (2011 £230,831)

LOCATE IN KENT LIMITED
(A company limited by guarantee)

**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Page	2012 £	2011 £
TURNOVER	11	959,114	1,207,770
Cost of sales	11	(217,071)	(235,672)
		<hr/>	<hr/>
GROSS PROFIT		742,043	972,098
LESS: OVERHEADS			
Administration expenses	11	(728,251)	(819,297)
		<hr/>	<hr/>
OPERATING PROFIT		13,792	152,801
Interest receivable	11	2,826	2,131
		<hr/>	<hr/>
PROFIT FOR THE YEAR		<u>16,618</u>	<u>154,932</u>

LOCATE IN KENT LIMITED
(A company limited by guarantee)

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012**

	2012 £	2011 £
TURNOVER		
Contribution from members	959,114	1,207,770
	<u>959,114</u>	<u>1,207,770</u>
	2012 £	2011 £
COST OF SALES		
Marketing and promotional expenses	217,071	235,672
	<u>217,071</u>	<u>235,672</u>
	2012 £	2011 £
ADMINISTRATION EXPENSES		
Directors emoluments	121,081	134,260
Staff salaries	301,799	349,100
Staff national insurance	32,624	35,065
Staff pension costs - money purchase schemes	37,673	39,025
Staff training	5,351	5,981
Travel and subsistence	21,443	25,036
Printing, postage and stationery	3,013	4,099
Telephone and fax	6,075	4,002
Subscriptions and memberships	2,822	1,690
Legal and professional	1,253	433
Auditors' remuneration	4,687	4,905
Bank charges	997	1,128
Rent, rates and water	38,255	40,498
Light and heat	1,000	993
Insurances	9,575	12,512
Repairs and maintenance	4,521	4,637
Depreciation - office equipment	819	892
Seconded marketing support	90,079	99,256
Other staff expenses	646	754
Car hire	6,894	20,715
Office administration	318	487
New office move	-	1,419
Furniture leasing	4,324	4,421
Office equipment rental	195	1,006
Support costs	31,941	29,652
Disallowable VAT	-	(2,899)
Difference on foreign exchange	866	230
	<u>728,251</u>	<u>819,297</u>
	2012 £	2011 £
INTEREST RECEIVABLE		
Bank interest receivable	2,826	2,131
	<u>2,826</u>	<u>2,131</u>

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
FOR
TRADING STANDARDS SOUTH EAST LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

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TRADING STANDARDS SOUTH EAST LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2011**

DIRECTORS:

R A H Briggs	M Butler
T K Carter	S Crawley
D R Cross	V De Haan
P J Deacon	P J Emmett
P Exeter	N C Fitzpatrick
K E Ford	I G Gilmore
M Golledge	A Gregory
K G Holyer	G J Jackson
B E Johnson	J Kerman
K Law	Z Lys
G R Macpherson	L Mooney
S M F Murphy	J C Peerless-Mountford
J Player	A L Poole
C D Robinson	M V Rolfe
S J Ruddy	M J Sanders
R J Sexton	G M Stedman
R N Strawson	P J Thomas
M J Thornton	I K Treacher
R I Webb	J S Woodhouse

SECRETARY:

G Jackson

REGISTERED OFFICE:

Surrey County Council, Fairmount House
Bull Hill
Leatherhead
Surrey
KT22 7AY

REGISTERED NUMBER:

05259365

**SENIOR STATUTORY
AUDITOR:**

Mr J L Hyde

AUDITORS:

CG LEE LTD
Chartered Certified Accountants
Registered Auditors
Ingram House
Meridian Way
Norwich
Norfolk
NR7 0TA

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011**

The directors present their report with the financial statements of the company for the year ended 31 March 2011.

PRINCIPAL ACTIVITY

The principal activities of the company in the year under review were those of providing consumer advice services via a call centre and providing training to trading standards professionals. The objective is to facilitate continuous improvement in the delivery of trading standards services throughout the Southeast of England and to promote a fair and safe trading environment, encouraging enterprise and enhancing consumer confidence. The company operates on the principal that all income shall be applied solely towards the promotion of the company objectives.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2010 to the date of this report.

R A H Briggs
C P Denard
K G Holyer
B E Johnson
S M F Murphy
R J Sexton
G D Watson
R D Stone
G R Macpherson
M J Sanders
T K Carter
P J Deacon
P J Emmett
N C Fitzpatrick
K E Ford
Z Lys
A L Poole
C D Robinson
S J Ruddy
P J Thomas
M J Thornton
M Gollledge
P Exeter
J S Woodhouse
L V Corrie
I K Treacher
S S Edmunds
R I Webb
M Butler
G Jackson
J Player

Other changes in directors holding office are as follows:

C G Bainbridge - resigned 31 March 2011
N Snape - resigned 31 March 2011
K F Eaglestone - resigned 31 March 2011
S P Richardson - resigned 21 May 2010
N Badley - resigned 21 May 2010
N N Strick - resigned 7 December 2010
L Mooney - appointed 25 January 2011
J Kerman - appointed 25 January 2011

K Law, V De Haan, J C Peerless-Mountford, G M Steadman, A Gregory, R N Strawson, M V Rolfe, S Crawley, D R Cross and I G Gilmore were appointed directors after 31 March 2011 but prior to the date of this report.

L V Corrie, G D Watson, C P Denard, S S Edmunds and R D Stone ceased to be directors after 31 March 2011 but prior to the date of this report.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011**

RESERVES POLICY

The directors regularly review the company's reserves and allocation of funding to safeguard the company's service commitment in the event of delays, contractual risks or reduction in statutory income due to changes in government policy in the trading standards sector.

Due to inevitable fluctuation in funding from year to year, the directors consider it prudent that there should be sufficient reserves to ensure that the company's core activities can continue. At the year end, included within other creditors in accordance with the accounting policy detailed in note 1, are reserves of £394,229 (2010 - £388,969).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Under section 487 of the Companies Act 2006, CG LEE LTD will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members, or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

.....
R J Sexton - Director

Date:

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TRADING STANDARDS SOUTH EAST LIMITED

We have audited the financial statements of Trading Standards South East Limited for the year ended 31 March 2011 on pages six to eleven. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note nine 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 financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Report of the Directors 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:

- 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Directors.

Mr J L Hyde (Senior Statutory Auditor)
for and on behalf of CG LEE LTD
Chartered Certified Accountants
Registered Auditors
Ingram House
Meridian Way
Norwich
Norfolk
NR7 0TA

Date:

TRADING STANDARDS SOUTH EAST LIMITED (REGISTERED NUMBER: 05259365)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	2011 £	2010 £
TURNOVER		2,499,796	2,078,882
Administrative expenses		<u>2,499,796</u>	<u>2,078,882</u>
OPERATING PROFIT	2	-	-
Interest receivable and similar income		<u>1,649</u>	<u>1,980</u>
		1,649	1,980
Interest payable and similar charges		<u>-</u>	<u>16</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,649	1,964
Tax on profit on ordinary activities	3	<u>346</u>	<u>416</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>1,303</u></u>	<u><u>1,548</u></u>

The notes form part of these financial statements

TRADING STANDARDS SOUTH EAST LIMITED (REGISTERED NUMBER: 05259365)

**BALANCE SHEET
31 MARCH 2011**

	Notes	2011 £	2010 £
CURRENT ASSETS			
Debtors	5	552,658	346,780
Cash at bank		<u>760,151</u>	<u>930,934</u>
		1,312,809	1,277,714
CREDITORS			
Amounts falling due within one year	6	<u>1,287,809</u>	<u>1,254,017</u>
NET CURRENT ASSETS		<u>25,000</u>	<u>23,697</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>25,000</u>	<u>23,697</u>
 RESERVES			
Profit and loss account	7	<u>25,000</u>	<u>23,697</u>
		<u>25,000</u>	<u>23,697</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

.....
R J Sexton - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

Turnover represents the net value of services provided, excluding value added tax. Any unmatched surplus revenue at the end of the year is carried forward within creditors.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 33% on cost

Deferred tax

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with Financial Reporting Standard 19, provision is made for deferred tax in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised when it is more likely than not that the deferred tax asset will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date. Deferred tax balances are not discounted.

Grants receivable

Revenue grants received are matched against the expenditure to which they relate.

Grants received in respect of capital expenditure are credited to the deferred income account and are released to the profit and loss account by equal instalments over the expected useful lives of the assets.

Any unmatched surplus revenue grants at the end of the period are carried forward in creditors.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2011 £	2010 £
Directors' remuneration and other benefits etc	<u>-</u>	<u>-</u>

3. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2011 £	2010 £
Current tax:		
UK corporation tax	<u>346</u>	<u>416</u>
Tax on profit on ordinary activities	<u>346</u>	<u>416</u>

A review during 2008 by HM Revenue & Customs on the tax status of the company established that the operating activities of the company are non-commercial and therefore not subject to corporation tax. However, it was concluded that current and future investment income is subject to corporation tax and on this basis a provision for the tax liability on this income has been made within the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

4. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 April 2010	
and 31 March 2011	<u>1,963</u>
DEPRECIATION	
At 1 April 2010	
and 31 March 2011	<u>1,963</u>
NET BOOK VALUE	
At 31 March 2011	<u><u>-</u></u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Trade debtors	92,881	114,068
Other debtors	<u>459,777</u>	<u>232,712</u>
	<u><u>552,658</u></u>	<u><u>346,780</u></u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Trade creditors	340,107	110,973
Taxation and social security	346	44,102
Other creditors	<u>947,356</u>	<u>1,098,942</u>
	<u><u>1,287,809</u></u>	<u><u>1,254,017</u></u>

7. RESERVES

	Profit and loss account £
At 1 April 2010	23,697
Profit for the year	<u>1,303</u>
At 31 March 2011	<u><u>25,000</u></u>

8. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011

9. RELATED PARTY DISCLOSURES

During the year the following transactions took place with the members of the company, under normal commercial terms:

	Sales		Debtors	
	2011 £	2010 £	2011 £	2010 £
Bracknell Forest Borough Council	6,631	8,684	378	3,400
Brighton & Hove City Council	2,129	10,142	582	2,196
Buckinghamshire County Council	13,834	23,276	-	12,142
East Sussex County Council	12,683	14,758	-	588
Hampshire County Council	9,246	25,796	-	7,327
Isle of Wight Council	2,864	6,781	-	-
Kent County Council	57,232	40,711	9,212	1,175
Medway Council	10,363	8,663	-	-
Milton Keynes Council	16,236	7,975	-	1,812
Oxfordshire County Council	9,893	21,445	-	10,349
Portsmouth City Council	-	7,692	-	-
Reading Borough Council	2,630	6,525	-	3,705
Slough Borough Council	4,498	10,081	-	3,482
Southampton City Council	26,429	7,760	24,000	4,293
Surrey County Council	66,508	30,290	15,078	14,991
West Berkshire District Council	13,810	10,139	219	7,932
West Sussex County Council	14,349	18,727	2,040	-
Royal Borough of Windsor & Maidenhead	10,526	7,542	-	3,596
Wokingham District Council	438	9,263	-	-

	Purchases		Creditors	
	2011 £	2010 £	2011 £	2010 £
Bracknell Forest Borough Council	-	-	-	-
Brighton & Hove City Council	1,070	-	620	-
Buckinghamshire County Council	980	1,175	980	-
East Sussex County Council	-	17,340	-	5,445
Hampshire County Council	99,316	51,797	16,879	30,558
Isle of Wight Council	495	127	495	-
Kent County Council	1,801,372	1,151,876	175,874	17,658
Medway Council	8,223	5,042	-	-
Milton Keynes Council	4,223	14,086	1,850	11,526
Oxfordshire County Council	16,108	11,895	4,968	-
Portsmouth City Council	11,737	6,995	7,876	-
Reading Borough Council	11,636	1,050	497	-
Slough Borough Council	7,350	6,633	-	-
Southampton City Council	24,449	16,946	-	11,908
Surrey County Council	176,419	208,509	2,120	13,257
West Berkshire District Council	55	1,721	-	-
West Sussex County Council	8,560	6,684	-	6,065
Royal Borough of Windsor & Maidenhead	2,738	2,111	587	1,570
Wokingham District Council	-	-	-	-

10. LIMITED LIABILITY AND CONTROLLING INTEREST

The company is limited by guarantee and does not have any share capital. The liability of the members is limited to contributions of £1. There is no ultimate controlling party.

TRADING STANDARDS SOUTH EAST LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	2011		2010	
	£	£	£	£
Turnover		2,499,796		2,078,882
Other income				
Deposit account interest	1,483		1,975	
Bond interest	<u>166</u>		<u>5</u>	
		<u>1,649</u>		<u>1,980</u>
		2,501,445		2,080,862
Expenditure				
Direct operating activities	734,420		377,742	
Staffing Costs	141,409		180,587	
Consumer Direct call costs	1,393,229		1,208,120	
Marketing	2,296		20,261	
Refreshments and catering	5,701		2,528	
Training expenses	8,284		9,428	
Staff expenses	7,533		10,337	
Company running costs	23,932		24,607	
Sundry expenses	13,112		1,547	
Other Consumer Direct expenses	169,250		243,305	
Bank charges	<u>631</u>		<u>419</u>	
		<u>2,499,796</u>		<u>2,078,882</u>
		1,649		1,980
Finance costs				
Other interest payable		<u>-</u>		<u>16</u>
NET PROFIT		<u><u>1,649</u></u>		<u><u>1,964</u></u>

TRADING STANDARDS SOUTH EAST LIMITED

**COMPANY RUNNING COSTS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

	2011		2010	
	£	£	£	£
Turnover				
CD management income	30,639		39,350	
LA contributions	135,000		109,952	
Project management income	2,988		-	
Central Government Funding	10,401		21,500	
Transfer - Tobacco - admin support	4,250		6,000	
Transfer - Credit Fitness Checks	450		1,000	
Transfer - GOWERS IP admin support	-		2,000	
Transfer - FSA admin support	1,000		750	
E-Crime coordination income	12,000		-	
BWC coordination income	5,000		-	
Ports/LBRO admin support	11,250		-	
Funding for organised training	-		4,575	
Sundry income	100,670		-	
Transfer surplus to reserves	<u>(117,860)</u>		<u>(11,390)</u>	
		195,788		173,737
Expenditure				
Salary charges	116,763		125,696	
Staff expenses	7,163		7,544	
Telephone	2,000		1,266	
Postage and stationery	-		400	
Catering	2,473		2,528	
Audit	2,750		3,150	
Insurance	798		1,101	
Accounting and professional fees	3,808		5,169	
Staff training	784		2,157	
Premises costs	12,000		12,000	
Office equip and computer costs	-		720	
Miscellaneous expenses	5,201		1,112	
KCC CD contributions	-		4,000	
Legal fees	15		20	
Website hosting costs	3,052		-	
Organised training expenses	350		6,256	
Members & Senior Managers events	-		200	
Transfer to Intel	<u>38,000</u>		<u>-</u>	
		<u>195,157</u>		<u>173,319</u>
		631		419
Finance costs				
Bank charges		<u>631</u>		<u>419</u>
NET PROFIT		<u><u>-</u></u>		<u><u>-</u></u>

This page does not form part of the statutory financial statements

TRADING STANDARDS SOUTH EAST LIMITED

CONSUMER DIRECT
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	2011		2010	
	£	£	£	£
Turnover				
Cost per call income - OFT	1,393,553		1,247,471	
Marketing and events income	(10,207)		10,286	
Quality Bonus	150,926		132,478	
Low payment income	-		55,908	
Other income	20,343		23,782	
Transfer deficit/(surplus) to reserves	7,964		(22,453)	
		1,562,579		1,447,472
Expenditure				
Cost per call costs	1,393,229		1,208,120	
Marketing and events costs	101		47	
Trader tracking costs	-		(1)	
Quality Bonus	150,926		132,478	
Low volume payment	-		55,908	
Trsfr to company running costs	18,000		39,350	
Other expenditure	324		11,570	
		1,562,579		1,447,472
NET PROFIT		-		-

This page does not form part of the statutory financial statements

TRADING STANDARDS SOUTH EAST LIMITED

**REGIONAL INTELLIGENCE CAPABILITY
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

	2011		2010	
	£	£	£	£
Turnover				
SELT project funding	4,165		13,913	
Internal transfer from Tobacco	-		10,000	
Internal transfer from Gowers	-		21,504	
Gowers reserve for database	-		20,000	
E-Crime project funding	4,000		-	
LA contributions	38,000		-	
Ports/LBRO contributions	2,475		-	
Transfer surplus to reserves	<u>(21,832)</u>		<u>(15,410)</u>	
		26,808		50,007
Expenditure				
Salary charges	18,546		46,864	
Staff expenses	370		2,167	
Telephone	392		346	
Staff training	-		196	
Contractor costs	7,500		-	
Office equipment and computer costs	<u>-</u>		<u>435</u>	
		26,808		50,007
NET PROFIT		<u>-</u>		<u>-</u>

TRADING STANDARDS SOUTH EAST LIMITED

GOWERS IP
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	2011		2010	
	£	£	£	£
Turnover				
LA contributions	-		-	
Transfer deficit to reserves	-		54,023	
		-		54,023
Expenditure				
Consultancy	-		-	
Stakeholder events	-		-	
Training	-		820	
Salary costs & expenses	-		8,028	
IT/database costs	-		431	
Promotional materials / publicity	-		-	
Officer Training	-		-	
LA Strategic Assessments & Mapping	-		-	
Market Operators Exercise	-		1,510	
Work with Customs & Excise	-		21,504	
Administration support	-		2,000	
Consultants expenses	-		(270)	
Transfer to Regional Intel Capability	-		20,000	
Catering	-		-	
		-		54,023
NET PROFIT		-		-

TRADING STANDARDS SOUTH EAST LIMITED

**BWC
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

	2011		2010	
	£	£	£	£
Turnover				
Income from LAs	7,750		24,550	
Income for sale of goods	17,425		-	
BWC Scheme fee	168		-	
Surrey admin	5,300		-	
Web development	25,000		-	
Transfer (surplus)/deficit to reserves	<u>(28,175)</u>		<u>4,662</u>	
		27,468		29,211
Expenditure				
TSI Conference costs	509		4,048	
Promotional activities/website hosting	16,622		19,737	
Staff expenses	2,195		426	
Consultants	-		5,000	
Website	1,660		-	
Staff costs	6,100		-	
Card processing charges	<u>382</u>		<u>-</u>	
		27,468		29,211
NET PROFIT		<u>-</u>		<u>-</u>

TRADING STANDARDS SOUTH EAST LIMITED

FSA
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	2011		2010	
	£	£	£	£
Turnover				
Food bid	90,067		-	
Feed bid	22,053		-	
FSA Grant	-		119,322	
Transfer deficit to reserves	<u>28,556</u>		<u>29,129</u>	
		140,676		148,452
Expenditure				
LA sampling costs	139,676		93,607	
Administration support	<u>1,000</u>		<u>54,844</u>	
		140,676		148,452
NET PROFIT		<u>-</u>		<u>-</u>

TRADING STANDARDS SOUTH EAST LIMITED

CREDIT FITNESS CHECKS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	2011		2010	
	£	£	£	£
Turnover				
OFT income	12,921		13,754	
Transfer deficit/(surplus) to reserves	<u>1,324</u>		<u>(4,515)</u>	
		14,245		9,239
Expenditure				
LA visit costs	13,795		8,239	
Administration support	<u>450</u>		<u>1,000</u>	
		14,245		9,239
NET PROFIT		<u>-</u>		<u>-</u>

TRADING STANDARDS SOUTH EAST LIMITED

TOBACCO CONTROL
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	2011		2010	
	£	£	£	£
Turnover				
DoH Grant	169,114		201,819	
Transfer deficit/(surplus) to reserves	<u>58,919</u>		<u>(129,240)</u>	
		228,033		72,579
Expenditure				
LATP costs	110,172		22,370	
Promotional activities	-		477	
Project co-ordination / intel collation	-		8,000	
Consultants costs	9,851		9,200	
Consultants expenses	-		343	
Innovation	781		730	
Trade newsletter activity	-		6,445	
Detection & Disruption	9,027		-	
Enforcement checks	191		-	
Contingency	2,350		-	
Vending machine activity	-		5,945	
Pictorial warning activity	-		1,650	
Counterfeit warning activity	-		840	
Online project activity	-		7,403	
Capacity	-		338	
Administration support	94,250		8,000	
Miscellaneous	1,246		-	
Engagement, regional events	<u>165</u>		<u>839</u>	
		228,033		72,579
NET PROFIT		<u>-</u>		<u>-</u>

This page does not form part of the statutory financial statements

TRADING STANDARDS SOUTH EAST LIMITED

MISCELLANEOUS & ADHOC PROJECTS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	2011		2010	
	£	£	£	£
Turnover				
TSI subscriptions	60,949		68,341	
RFU income	-		1,000	
Lexis Nexis subscriptions	84,994		-	
IHS subscriptions	4,785		-	
BIS Market Surveillance	25,000		-	
Transfer deficit to reserves	3,470		10,865	
		179,198		80,206
Expenditure				
Miscellaneous	3,612		435	
Project costs	-		11,430	
TSI Products	63,579		68,341	
Lexis Nexis subscriptions	84,994		-	
IHS subscriptions	4,785		-	
BIS Market Surveillance	22,228		-	
		179,198		80,206
NET PROFIT		-		-

TRADING STANDARDS SOUTH EAST LIMITED

**HOLDING
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

	2011		2010	
	£	£	£	£
Turnover				
Transfer deficit to reserves	<u>50,338</u>	50,338	<u>6,400</u>	6,400
Expenditure				
Transfer to company running costs	2,493		-	
Committed to LAs but not reimbursed	(4,250)		-	
Reimbursement of LA money	<u>52,095</u>		<u>6,400</u>	
		<u>50,338</u>		<u>6,400</u>
NET PROFIT		<u><u>-</u></u>		<u><u>-</u></u>

TRADING STANDARDS SOUTH EAST LIMITED

PORTS & ERTS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	2011		2010	
	£	£	£	£
Turnover				
BIS income	22,750		25,000	
LBRO income	22,750		7,500	
Transfer surplus to reserves	<u>(689)</u>		<u>(24,945)</u>	
		44,811		7,555
Expenditure				
Sampling	7,918		-	
Coordination/administration	11,250		-	
Transfer to Intel	2,475		-	
Miscellaneous	-		164	
Sampling LA Ports work	<u>23,168</u>		<u>7,391</u>	
		44,811		7,555
NET PROFIT		<u>-</u>		<u>-</u>

TRADING STANDARDS SOUTH EAST LIMITED

**E-CRIME
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

	2011		2010	
	£	£	£	£
Turnover				
Regional coordination/TP	3,500		10,000	
Intel	-		4,000	
Website development	3,628		851	
LA TP & Surveillance	10,000		-	
Transfer deficit/(surplus) to reserves	<u>12,724</u>		<u>(14,851)</u>	
		29,852		-
Expenditure				
Regional coordination/TP	10,000		-	
Intel collation	5,500		-	
Equipment	1,123		-	
Room hire/catering	3,228		-	
LA TP & Surveillance	<u>10,000</u>		<u>-</u>	
		29,852		-
NET PROFIT		<u>-</u>		<u>-</u>

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East Kent Spatial Development Company
(A company limited by guarantee)

Directors' report and financial statements
for the year ended 31 March 2012

East Kent Spatial Development Company
(A company limited by guarantee)

Company Information

Member Organisations

Kent County Council (KCC)
University of Kent (UoK)
Locate in Kent (LiK)
Thanet District Council (TDC)
Dover District Council (DDC)
Shepway District Council (SDC)
Canterbury City Council (CCC)
Homes and Communities Agency (HCA)

Directors

C Barron (UoK) (appointed 7 September 2011)
D Everitt (UoK) (appointed 7 September 2011)
P Watkins (DDC) (appointed 1 August 2011)
P Wookey (LiK) (appointed 7 September 2011)
A Clifton-Holt (SDC) (appointed 5 January 2012)
J Gilbey (CCC) (appointed 27 April 2011)
I Johnston (TDC) (appointed 5 January 2012)

Company secretary & Chief executive officer

D Spalding

Company number

04410176

Registered office

Canterbury Innovation Centre
University Road
Canterbury
Kent
CT2 7FG

Auditors

Reeves & Co LLP
Statutory Auditor & Registered Auditors
37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Bankers

NatWest Bank Plc
11 The Parade
Canterbury
Kent
CT1 2SQ

East Kent Spatial Development Company
(A company limited by guarantee)

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Statement of total recognised gains and losses	6
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Notes to the financial statements	8 - 17

East Kent Spatial Development Company
(A company limited by guarantee)

Directors' report
for the year ended 31 March 2012

The directors present their report and the financial statements for the year ended 31 March 2012.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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.

Principal activities

The company's principal activity is to promote the economic development and regeneration, with a view to promoting the economic and environmental wellbeing, of an area within the districts of Thanet District Council, Dover District Council, Shepway District Council and Canterbury City Council including, without limitation:

- (a) primarily to undertake or procure the provision of infrastructure works and wider regeneration activities; and
- (b) subject thereto to promote, provide and procure the provision of economic development activities and to promote, provide and procure the provision of other appropriate support activities, including without limitation, advice and training, in each case within or for the benefit of the Target Area.

East Kent Spatial Development Company
(A company limited by guarantee)

Directors' report
for the year ended 31 March 2012

Directors

The directors who served during the year were:

D Tucker (SEEDA) (resigned 7 September 2011)
R Bayford (TDC) (appointed 1 August 2011 & resigned 5 January 2012)
P Cusdin (SEEDA) (resigned 7 September 2011)
C Moore (SEEDA) (resigned 7 September 2011)
K Harvey (SEEDA) (resigned 7 September 2011)
J Sadler (SEEDA) (resigned 7 September 2011)
P Wookey (LiK) (appointed 7 September 2011)
K Lynes (KCC) (appointed 17 January 2012 & resigned 10 May 2012)
R Pascoe (SDC) (resigned 5 January 2012)
A Clifton-Holt (SDC) (appointed 5 January 2012)
C Smith (DDC) (resigned 1 August 2011)
J Gilbey (CCC) (appointed 27 April 2011)
I Johnston (TDC) (appointed 5 January 2012)
A Durowoju (HCA) (resigned 8 April 2011)
C Barron (UoK) (appointed 7 September 2011)
P Watkins (DDC) (appointed 1 August 2011)
D Everitt (UoK) (appointed 7 September 2011)

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

Under section 487 of the Companies Act 2006, Reeves & Co LLP will be deemed to have been reappointed as auditor(s) 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 12 September 2012 and signed on its behalf.

J Gilbey (CCC)
Director

East Kent Spatial Development Company
(A company limited by guarantee)

Profit and loss account
for the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	1	720,310	683,658
Cost of sales		(381,212)	(328,166)
		<hr/>	<hr/>
Gross profit		339,098	355,492
Administrative expenses		(283,473)	(320,932)
		<hr/>	<hr/>
Operating profit	2	55,625	34,560
Interest receivable and similar income		5,809	8,421
Interest payable and similar charges		-	(802)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		61,434	42,179
Tax on profit on ordinary activities	4	(10,788)	52,603
		<hr/>	<hr/>
Profit for the financial year	13	50,646	94,782
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 17 form part of these financial statements.

East Kent Spatial Development Company
(A company limited by guarantee)

Statement of total recognised gains and losses
for the year ended 31 March 2012

	2012 £	2011 £
Profit for the financial year	50,646	94,782
Unrealised surplus on revaluation of investment properties	400,000	282,750
Unrealised movement on valuation of other debtors	568,542	329,338
Associated movement in deferred tax arising from the movement on valuation of other debtors	(110,000)	190,000
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	909,188	896,870
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 17 form part of these financial statements.

East Kent Spatial Development Company
(A company limited by guarantee)
Registered number: 04410176

Balance sheet
as at 31 March 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	5		2,786		144
Investment property	6		2,200,000		1,800,000
			<u>2,202,786</u>		<u>1,800,144</u>
Current assets					
Debtors	7	5,506,179		6,679,725	
Cash at bank		2,709,369		2,592,203	
		<u>8,215,548</u>		<u>9,271,928</u>	
Creditors: amounts falling due within one year	8	(603,952)		(255,960)	
Net current assets			<u>7,611,596</u>		<u>9,015,968</u>
Total assets less current liabilities			<u>9,814,382</u>		<u>10,816,112</u>
Creditors: amounts falling due after more than one year	9		(7,586,668)		(9,497,586)
Net assets			<u><u>2,227,714</u></u>		<u><u>1,318,526</u></u>
Capital and reserves					
Revaluation reserve	13		2,200,000		1,800,000
Other reserves	13		(427,056)		(885,598)
Profit and loss account	13		454,770		404,124
			<u><u>2,227,714</u></u>		<u><u>1,318,526</u></u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 September 2012.

J Gilbey (CCC)
 Director

The notes on pages 8 to 17 form part of these financial statements.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2012

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of the land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) (FRSSE).

1.2 Cash flow

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.3 Turnover

Turnover comprises income received in respect of the company's principal activities. It incorporates two main elements; firstly income from investment properties, and secondly grants released (see note 1.7).

Income from investment properties is credited to the profit and loss account on a straight line basis over the rental period.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office Equipment	- 33% straight line
------------------	---------------------

Assets under the course of construction are included at cost less impairment. No depreciation is provided until assets are brought into use. Assets under the course of construction will be reclassified on completion to another tangible fixed asset heading or investment properties as appropriate.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

1.5 Investment properties

Investment properties are carried in the financial statements at market values based on the latest valuation. A valuation was carried out by the Directors as at 31 March 2012, which was informed by previous independent professional valuations undertaken by Cluttons LLP as at 15 February 2010 and 31 March 2011.

In accordance with the FRSSE, depreciation is not provided on investment properties that are held as leaseholds having more than 20 years unexpired. This is not in accordance with the Companies Act 2006, which requires all tangible assets to be depreciated. This departure from the requirements of the Act is, in the opinion of the Directors, necessary for the financial statements to give a true and fair view and comply with applicable accounting standards which require investment properties to be included in the financial statements at market value. Had the provisions of the Act been followed, prior to grants being released as described in note 1.7, revenue profits would have been reduced, the revaluation surplus would have been increased and therefore net assets would have been unchanged.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2012

1. Accounting policies (continued)

1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 Grants

The company's activities are funded primarily by grant aid.

Grants by member organisations are given to finance the general administration of the company. Such grants are recognised in the profit and loss account of the period in which they become receivable.

Other grants receivable of a revenue nature are credited to the profit and loss account in the period to which the expenditure, towards which they are intended to contribute, are incurred.

Grants relating to tangible fixed assets are treated as grants received in advance and are released to the profit and loss account in the period during which any corresponding depreciation or impairment of the costs is made.

Grants received in respect of investment properties have been deducted from the cost of those assets. This is not in accordance with the Companies Act 2006, which requires assets to be shown at their purchase price or production cost and hence grants and contributions to be presented as deferred income. This departure from the requirements of the Act is, in the opinion of the Directors, necessary to give a true and fair view as these assets do not have determinable finite lives and therefore no basis exists on which to recognise grants and contributions as income. The effect of this departure is that the cost of the investment property is £7,471,934 lower than it would otherwise have been (2011: £6,264,677), but the valuation of the property is unchanged.

Grants receivable to finance loans made by the company are transferred from designated grants in advance to unrestricted grants in advance in the period in which repayment of the other debtor to which they relate is made.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2012

1. Accounting policies (continued)

1.8 Other debtors

Other debtors comprise loans made to a utility provider to finance new infrastructure works in East Kent. The loans (utility loans) are index linked to RPI and are repayable as and when third parties pay the utility provider to connect to the new utility infrastructure. The amount of utility loan repayable is proportionate to the capacity connected as a percentage of the total capacity of the new utility network.

In order to make these utility loans the company has received grants (see 1.7 above). At the point of repayment, the grant made to finance the utility loan is transferred from designated grants in advance to unrestricted grants in advance.

Although the company's classification is small and it is not therefore required to implement the provisions of FRS26 "Financial instruments: measurement", the company has adopted FRS26 as best practice on accounting for these utility loans. Accordingly the utility loans have been treated as an "available for sale financial asset" and are measured at fair value. Fair value is taken as the directors' best estimate of the discounted future income stream arising from the repayment of the utility loans.

Any movement in the value of this estimate, other than from the draw down or repayment, is taken to other reserves.

There is no certainty over the timing and percentage connection to the network that will be achieved. As such there is significant uncertainty over the carrying value of utility loans. The directors do not envisage 100% connection to the network and therefore they have made a provision to reduce the value of utility loans to their estimated fair value. The accumulated provision is shown as an other reserve, as disclosed in note 13.

1.9 Going concern

There is no certainty over the timing and future value of the other debtor loan repayments and consequently the carrying value of the loans which are valued at the directors' best estimate of fair value.

The recognition of the unrealised deficit relating to the revaluation of other debtors does not impact on the company's financial facilities. The company has started to receive repayments and expects a positive cash flow in future years to arise from the other debtor balances. The company made a profit on ordinary activities after taxation of £50,646 (2011: £94,782). The company has £2,709,369 (2011: £2,592,203) included in cash at the bank. As a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate financial 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.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2012

1. Accounting policies (continued)

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

2. Operating profit

The operating profit is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the company	608	72
Auditors' remuneration	5,050	4,900
	<u>5,658</u>	<u>4,972</u>

During the year, no director received any emoluments (2011 - £NIL).

3. Exceptional items

The operating profit is also stated after charging / (crediting):

	2012 £	2011 £
Impairment of tangible fixed assets	(664,914)	(241,276)
Release of grants towards tangible fixed assets	664,914	241,276
	<u>-</u>	<u>-</u>

Assets under the course of construction have been impaired to the higher of their net realisable value and their value in use. Corresponding releases have been made from grants received in advance. Both the impairments and the grant releases have been charged to administration expenses within the profit and loss account resulting in nil overall effect to the profit and loss account.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2012

4. Taxation

	2012 £	2011 £
Analysis of tax charge/(credit) in the year		
UK corporation tax charge on profit for the year	10,750	7,089
Adjustments in respect of prior periods	38	(59,692)
Tax on profit on ordinary activities	10,788	(52,603)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 20% (2011 - 20%). The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	61,434	42,179
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20%)	12,287	8,436
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	168	337
Capital allowances for year in excess of depreciation	(543)	-
Utilisation of tax losses	(1,162)	(1,684)
Adjustments to tax charge in respect of prior periods	38	(59,692)
Current tax charge/(credit) for the year (see note above)	10,788	(52,603)

Factors that may affect future tax charges

The company has tax losses carried forward of £415,000 (2011: £990,000). These have resulted in the recognition of a deferred tax asset. The tax losses will be utilised to reduce future taxable profits.

East Kent Spatial Development Company
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 March 2012**

5. Tangible fixed assets

	Furniture, fittings and equipment £	Assets under the course of construction £	Total £
Cost or valuation			
At 1 April 2011	2,371	241,276	243,647
Additions	3,250	1,064,914	1,068,164
Transfers to investment properties	-	(1,207,258)	(1,207,258)
At 31 March 2012	<u>5,621</u>	<u>98,932</u>	<u>104,553</u>
Depreciation			
At 1 April 2011	2,227	241,276	243,503
Charge for the year	608	-	608
Impairment (see note 3)	-	664,914	664,914
Transfers to investment properties	-	(807,258)	(807,258)
At 31 March 2012	<u>2,835</u>	<u>98,932</u>	<u>101,767</u>
Net book value			
At 31 March 2012	<u>2,786</u>	<u>-</u>	<u>2,786</u>
At 31 March 2011	<u>144</u>	<u>-</u>	<u>144</u>

6. Investment property

	Long term Leasehold investment property £
Cost	
At 1 April 2011	1,800,000
Grants received	(400,000)
Surplus/(deficit) on revaluation	400,000
Transfers from Assets under the course of construction	400,000
At 31 March 2012	<u>2,200,000</u>
Comprising	
Revaluation surplus - 2010	1,517,250
Revaluation surplus - 2011	282,750
Revaluation surplus - 2012	400,000
At 31 March 2012	<u>2,200,000</u>

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2012

6. Investment property (continued)

The 2012 valuations were made by the Directors, on an open market value for existing use basis. The valuation was informed by previous independent professional valuations undertaken by Cluttons LLP as at 15 February 2010 and 31 March 2011.

The company's investment property is secured by way of a legal mortgage against the grants made by SEEDA (see note 10).

7. Debtors

	2012 £	2011 £
Due after more than one year		
Other debtors	5,096,189	6,396,215
Deferred tax asset (see note 11)	62,500	150,000
Due within one year		
Trade debtors	10,065	14,010
Grants receivable	151,153	3,248
Prepayments and accrued income	168,772	76,252
Deferred tax asset (see note 11)	17,500	40,000
	<u>5,506,179</u>	<u>6,679,725</u>

Other debtors include loans made to a utility service provider to finance the installation of new network infrastructure. The valuation principles of these loans and related uncertainties are described in note 1.8.

8. Creditors:
Amounts falling due within one year

	2012 £	2011 £
Grants received in advance (see note 10)	168,267	54,073
Trade creditors	132,188	18,250
Corporation tax	10,750	7,089
Other creditors	292,747	176,548
	<u>603,952</u>	<u>255,960</u>

Included within other creditors are amounts totalling £42,276 (£42,276 in grants received in advance) owed to SEEDA secured by way of a legal charge over the leasehold property.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2012

9. Creditors:
Amounts falling due after more than one year

	2012 £	2011 £
Grants received in advance (see note 10)	7,586,668	9,497,586

10. Grants received in advance

	2012 £	2011 £
Unrestricted grants	1,983,424	1,737,724
Designated grants - other debtors	5,715,837	7,717,512
Designated grants - fixed assets	55,674	96,423
	7,754,935	9,551,659

Unrestricted grants

These relate to those grants received by the company that the company is able to use for whatever purpose it deems appropriate. The balance includes HCA funding of £300,430 (2011: £300,430) and converted other debtor grants of £1,682,994 (2011: £1,437,294).

Designated grants - other debtors

These relate to grants received in order to finance the other debtor loans made by the company. They are converted to unrestricted grants once the repayment of the other debtor falls due. The balance includes Single Regeneration Budget funding administered through TDC of £1,412,540 (2011: £1,945,533), funding from the HCA of £2,229,568 (2011: £3,070,849), and funding from the European Regional Development Fund of £1,961,136 (2011: £2,701,130).

The balance also includes funding from the HCA in respect of recoverable deposits totalling £112,593 (2011: £NIL).

Designated grants - fixed assets

These relate to grants received in order to finance fixed assets of the company. The balance comprises SEEDA funding of £nil (2011: £42,276) and funding from the HCA of £55,674 (2011: £54,147).

11. Deferred tax asset

	2012 £	2011 £
At beginning of year	190,000	-
(Charge for)/released during year	(110,000)	190,000
At end of year	80,000	190,000

The deferred tax asset is made up as follows:

	2012 £	2011 £
Tax losses carried forward	80,000	190,000

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2012

12. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

13. Reserves

	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 April 2011	1,800,000	(885,598)	404,124
Profit for the year			50,646
Surplus on revaluation of leasehold property	400,000		
Movement on other reserves		458,542	
At 31 March 2012	<u>2,200,000</u>	<u>(427,056)</u>	<u>454,770</u>

Other reserves represent the provision made to reduce utility loans to the directors' best estimate of fair value. See accounting policy 1.8.

14. Contingent liabilities

The company has received grants contingent on meeting certain performance criteria. The Directors are confident that the Company will meet these performance criteria.

15. Capital commitments

At 31 March 2012 the company had capital commitments as follows:

	2012 £	2011 £
Contracted for but not provided in these financial statements	<u>813,332</u>	<u>873,891</u>

In respect of the commitment, the company had an agreement with the HCA that capital grant funding would be made available to the company in respect of qualifying capital expenditure.

16. Related party transactions

During the year the company was refunded premises expenses totalling £955 (2011 charged: £8,679) from TDC, a member of the company. Included within prepayments is an amount of £Nil (2011: £426) relating to monies paid to TDC in advance.

During the year the company received grants from the HCA totalling £1,300,610 (2011: £244,524). The unutilised balance remaining on grants received are shown in note 10.

During the year the company paid rates to CCC of £131,305 (2011: £117,918). At the year end the company was owed £Nil (2011: £2,159).

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2012

17. Controlling party

There is no controlling party for the company.

PRODUCED IN KENT LIMITED
COMPANY LIMITED BY GUARANTEE
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

**PRODUCED IN KENT LIMITED
COMPANY LIMITED BY GUARANTEE
COMPANY INFORMATION**

Directors	J Barnes P Hannan W Opie S Clarke A Wickham M Regan (Appointed 21 April 2011) R Phillips (Appointed 20 July 2011) Professor P Gregory (Appointed 11 August 2011) A Church (Appointed 26 January 2012)
Secretary	S Durling
Company number	05505567
Registered office	Charcott Holm Farmhouse Tonbridge Road Hadlow Tonbridge Kent TN11 0AH
Auditors	Wilkins Kennedy FKC Stourside Place Station Road Ashford Kent
Business address	Charcott Holm Farmhouse Tonbridge Road Hadlow Tonbridge Kent TN11 0AH

PRODUCED IN KENT LIMITED COMPANY LIMITED BY GUARANTEE CONTENTS

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Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 9

PRODUCED IN KENT LIMITED COMPANY LIMITED BY GUARANTEE DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and financial statements for the year ended 31 March 2012.

Principal activities

The principal activity of the company continued to be that of increasing public awareness of produce which has been produced in Kent.

Directors

The following directors have held office since 1 April 2011:

J Barnes	
P Hannan	
W Opie	
Dr M Solomon	(Resigned 20 July 2011)
S Clarke	
A Wickham	
M Regan	(Appointed 21 April 2011)
T Piper	(Resigned 20 July 2011)
R Phillips	(Appointed 20 July 2011)
Professor P Gregory	(Appointed 11 August 2011)
A Church	(Appointed 26 January 2012)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

**PRODUCED IN KENT LIMITED
COMPANY LIMITED BY GUARANTEE
DIRECTORS' REPORT (CONTINUED)
*FOR THE YEAR ENDED 31 MARCH 2012***

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

.....
W Opie
Director
.....

PRODUCED IN KENT LIMITED COMPANY LIMITED BY GUARANTEE INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PRODUCED IN KENT LIMITED

We have audited the financial statements of Produced in Kent Limited for the year ended 31 March 2012 set out on pages 5 to 9. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**PRODUCED IN KENT LIMITED
COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF PRODUCED IN KENT LIMITED**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

**John McIntyre (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy FKC**

.....

**Chartered Accountants
Statutory Auditor**

Stourside Place
Station Road
Ashford
Kent

**PRODUCED IN KENT LIMITED
COMPANY LIMITED BY GUARANTEE
PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	2011 £
Turnover		236,969	269,505
Cost of sales		(45,963)	(57,672)
Gross profit		191,006	211,833
Administrative expenses		(198,793)	(203,547)
Operating (loss)/profit	2	(7,787)	8,286
Other interest receivable and similar income	3	25	6
(Loss)/profit on ordinary activities before taxation		(7,762)	8,292
Tax on (loss)/profit on ordinary activities	4	-	(669)
(Loss)/profit for the year	9	(7,762)	7,623

**PRODUCED IN KENT LIMITED
COMPANY LIMITED BY GUARANTEE
BALANCE SHEET**

AS AT 31 MARCH 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	5		315		1,066
Current assets					
Debtors	6	51,695		51,999	
Cash at bank and in hand		77,840		41,640	
		<u>129,535</u>		<u>93,639</u>	
Creditors: amounts falling due within one year	7	<u>(110,871)</u>		<u>(67,964)</u>	
Net current assets			<u>18,664</u>		<u>25,675</u>
Total assets less current liabilities			<u>18,979</u>		<u>26,741</u>
Reserves					
Profit and loss account	9		<u>18,979</u>		<u>26,705</u>
Members' funds			<u>18,979</u>		<u>26,705</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board and authorised for issue on

.....

W Opie
Director

Company Registration No. 05505567

PRODUCED IN KENT LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The accounts are prepared on a going concern basis, the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment 33.3% Straight Line

2 Operating (loss)/profit	2012	2011
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	316	1,234
Auditors' remuneration	2,015	3,500
	<u> </u>	<u> </u>
3 Investment income	2012	2011
	£	£
Bank interest	25	6
	<u> </u>	<u> </u>
	25	6
	<u> </u>	<u> </u>
4 Taxation	2012	2011
	£	£
Domestic current year tax		
U.K. corporation tax	-	669
	<u> </u>	<u> </u>
Total current tax	-	669
	<u> </u>	<u> </u>

PRODUCED IN KENT LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

5 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 April 2011	36,283
Disposals	(16,439)
	<hr/>
At 31 March 2012	19,844
	<hr/>
Depreciation	
At 1 April 2011	35,217
On disposals	(16,004)
Charge for the year	316
	<hr/>
At 31 March 2012	19,529
	<hr/>
Net book value	
At 31 March 2012	315
	<hr/> <hr/>
At 31 March 2011	1,066
	<hr/> <hr/>

6 Debtors	2012 £	2011 £
Trade debtors	44,997	51,999
Other debtors	6,698	-
	<hr/>	<hr/>
	51,695	51,999
	<hr/> <hr/>	<hr/> <hr/>

7 Creditors: amounts falling due within one year	2012 £	2011 £
Trade creditors	87,086	44,719
Taxation and social security	-	6,648
Other creditors	23,785	16,597
	<hr/>	<hr/>
	110,871	67,964
	<hr/> <hr/>	<hr/> <hr/>

PRODUCED IN KENT LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

8 Company status

The company is a company limited by guarantee and not having a share capital. Every member of the company undertakes to contribute in a winding up a sum not exceeding £1 whilst they are a member, or within one year after ceasing to be a member, towards debts and liabilities contracted before ceasing to be a member.

9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2011	26,741
Loss for the year	(7,762)
	<hr/>
Balance at 31 March 2012	18,979
	<hr/> <hr/>

10 Related party relationships and transactions

During the year, income of £122,104 (2011: £150,000) was receivable from Kent County Council in respect of operational costs. Staff costs of £144,457 (2011: £151,843) were paid to that organisation of which £71,333 remained payable at 31 March 2012. As at 31 March 2012, £42,345 (2011: £50,364) was due from Kent County Council. Kent County Council is a member of the company.

Income receivable from Hadlow College for the year was £40,000 (2011: £50,000). Staff costs of £12,066 were paid to Hadlow College during the year. As at 31 March 2012, £2,700 (2011: £nil) was due to Hadlow College. The premises occupied by the company during the year to 31 March 2012 were rented from Hadlow College. Rent and service charges of £16,717 were paid to Hadlow College during the year. Hadlow College is a member of the company.

**PRODUCED IN KENT LIMITED
COMPANY LIMITED BY GUARANTEE
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 MARCH 2012**

PRODUCED IN KENT LIMITED
COMPANY LIMITED BY GUARANTEE
DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

		2012	2011
	£	£	£
Turnover			
Receivable from Kent County Council		122,104	150,000
Receivable from Hadlow College		40,000	50,000
Membership income		29,666	27,131
LEADER income		-	7,999
Awards, festivals and events income		41,457	31,554
Miscellaneous income		3,107	2,821
Marketing income		635	-
		<u>236,969</u>	<u>269,505</u>
Cost of sales			
Kent Food and Drink Festival	11,216		16,533
Taste of Kent Awards	12,441		12,908
Newsletter	4,142		5,643
Members Marketing	530		22
LEADER Expenditure	-		9,207
Kent Show	8,129		7,700
Young Chef Award	5,226		-
Kent's Finest	3,705		5,659
Create a Fruit & Veg Masterpiece	574		-
		<u>(45,963)</u>	<u>(57,672)</u>
Gross profit		191,006	211,833
Administrative expenses		<u>(198,793)</u>	<u>(203,547)</u>
Operating (loss)/profit		(7,787)	8,286
Other interest receivable and similar income			
Bank interest received		25	6
(Loss)/profit before taxation		<u>(7,762)</u>	<u>8,292</u>

**PRODUCED IN KENT LIMITED
COMPANY LIMITED BY GUARANTEE
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31 MARCH 2012**

	2012	2011
	£	£
Administrative expenses		
Wages and salaries (excl. N.I.)	153,107	151,865
Staff training	194	1,116
Rent	16,717	13,577
Insurance	751	578
Cleaning	156	156
Repairs and maintenance	217	-
Printing, postage and stationery	2,794	3,679
PR and advertising	11,022	16,353
Telephone	2,169	2,014
Computer running costs	2,790	3,163
Travel expenses	4,100	3,846
Entertaining	-	333
Legal and professional fees	1,496	990
Audit fees	2,015	3,500
Bank charges	54	59
Bad and doubtful debts	14	-
Sundry expenses	312	888
Subscriptions	134	196
Depreciation on fixtures, fittings and equipment	316	1,234
Losses on tangible fixed assets scrapped	435	-
	<u>198,793</u>	<u>203,547</u>

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3524/15

Company Registration Number 3000723

REGISTRAR OF
COMPANIES

**BUSINESS SUPPORT KENT
COMMUNITY INTEREST COMPANY**

FINANCIAL STATEMENTS

FOR

31ST MARCH 2011

TUESDAY



A0OKPZC1
A12 20/12/2011 #61
COMPANIES HOUSE

BURGESS HODGSON

Chartered Accountants & Registered Auditors
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2011

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BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY

THE DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 2011

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31st March 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year was to improve the competitiveness of small and medium sized enterprises through the impartial delivery of a variety of services and by providing access to the information, skills, knowledge and advice they need to succeed

The group is also an active partner with a number of key stakeholders in Kent and throughout the South East that seek to promote the economic prosperity of the region

The parent company's status of Community Interest Company accords with the role the business has in serving communities in Kent

The group benefits the following sections of the community through its operations, services and the application of its financial resources and through its influence

- 1 Local communities primarily in Kent, particularly those in designated areas of social deprivation, regeneration or growth, where stimulation of the enterprise economy will bring positive benefits to the economic and social well being of the community
- 2 Individuals who need or want to start a business or commence self-employment, particularly those from sections of the community who are under-represented or disadvantaged in the enterprise economy
- 3 Small and Medium sized businesses and their employees, particularly those in designated areas of social deprivation, regeneration or growth Small and Medium sized businesses account for the majority of new job creation and make a significant positive contribution to the economy

Key Achievements

Financial

The group generated a pre-tax deficit on ordinary activities of £224,591 (2010 surplus of £256,451) during the year The three year contract to provide the Business Link service, funded by SEEDA was successfully completed on 31st March 2010

The loss of the Business Link contract to a national service provider has had a significant impact on the scale of the group, directly resulting in a reduction in turnover from £9,275,082 in 2010 to £5,076,700 in this year The year to 31st March 2011 was very much one of transition requiring a substantial realignment of the organisation which gave rise to significant once-off costs that contributed to the reported deficit

The group has made good progress in reorganising its operations to address the challenges of this new environment, resulting in a reduction in headcount from 103 to 47, and has been successful in securing some new contracts to sustain its future business

Principal Risks and Uncertainties

Following the loss of the Business Link contract the group is continuing to run a number of projects, which are primarily European-funded The group continues to be dependent on securing additional project funding from Europe and the UK There are uncertainties associated with the economic situation for both sources

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST MARCH 2011

RESULTS AND DIVIDENDS

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements

Under the terms of the Memorandum and Articles of Association the company may not distribute profits to its members

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

		Ordinary Shares of £1 each	
		At	At
		31 March 2011	1 April 2010 or later date of appointment
M Adam	(appointed 13 September 2011)	—	—
B W C Bond		2	2
R R Clewley		2	2
J W Faulkner	(resigned 10 May 2011)	2	2
S Holt	(resigned 13 September 2011)	—	—
R C Jones	(resigned 9 August 2011)	—	—
A J Ledger		—	—
J Ollis	(appointed 13 September 2011)	—	—
E Russell	(appointed 13 September 2011)	—	—
P Winter		2	2
S Wood		—	—

The directors have a non-beneficial interest in the shares that they hold

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 in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 31ST MARCH 2011**

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

A resolution to re-appoint Burgess Hodgson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Registered office
Foord Annexe
High Street
Rochester
Kent
ME1 1EW

Signed by order of the directors



R R CLEWLEY

Approved by the directors on 22 November 2011

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST MARCH 2011

We have audited the group and parent company financial statements of Business Support Kent Community Interest Company for the year ended 31 March 2011 on pages 6 to 19, which have been prepared on the basis of the accounting policies set out on page 11

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 shareholder 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 Directors' Responsibilities Statement set out on pages 1 to 2, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2011 and of the group's deficit 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 MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31ST MARCH 2011

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Mark Laughton
(Senior Statutory Auditor)
For and on behalf of
BURGESS HODGSON
Chartered Accountants
& Statutory Auditor

Camburgh House
27 New Dover Road
Canterbury
Kent
CT 1 3DN

28th November 2011

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY

GROUP INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31ST MARCH 2011

	Note	2011 £	2010 £
GROUP TURNOVER	2	5,076,700	9,275,082
Cost of sales		2,577,320	2,972,544
GROSS SURPLUS		2,499,380	6,302,538
Administrative expenses		2,741,690	6,153,403
OPERATING (DEFICIT) / SURPLUS	3	(242,310)	149,135
Share of associate operating profit		1,514	-
NET OPERATING (DEFICIT) / SURPLUS		(240,796)	149,135
Interest receivable		16,205	7,316
Dividend receivable		-	100,000
(DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		(224,591)	256,451
Tax on surplus / (deficit) on ordinary activities	6	(2,063)	4,073
(DEFICIT) / SURPLUS AFTER TAX		(226,654)	260,524
Extraordinary Cost		-	(89,405)
SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR		(226,654)	171,119

The notes on pages 11 to 19 form part of these financial statements

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY**GROUP STATEMENT OF RECOGNISED GAINS AND LOSSES****YEAR ENDED 31ST MARCH 2011**

	2011 £	2010 £
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR	(226,654)	171,119
RESERVE TRANSFER ON TERMINATION OF CONTRACT	-	(587,595)
TOTAL REALISED GAINS AND LOSSES SINCE LAST ANNUAL REPORT	<u>(226,654)</u>	<u>(416,476)</u>

The notes on pages 11 to 19 form part of these financial statements

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY**GROUP BALANCE SHEET****31ST MARCH 2011**

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	76,229	76,835
Investments	8		10
Investment in associate		1,534	-
Tangible Assets and Investments		77,763	76,845
CURRENT ASSETS			
Debtors	9	2,266,021	2,090,542
Cash at bank		216,558	1,086,920
		2,482,579	3,177,462
CREDITORS: Amounts falling due within one year	10	(2,181,023)	(2,648,334)
NET CURRENT ASSETS		301,556	529,128
TOTAL ASSETS LESS CURRENT LIABILITIES		379,319	605,973
CAPITAL AND RESERVES			
Called-up equity share capital	13	8	8
Income and expenditure account	14	379,311	605,965
SHAREHOLDERS' FUNDS	15	379,319	605,973

These financial statements were approved by the directors on the *22 November 2011* and are signed on their behalf by


R R CLEWLEY

Company Registration Number 3000723

The notes on pages 11 to 19 form part of these financial statements

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY **BALANCE SHEET**

31ST MARCH 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	76,229	76,522
Investments	8	50	40
Tangible Assets and Investments		76,279	76,562
CURRENT ASSETS			
Debtors	9	2,300,619	2,130,358
Cash at bank		215,630	1,081,616
		2,516,249	3,211,974
CREDITORS: Amounts falling due within one year	10	(2,173,734)	(2,647,584)
NET CURRENT ASSETS		342,515	564,390
TOTAL ASSETS LESS CURRENT LIABILITIES		418,794	640,952
CAPITAL AND RESERVES			
Called-up equity share capital	13	8	8
Income and expenditure account	14	418,786	640,944
SHAREHOLDERS' FUNDS	15	418,794	640,952

These financial statements were approved by the directors on the 22 November 2010 and are signed on their behalf by



R R CLEWLEY

Company Registration Number 3000723

The notes on pages 11 to 19 form part of these financial statements

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY

GROUP CASH FLOW STATEMENT

YEAR ENDED 31ST MARCH 2011

	Note	2011 £	2010 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	16	(831,743)	131,946
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	16	16,205	107,316
TAXATION	16	(1,459)	(4,140)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	16	(53,365)	(69,918)
(DECREASE)/INCREASE IN CASH	16	<u>(870,362)</u>	<u>165,204</u>

The notes on pages 11 to 19 form part of these financial statements

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the income and expenditure account after or up to the date that control passes respectively.

An associate is an entity in which the group holds a participating interest and exercises significant influence. Associates are included in the group's balance sheet using the equity method, which records the group's investment at cost plus the appropriate share of the associate's results since acquisition.

Turnover

The turnover shown in the income and expenditure account represents amounts invoiced during the year, exclusive of Value Added Tax. Also included in turnover are grants received and receivable from UK and European governments as the income relates to activities performed in the year.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	-	3 years straight line
Computer Equipment	-	3 years straight line
Leasehold Improvements	-	3 years straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

Pension costs

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the income and expenditure account.

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 2011****2. TURNOVER**

An analysis of group turnover is given below

	2011	2010
	£	£
United Kingdom	<u>5,076,700</u>	<u>9,275,082</u>

3. OPERATING DEFICIT

Operating deficit is stated after charging

	2011	2010
	£	£
Depreciation of owned fixed assets	53,961	148,197
Auditors' remuneration		
- as auditors	<u>9,600</u>	<u>9,560</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

	2011	2010
	No	No
Number of administrative staff	5	10
Number of management staff	4	11
Number of programme staff	38	82
	<u>47</u>	<u>103</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	1,797,307	3,641,366
Social security costs	175,707	372,807
Money purchase pension costs	79,337	328,049
	<u>2,052,351</u>	<u>4,342,222</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2011	2010
	£	£
Aggregate emoluments	72,596	143,980
Value of group pension contributions to money purchase schemes	3,500	13,139
	<u>76,096</u>	<u>157,119</u>

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2011

5. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors who are accruing benefits under group pension schemes was as follows

	2011	2010
	No	No
Money purchase schemes	<u>1</u>	<u>2</u>

6. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	2011	2010
	£	£
Current tax		
Under/(over) provision in prior year	(78)	(4,151)
Refund re 2007-08	-	(1,459)
UK Corporation tax based on the results for the year at 21% (2010 - 21%)	<u>2,141</u>	<u>1,537</u>
Total current tax	<u>2,063</u>	<u>(4,073)</u>

Business Support Kent Community Interest Company, due to its not for profit status, is exempt from a charge to Corporation Tax on its surpluses or deficits. The tax charge is based solely on its investment income for the year.

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 2011****7. TANGIBLE FIXED ASSETS**

	Furniture and Office Equipment	Computer Equipment	Leasehold Improvements	Total
GROUP	£	£	£	£
COST				
At 1st April 2010	69,001	53,465	222,940	345,406
Additions	33,176	20,179	-	53,355
Disposals	-	(3,428)	(166,093)	(169,521)
At 31st March 2011	<u>102,177</u>	<u>70,216</u>	<u>56,847</u>	<u>229,240</u>
DEPRECIATION				
At 1st April 2010	59,571	15,980	193,020	268,571
Charge for the year	11,828	21,015	21,118	53,961
Depreciation on Disposals	-	(3,428)	(166,093)	(169,521)
At 31st March 2011	<u>71,399</u>	<u>33,567</u>	<u>48,045</u>	<u>153,011</u>
NET BOOK VALUE				
At 31st March 2011	<u>30,778</u>	<u>36,649</u>	<u>8,802</u>	<u>76,229</u>
At 31st March 2010	<u>9,430</u>	<u>37,485</u>	<u>29,920</u>	<u>76,835</u>
COMPANY	£	£	£	£
COST				
At 1st April 2010	69,001	52,526	222,940	344,467
Additions	33,176	20,179	-	53,355
Disposals	-	(3,428)	(166,093)	(169,521)
At 31st March 2011	<u>102,177</u>	<u>69,277</u>	<u>56,847</u>	<u>228,301</u>
DEPRECIATION				
At 1st April 2010	59,571	15,354	193,020	267,945
Charge for the year	11,828	20,702	21,118	53,648
Depreciation on Disposals	-	(3,428)	(166,093)	(169,521)
At 31st March 2011	<u>71,399</u>	<u>32,628</u>	<u>48,045</u>	<u>152,072</u>
NET BOOK VALUE				
At 31st March 2011	<u>30,778</u>	<u>36,649</u>	<u>8,802</u>	<u>76,229</u>
At 31st March 2010	<u>9,430</u>	<u>37,172</u>	<u>29,920</u>	<u>76,522</u>

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2011

8. INVESTMENTS

GROUP

	Associate £
COST	
At 31 st March 2010	10
Additions	1,524
At 31 st March 2011	<u>1,534</u>

COMPANY

	Group companies £
COST	
At 31 st March 2010	40
Additions	10
At 31 st March 2011	<u>50</u>

Group companies

At 31st March 2011 Business Support Kent CIC held the whole of the allotted share capital of the following companies

BSK Direct Limited (formerly Enterprise Taktix Limited) (provider of a knowledge transfer platform)

Taktix Limited (dormant)

Business Link Kent Limited (dormant)

Associate

At 31st March 2011 Business Support Kent CIC held one third of the allotted share capital of Skills South East Limited. Business Support Kent CIC exercises significant influence over Skills South East Limited and so the company has been treated as an associate in the consolidated financial statements. The group's share of profit comprises one third of Skills South East Limited's profits.

The most recent audited financial statements of Skills South East Limited are for its financial year ended 31st July 2010 at which date its capital and reserves were £101,693 and its loss for the year then ended was £80,450. The company's results for the year to 31st March 2011 and its assets and liabilities at that date have been consolidated using interim accounts.

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2011

9. DEBTORS

	GROUP		COMPANY	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	90,026	163,066	90,026	162,850
Other debtors	10,520	527,926	5,985	527,783
Amounts owed by group undertakings	-	-	48,133	40,175
Prepayments and accrued income	2,165,475	1,399,550	2,156,475	1,399,550
	<u>2,266,021</u>	<u>2,090,542</u>	<u>2,300,619</u>	<u>2,130,358</u>

10. CREDITORS: Amounts falling due within one year

	GROUP		COMPANY	
	2011	2010	2011	2010
	£	£	£	£
Trade creditors	63,785	89,101	63,785	89,101
Corporation tax	2,141	1,537	2,141	1,537
VAT Payable	24,548	20,683	24,548	20,683
PAYE and social security	55,719	137,622	55,719	137,622
Accruals and deferred income	2,034,830	1,722,391	2,027,541	1,721,641
Contract termination liability	-	677,000	-	677,000
	<u>2,181,023</u>	<u>2,648,334</u>	<u>2,173,734</u>	<u>2,647,584</u>

11. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2011 the group and company had annual commitments under non-cancellable operating leases as set out below

	Assets Other Than Land & Buildings	
	2011	2010
	£	£
Operating leases which expire		
Within 1 year	-	-
Within 2 to 5 years	25,152	25,207
	<u>25,152</u>	<u>25,207</u>
	Land & Buildings	
	2011	2010
	£	£
Operating leases which expire		
Within 1 year	9,250	-
Within 2 to 5 years	-	18,500
	<u>9,250</u>	<u>18,500</u>

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2011

12. RELATED PARTY TRANSACTIONS

At the year end Business Support Kent Community Interest Company was owed £48,133 (2010 £40,175) by its subsidiary company BSK-Direct Limited (formerly Enterprise Taktix Limited) During the year Business Support Kent Community Interest Company made sales totalling £36,705 (2010 £10,066) to its subsidiary company BSK-Direct Limited These sales represented recharges of costs initially paid by Business Support Kent Community Interest Company on behalf of BSK-Direct Limited

BSK-Direct Limited was under the control of the directors throughout the current and previous year There is no overall controlling party

13. SHARE CAPITAL

COMPANY

Authorised share capital:

	2011	2010
	£	£
100 Ordinary shares of £1 each	10	10

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
Ordinary shares of £1 each	8	8	8	8

14. RESERVES

GROUP

	Income and expenditure account £
Balance brought forward	605,965
Retained surplus/(deficit) for the year	(226,654)
Balance carried forward	379,311

COMPANY

	Income and expenditure account £
Balance brought forward	640,944
Retained surplus/(deficit) for the year	(222,158)
Balance carried forward	418,786

There is a contingent liability for both the group and the company of approximately £97,000 (2010 £97,000) in respect of a termination of a contract which is contingent upon staff movements in the future which attached to the closure of the Business Link contract

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 2011****15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****GROUP**

	2011	2010
	£	£
Surplus/(Deficit) for the financial year	(226,654)	171,119
Transfer of capital reserve on termination of contract	-	(587,595)
Opening shareholders' equity funds	605,973	1,022,449
Closing shareholders' equity funds	<u>379,319</u>	<u>605,973</u>

COMPANY

	2011	2010
	£	£
Surplus/(Deficit) for the financial year	(222,158)	169,600
Transfer of capital reserve on termination of contract	-	(587,595)
Opening shareholders' equity funds	640,952	1,058,947
Closing shareholders' equity funds	<u>418,794</u>	<u>640,952</u>

16. NOTES TO THE STATEMENT OF CASH FLOWS**RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2011	2010
	£	£
Net operating (deficit) / surplus	(240,796)	149,135
Depreciation	53,961	148,197
Share of associate's operating profit	(1,514)	-
Decrease/(increase) in debtors	(175,479)	(688,817)
Increase/(decrease) in creditors	(467,915)	1,154,050
Asset disposals	-	46,381
Liability for contract closure	-	(677,000)
Net cash (outflow)/inflow from operating activities	<u>(831,743)</u>	<u>131,946</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011	2010
	£	£
Dividend Received – Skills South East Ltd	-	100,000
Interest received	16,205	7,316
Net cash inflow from returns on investments and servicing of finance	<u>16,205</u>	<u>107,316</u>

BUSINESS SUPPORT KENT COMMUNITY INTEREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2011

16. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

TAXATION

	2011	2010
	£	£
Taxation	<u>(1,459)</u>	<u>(4,140)</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2011	2010
	£	£
Payments to acquire tangible fixed assets	(53,355)	(69,918)
Acquisition of fixed asset investments	(10)	-
Net cash outflow from capital expenditure	<u>(53,365)</u>	<u>(69,918)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2011	2010
	£	£
(Decrease)/Increase in cash in the period	(870,362)	165,204
Movement in net funds in the period	<u>(870,362)</u>	<u>165,204</u>
Net funds at 1 April 2010	1,086,920	921,716
Net funds at 31 March 2011	<u>216,558</u>	<u>1,086,920</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At	Cash flows	At
	1 Apr 2010	31 Mar 2011	31 Mar 2011
	£	£	£
Net cash			
Cash in hand and at bank	1,086,920	(870,362)	216,558
Net funds	<u>1,086,920</u>	<u>(870,362)</u>	<u>216,558</u>

003524/15

CIC 34

Community Interest Company Report

For official use
(Please leave blank)

Please
complete in
typescript, or
in bold black
capitals.

Company Name in
full

Business Support Kent Community Interest
Company

Company Number

03000723

Year Ending

31 March 2011

This template illustrates what the Regulator of Community Interest Companies considers to be best practice for completing a simplified community interest company report. All such reports must be delivered in accordance with section 34 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 and contain the information required by Part 7 of the Community Interest Company Regulations 2005. For further guidance see chapter 8 of the Regulator's guidance notes and the alternate example provided for a more complex company with more detailed notes.

PART 1 - GENERAL DESCRIPTION OF THE COMPANY'S ACTIVITIES AND IMPACT

In the space provided below, please insert a general account of the company's activities in the financial year to which the report relates, including a fair and accurate description of how they have benefited the community, or section of the community, which the company is intended to serve.

At BSK we believe in helping businesses and individuals to make a real difference to their performance and profitability. To this end, for the last four years we have focused on running funded programmes in four key areas, sustainability, innovation and growth, competitiveness, and knowledge transfer. We have adapted our own business model whilst retaining the spirit, atmosphere, and enthusiasm of our outstanding people as we respond to change, and encourage change in our business community. We provide a range of business development, primarily subsidised, through European programmes such as regional ERDF, Interreg, CIP and Lifelong Learning, local Authorities, primarily Medway and Kent County Councils and the UK government, to commercially developed B2B activity such as our Kent2020 Vision Live event. Additionally we also provide bid writing and consultancy support for other like minded groups wanting to draw down funding to support business growth and innovation.

Continued on separate sheet.

(If applicable, please just state "A social audit report covering these points is attached")

(Please continue on separate continuation sheet if necessary)

PART 2 – CONSULTATION WITH STAKEHOLDERS – Please indicate who the company's stakeholders are, how the stakeholders have been consulted and what action, if any, has the company taken in response to feedback from its consultations? If there has been no consultation, this should be made clear.

Our SMEs customers form a major stakeholder group for the company. They have been consulted with through the Board's Advisory Group, established in 2008. We also ensure that all our programmes include feedback opportunities for companies involved in our work and use this to guide our activity. Our second major stakeholder group comprises our funders, which for 2010-2011 included SEEDA, European funding agencies, local Councils, public service providers and DCLG. Consultation and discussion was ongoing with all these groups at all levels of the company.

Continued on separate sheet

(If applicable, please just state "A social audit report covering these points is attached")

PART 3 – DIRECTORS' REMUNERATION – if you have provided full details in your accounts you need not reproduce it here. Please clearly identify the information within the accounts and confirm that, "There were no other transactions or arrangements in connection with the remuneration of directors, or compensation for director's loss of office, which require to be disclosed" (See example with full notes). If no remuneration was received you must state that "no remuneration was received" below.

The directors' aggregate emoluments were:

	£
Aggregate emoluments	72,596
Value of group pension contributions to money purchase schemes	3,500

	76,096
	=====

PART 4 – TRANSFERS OF ASSETS OTHER THAN FOR FULL CONSIDERATION – Please insert full details of any transfers of assets other than for full consideration e.g. Donations to outside bodies. If this does not apply you must state that "no transfer of assets other than for full consideration has been made" below.

No transfer of assets other than for full consideration has been made

(Please continue on separate continuation sheet if necessary)

(N.B. Please enclose a cheque for £15 payable to Companies House)

PART 5 – SIGNATORY

The original report must be signed by a director or secretary of the company

Signed

Jeddis

Date

15.12.11

Office held (tick as appropriate) ☒ Director ☐ Secretary

You do not have to give any contact information in the box opposite but if you do, it will help the Registrar of Companies to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

JANE OLLIS	
01634 870474	
Jane Ollis of bsk-cic co uk	
Telephone 07880710895	
DX Number	DX Exchange

When you have completed and signed the form, please send it to the Registrar of Companies at:

For companies registered in England and Wales: Companies House, Crown Way, Cardiff, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland: Companies House, 4th Floor, Edinburgh Quay 2, 139
Fountainbridge, Edinburgh, EH3 9FF DX 235 Edinburgh or LP – 4 Edinburgh 2

For companies registered in Northern Ireland: Companies House, 2nd Floor, The Linenhall, 32-38
Linenhall Street, Belfast, BT2 8BG

CIC 34

CONTINUATION SHEET

*Please
complete in
typescript, or
in bold black
capitals*

**Company Name in
full**

Company Number

Year Ending

Business Support Kent Community Interest
Company

03000723

31 March 2011

PLEASE CLEARLY INDICATE THE PART YOU ARE CONTINUING HERE

Page 1

CIC Annual Report 2010-2011

Part I General description of the company activities and impacts

At BSK we believe in helping businesses and individuals to make a real difference to their performance and profitability. To this end, for the last four years we have focused on running funded programmes in four key areas, sustainability, innovation and growth, competitiveness, and knowledge transfer. We have adapted our own business model whilst retaining the spirit, atmosphere, and enthusiasm of our outstanding people as we respond to change, and encourage change in our business community. We provide a range of business development, primarily subsidised, through European programmes such as regional ERDF, Interreg, CIP and Lifelong Learning, local Authorities, primarily Medway and Kent County Councils and the UK government, to commercially developed B2B activity such as our Kent2020 Vision Live event. Additionally we also provide bid writing and consultancy support for other like minded groups wanting to draw down funding to support business growth and innovation.

Highlights for the year ending March 31st included

- High Growth Coaching advice was provided by our Innovation and Growth Team to 84 companies: supporting them with planning, marketing, IP and access to finance. Over £7.4m of investment was raised to help Kent companies and 156 new jobs created.
- BSK-CiC completed the South East Business Support Programme for the London 2012 Olympic and Paralympic Games in March 2011. This programme has supported over 23,000 companies to register on Competefour, with 10,261 being helped to improve their performance and over 250 contracts won. Overall South East companies have won £76.2m worth of contracts via the Competefour portal. (Full report <http://www.bsk-cic.co.uk/high-growth-observatory>)

CIC 34

CONTINUATION SHEET

Please complete in typescript, or in bold black capitals.

Company Name in full

Company Number

Year Ending

Business Support Kent Community Interest Company

03000723

31 March 2011

PLEASE CLEARLY INDICATE THE PART YOU ARE CONTINUING HERE

Page 2

Part I General description of the company activities and impact

- Supported 6,889 customers across SE with new marketing opportunities from climate change and specialist support to reduce their carbon footprint by cutting their energy costs
- We continue to operate the Enterprise Europe South East – networking local companies into over 600 European and International partners in 44 countries The programme also ran an extremely positive matchmaking event for companies at Eco-build in March 2011 and is supporting export activity through our 2 Seas Trade programme
- BSK-CiC has many years of experience in helping people start up and develop new businesses During 2010-11 we ran Medway Councils start up programme and assisted 131 people to begin their own companies Excitingly, through our support work, we are also seeing 85% of companies who begin trading still operating after their first year, well above the national average
- Supported the development of 42 new courses and through the EnviroSkills programme provided low carbon training to 1900 learners (For further details and a review of skills gaps please go to <http://www.bsk-cic.co.uk/low-carbon-observatory>) We continue to support the Low Carbon construction sector with the opening of the Build 4 Demo Centre in Dover in March 2011 and to provide an information and development programme for SMEs wanting to expand and diversify into the sustainable construction market, including renewable energy
- Leading partner in the Kent University Student work programme offering £5000 to support the development of an 'Employability Points Programme' and supporting an internship during the summer of 2011
- BSK-CiC also runs a major B2B event, Kent2020 Vision Live, which draws together over 4000 local businesses with each other, local authorities and training providers. This year there was a strong emphasis on apprentices, with 80 companies signing up apprentices on the day, 480 expressing further interest and 1 business actually employing one of the Apprentice helpers at the show!

CIC 34

CONTINUATION SHEET

Please complete in typescript, or in bold black capitals.

Company Name in full

Company Number

Year Ending

Business Support Kent Community Interest Company

03000723

31 March 2011

PLEASE CLEARLY INDICATE THE PART YOU ARE CONTINUING HERE

Page 3

Part II Consultation with Stakeholders

Our SMEs customers form a major stakeholder group for the company. They have been consulted with through the Board's Advisory Group, established in 2008. We also ensure that all our programmes include feedback opportunities for companies involved in our work and use this to guide our activity. Our second major stakeholder group comprises our funders, which for 2010-2011 included SEEDA, European funding agencies, local Councils, public service providers and DCLG. Consultation and discussion was ongoing with all these groups at all levels of the company.

Our third stakeholder group is our regional partners (local authorities), HE and FE colleges, Universities, Chambers of Commerce, government agencies (BIS, DECC & DEFRA), environmental organisations, European programme partners such as CD2E in France, Voka in Belgium and Enviu and Delft University in the Netherlands. Each were consulted with as part of our ongoing relationship with them to understand their needs and requirements.

The feedback from each of these three stakeholder groups has allowed us to:

- Seek funding for specialist support specifically to address the needs of our SME customers
- Increase our ability to translate complex government policy on enterprise, sustainability, competitiveness and innovation into language that is understood by our SME community and results in their taking action to improve their business
- Provide feedback to national policy makers on SME needs and become recognised as experts in the areas of sustainability, enterprise and competitiveness
- Ensure the public sector continue to provide strategic overview into BSK services that meet their own plans and objectives for sustainable economic growth
- Combine our recognised European bid expertise with understanding of policy need and market failure to create powerful programme offers

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KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

Barnes Roffe LLP, Chartered Accountants
16 - 17 Copperfields, Spital Street, Dartford, DA1 2DE
JH : 24 August 2012

KENT COUNTY TRADING LIMITED

COMPANY INFORMATION

DIRECTORS	L Coulson Esq Ms D J Haigh (resigned 25 February 2012) G Cooke (appointed 1 June 2011 & resigned 7 March 2012) D N Jackson (appointed 7 March 2012)
COMPANY SECRETARY	L Coulson Esq
COMPANY NUMBER	05242899
REGISTERED OFFICE	KCC Commercial Services Building Gibson Drive West Malling Kent ME19 4QG
AUDITORS	Barnes Roffe LLP Chartered Accountants & Statutory Auditor 16-17 Copperfields Spital Street Dartford Kent DA1 2DE

KENT COUNTY TRADING LIMITED

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KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements for the year ended 31 March 2012.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activity of the group continued to be that of a temporary employment agency and employment business. The group is also a provider of bus services, including school transport, facility management services, and supplier of services to care homes.

BUSINESS REVIEW

Turnover for the group has increased during the year (up by 12%). The gross profit margin is 8% (down from 9.2% for the year ended 31 March 2011). Looking forward the gross profit margins are expected to improve.

In addition to this, the group's employment agency business, Kent Top Temps Limited, was last awarded audited status from the Recruitment and Employment Confederation (REC) in November 2010, and will be renewed in the forthcoming year. The award confirms that the company is continually fully compliant with industry regulations and best practice. This is awarded to only an elite number of recruitment companies nationwide, and demonstrates that the company is conducting their business lawfully and ethically. Kent Top Temps are also a quality mark holder, which has been issued by REC and the Department of Education. This is awarded in recognition of good practice in the recruitment, placement and development of supply teachers in the education sector in England.

From October 2011, the Agency Workers Regulations Directive (AWR) started with a significant impact on systems development, education of clients and agency workers, and additional administration required to implement this directive. Kent Top Temps also successfully brought its weekly and monthly payroll in-house during the year.

KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

BUSINESS REVIEW (CONT'D)

Kent Top Temps Limited achieved bronze level status over and above the standard Investors In People (IIP) award in July 2010.

The significant and ongoing increases in fuel prices and duty continue to have an impact on margins.

With regard to the facility management business, the directors note that the business traded at a satisfactory level during the 2011/12 financial year. Trade levels continue to be satisfactory and a similar performance is expected during the forthcoming financial year.

This is the second year of trading for the care homes services business and results are in line with the business plan.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £689,745 (2011 - £503,021).

Dividends paid during the year amounted to £150,000 (2011: £125,000).

DIRECTORS

The directors who served during the year were:

L Coulson Esq
Ms D J Haigh (resigned 25 February 2012)
G Cooke (appointed 1 June 2011 & resigned 7 March 2012)
D N Jackson (appointed 7 March 2012)

FUTURE DEVELOPMENTS

The market remains competitive and uncertain, but the directors remain confident that they will maintain their current level of performance in the medium to long term.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting the group are considered to relate to the current economic uncertainty and downturn (especially in the public sector), competition from national and independent employment agencies, bus companies and facility management businesses, and legislative, world market and taxation changes especially relating to fuel prices, which continue to be problematic and challenging.

KEY PERFORMANCE INDICATORS

The majority of employment vacancies were satisfied from Kent Top Temps Limited own resources, with the balance being outsourced to recruitment agencies mainly based in Kent from the preferred suppliers list.

Given the economic conditions especially regarding fuel, there has been a review of marginal contracts and action taken to reduce the ongoing risk, also taking into account a future 20% reduction due to BSOG announced by the government this year.

The focus of the organisation is on its profitability and there are no other key performance indicators that would benefit any reader of the accounts.

KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

EMPLOYEE INVOLVEMENT

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the groups performance.

DISABLED EMPLOYEES

All necessary assistance with initial training courses is given to employees with disabilities. A career plan is developed to ensure suitable opportunities are available for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

This report was approved by the board on

and signed on its behalf.

L Coulson Esq
Secretary

KENT COUNTY TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENT COUNTY TRADING LIMITED

We have audited the financial statements of Kent County Trading Limited for the year ended 31 March 2012, set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, 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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent 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 directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2012 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

KENT COUNTY TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENT COUNTY TRADING LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Mario Ciantanni (Senior statutory auditor)

for and on behalf of

Barnes Roffe LLP

Chartered Accountants

Statutory Auditor

16-17 Copperfields

Spital Street

Dartford

Kent

DA1 2DE

Date:

KENT COUNTY TRADING LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £	2011 £
TURNOVER	1,2	37,741,129	33,839,414
Cost of sales		(34,729,721)	(30,724,586)
		<hr/>	<hr/>
GROSS PROFIT		3,011,408	3,114,828
Administrative expenses		(2,091,051)	(2,398,178)
		<hr/>	<hr/>
OPERATING PROFIT	3	920,357	716,650
Interest receivable and similar income		4,820	7,350
Interest payable and similar charges	6	(37,848)	(46,113)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		887,329	677,887
Tax on profit on ordinary activities	7	(197,584)	(174,866)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	16	689,745	503,021
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss Account.

The notes on pages 10 to 21 form part of these financial statements.

KENT COUNTY TRADING LIMITED
REGISTERED NUMBER: 05242899

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Intangible assets	8		2,995		5,235
Tangible assets	9		228,777		122,189
Investments	10		2		2
			<u>231,774</u>		<u>127,426</u>
CURRENT ASSETS					
Stocks	11	30,849		33,365	
Debtors	12	7,354,344		5,964,104	
Cash at bank and in hand		983,643		387,140	
		<u>8,368,836</u>		<u>6,384,609</u>	
CREDITORS: amounts falling due within one year	13	(6,590,303)		(4,891,473)	
NET CURRENT ASSETS			<u>1,778,533</u>		<u>1,493,136</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,010,307</u>		<u>1,620,562</u>
CREDITORS: amounts falling due after more than one year	14		-		(150,000)
NET ASSETS			<u><u>2,010,307</u></u>		<u><u>1,470,562</u></u>
CAPITAL AND RESERVES					
Called up share capital	15		2		2
Profit and loss account	16		2,010,305		1,470,560
SHAREHOLDERS' FUNDS	17		<u><u>2,010,307</u></u>		<u><u>1,470,562</u></u>

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

L Coulson Esq
Director

The notes on pages 10 to 21 form part of these financial statements.

KENT COUNTY TRADING LIMITED
REGISTERED NUMBER: 05242899

COMPANY BALANCE SHEET
AS AT 31 MARCH 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Investments	10		8		8
CURRENT ASSETS					
Cash at bank		2		2	
CREDITORS: amounts falling due within one year	13	(8)		(8)	
NET CURRENT LIABILITIES			(6)		(6)
NET ASSETS			<u>2</u>		<u>2</u>
CAPITAL AND RESERVES					
Called up share capital	15		<u>2</u>		<u>2</u>
SHAREHOLDERS' FUNDS	17		<u>2</u>		<u>2</u>

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

L Coulson Esq
Director

The notes on pages 10 to 21 form part of these financial statements.

KENT COUNTY TRADING LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	19	1,465,787	838,283
Returns on investments and servicing of finance	20	(33,028)	(38,763)
Taxation		(174,866)	(213,943)
Capital expenditure and financial investment	20	(146,245)	(112,202)
Equity dividends paid		(150,000)	(125,000)
CASH INFLOW BEFORE FINANCING		961,648	348,375
Financing	20	(340,000)	(50,000)
INCREASE IN CASH IN THE YEAR		621,648	298,375

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2012**

	2012 £	2011 £
Increase in cash in the year	621,648	298,375
Cash outflow from decrease in debt and lease financing	340,000	50,000
MOVEMENT IN NET DEBT IN THE YEAR	961,648	348,375
Net debt at 1 April 2011	(328,005)	(676,380)
NET FUNDS/(DEBT) AT 31 MARCH 2012	633,643	(328,005)

The notes on pages 10 to 21 form part of these financial statements.

KENT COUNTY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Kent County Trading Limited and its subsidiary undertakings ('subsidiaries'). In accordance with S405(2) of the Companies Act 2006 a dormant subsidiary, Invicta Services Limited, is excluded from consolidation on the basis it is not material for the purpose of giving a true and fair view.

1.3 Turnover

Turnover comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Development expenditure	-	33% straight line
-------------------------	---	-------------------

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & Machinery	-	20% straight line
Motor vehicles	-	12.5% / 25% straight line
Office equipment	-	20% straight line

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.7 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.8 Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

KENT COUNTY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES (continued)

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at current tax rates.

1.10 Government grants

Government grants relating to tangible 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 related expenditure is incurred.

1.11 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

The group also operates a defined benefit pension scheme. The group is part of the Kent County Council Pension fund providing benefits based on final pensionable pay. The scheme is a multi employer scheme. The employer's contributions are affected by any surplus or deficit in the scheme. However Kent Top Temps Limited is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As such the pension charge represents amounts payable by the group to the fund in respect of the year.

2. TURNOVER

An analysis of turnover by class of business is as follows:

	2012 £	2011 £
Temps income	30,235,271	25,415,847
Travel income	3,997,917	4,994,920
Facility management income	3,373,872	3,357,638
Carehome supplies	134,069	71,009
	<u>37,741,129</u>	<u>33,839,414</u>

All turnover arose within the United Kingdom.

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

3. OPERATING PROFIT

The operating profit is stated after charging:

	2012	2011
	£	£
Depreciation of tangible fixed assets:		
- owned by the group	39,657	19,652
Operating lease rentals:		
- plant and machinery	472,716	166,811
Amortisation of deferred research and development expenditure	2,240	9,152
	=====	=====

During the year, no director received any emoluments (2011 - £NIL).

4. AUDITORS' REMUNERATION

	2012	2011
	£	£
Fees payable to the group's auditor for the audit of the annual accounts	21,245	23,132
Fees payable to the group's auditor and its associates in respect of:		
Other services relating to taxation	2,775	1,300
	=====	=====

5. STAFF COSTS

Staff costs were as follows:

	2012	2011
	£	£
Wages and salaries	11,032,079	12,549,765
Social security costs	749,576	758,150
Other pension costs	14,005	20,689
	=====	=====
	11,795,660	13,328,604
	=====	=====

The average monthly number of employees, including the directors, during the year was as follows:

	2012	2011
	No.	No.
Temporary Staff	518	497
Permanent Staff	168	173
Facilities Management	49	34
Waste Management	12	7
Kent Scheme	2	2
	=====	=====
	749	713
	=====	=====

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

6. INTEREST PAYABLE

	2012	<i>2011</i>
	£	£
On bank loans and overdrafts	37,848	<i>46,113</i>
	=====	=====

7. TAXATION

	2012	<i>2011</i>
	£	£
UK corporation tax charge on profit for the year	197,584	<i>174,866</i>
	=====	=====

Factors affecting tax charge for the year

The tax assessed for the year is lower than (*2011 - lower than*) the standard rate of corporation tax in the UK of 26% (*2011 - 28%*). The differences are explained below:

	2012	<i>2011</i>
	£	£
Profit on ordinary activities before tax	887,329	<i>677,887</i>
	=====	=====
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (<i>2011 - 28%</i>)	230,706	<i>189,808</i>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(4,304)	<i>14,590</i>
Depreciation for year in excess of capital allowances	(18,323)	<i>(17,568)</i>
Group loss relief	-	<i>(35,534)</i>
Change in tax rates	-	<i>23,570</i>
Marginal relief	(10,495)	<i>-</i>
	=====	=====
Current tax charge for the year (see note above)	197,584	<i>174,866</i>
	=====	=====

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

8. INTANGIBLE FIXED ASSETS

	Develop- ment £
Group	
Cost	
At 1 April 2011 and 31 March 2012	29,720
Amortisation	
At 1 April 2011	24,485
Charge for the year	2,240
At 31 March 2012	26,725
Net book value	
At 31 March 2012	2,995
<i>At 31 March 2011</i>	5,235

9. TANGIBLE FIXED ASSETS

	Plant & machinery £	Motor vehicles £	Office equipment £	Total £
Group				
Cost				
At 1 April 2011	54,918	66,544	28,857	150,319
Additions	2,000	144,245	-	146,245
At 31 March 2012	56,918	210,789	28,857	296,564
Depreciation				
At 1 April 2011	14,555	7,804	5,771	28,130
Charge for the year	13,325	20,561	5,771	39,657
At 31 March 2012	27,880	28,365	11,542	67,787
Net book value				
At 31 March 2012	29,038	182,424	17,315	228,777
<i>At 31 March 2011</i>	40,363	58,740	23,086	122,189

KENT COUNTY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Group	
Cost or valuation	
At 1 April 2011 and 31 March 2012	2
Net book value	
At 31 March 2012	2
<i>At 31 March 2011</i>	2

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Kent County Supplies Limited	Ordinary	100 %
Invicta Services Limited	Ordinary	100 %
Kent Top Temps Limited	Ordinary	100 %
Kent County Facilities Limited	Ordinary	100 %

Name	Business	Country of Incorporation
Kent County Supplies Limited	Carehome supplier	England and Wales
Invicta Services Limited	Dormant	England and Wales
Kent Top Temps Limited	Employment agency	England and Wales
Kent County Facilities Limited	Facility management	England and Wales

The aggregate of the share capital and reserves as at 31 March 2012 and of the profit or loss for the year ended on that date for the subsidiary undertakings not consolidated were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Invicta Services Limited	2	-

Invicta Services Limited has not been consolidated as it is immaterial to the group in accordance with Companies Act 2006 S405(2).

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

10. FIXED ASSET INVESTMENTS (continued)

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2011 and 31 March 2012	8
Net book value	
At 31 March 2012	8
<i>At 31 March 2011</i>	8

11. STOCKS

	Group		Company	
	2012	<i>2011</i>	2012	<i>2011</i>
	£	£	£	£
Stock and work in progress	30,849	33,365	-	-

12. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2012	<i>2011</i>	2012	<i>2011</i>
	£	£	£	£
Trade debtors	5,943,511	<i>4,634,701</i>	-	-
Other debtors and prepayments	1,410,833	<i>1,329,403</i>	-	-
	<u>7,354,344</u>	<u><i>5,964,104</i></u>	<u>-</u>	<u>-</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

13. CREDITORS:
Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	150,000	25,145	-	-
Other loans	200,000	540,000	-	-
Trade creditors	3,390,283	2,128,829	-	-
Corporation tax	197,584	174,866	-	-
Social security and other taxes	1,127,324	711,342	-	-
Other creditors	1,525,112	1,311,291	8	8
	6,590,303	4,891,473	8	8

A loan to the value of £350,000 (2011: £540,000) is repayable on demand and is secured by a fixed charge on all book debts and other debts and by a floating charge on the assets of Kent Top Temps Limited.

14. CREDITORS:
Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Other loans	-	150,000	-	-

A loan to the value of £150,000 is repayable on demand and is secured by a fixed charge on all book debts and other debts and by a floating charge on the assets of Kent County Supplies Limited.

15. SHARE CAPITAL

	2012	2011
	£	£
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

16. RESERVES

	Profit and loss account £
Group	
At 1 April 2011	1,470,560
Profit for the year	689,745
Dividends	(150,000)
	<hr/>
At 31 March 2012	2,010,305
	<hr/> <hr/>
	Profit and loss account £
Company	
Profit for the year	150,000
Dividends	(150,000)
	<hr/>
At 31 March 2012	-
	<hr/> <hr/>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Group		
Opening shareholders' funds	1,470,562	1,092,541
Profit for the year	689,745	503,021
Dividends (Note 18)	(150,000)	(125,000)
	<hr/>	<hr/>
Closing shareholders' funds	2,010,307	1,470,562
	<hr/> <hr/>	<hr/> <hr/>
	2012 £	2011 £
Company		
Opening shareholders' funds	2	2
Profit for the year	150,000	125,000
Dividends (Note 18)	(150,000)	(125,000)
	<hr/>	<hr/>
Closing shareholders' funds	2	2
	<hr/> <hr/>	<hr/> <hr/>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt with in the accounts of the company was £150,000 (2011 - £125,000).

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

18. DIVIDENDS

	2012 £	2011 £
Dividends paid on equity capital	<u>150,000</u>	<u>125,000</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	920,357	716,650
Amortisation of intangible fixed assets	2,240	9,152
Depreciation of tangible fixed assets	39,657	19,652
Decrease/(increase) in stocks	2,516	(14,285)
Increase in debtors	(1,390,240)	(1,677,311)
Increase in creditors	1,891,257	1,784,425
Net cash inflow from operating activities	<u><u>1,465,787</u></u>	<u><u>838,283</u></u>

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	4,820	7,350
Interest paid	(37,848)	(46,113)
Net cash outflow from returns on investments and servicing of finance	<u><u>(33,028)</u></u>	<u><u>(38,763)</u></u>

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	-	(6,720)
Purchase of tangible fixed assets	(146,245)	(105,482)
Net cash outflow from capital expenditure	<u><u>(146,245)</u></u>	<u><u>(112,202)</u></u>

	2012 £	2011 £
Financing		
New secured loans	-	150,000
Repayment of other loans	(340,000)	(200,000)
Net cash outflow from financing	<u><u>(340,000)</u></u>	<u><u>(50,000)</u></u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

21. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2011 £	Cash flow £	Other non-cash changes £	31 March 2012 £
Cash at bank and in hand	387,140	596,503	-	983,643
Bank overdraft	(25,145)	25,145	-	-
	<u>361,995</u>	<u>621,648</u>	<u>-</u>	<u>983,643</u>
Debt:				
Debts due within one year	(540,000)	340,000	(150,000)	(350,000)
Debts falling due after more than one year	(150,000)	-	150,000	-
	<u>(328,005)</u>	<u>961,648</u>	<u>-</u>	<u>633,643</u>
Net debt	<u>(328,005)</u>	<u>961,648</u>	<u>-</u>	<u>633,643</u>

22. PENSION COMMITMENTS

The group operates a defined contribution pension scheme and participates in a defined benefit pension scheme. The assets of both schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to these funds and amounted to £14,005 (2011: £20,689).

23. OPERATING LEASE COMMITMENTS

At 31 March 2012 the group had annual commitments under non-cancellable operating leases as follows:

Group	2012 £	2011 £
Expiry date:		
Within 1 year	34,139	22,635
Between 2 and 5 years	188,481	227,566
After more than 5 years	125,322	98,690
	<u>347,942</u>	<u>348,891</u>

KENT COUNTY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

24. RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related party disclosures', not to disclose any transactions with members of the group headed by Kent County Trading Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in the consolidated financial statements.

The group has a loan from Kent County Council of £350,000 (2011: £690,000). The loan is repayable on demand and carries interest at a rate of 5% above the Bank of England's base rate, and is disclosed within creditors due within one year.

During the year, the group traded with Kent County Council, the ultimate controlling party. The following transactions occurred during the financial period:

<u>Kent County Council</u>	<u>2012</u> £	<u>2011</u> £
Sales	33,227,915	29,262,277
Trade Debtors	5,644,665	4,253,920
Purchases	3,301,325	3,159,407
Trade Creditors	2,032,150	1,142,818
Loan Interest paid @ 5.5%	37,848	46,113

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate controlling party is Kent County Council.

KENT COUNTY SUPPLIES LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

Barnes Roffe LLP, Chartered Accountants
16 - 17 Copperfields, Spital Street, Dartford, DA1 2DE
JH : 24 August 2012

KENT COUNTY SUPPLIES LIMITED

COMPANY INFORMATION

DIRECTORS

L J Faulkner Esq
Ms D J Haigh (resigned 25 February 2012)
G Cooke Esq (appointed 1 June 2011 & resigned 7 March 2012)

COMPANY SECRETARY

C F Sowerby Esq

COMPANY NUMBER

05858177

REGISTERED OFFICE

Commerical Services Building
Gibson Drive
West Malling
Kent
ME19 4QG

AUDITORS

Barnes Roffe LLP
Chartered Accountants & Statutory Auditor
16-17 Copperfields
Spital Street
Dartford
Kent
DA1 2DE

KENT COUNTY SUPPLIES LIMITED

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KENT COUNTY SUPPLIES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2012

The director presents his report and the financial statements for the year ended 31 March 2012.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

PRINCIPAL ACTIVITIES

The principal activity of the company is to provide supply services to various care homes in respect of medical and hygiene consumables.

DIRECTORS

The directors who served during the year were:

L J Faulkner Esq

Ms D J Haigh (resigned 25 February 2012)

G Cooke Esq (appointed 1 June 2011 & resigned 7 March 2012)

BUSINESS REVIEW

This is the second year of trading and the directors note that the company traded at a satisfactory level for the 2011/12 financial year. The directors anticipate that performance levels for the forthcoming year will show a small operating surplus.

Dividends paid during the year amount to £125,000 (2011: £Nil).

KENT COUNTY SUPPLIES LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2012**

PROVISION OF INFORMATION TO AUDITORS

The director at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

and signed on its behalf.

C F Sowerby Esq
Secretary

KENT COUNTY SUPPLIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENT COUNTY SUPPLIES LIMITED

We have audited the financial statements of Kent County Supplies Limited for the year ended 31 March 2012, set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As explained more fully in the Director's responsibilities statement, the director is 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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON 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 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

KENT COUNTY SUPPLIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENT COUNTY SUPPLIES LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Director's report.

Mario Ciantanni (Senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants & Statutory Auditor
16-17 Copperfields
Spital Street
Dartford
Kent
DA1 2DE

Date:

KENT COUNTY SUPPLIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
TURNOVER	1	657,431	71,009
Cost of sales		(145,963)	(47,531)
GROSS PROFIT		511,468	23,478
Administrative expenses		(156,958)	(152,622)
OPERATING PROFIT/(LOSS)	2	354,510	(129,144)
Interest payable and similar charges		(8,250)	(5,413)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		346,260	(134,557)
Tax on profit/(loss) on ordinary activities	3	(88,422)	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	9	257,838	(134,557)

The notes on pages 7 to 10 form part of these financial statements.

KENT COUNTY SUPPLIES LIMITED
REGISTERED NUMBER: 05858177

BALANCE SHEET
AS AT 31 MARCH 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	4	-	23,086
CURRENT ASSETS			
Debtors	5	241,972	24,189
Cash at bank		41,869	23,491
		<u>283,841</u>	<u>47,680</u>
CREDITORS: amounts falling due within one year	6	<u>(285,560)</u>	<u>(55,323)</u>
NET CURRENT LIABILITIES		<u>(1,719)</u>	<u>(7,643)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,719)</u>	<u>15,443</u>
CREDITORS: amounts falling due after more than one year	7	<u>-</u>	<u>(150,000)</u>
NET LIABILITIES		<u><u>(1,719)</u></u>	<u><u>(134,557)</u></u>
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account	9	<u>(1,721)</u>	<u>(134,559)</u>
SHAREHOLDERS' DEFICIT		<u><u>(1,719)</u></u>	<u><u>(134,557)</u></u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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

L J Faulkner Esq
Director

The notes on pages 7 to 10 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment - 20% straight line

1.4 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at current tax rates.

2. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the company	5,771	5,771
Auditors' remuneration	2,777	3,250
	<u>8,548</u>	<u>9,021</u>

During the year, no director received any emoluments (2011 - £NIL).

KENT COUNTY SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

3. TAXATION

	2012 £	2011 £
UK corporation tax charge on profit/loss for the year	88,422	-

There were no factors that may affect future tax charges.

4. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 1 April 2011	28,857
Disposals	(28,857)
At 31 March 2012	-
Depreciation	
At 1 April 2011	5,771
Charge for the year	5,771
On disposals	(11,542)
At 31 March 2012	-
Net book value	
At 31 March 2012	-
At 31 March 2011	23,086

5. DEBTORS

	2012 £	2011 £
Trade debtors	121,339	14,574
Other debtors and prepayments	120,633	9,615
	241,972	24,189

KENT COUNTY SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

6. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Other loans	150,000	-
Trade creditors	16,174	7,131
Corporation tax	88,422	-
Social security and other taxes	19,027	693
Other creditors and accruals	11,937	47,499
	<u>285,560</u>	<u>55,323</u>

A loan to the value of £150,000 is repayable on demand and is secured by a fixed charge on all book debts and other debts and by a floating charge on the assets of the company.

7. CREDITORS: Amounts falling due after more than one year

	2012 £	2011 £
Other loans	-	150,000
	<u>-</u>	<u>150,000</u>

8. SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

9. RESERVES

	Profit and loss account £
At 1 April 2011	(134,559)
Profit for the year	257,838
Dividends: Equity capital	(125,000)
	<u>(1,721)</u>
At 31 March 2012	<u>(1,721)</u>

KENT COUNTY SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

10. DIVIDENDS

	2012 £	2011 £
Dividends paid on equity capital	125,000	-

11. OPERATING LEASE COMMITMENTS

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows:

	2012 £	2011 £
Expiry date:		
Between 2 and 5 years	7,166	3,132

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related party disclosures', not to disclose any transactions with members of the group headed by Kent County Trading Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in the consolidated financial statements.

The company has a loan from Kent County Council of £150,000 (2011: £150,000). The loan is repayable on demand and carries interest at a rate of 5% above the Bank of England's base rate, and is disclosed within creditors due within one year. During the year, the company traded with Kent County Council, the ultimate controlling party. The following transactions occurred during the financial period:

	2012 £	2011 £
Sales	21,933	28,971
Purchases	181,213	129,047
Trade debtors	3,035	4,581
Trade creditors	9,190	2,114
Loan interest paid @ 5.5%	8,250	5,413

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate controlling party is Kent County Council, which owns 100% of the issued share capital of the parent company, Kent County Trading Limited.

KENT COUNTY SUPPLIES LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

	Page	2012 £	2011 £
TURNOVER	12	657,431	71,009
Cost of sales	12	(145,963)	(47,531)
GROSS PROFIT		511,468	23,478
Gross profit %		77.8 %	33.1 %
LESS: OVERHEADS			
Administration expenses	12	(156,958)	(152,622)
OPERATING PROFIT/(LOSS)		354,510	(129,144)
Interest payable	12	(8,250)	(5,413)
PROFIT/(LOSS) FOR THE YEAR		346,260	(134,557)

KENT COUNTY SUPPLIES LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

	2012 £	2011 £
TURNOVER		
Sales	657,431	50,329
Catalogue advertising space	-	20,680
	<u>657,431</u>	<u>71,009</u>
	2012 £	2011 £
COST OF SALES		
Purchases	136,085	41,628
Carriage	9,878	5,903
	<u>145,963</u>	<u>47,531</u>
	2012 £	2011 £
ADMINISTRATION EXPENSES		
Staff salaries	77,870	61,697
Staff national insurance	4,724	4,450
Motor running costs	8,253	10,060
Printing and stationery	3,388	1,867
Telephone and fax	504	1,471
Computer costs	2,402	3,339
Advertising and promotion	19,767	25,104
Legal and professional	508	1,051
Auditors' remuneration	2,777	3,250
Accountancy	775	1,073
Bank charges	783	931
Bad debts	6,829	1,408
Service charge	29,820	24,000
Insurances	(4,528)	7,150
Depreciation	5,771	5,771
(Profit)/loss on sale of tangible assets	(2,685)	-
	<u>156,958</u>	<u>152,622</u>
	2012 £	2011 £
INTEREST PAYABLE		
Bank loan interest payable	8,250	5,413

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KENT COUNTY FACILITIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

KENT COUNTY FACILITIES LIMITED

COMPANY INFORMATION

DIRECTORS	D N Jackson Esq (appointed 7 March 2012) Ms D Haigh (resigned 25 February 2012) L Coulson Esq G Cooke Esq (appointed 8 June 2011 & resigned 7 March 2012)
COMPANY SECRETARY	L Coulson Esq
COMPANY NUMBER	05858178
REGISTERED OFFICE	KCC Commercial Services Building Gibson Drive Kings Hill West Malling Kent ME19 4QG
AUDITORS	Barnes Roffe LLP Chartered Accountants & Statutory Auditor 16-17 Copperfields Spital Street Dartford Kent DA1 2DE

KENT COUNTY FACILITIES LIMITED

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KENT COUNTY FACILITIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements for the year ended 31 March 2012.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' 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 then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is to provide facility management services.

RESULTS

The profit for the year, after taxation, amounted to £213,270 (2011 - £180,518).

DIRECTORS

The directors who served during the year were:

D N Jackson Esq (appointed 7 March 2012)
Ms D Haigh (resigned 25 February 2012)
L Coulson Esq
G Cooke Esq (appointed 8 June 2011 & resigned 7 March 2012)

BUSINESS REVIEW

The directors note that the company traded at a satisfactory level during the 2011/12 financial year.

Trade levels continue to be satisfactory and a similar performance is expected during the forthcoming financial year.

KENT COUNTY FACILITIES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2012**

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and execution of the company's strategy are subject to the current economic uncertainty.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report 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.

L Coulson Esq
Secretary

KENT COUNTY FACILITIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENT COUNTY FACILITIES LIMITED

We have audited the financial statements of Kent County Facilities Limited for the year ended 31 March 2012, set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the directors' responsibilities statement, 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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON 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 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

KENT COUNTY FACILITIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENT COUNTY FACILITIES LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Mario Ciantanni (senior statutory auditor)

for and on behalf of

Barnes Roffe LLP

Chartered Accountants

Statutory Auditor

16-17 Copperfields

Spital Street

Dartford

Kent

DA1 2DE

Date:

KENT COUNTY FACILITIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £	2011 £
TURNOVER	1,2	3,373,872	3,358,056
Cost of sales		<u>(2,752,970)</u>	<u>(2,891,292)</u>
GROSS PROFIT	3	620,902	466,764
Administrative expenses		<u>(369,265)</u>	<u>(267,600)</u>
OPERATING PROFIT	3	251,637	199,164
Interest receivable and similar income		<u>1,385</u>	<u>2,354</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		253,022	201,518
Tax on profit on ordinary activities	5	<u>(39,752)</u>	<u>(21,000)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>213,270</u>	<u>180,518</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account.

The notes on pages 7 to 11 form part of these financial statements.

KENT COUNTY FACILITIES LIMITED
REGISTERED NUMBER: 05858178

BALANCE SHEET
AS AT 31 MARCH 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	6	118,655	-
CURRENT ASSETS			
Stocks	7	30,849	33,365
Debtors	8	335,962	449,892
Cash at bank		711,105	363,647
		<u>1,077,916</u>	<u>846,904</u>
CREDITORS: amounts falling due within one year	9	<u>(638,684)</u>	<u>(502,287)</u>
NET CURRENT ASSETS		<u>439,232</u>	<u>344,617</u>
NET ASSETS		<u>557,887</u>	<u>344,617</u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss account	11	557,885	344,615
SHAREHOLDERS' FUNDS	12	<u>557,887</u>	<u>344,617</u>

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

D N Jackson Esq
Director

The notes on pages 7 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor Vehicles	-	Straight line over 3 - 7 years
----------------	---	--------------------------------

1.5 STOCK AND WORK-IN-PROGRESS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

1.6 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at current tax rates.

1.7 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

The whole of the turnover is attributable to facility management services.

All turnover arose within the United Kingdom.

KENT COUNTY FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

3. OPERATING PROFIT

The operating profit is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets: - owned by the company	11,590	-
Auditors' remuneration	4,918	6,332
Operating lease rentals	24,619	20,839
	<u>24,619</u>	<u>20,839</u>

During the year, no director received any emoluments (2011 - £NIL).

4. STAFF COSTS

Staff costs were as follows:

	2012 £	2011 £
Wages and salaries	713,948	570,375
Other pension costs	6,161	6,140
	<u>720,109</u>	<u>576,515</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2012 No.	2011 No.
Facility management	57	34
Waste Management	11	7
Kent Scheme	2	2
	<u>70</u>	<u>43</u>

5. TAXATION

	2012 £	2011 £
UK corporation tax charge on profit for the year	39,752	21,000
	<u>39,752</u>	<u>21,000</u>

KENT COUNTY FACILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

5. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (*2011 - lower than*) the standard rate of corporation tax in the UK of 26% (*2011 - 21%*). The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	253,022	201,518
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (<i>2011 - 21%</i>)	65,786	42,319
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	120	360
Capital allowances for year in excess of depreciation	(21,232)	-
Group loss relief	-	(21,679)
Marginal relief	(4,922)	-
CURRENT TAX CHARGE FOR THE YEAR (see note above)	39,752	21,000

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The maximum potential liability for deferred tax in respect of the reversal of capital allowances is £21,231.

6. TANGIBLE FIXED ASSETS

	Motor Vehicles £
COST	
At 1 April 2011	-
Additions	130,245
At 31 March 2012	130,245
DEPRECIATION	
At 1 April 2011	-
Charge for the year	11,590
At 31 March 2012	11,590
NET BOOK VALUE	
At 31 March 2012	118,655
At 31 March 2011	-

KENT COUNTY FACILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

7. STOCKS

	2012 £	2011 £
Stock and work-in-progress	30,849	33,365
	<u>30,849</u>	<u>33,365</u>

8. DEBTORS

	2012 £	2011 £
Trade debtors	293,311	433,992
Other debtors, accrued income and prepayments	42,651	15,900
	<u>335,962</u>	<u>449,892</u>

**9. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012 £	2011 £
Trade creditors	159,876	124,342
Corporation tax	39,752	21,000
Social security and other taxes	95,951	74,074
Other creditors, accruals and deferred income	343,105	282,871
	<u>638,684</u>	<u>502,287</u>

10. SHARE CAPITAL

	2012 £	2011 £
ALLOTTED, CALLED UP AND FULLY PAID		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

11. RESERVES

	Profit and loss account £
At 1 April 2011	344,615
Profit for the year	213,270
	<u>557,885</u>
At 31 March 2012	<u>557,885</u>

KENT COUNTY FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	344,617	164,099
Profit for the year	213,270	180,518
	<hr/>	<hr/>
Closing shareholders' funds	557,887	344,617
	<hr/>	<hr/>

13. OPERATING LEASE COMMITMENTS

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows:

	2012 £	2011 £
EXPIRY DATE:		
Within 1 year	8,693	2,570
Between 2 and 5 years	17,062	21,997
	<hr/>	<hr/>

14. RELATED PARTY TRANSACTIONS

During the year the company made sales to Kent County Council, the ultimate controlling party, of £1,468,732 (2011: £2,025,696). At the year end, the balance owed by Kent County Council included in trade debtors amounted to £236,438 (2011: £193,815).

The company also made purchases of goods and management services from Kent County Council amounting to £119,823 (2011: £412,056). At the year end, the balance owed to Kent County Council, included in trade creditors, amounted to £89,658 (2011: £9,835).

The company has chosen to take advantage of exemptions under FRS 8 not to provide related party disclosures in its own financial statements when those statements are presented within consolidated financial statements of its group.

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate controlling party is Kent County Council, which owns 100% of the issued share capital of the parent company, Kent County Trading Limited.

KENT COUNTY FACILITIES LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

	Page	2012 £	2011 £
Turnover	13	3,373,872	3,358,056
Cost of sales	13	(2,752,970)	(2,891,292)
		<hr/>	<hr/>
Gross profit		620,902	466,764
Gross profit %		18.4 %	13.9 %
Less: Overheads			
Administrative expenses	13	(369,265)	(267,600)
		<hr/>	<hr/>
Operating profit		251,637	199,164
Interest receivable	14	1,385	2,354
		<hr/>	<hr/>
Profit for the year		253,022	201,518
		<hr/> <hr/>	<hr/> <hr/>

KENT COUNTY FACILITIES LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012**

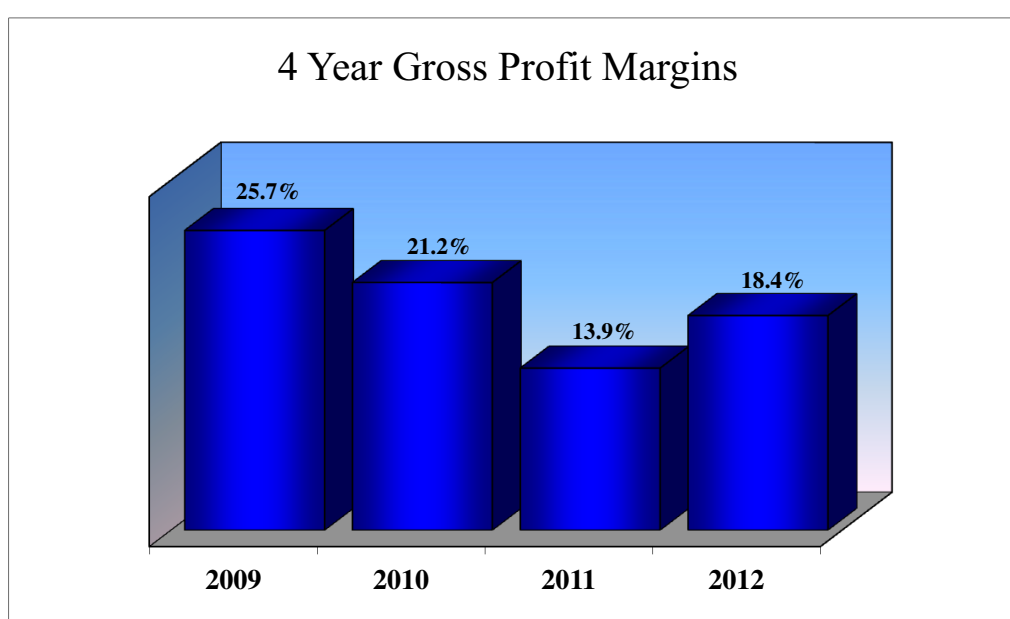
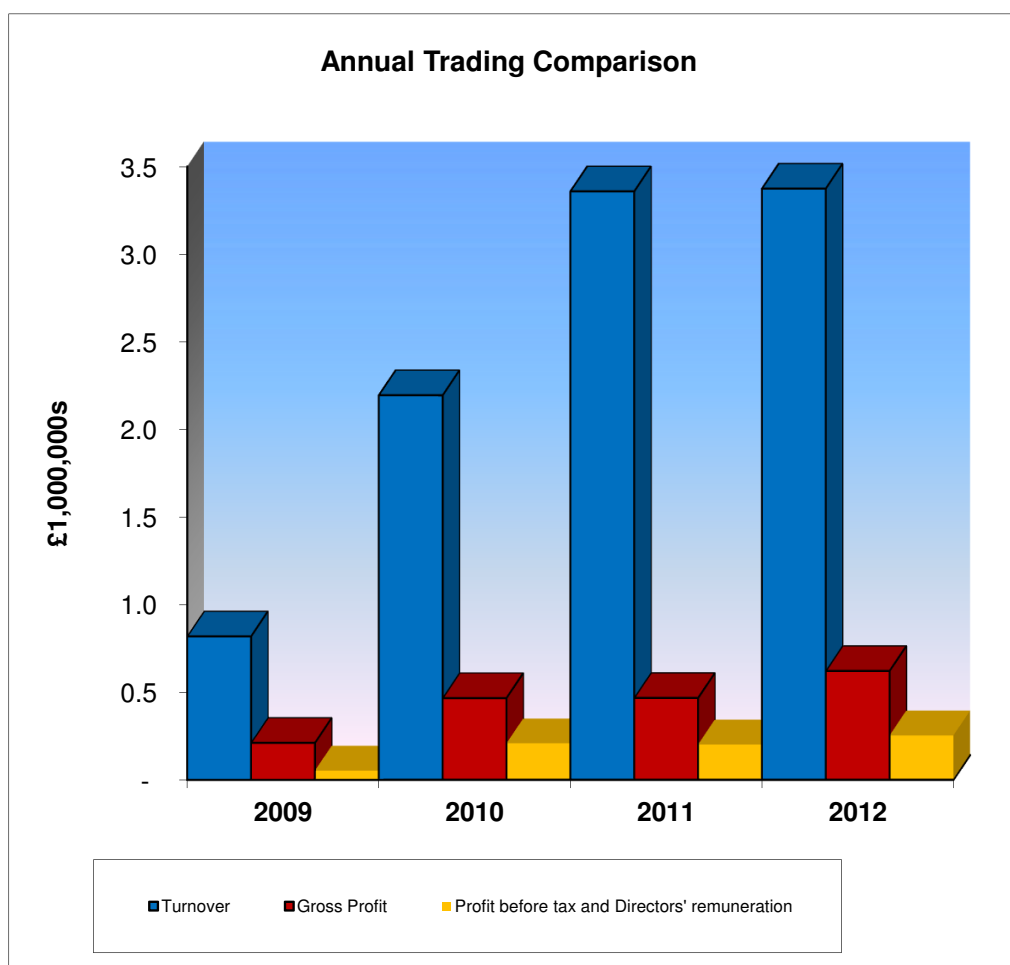
	2012 £	2011 £
Turnover		
Sales	3,373,872	3,358,056
	<hr/>	<hr/>
	2012 £	2011 £
Cost of sales		
Opening stocks and work in progress	33,365	19,080
Closing stocks and work in progress	(30,848)	(33,365)
Purchases	709,249	508,950
Wages and salaries	533,167	376,617
Pension contributions	870	2,587
Subcontract labour	1,407,386	1,979,877
Hire of plant and equipment	8,304	11,622
Repairs and maintenance	17,630	-
Motor expenses	73,847	25,924
	<hr/>	<hr/>
	2,752,970	2,891,292
	<hr/>	<hr/>
	2012 £	2011 £
Administrative expenses		
Staff salaries	180,781	193,758
Staff private health insurance	2,167	1,490
Staff pensions	5,291	3,553
Staff training	9,806	3,112
Motor running costs	10,719	8,323
Printing and stationery	1,934	1,196
Telephone and fax	5,114	1,025
Advertising and promotion	3,828	225
Legal and professional	14,576	1,328
Auditors' remuneration	4,918	6,332
Bank charges and interest	2,440	2,955
Bad debts	19,056	(2,268)
Sundry expenses	6,173	881
Light and heat	1,210	-
Service charges	74,074	37,519
Insurances	8,780	8,171
Cleaning and maintenance	6,808	-
Depreciation of motor vehicles	11,590	-
	<hr/>	<hr/>
	369,265	267,600
	<hr/>	<hr/>

KENT COUNTY FACILITIES LIMITED

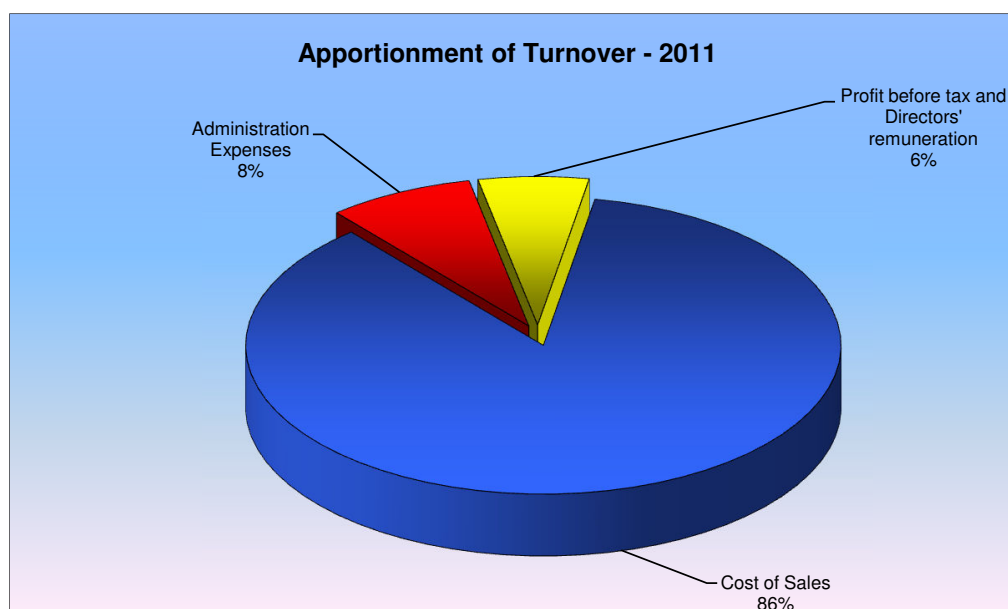
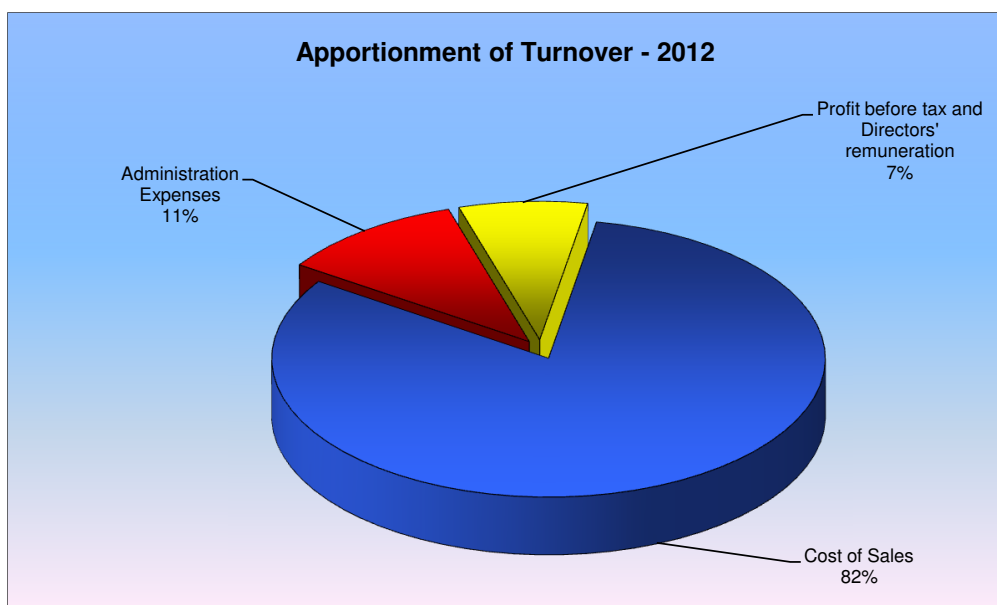
SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012

	2012 £	2011 £
Interest receivable		
Bank interest receivable	<u>1,385</u>	<u>2,354</u>

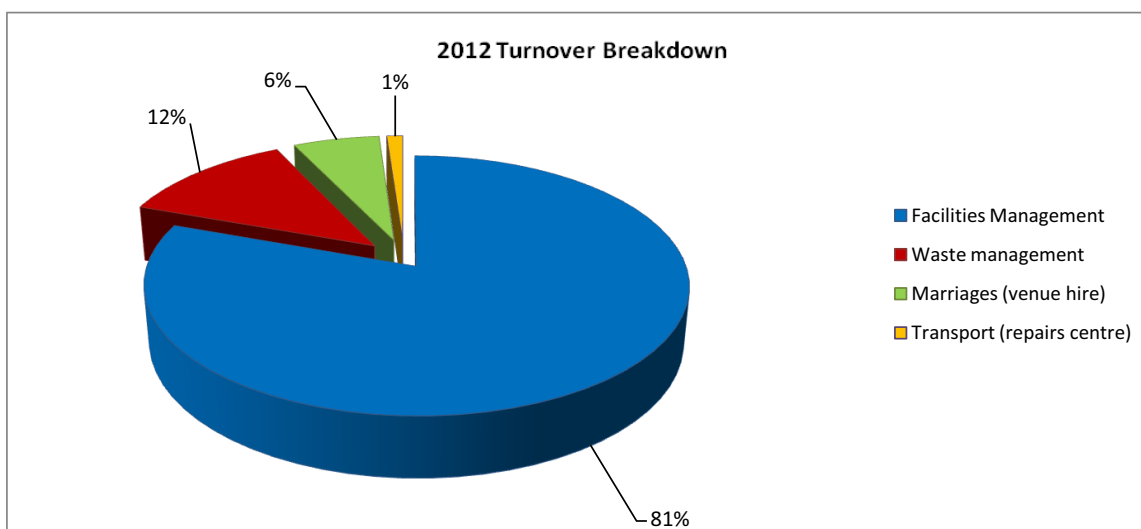
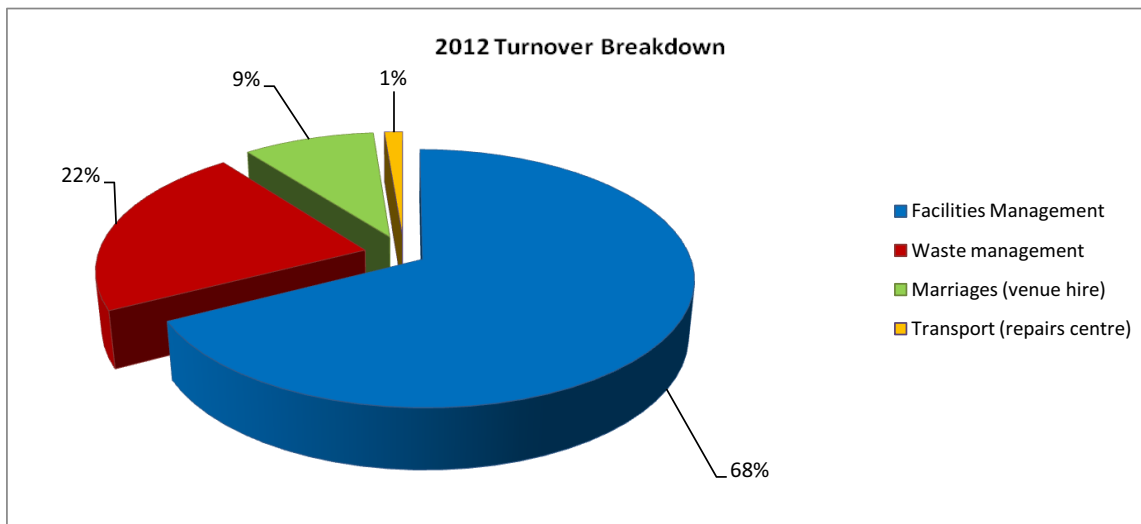
GRAPHICAL REPRESENTATIONS
FOR THE YEAR ENDED 31 MARCH 2012



**GRAPHICAL REPRESENTATIONS
FOR THE YEAR ENDED 31 MARCH 2012**



GRAPHICAL REPRESENTATIONS
FOR THE YEAR ENDED 31 MARCH 2012



KENT TOP TEMPS LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

Barnes Roffe LLP, Chartered Accountants
16 - 17 Copperfields, Spital Street, Dartford, DA1 2DE
JH : 24 August 2012

KENT TOP TEMPS LTD

COMPANY INFORMATION

DIRECTORS

L J Faulkner Esq
Ms D J Haigh (resigned 25 February 2012)
G Cooke Esq (appointed 1 June 2011 & resigned 7 March 2012)
D N Jackson (appointed 7 March 2012)

COMPANY SECRETARY

L J Faulkner Esq

COMPANY NUMBER

05242900

REGISTERED OFFICE

KCC Commercial Services Building
Gibson Drive
West Malling
Kent
ME19 4QG

AUDITORS

Barnes Roffe LLP
Chartered Accountants & Statutory Auditor
16-17 Copperfields
Spital Street
Dartford
Kent
DA1 2DE

KENT TOP TEMPS LTD

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Directors' report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 - 17
The following pages do not form part of the statutory financial statements:	
Detailed profit and loss account and summaries	18 - 20
Graphical representations	21 - 24

KENT TOP TEMPS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements for the year ended 31 March 2012.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' 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 then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of a temporary employment agency, employment business, and provider of bus services, including school transport.

BUSINESS REVIEW

Turnover has increased during the year (up by 13%). The gross profit margin is 6.9% (down from 8.6% for the year ended 31 March 2011). Looking forward the gross profit margin is expected to improve.

Kent Top Temps Limited was last awarded audited status from the Recruitment and Employment Confederation (REC) in November 2010, and will be renewed in the forthcoming year. The award confirms that the company is continually fully compliant with industry regulations and best practice. This is awarded to only an elite number of recruitment companies nationwide, and demonstrates that the company is conducting their business lawfully and ethically. Kent Top Temps are also a quality mark holder, which has been issued by REC and the Department of Education. This is awarded in recognition of good practice in the recruitment, placement and development of supply teachers in the education sector in England.

From October 2011, the Agency Workers Regulations Directive (AWR) started with a significant impact on systems development, education of clients and agency workers, and additional administration required to implement this directive. Kent Top Temps also successfully brought its weekly and monthly payroll in-house during the year.

Kent Top Temps Limited achieved bronze level status over and above the standard Investors In People (IIP) award in July 2010.

The significant and ongoing increases in fuel prices and duty continue to have an impact on margins.

KENT TOP TEMPS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £221,322 (2011 - £457,060).

Dividends paid during the year amounted to £25,000 (2011: £125,000).

DIRECTORS

The directors who served during the year were:

L J Faulkner Esq

Ms D J Haigh (resigned 25 February 2012)

G Cooke Esq (appointed 1 June 2011 & resigned 7 March 2012)

D N Jackson (appointed 7 March 2012)

The directors have no interest in the issued share capital of the company.

FUTURE DEVELOPMENTS

The market remains competitive and uncertain, but the directors remain confident that they will maintain their current level of performance in the medium to long term.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting the company are considered to relate to the current economic uncertainty and downturn (especially in the public sector), competition from national and independent employment agencies and bus companies, and legislative, world market and taxation changes especially relating to fuel prices, which continue to be problematic and challenging.

KEY PERFORMANCE INDICATORS

The majority of vacancies were satisfied from the Kent Top Temps Limited own resources, with the balance being outsourced to recruitment agencies mainly based in Kent from the preferred suppliers list.

Given the economic conditions especially regarding fuel, there has been a review of marginal contracts and action taken to reduce the ongoing risk, also taking into account a future 20% reduction due in BSOG announced by the government this year.

The focus of the organisation is on its profitability and there are no other key performance indicators that would benefit any reader of the accounts.

EMPLOYEE INVOLVEMENT

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

KENT TOP TEMPS LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2012**

DISABLED EMPLOYEES

All necessary assistance with initial training courses is given to employees with disabilities. A career plan is developed to ensure suitable opportunities are available for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report 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.

L J Faulkner Esq
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENT TOP TEMPS LTD

We have audited the financial statements of Kent Top Temps Ltd for the year ended 31 March 2012, set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, 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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON 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 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

KENT TOP TEMPS LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENT TOP TEMPS LTD

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Mario Ciantanni (Senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants
Statutory Auditor
16-17 Copperfields
Spital Street
Dartford
Kent
DA1 2DE

Date:

KENT TOP TEMPS LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £	2011 £
TURNOVER	1,2	34,233,188	<i>30,415,454</i>
Cost of sales		(31,855,187)	<i>(27,790,868)</i>
		<hr/>	<hr/>
GROSS PROFIT		2,378,001	<i>2,624,586</i>
Administrative expenses		(2,061,106)	<i>(1,977,956)</i>
		<hr/>	<hr/>
OPERATING PROFIT	3	316,895	<i>646,630</i>
Interest receivable and similar income		3,435	<i>4,996</i>
Interest payable and similar charges	5	(29,598)	<i>(40,700)</i>
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		290,732	<i>610,926</i>
Tax on profit on ordinary activities	6	(69,410)	<i>(153,866)</i>
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	12	221,322	<i>457,060</i>
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account.

The notes on pages 9 to 17 form part of these financial statements.

KENT TOP TEMPS LTD
REGISTERED NUMBER: 05242900

BALANCE SHEET
AS AT 31 MARCH 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Intangible assets	7	2,995	5,235
Tangible assets	8	112,807	99,103
		<u>115,802</u>	<u>104,338</u>
CURRENT ASSETS			
Debtors	9	6,895,567	5,490,023
Cash at bank and in hand		230,667	-
		<u>7,126,234</u>	<u>5,490,023</u>
CREDITORS: amounts falling due within one year	10	<u>(5,785,208)</u>	<u>(4,333,855)</u>
NET CURRENT ASSETS		<u>1,341,026</u>	<u>1,156,168</u>
NET ASSETS		<u>1,456,828</u>	<u>1,260,506</u>
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account	12	1,456,826	1,260,504
SHAREHOLDERS' FUNDS	13	<u>1,456,828</u>	<u>1,260,506</u>

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

L J Faulkner Esq
Director

The notes on pages 9 to 17 form part of these financial statements.

KENT TOP TEMPS LTD

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	15	816,841	698,498
Returns on investments and servicing of finance	16	(26,163)	(35,704)
Taxation		(153,866)	(164,549)
Capital expenditure and financial investment	16	(16,000)	(83,345)
Equity dividends paid		(25,000)	(125,000)
CASH INFLOW BEFORE FINANCING		595,812	289,900
Financing	16	(340,000)	(200,000)
INCREASE IN CASH IN THE YEAR		255,812	89,900

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2012**

	2012 £	2011 £
Increase in cash in the year	255,812	89,900
Cash outflow from decrease in debt and lease financing	340,000	200,000
MOVEMENT IN NET DEBT IN THE YEAR	595,812	289,900
Net debt at 1 April 2011	(565,145)	(855,045)
NET FUNDS/(DEBT) AT 31 MARCH 2012	30,667	(565,145)

The notes on pages 9 to 17 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 Intangible fixed assets and amortisation

Intangible assets are development costs capitalised in accordance with SSAP 13. They represent expenditure on viable projects in the course of development, which are deferred until the project has attained commercial basis. Intangible assets are amortised on a straight line basis over 3 years.

Amortisation is provided at the following rates:

Development	- 33% straight line
-------------	---------------------

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & Machinery	- 3 - 5 years straight line
Motor Vehicles	- 4 - 8 years straight line
Office Equipment	- 5 years straight line

1.5 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at current tax rates.

1.7 Government grants

Government grants relating to tangible 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 related expenditure is incurred.

KENT TOP TEMPS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES (continued)

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company also participates in a defined benefit pension scheme, being part of the Kent County Council Pension fund providing benefits based on final pensionable pay. The scheme is a multi employer scheme. The employer's contributions are affected by any surplus or deficit in the scheme. However Kent Top Temps Limited is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As such the pension charge represents amounts payable by the company to the fund in respect of the year.

2. TURNOVER

An analysis of turnover by class of business is as follows:

	2012 £	2011 £
Temps income	30,235,271	25,420,534
Travel income	3,997,917	4,994,920
	<u>34,233,188</u>	<u>30,415,454</u>

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the company	22,296	13,881
Auditors' remuneration	13,550	13,550
Operating lease rentals:		
- motor vehicles	472,716	166,811
Amortisation of intangible assets	2,240	9,152
	<u></u>	<u></u>

During the year, no director received any emoluments (2011 - £NIL).

KENT TOP TEMPS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

4. STAFF COSTS

Staff costs were as follows:

	2012 £	2011 £
Wages and salaries	10,240,261	9,933,366
Social security costs	744,852	758,150
Other pension costs	7,844	14,549
	<u>10,992,957</u>	<u>10,706,065</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2012 No.	2011 No.
Temporary Staff	518	497
Permanent Staff	166	172
	<u>684</u>	<u>669</u>

5. INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	<u>29,598</u>	<u>40,700</u>

6. TAXATION

	2012 £	2011 £
UK corporation tax charge on profit for the year	<u>69,410</u>	<u>153,866</u>

KENT TOP TEMPS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

6. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - *lower than*) the standard rate of corporation tax in the UK of 26% (2011 - 28%). The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	290,732	610,926
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	75,590	171,059
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(4,284)	14,231
Capital allowances for year in excess of depreciation	1,409	(17,569)
Group loss relief	-	(13,855)
Marginal relief	(3,305)	-
Current tax charge for the year (see note above)	69,410	153,866

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

7. INTANGIBLE FIXED ASSETS

	Development £
Cost	
At 1 April 2011 and 31 March 2012	29,720
Amortisation	
At 1 April 2011	24,485
Charge for the year	2,240
At 31 March 2012	26,725
Net book value	
At 31 March 2012	2,995
At 31 March 2011	5,235

KENT TOP TEMPS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

8. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Motor Vehicles £	Office Equipment £	Total £
Cost				
At 1 April 2011	54,918	66,544	-	121,462
Additions	2,000	14,000	20,000	36,000
At 31 March 2012	<u>56,918</u>	<u>80,544</u>	<u>20,000</u>	<u>157,462</u>
Depreciation				
At 1 April 2011	14,555	7,804	-	22,359
Charge for the year	13,325	8,971	-	22,296
At 31 March 2012	<u>27,880</u>	<u>16,775</u>	<u>-</u>	<u>44,655</u>
Net book value				
At 31 March 2012	<u>29,038</u>	<u>63,769</u>	<u>20,000</u>	<u>112,807</u>
<i>At 31 March 2011</i>	<u>40,363</u>	<u>58,740</u>	<u>-</u>	<u>99,103</u>

9. DEBTORS

	2012 £	2011 £
Trade debtors	5,628,018	4,186,135
Other debtors, prepayments and accrued income	1,267,549	1,303,888
	<u>6,895,567</u>	<u>5,490,023</u>

KENT TOP TEMPS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

10. CREDITORS:
Amounts falling due within one year

	2012 £	2011 £
Loans and bank overdrafts	-	25,145
Other loans	200,000	540,000
Trade creditors	3,333,390	1,997,356
Corporation tax	69,410	153,866
Social security and other taxes	1,012,346	636,575
Other creditors and accruals	1,170,062	980,913
	<u>5,785,208</u>	<u>4,333,855</u>

A loan to the value of £200,000 (2011: £540,000) is repayable on demand and is secured by a fixed charge on all book debts and other debts and by a floating charge on the assets of the company.

11. SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

12. RESERVES

	Profit and loss account £
At 1 April 2011	1,260,504
Profit for the year	221,322
Dividends	(25,000)
	<u>1,456,826</u>
At 31 March 2012	

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	1,260,506	928,446
Profit for the year	221,322	457,060
Dividends (Note 14)	(25,000)	(125,000)
	<u>1,456,828</u>	<u>1,260,506</u>
Closing shareholders' funds		

KENT TOP TEMPS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

14. DIVIDENDS

	2012 £	2011 £
Dividends paid on equity capital	<u>25,000</u>	<u>125,000</u>

15. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	316,895	646,630
Amortisation of intangible fixed assets	2,240	9,152
Depreciation of tangible fixed assets	22,296	13,881
Increase in debtors	(1,425,544)	(1,570,029)
Increase in creditors	1,900,954	1,598,864
Net cash inflow from operating activities	<u>816,841</u>	<u>698,498</u>

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	3,435	4,996
Interest paid	(29,598)	(40,700)
Net cash outflow from returns on investments and servicing of finance	<u>(26,163)</u>	<u>(35,704)</u>

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	-	(6,720)
Purchase of tangible fixed assets	(16,000)	(76,625)
Net cash outflow from capital expenditure	<u>(16,000)</u>	<u>(83,345)</u>

	2012 £	2011 £
Financing		
Repayment of other loans	<u>(340,000)</u>	<u>(200,000)</u>

KENT TOP TEMPS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

17. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2011 £	Cash flow £	Other non-cash changes £	31 March 2012 £
Cash at bank and in hand	-	230,667	-	230,667
Bank overdraft	(25,145)	25,145	-	-
	<u>(25,145)</u>	<u>255,812</u>	<u>-</u>	<u>230,667</u>
Debt:				
Debts due within one year	(540,000)	340,000	-	(200,000)
	<u>(540,000)</u>	<u>340,000</u>	<u>-</u>	<u>(200,000)</u>
Net debt	<u>(565,145)</u>	<u>595,812</u>	<u>-</u>	<u>30,667</u>

18. PENSION COMMITMENTS

The company operates a defined contribution pension scheme and participates in a defined benefit pension scheme. The assets of both schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to these funds and amounted to £7,844 (2011: £14,549).

19. OPERATING LEASE COMMITMENTS

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows:

	2012 £	2011 £
Expiry date:		
Within 1 year	25,446	20,065
Between 2 and 5 years	164,253	202,437
After more than 5 years	125,322	98,690
	<u>215,021</u>	<u>321,192</u>

KENT TOP TEMPS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related party disclosures', not to disclose any transactions with members of the group headed by Kent County Trading Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in the consolidated financial statements.

The company has a loan from Kent County Council of £200,000 (2011: £540,000). The loan is repayable on demand and carries interest at a rate of 5% above the Bank of England's base rate, and is disclosed within creditors due within one year.

During the year, the company traded with Kent County Council, the ultimate controlling party. The following transactions occurred during the financial period:

<u>Kent County Council</u>	<u>2012</u> £	<u>2011</u> £
Sales	31,737,250	27,207,610
Trade Debtors	5,405,192	4,055,524
Purchases	3,000,289	2,618,304
Trade Creditors	1,933,302	1,130,869
Loan Interest paid @ 5.5%	29,598	40,700

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate controlling party is Kent County Council.

KENT TOP TEMPS LTD

**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Page	2012 £	2011 £
TURNOVER	19	34,233,188	30,415,454
Cost of sales	19	(31,855,187)	(27,790,868)
		<hr/>	<hr/>
GROSS PROFIT		2,378,001	2,624,586
Gross profit %		6.9 %	8.6 %
LESS: OVERHEADS			
Administrative expenses	20	(2,061,106)	(1,977,956)
		<hr/>	<hr/>
OPERATING PROFIT		316,895	646,630
Interest receivable		3,435	4,996
Interest payable	20	(29,598)	(40,700)
		<hr/>	<hr/>
PROFIT FOR THE YEAR		290,732	610,926
		<hr/> <hr/>	<hr/> <hr/>

KENT TOP TEMPS LTD

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012

	2012 £	2011 £
TURNOVER		
Temps income	30,235,271	25,420,534
Travel income	3,997,917	4,994,920
	<u>34,233,188</u>	<u>30,415,454</u>

	2012 £	2011 £
COST OF SALES		
Wages	9,628,971	9,348,398
National Insurance	681,862	699,900
Motor vehicle leasing costs	472,716	166,811
Motor running costs	1,537,938	2,056,364
Subcontractor and other direct costs	19,533,700	15,519,395
	<u>31,855,187</u>	<u>27,790,868</u>

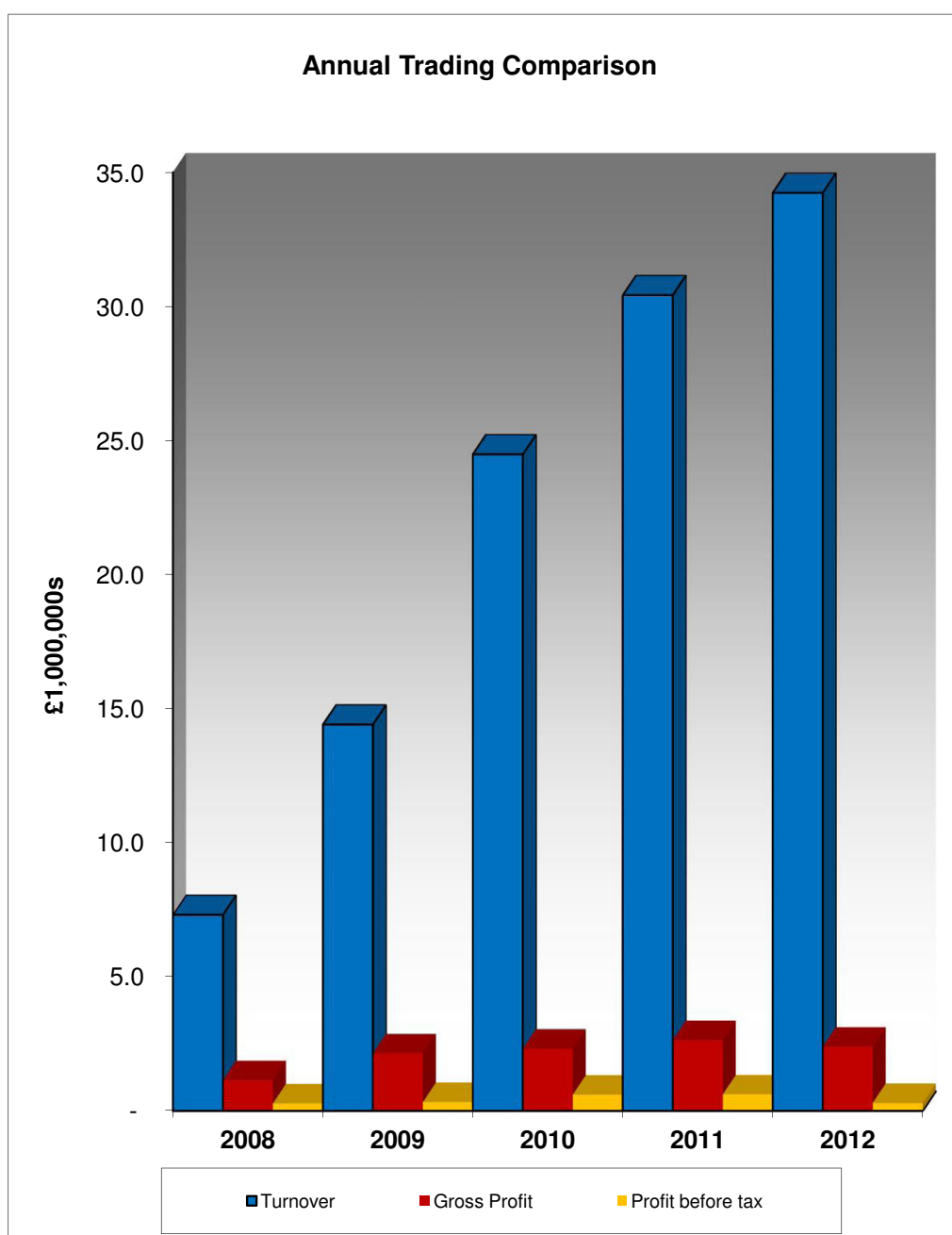
KENT TOP TEMPS LTD

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012**

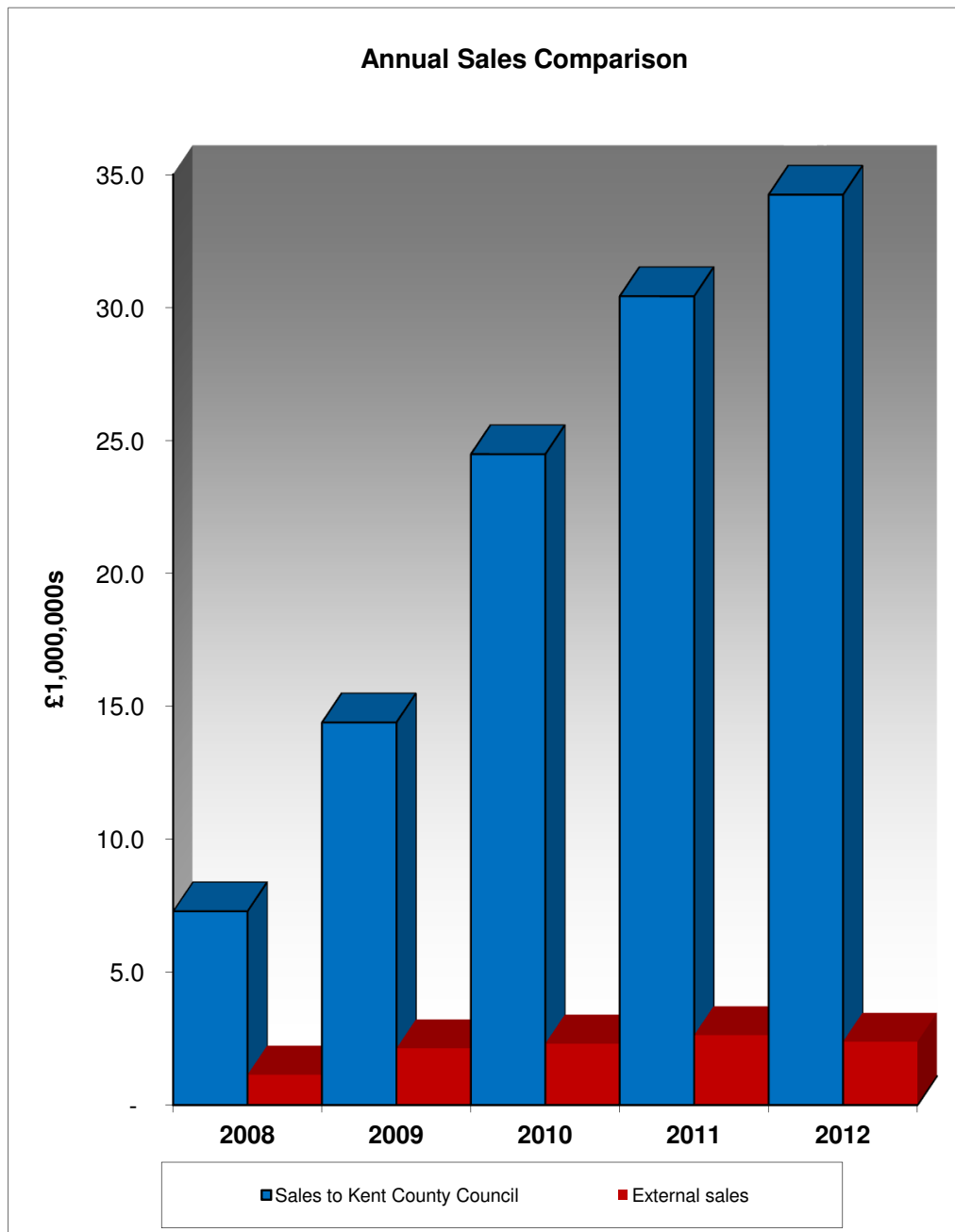
	2012 £	2011 £
ADMINISTRATIVE EXPENSES		
Wages and salaries	611,290	584,968
National Insurance	62,990	58,250
Staff pensions	7,844	14,549
Staff training	20,095	19,422
Motor running costs	14,080	13,772
Hotels, travel and subsistence	306	677
Printing and stationery	12,359	14,328
Postage	5,002	8,138
Telephone and fax	11,613	6,279
Computer costs	7,378	6,946
Advertising and promotion	63,258	56,668
Payroll charges	45,609	90,368
Audit fees	13,550	13,550
Accounting fees	1,450	6,620
Legal and professional	81,848	3,169
Bank charges	8,036	15,057
Bad debts	(33,549)	84,926
Sundry expenses	33,452	47,638
Depreciation of plant and machinery	22,296	13,881
Amortisation of intangible fixed assets	2,240	9,152
Service charges	857,907	671,612
Premises costs and central overheads	198,655	227,942
Security and insurance	13,397	10,044
	<u>2,061,106</u>	<u>1,977,956</u>
	2012 £	2011 £
INTEREST PAYABLE		
Loan interest payable	<u>29,598</u>	<u>40,700</u>

GRAPHICAL REPRESENTATIONS

For the year ended 31 March 2012



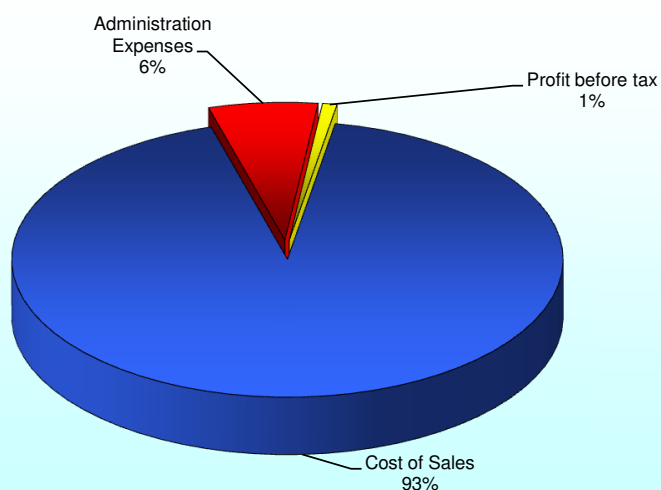
GRAPHICAL REPRESENTATIONS
For the year ended 31 March 2012



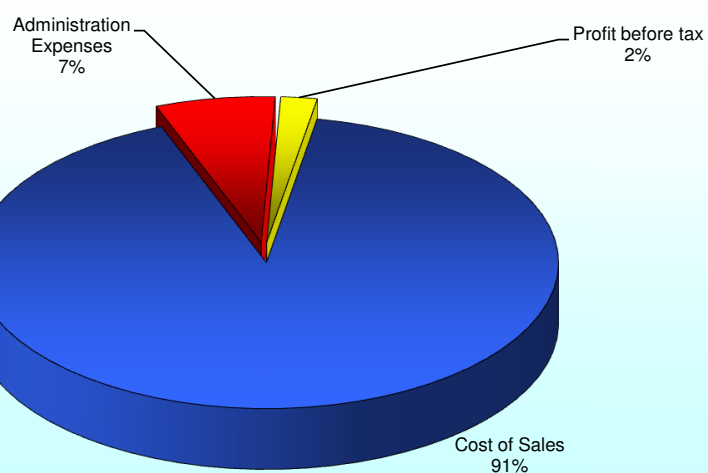
GRAPHICAL REPRESENTATIONS

For the year ended 31 March 2012

Apportionment of Turnover - 2012

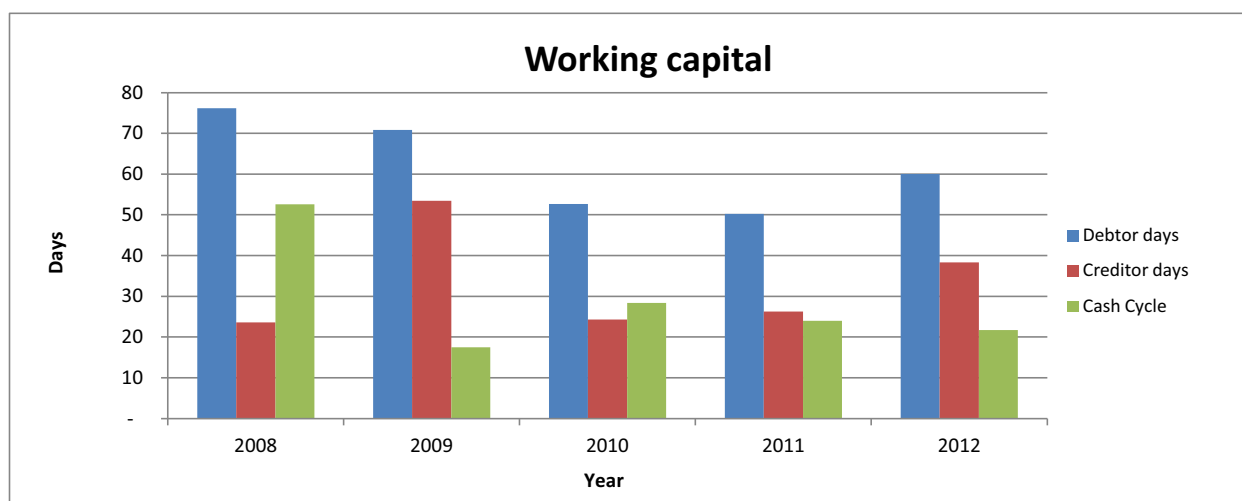


Apportionment of Turnover - 2011



GRAPHICAL REPRESENTATIONS
For the year ended 31 March 2012

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Sales	7,180,031	14,389,154	24,475,068	30,415,454	34,233,188
Trade debtors	1,498,678	2,793,841	3,532,578	4,186,135	5,628,018
<i>Debtor days</i>	76	71	53	50	60
Purchases	6,149,802	12,259,568	22,170,715	27,790,868	31,752,905
Trade creditors	397,698	1,793,725	1,475,402	1,997,356	3,333,390
<i>Creditor days</i>	24	53	24	26	38
<i>Cash Cycle</i>	53	17	28	24	22



	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Debtor days comparison</u>					
Kent County Council					
Sales	7,167,850	13,108,735	22,209,122	27,207,610	31,737,250
Trade debtors	1,505,598	2,622,008	3,393,594	4,055,524	5,405,192
<i>Debtor days</i>	77	73	56	54	62
External					
Sales	12,181	1,280,419	2,265,946	3,207,844	2,495,938
Trade debtors	(6,920)	171,833	138,984	130,611	222,826
<i>Debtor days</i>	(207)	49	22	15	33
<u>Creditor days comparison</u>					
Kent County Council					
Purchases	1,693,196	2,871,840	3,093,972	2,618,304	3,000,289
Trade creditors (incl accruals)	315,629	1,398,432	1,194,852	1,130,869	2,047,950
<i>Creditor days</i>	68	178	141	158	249
External					
Purchases	4,456,606	9,387,728	19,076,743	25,172,564	28,752,616
Trade creditors	82,069	395,293	280,550	866,487	1,285,440
<i>Creditor days</i>	7	15	5	13	16

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From: Bryan Sweetland, Cabinet Member for Environment, Highways and Waste
Mike Austerberry, Corporate Director, Environment and Enterprise
Ian McPherson, Managing Director, Commercial Services

To: Governance & Audit Committee, Trading Activities Sub-Group - 28 September 2012

Subject: Re-alignment of Commercial Services company structure following external review of its activities

Classification: UNRESTRICTED

Summary: Following an independent review by BDO and Eversheds, and consideration by the Governing Board for Commercial Services, a number of changes are taking place in the management, operations and company structure of Commercial Services.

Recommendations:

- i) The Governance & Audit Trading Activities Sub-Group is asked to note the contents of the paper which was considered by the Policy and Resources Committee on the 27th of September to change and improve the management, governance and operations of Commercial Services.
- ii) The Sub-Group is further asked to note that the Cabinet Member for Environment, Highways and Waste, the Cabinet Member for Business Strategy, Performance and Health Reform and the Corporate Director, Environment, Highways and Waste propose to take formal decisions in relation to the formation of new companies; the transfer of existing KCC employees to such companies; and the entering into of all necessary leasehold and other agreements to give effect to these arrangements.
- iii) All subject to the terms of the KCC Constitution and the Articles of Association of the Company.
- iv) As requested by the Sub-Group, a copy of the review of Commercial Services, and a progress update report, are attached, and the Sub-Group is asked to note these documents.

1. Introduction

1.1 Commercial Services (CS) is a non-budget funded division of the County Council, which funds itself from the income generated by its own activities. It is largely, and increasingly, focused on trading outside Kent, and made a net return to KCC central funds of £7m in May this year.

1.2 The County Council's policy document Bold Steps for Kent set out the need for new approaches to meet the financial challenges facing local government. In this context the Cabinet Member for Environment, Highways and Waste and Corporate Director Environment, Highways & Waste last year commissioned an external appraisal of the management, operations, governance and future business potential of Commercial Services.

1.3 This independent review recognised the value that Commercial Services added to the County Council and made a number of recommendations concerning changes and improvements to governance arrangements and clarification of the legal and governance relationship between KCC and Commercial Services. It has also provided valuable advice on areas of current and future business with the greatest potential profitability and sustainability, in order to underpin and strengthen future income returns to KCC.

1.4 The County Council meeting in December last year approved a proposal to establish a Board of Cabinet Members and senior officers to manage Commercial Services, and to ensure a proper separation between 'decider' and 'provider' which had the potential to become blurred under the existing arrangements. The Board has met a number of times and worked through the recommendations of the independent report. A copy of the report is attached as **Appendix 1** to this paper and the status report is at **Appendix 2**.

1.5 The objective has been twofold. Firstly to make Commercial Services a leaner, more efficient business, better equipped to compete in challenging conditions. Secondly, to ensure that it operates properly at "arms length" from KCC with an appropriate company structure. It is proposed to simplify its current complex operating model of five companies to two specific company structures as set out below.

1.6 These company changes will pre-emptively address the risk of any challenge under current and forthcoming public sector trading regulations which the government has indicated it may introduce to ensure local authorities do not use their public status to gain commercial advantage over the private sector. They will also ensure the total transparency of future business operations and the profit and loss of Commercial Services.

2. Proposals

2.1 The transformation programme is reconfiguring the current 26 disparate business units into five client-facing divisions. These new business divisions will act under the auspices of the two new legal entities, rather than under the current five limited company structure.

2.2 The new business divisions will cover the areas of Education, Energy, Care, Employment and Direct Services with the sole purpose of returning an income dividend to the Council at no cost.

2.3 The proposed changes to the company structure, and the entering into of various leasehold and other agreements, require various formal Cabinet Member

and officer decisions. The proposal is to simplify the current operating model from managing under five limited companies to two specific company structures. One will be a “Teckal” compliant company, which will trade exclusively with the County Council, and the other a “Section 95” company, which will enable CS to trade with the wider public and private sectors under the auspices of Section 95 of the Local Government Act.

2.4 A more detailed note on these two types of company is attached as **Appendix 3** to this paper.

2.5 “Driving Economic Prosperity” is a key theme of Bold Steps for Kent. These proposals will enable KCC to be confident of, and to demonstrate, the existence of a level playing field with the private sector, and that it is operating on the same principles as its private sector competitors to deliver maximum benefit to its shareholder, Kent County Council, and the people of Kent.

2.6 The review has confirmed the direction of travel for local authority trading, which will encourage a greater use of company vehicles than is common at present. It is considered likely that trading without using a company is probably only possible under government regulations in the short to medium term. The recommendations in this paper address this advice, which it is proposed be implemented now, subject to the Cabinet Member for Environment, Highways and Waste, the Cabinet Member for Business Strategy, Performance and Health Reform and the Corporate Director, Environment, Highways & Waste taking the necessary formal decisions. Such companies will remain totally under the direct control of KCC.

2.7 All KCC staff currently employed by CS will transfer to Commercial Services Kent Ltd (CSK Ltd - the ‘Teckal’ company) on their existing terms with no degradation to either working practice or pension. New joiners, including future appointments to the Executive Team, will move to different, more-private-sector orientated employment terms.

2.8 Private sector trading will be focused more clearly on the Section 95 (non Teckal) company, to be named Commercial Services Trading Ltd, and the premises from which this arm operates must allow such commercial activity to be undertaken.

2.9 To achieve this Commercial Services will change the name and the Articles of Association of the existing wholly-owned company Kent County Supplies Ltd to form the Teckal company, and will change the name of the existing wholly-owned company Kent County Facilities Ltd to form the Section 95 company. The remaining three companies will be dissolved as soon as is practicable. The new company names are subject to approval by Companies House. Simultaneously a relocation of headquarters functions to different premises will allow CS to operate more efficiently and effectively.

3. Financial Implications

3.1 This will be a cost neutral action. As a “Teckal” company, CSK Ltd will provide the manpower and expertise to deliver services to KCC, providing a managed service to KCC to enable it to trade to meet the needs of its general interest. As such, CSK Ltd is not designed to generate a profit (all profit being made by KCC). Furthermore this will allow the regularisation of the property relationship between KCC and CS.

4. Staffing Implications

4.1 A full staff consultation will be undertaken on the TUPE transfer of all existing KCC staff employed by CS to the limited company. TUPE regulations ensure that the existing employment terms, and pension provision, of staff transferring to a new provider are protected and there will therefore be no adverse impact on transferees. CSK Ltd will obtain admitted body status to the Local Government Pension Scheme in order to provide for the transferred-in pensions.

5. Equalities Impact Assessment

5.1 Initial screening reveals no further action is required. A report on the assessment is at **Appendix 4**.

6. Legal Implications

6.1 The specialist Articles of Association for the new “Teckal” company have been reviewed by the Director of Governance and Law and will be refined to fully meet KCC requirements.

7. Conclusion

7.1 The establishment of the two new limited companies will meet the aims of “Bold Steps for Kent”, protect KCC from the impact of anticipated legislation and will enable Commercial Services in future to operate more effectively, efficiently and transparently creating a more viable and sustainable business platform.

Background Documents

Appendix 1: Report by BDO/Eversheds on Commercial Services
Appendix 2: Transformation programme recommendations status report
Appendix 3: Briefing note – Teckal vs Section 95 companies
Appendix 4: Equalities Impact Assessment

Ian McPherson
Managing Director, Commercial Services
Gibson Drive, West Malling
Tel: 5352 (01622 605352)

APPENDIX 2 - PROGRESS REPORT - BDO/EVERSHEDS STRATEGIC REVIEW OF COMMERCIAL SERVICES

SERIAL	ANALYSIS	RECOMMENDATIONS	CURRENT SITUATION
1	<p>STRUCTURE:</p> <p>The structure of Kent Commercial Services is unnecessarily complex and not fit for purpose.</p>	Formally constitute a stand alone business as an Arms Length Organisation and under the parent body form two discrete Limited Companies one Teckal compliant the other in open competition.	This change has been prepared and is the subject of a paper to the Policy and Resources Committee prior to a formal Cabinet Member decision.
2	<p>REPORTING LINES:</p> <p>CS must have clear and distinct reporting lines.</p>	CS should be realigned to report to the Deputy Managing Director to whom it should be responsible for meeting KCC targets.	Since this report was written the senior organisational structure has changed and the Governing Board agreed the Managing Director of CS should report to Mike Austerberry.
3	<p>GOVERNANCE:</p> <p>CS's current Governance arrangements are part of the overall Governance arrangements of KCC.</p> <p>CS to have a clearly separate and distinguishable Governance arrangement that mirrors good commercial practice.</p>	CS should be realigned to report through the appropriate Portfolio holder advised by a Governing Board.	The full County Council in December 2012 approved the establishment of a Governing Board of Cabinet Members and Senior Officers to oversee Commercial Services. The Board is in place and had met a number of times to review and advise on current and future strategic direction of CS.

SERIAL	ANALYSIS	RECOMMENDATIONS	CURRENT SITUATION
4	<p>THE EXECUTIVE:</p> <p>The Executive of CS needs to be appropriately structured to enable it to drive the organisation forward and react to the Direction of an established governing board</p>	<p>An appropriately robust Executive should be established.</p> <p>This executive should be formed and in place by no later than April 2012. The final organisational structure, to sustain the organisation, should form part of the independent review of the trading arms, informed by the size and construct of the final organisation following the transition. This executive should manage the transformation from CS current position to the new redesigned organisational structure.</p>	<p>A new executive has been put in place and the new Managing Director recruited following appointment by the panel of Personnel Committee.</p>
5	<p>RELATIONSHIP WITH OTHER PUBLIC SECTOR BODIES:</p> <p>The relationship with CBC, Pro 5 and other public sector trading bodies & commercial operations should be aligned to ensure that the roles of KCC and CS are separated.</p>	<p>The newly appointed Head of Procurement (HOP) to manage the relationship on behalf of KCC which must be separate from the affiliation with CS.</p>	<p>This action has been completed and the roles of KCC and CS are separate.</p>
6	<p>EU AND REGULATORY COMPLIANCE:</p> <p>CS must ensure ongoing compliance with regulations both internal and external (EC and as defined in English law)</p>	<p>The relationship and responsibility should be between the MD of CS and the HOP and that this ensures all CS commercial operations going forward are carried out in accordance with relevant and future anticipated regulations.</p>	<p>This recommendation has been implemented.</p>

SERIAL	ANALYSIS	RECOMMENDATIONS	CURRENT SITUATION
7	<p>SERVICE LEVEL AGREEMENTS:</p> <p>The current SLA's need to be fit for purpose and properly describe the relationships between Directorates and CS</p>	<p>That the Council fully adopts the role of Intelligent Customer and appropriate, balanced and agreed SLAs are drafted, agreed and implemented. A Programme of regular review (annual) is established under the auspices of KCC Head of Procurement.</p>	<p>This recommendation is an ongoing one and is being actioned jointly by the MD of CS and the Head Of Procurement for KCC.</p>
8	<p>BUSINESS RELATIONSHIPS:</p> <p>Currently all sales to KCC are subject to a collective profitability rebate to the Council. This situation leads to suspicion and, in some cases, open hostility towards CS.</p>	<p>Rebates to Directorates are applied based upon sales. Overall rebates to the Authority are adjusted accordingly and Directorate budgets aligned. A simplified method of accounting should be adopted.</p>	<p>A number of rebate issues have been addressed and those that remain will be managed in the most simplified manner.</p>
9	<p>Financial Relationship between CS and KCC:</p> <p>Different accounting systems clearly separate the finances of CS and KCC, however greater clarity is needed in some areas.</p>	<p>Focus effort on clarifying the blurred lines between Kent CC and CS this will become clear with the establishment of an arms length organization and should address the issues around premises arrangements.</p>	<p>Financial relationships are now clear and a clear business plan process for a commercial concern has been adopted and is subject to external review.</p>

SERIAL	ANALYSIS	RECOMMENDATIONS	CURRENT SITUATION
10	Risk: Good practice would require a stand alone risk policy which is relevant and applicable to a commercial arm.	CS to draft an appropriate risk policy which should be communicated to all staff.	A risk policy is being drafted and will be in place by the end of the FY.
11	Audit: The Audit process is disjointed and takes no account of the commercial activity undertaken by CS	CS is in the process of recruiting an appropriately qualified Audit team of 2 to be responsible for the ongoing Audit function. The auditors, once in post, must be responsible for the Audit and risk functions described later in the detail of this report and they should be accountable from a technical compliance perspective to the Head of Audit and Risk of KCC.	A new internal Head of Audit is in post and relationships with the KCC Head of Internal Audit have been established and terms of reference agreed.
12	LEGAL: At present the arrangements are not sufficiently transparent to demonstrate the commerciality of the arrangements between the Council and the corporate trading entities.	Any entities that are in place should be properly defined, constituted and able to act.	This is being addressed by the formation of the structure recommended to the Policy and Resources Committee, prior to formal Cabinet Member decision.

APPENDIX 2 - PROGRESS REPORT - BDO/EVERSHEDS STRATEGIC REVIEW OF COMMERCIAL SERVICES

SERIAL	ANALYSIS	RECOMMENDATIONS	CURRENT SITUATION
13	<p>DETAILED REVIEW OF COMMERCIAL SERVICES:</p> <p>A root and branch review of Commercial Services should be undertaken to include all of its operating arms</p>	<p>The current 26 business units are not properly aligned, some are not fit for purpose and some run in conflict from the requirements of the parent organization (KCC). This root and branch review using the ROAD© process and should report back with a detailed report which will inform the future structure to be implemented by the revised Management Executive by no later than Apr 2013.</p>	<p>The reviews have been under taken on each area of business and the recommendations of each of these reviews is being considered by the Board and the advice forthcoming is being implemented by the newly appointed Executive.</p>

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APPENDIX 3

The "Teckal" Principle

It is a well-established principle of EU procurement law that the open advertising and tendering rules for public contracts do not apply where a public body obtains services from "in-house" sources.

Basic law is that any public body in the EU wishing to obtain services from the private sector has to comply with public procurement rules, which require open and non-discriminatory advertising, tendering, and contract award. As a generally-accepted rule, a public body does not have to comply with public procurement rules where it is only utilising its own internal resources to satisfy its requirements.

Furthermore if a public body wishes to obtain services from another public body this is provided for under what is known as the "Teckal" ruling, where, for the first time the European Court of Justice held that a public body could bypass the EU procurement rules and directly enter into a contract with a service provider so long as:

- the public body controls the service provider in question as if it was that public body's own department; and
- the service provider in question carries out the essential part of its activities with the contracting authority which controls that entity.

The Teckal exemption allows contracting authorities a greater scope of cooperation amongst themselves without having to rely on a much narrower, existing exemption which applies only where services were provided by a contracting authority based on certain exclusive rights held by that contracting authority.

The question of ownership is not alone decisive in determining whether the requisite level of control is exercised over the proposed service provider by a contracting authority:

- any private sector part-ownership (no matter how minor the stake is) of the proposed service provider is likely to defeat the application of the Teckal exemption;
- the Teckal exemption could still apply even where multiple contracting authorities share the control over the proposed service provider; and
- the controlling contracting authority must possess "a power of decisive influence over both strategic objectives and significant decisions" over the proposed service provider for the Teckal exemption to apply (i.e., the more independently the entity in question is able to act, the less likely it is for the Teckal exemption to apply).

Section 95 of the Local Government Act 2003

Section 95 of the Local Government Act 2003 provides specifically for Local Authorities to take part in trading activities with other public and private sector bodies, and to do “for a commercial purpose anything which they are authorised to do for the purposes of carrying on any of their ordinary functions”.

The act makes further provision that the commercial trading can only be undertaken via a company regulated by both the Companies Acts and Part V of the Local Government and Housing Act 1989.

This provision is to ensure that:

- to make it a level playing field, as most competitors will usually be companies;
- for tax reasons, as local authorities would otherwise have a tax advantage over the competition;
- to ensure compliance with EU Competition Rules - if there is a requirement for a company it is easier to keep it all separate and transparent; and:
- to comply with state aid rules.

KENT COUNTY COUNCIL
EQUALITY IMPACT ASSESSMENT

Initial Screening

Directorate: Commercial Services

Name of Service

Commercial Services

Type

Proposed transfer (TUPE) of staff to Commercial Services Kent Ltd

Responsible Owner/ Senior Officer

David Jackson, Planning Director

Completed by: Robert Palmer (Head of HR)

Date of Initial Screening

6 September 2012

Version	Author	Date	Comment
V01	Robert Palmer	06.09.12	

Screening Grid

Characteristic	Could this policy, procedure, project or service affect this group differently from others in Kent? YES/NO	Could this policy, procedure, project or service promote equal opportunities for this group? YES/NO	Assessment of potential impact HIGH/MEDIUM/LOW/ NONE/UNKNOWN		Provide details: a) Is internal action required? If yes, why? b) Is further assessment required? If yes, why? c) Explain how good practice can promote equal opportunities
			Positive	Negative	
Age	No	No	None	None	<p>No internal action is required and no further assessment is required.</p> <p>It is not envisaged that there will be any impact as a result of the transfer of staff to the new private companies.</p> <p>A full EqiA is not required at this time.</p>
Disability	No	No	None	None	
Gender	No	No	None	None	
Gender identity	No	No	None	None	
Race	No	No	None	None	
Religion or belief	No	No	None	None	
Sexual orientation	No	No	None	None	
Pregnancy and maternity	No	No	None	None	

Part 1: INITIAL SCREENING

Context

A review of KCC Commercial Services concluded that the commercial operations of KCC that are operated by Commercial Services needed to be more 'arms length' to KCC. The review recommended the creation of two new limited companies that would trade as Commercial Services and by which the staff who work for Commercial Services would be employed.

Aims and Objectives

Proposed creation of two new limited companies that are arms length to (but wholly owned by) Kent County Council. These new companies would employ all of the staff within Commercial Services. The staff who transfer would be protected by the Transfer of Undertakings (Protection of Employment) Regulations 2006 "TUPE".

Beneficiaries

KCC is the direct beneficiary as Commercial Services will be compliant in its trading activity with a clear line of separation from KCC.

Consultation and data

Informal consultation with staff and unions commenced in August 2012 and will continue until the point of transfer.

Managers are in continual dialogue with their staff, linking in with CS HR as necessary for guidance and support.

Potential Impact

Initial screening notes that service users will not be affected by this TUPE transfer.

At this stage it is considered that the transfer of staff to the private companies will not have an impact on any of the protected characteristics.

No information has arisen from early engagement with staff to suggest that any other protected group will be disproportionately impacted.

JUDGEMENT

Option 1 – Screening Sufficient

YES

Following this initial screening our judgement is that no further action is required.

Justification:

There is sufficient information at this time to indicate that no further action is required.

Option 2 – Internal Action Required

YES/NO

Option 3 – Full Impact Assessment

YES/NO

Only go to full impact assessment if an adverse impact has been identified that will need to undertake further analysis, consultation and action

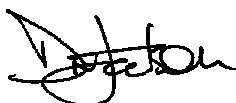
Equality and Diversity Team Comments

Sign Off

I have noted the content of the equality impact assessment and agree the actions to mitigate the adverse impact(s) that have been identified.

Senior Officer

Signed:



Name: David Jackson

Job Title:

Planning Director,
Commercial Services

Date: 11/9/2012

DMT Member

Signed:



Name: Ian McPherson

Job Title:

Managing Director,
Commercial Services

Date: 11/9/2012



KENT COUNTY COUNCIL

Governance Review of Kent Commercial Services



September 30th 2011 DRAFT



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SECTION 1: EXECUTIVE SUMMARY

A Look under the Bonnet

During the course of the 'MOT' on the Commercial Services we discovered an organisation which was originally designed as a small vehicle with specific journeys to make in Kent. Over time, it has transformed into a coach, regularly picking up new passengers (Business units) and opportunistically motoring up new roads with no specific final destination, and an undefined route. The Council has stopped checking its oil, tyre pressure and water levels and lost track of its location. Whilst there is a coach driver in place, there are no two way communications with the depot and the satnav is broken.

Scope of the Review

In July 2011, Eversheds and BDO were jointly commissioned to undertake a high level strategic review into the governance arrangements of Kent Commercial Services (CS), to cover the following areas:

- the current governance and assurance arrangements of the whole CS entity
- the legality of the current operating and governance arrangements in CS against Companies Act and Local Government legislative requirements
- the financial relationship between CS and Kent County Council (KCC), including an assessment as to the level of effective subsidy (if any) that KCC provides to CS
- how well KCC has specified the purpose of CS, how this aligns with the strategic requirements of KCC, and how precisely this is interpreted and delivered by CS.

Background to Commercial Services

CS, a trading arm of Kent County Council has grown organically and the motivation for business has evolved over time from market moderation to profit generator. An opportunistic approach

has been taken to development rather than a strategic one in order to meet these imposed financial targets and consequently, the organisation has become untethered from the Council in both governance terms and policy direction.

Market moderation is a three stage process which should be achieved by entering, moderating and withdrawal. The organisation should now be planning the withdrawal process from certain markets.

In terms of structure, there is inherent risk in running a business of this size and scale without adequate investment in an effective executive. The vast majority of financial risk to Kent County Council is associated with one of the business units, LASER.

Within the last 18 months there has been a change of leadership at both CS and KCC and a significant reorganisation and cultural shift has occurred in order to create more collaborative ways of working within the Council. To date, CS has been outside of the scope of these changes. Wider events have also lead to an increased appetite to regain control of the CS vehicle and ensure that it is set a new, more focused direction in harmony with the aims of the Council.

As a direct consequence of an external report into LASER, the energy procurement consortium, CS have already started to address areas of governance such as the inadequate coverage of the audit programme for CS, a business with an annual turnover of £400m pa. It has been agreed that two commercial auditors will be recruited to rectify this with a professional line to the Head of Audit at Kent County Council (KCC).

Similarly, credit must also be given for the work undertaken to write a number of papers on governance and the role of

Commercial Services (the 'CS Trading Board' and 'CS as the Enabler for KCC Trading') which have been submitted to the Corporate Management Team of KCC for their review and action. The ideals behind the two reports are commendable and the desired outcomes will arise from the reorganisation of CS into an appropriate vehicle. This report takes those papers into account.

Strategic Overview (Commerciality)

Kent Commercial Services (CS) does not follow a common model for Local Government Purchasing Consortia. Most consortia are multi-based, governed and funded by management committees representing more than one Local Authority. The exceptions to this are few and are much more limited in their scope of services. CS however, is wholly owned by Kent County Council (KCC) and has a thorough mix of service provision and a turnover of over £400m pa.

CS constitutes 5 limited companies and approximately 26 business units, however, just four of these business units represent 88% of turnover, with LASER, the energy procurement consortium itself representing 62%. Over 25 business units make up 18% of the business which is far too dispersed and numerous for effective management and efficient use of capital and resources. In the short term, the move towards managing these diverse businesses as 6 streams or divisions must be applauded.

We also commend the move towards a local authority partnership with Hertfordshire to establish a robust and sustainable county supplies operating unit with the aim of zero stock turn.

We have refrained from comment on individual business units in this report in accordance with the specific guidance given to us for this commission. The organic and untethered growth of the organisation without adequate investment in an effective Executive puts the business at an indeterminate level of risk.

Governance and Assurance

The governance structure and internal control mechanisms in place such as risk management and audit are inadequate for a £400m commercial enterprise. Governance has two aspects; strategic direction and secondly, monitoring and control. The monitoring and control function is already being addressed by the future recruitment of two commercial auditors solely focused on CS however, the absence of strategic direction and decision making should be immediately addressed by establishing a Governing Board with appropriate membership (including non executive members with appropriate commercial and market sector expertise) the Chair of which will be the Deputy Managing Director of KCC. Furthermore, this will be supported by an Advisory Board for Commercial Services both of which will plug into existing governance structures within the Council. (These are described in more detail in Section 5)

Financial Relationship between CS and KCC

The financial relationship between the Council and CS whilst distinguished by its separate accounting systems and clear blue water in this respect leaves room for improvement where greater clarity and transparency could be achieved. The areas that would benefit from greater clarification are:

- Pensions liabilities
- Premises arrangements
- KCC recharges (what is and is not included)
- Mandated services (rationale and review)
- Insurances (whether KCC truly insure for the full risk)

KCC plays a dual role that of governor and customer, however there is little evidence of KCC exerting the role of intelligent customer e.g. through its appropriate use of SLAs.

Assessment of legality of operations

At present the arrangements are not sufficiently transparent to demonstrate the commerciality of the arrangements between the Council and the corporate trading entities. This raises questions about CS as a whole delivering to both the public and private sector simultaneously.

Recommendations

1. Structure: Create a stand alone, *formally* constituted Arms Length Organisation (ALO) with two discrete operating units one Teckal compliant the other in open competition under the auspices of the Local Government Act.

2. Reporting Lines: CS should be realigned to report to the Deputy Managing Director to whom it should be responsible for meeting KCC targets.

3. Governance: i) Create an appropriate Governing Board chaired by the Deputy Managing Director constituted with responsibility to the Cabinet & Scrutiny. ii) Create an Advisory Board with external advice in the guise of Non-Executive Directors, drawn from relevant sectors of the market that match those delivered by CS.

4. Executive: It is vital that a new executive should be formed, to mitigate risk and in recognition of the need to run CS as a commercially viable and sustainable business. The Executive should consist of the following roles:

- Director of CS
- Head of Finance
- Head of Commercial
- Head of Operations
- Head of Personnel
- Head of Teckal company
- Head of Market company.

5. Relationship with other public sector bodies: Appoint the new Head of Procurement to manage the relationship with other PS bodies on behalf of KCC, which must be discrete from the affiliation with CS.

6. EU and Regulatory Compliance: Director of CS should be held to account by the Head of Procurement at KCC for adherence to EU and internal regulations.

7. Service Level Agreements: That the Council fully adopts the role of Intelligent Customer and appropriate, balanced and agreed SLAs are drafted and implemented.

8. Business Relationships: Rebates to Directorates are applied based upon sales.

9. Financial Relationship between CS and KCC: Clarity must be obtained as early as possible.

10. Risk: CS to draft an appropriate risk policy which should be communicated to all staff.

11. Audit: CS must adopt a fit for purpose Audit function following the industry (Turnbull) best practice.

12. Legal: Simplify the organisational structure and put in place a clear vision, mission and objectives for the corporate entity and individual business units.

13. Legal: Any financial arrangements should be properly documented at the earliest opportunity and commercialised.

14. Detailed review of Commercial Services: Conduct a root and branch review of the commercial arms that make up Kent Commercial Services.

Conclusion

A quick look under the bonnet has shed some light onto parts of the engine which require deeper scrutiny and rework. An inventory of improvements has been recommended to better manage the operation and ensure that Commercial Services is a viable and sustainable business in the future. However, Commercial Services is a complex vehicle and the next step should be to give each of these identified areas a thorough examination in order to reshape and retune the vehicle to best suit the new environment, renewed focus of the Council and wider public sector context.

The potential for Commercial Services as a business is enormous. Implementing the recommendations holistically will ensure that the organisation is best positioned to limit its risk exposure and maximise on market opportunities. With a rationalised organisation, properly resourced Executive and good governance in place the likelihood of protecting and indeed, increasing its margin is high. It will also ensure that it is able to better consider the appropriateness of acting in a market moderating role.

SECTION 2: DETAILED RECOMMENDATIONS

No	Situation	Target	Recommendations	Timeline	Approx. Cost
1	<p>STRUCTURE:</p> <p>The structure of Kent Commercial Services is unnecessarily complex and not fit for purpose, it lacks the appropriate direction and has become un-tethered from the Council.</p>	<p>Form a single governing unit with responsibility for the effective, profitable and sustainable existence of Commercial Services.</p>	<p>Formally constitute a stand alone business as an Arms Length Organisation, controlled, but uninhibited by the Council to enable it to be fit for purpose and deliver sustainable business outcomes and income for its parent. This single entity must be able to act in isolation and be divorced from the Council. (Further detail is given in Section 5).</p> <p>Under the parent body form two discrete business units one Teckal compliant the other in open competition, under which the current 25 business units are distributed accordingly. This recommendation should be implemented within 3 months of the formation of the Executive [recommendation 7 The long term future of the discrete business units is the subject of a separate recommendation [recommendation 12]</p>	<p>By June 2012</p>	<p>Cost is staff time as defined in the new Exec structure.</p>
2	<p>REPORTING LINES:</p> <p>Currently CS reports to the Corporate Director of Environment and Enterprise, whose department is itself a major client of CS. This could lead to a conflict of interest,</p>	<p>Have reporting lines that keeps CS appropriately tethered to and aligned with the One Council plan whilst leaving it free to operate as a viable commercial concern.</p>	<p>CS should be realigned to report to the Deputy Managing Director to whom it should be responsible for meeting KCC targets. The Deputy Managing Director of the Authority should sit as the Chair of the Executive on the Governing Board and as a member of the Advisory Board. IMPORTANT: Given the fact that Commercial services has changed operational reporting lines 3 times in 2 years it is recommended that the move to the Deputy Managing Director should be delayed pending the outcome of the detailed strategic review of CS</p>	<p>By Apr 2012</p>	<p>Cost neutral</p> <p>£0</p>

No	Situation	Target	Recommendations	Timeline	Approx. Cost
3	<p>GOVERNANCE:</p> <p>There is an absence of strategic guidance from within the Council.</p> <p>There is also a lack of independent challenge from outside the Council.</p> <p>CS's current Governance arrangements are part of the overall Governance arrangements of Kent County Council. However, accountability back to the Council is weak and reporting in some areas non-existent</p> <p>It would not be unreasonable to expect a division of this size to have a clearly separate and distinguishable Governance arrangement that mirrors good practice guidance in a commercial environment.</p>	<p>To give Kent Commercial Services strategic guidance and the appropriate level of external consistent challenge and guidance.</p> <p>Ensure accountability is strong with appropriate and regular reporting.</p>	<p>Create an appropriate Governing Board chaired by the Deputy Managing Director constituted with responsibility to the Cabinet & Scrutiny for:</p> <ul style="list-style-type: none"> • set the strategic direction and decide the role of CS • governing the organization by establishing broad policies and objectives • selecting, appointing, supporting and reviewing the performance of the Managing Director of CS • ensuring the availability of adequate financial resources • approving annual budgets • accounting to the Cabinet for the organization's performance. <p>The final construct of the boards will be determined by the root and branch review as described in recommendation 14.</p> <p>Create an advisory Board with external advice in the guise of non-Exec Directors, drawn from relevant sections of the market that match those delivered by CS. The role of the advisory board will be to advise the two operating companies on how to deliver the business model and in addition advise the Governing Board.</p>	<p>To be in place by 1 Apr 2012</p>	<p>An annual cost of £18,000. (Based on 3 roles)</p>

No	Situation	Target	Recommendations	Timeline	Approx. Cost
4	<p>THE EXECUTIVE:</p> <p>The Executive is inappropriately structured to enable it to drive the organisation forward and react to the direction of an established governance board</p>	<p>An appropriately structured Executive Management Team should be established to enable the effective outcome of a full Commercial Services review and to implement the recommendations of that review.</p>	<p>Notwithstanding the outcomes of the detailed Commercial Services review the Executive should be established, in the short term composed of the following:</p> <ul style="list-style-type: none"> • Director of CS • Head of Finance • Head of Commercial • Head of Operations • Head of Personnel • Head of Teckal company • Head of Market company <p>This Executive should be formed and in place by no later than April 2012. At an estimated additional cost of £300k to cover the period of transition. The final organisational structure, to sustain the organisation, should form part of the independent review of the trading arm, informed by the size and construct of the final organisation following the transition. This Executive should manage the transformation from CS's current position to the new organisational structure.</p>	<p>In place by Apr 2012</p>	<p>c. £300k (for period from Apr 2012 to Sep 2012)</p>
5	<p>RELATIONSHIP WITH OTHER PUBLIC SECTOR BODIES: The relationship with CBC, Pro 5 and other public sector trading bodies & commercial operations should be aligned to ensure that the roles of KCC and CS are separated. (One is decider the other is provider)</p>	<p>To separate out the decider / provider role and to differentiate relationships between KCC and CS with other public sector bodies. CS cannot represent KCC.</p>	<p>Appoint the new Head of Procurement to manage the relationship with CBC, Pro5 etc on behalf of KCC. This must be discrete from the affiliation with CS (as provider).</p>	<p>Oct – Dec 2011</p>	<p>Cost Neutral £0</p>

No	Situation	Target	Recommendations	Timeline	Approx. Cost
6	EU AND REGULATORY COMPLIANCE: CS must be compliant with regulations both internal and external (EC and as defined in English law)	The appropriate governance, from a regulatory footing, must be put in place.	The current arrangement is that the Head of Procurement Services Group (PSG) is responsible to the Head of Procurement (HOP) within KCC for adherence with EC and internal regulations. It is recommended that this relationship is hardened and that it should be between the MD of CS and the HOP and that this ensures all CS commercial operations are carried out in accordance with relevant regulations.	Oct – Dec 2011	Cost Neutral £0
7	SERVICE LEVEL AGREEMENTS The current SLAs need to be fit for purpose and properly describe the relationships between Directorates and CS.	To describe and apply appropriate relationships between KCC and CS.	That the Council fully adopts the role of Intelligent Customer and appropriate, balanced and agreed SLAs are drafted, agreed and implemented. A Programme of regular review (annual) is established under the auspices of KCC Head of Procurement.	In place by Jun 2012	£50k (soft charge)
8	BUSINESS RELATIONSHIPS Currently all sales to KCC are subject to a collective profitability rebate to the Council. This situation leads to suspicion and, in some cases, open hostility towards CS.	To enable CS to have an effective and viable long term relationship with KCC staff at all levels.	Rebates to Directorates are applied based upon sales. Overall rebates to the Authority are adjusted accordingly and Directorate budgets aligned. We are unable to determine the method for addressing this issue as there are a number of options all of which have ramifications. This should be a follow on piece of work for CS to undertake and agree with the Head of Finance within KCC.	In place by Apr 2012	c£50k (combination of soft charge and IS fees) depending on method decision

No	Situation	Target	Recommendations	Timeline	Approx. Cost
9	FINANCIAL RELATIONSHIP BETWEEN CS AND KCC: Different accounting systems clearly separate the finances of CS and KCC, however greater clarity is needed in some areas.	To achieve a clear, fully transparent and legally compliant financial relationship between CS and KCC	Focus effort on clarifying the fuzzy lines between Kent CC and CS such as clarifying the status of; the pensions liabilities, deconstructing the annual recharges and understanding the implications of the premises arrangements.	By 31 Dec 2012	
10	RISK: In benchmarking CS against good practice there is no stand alone risk policy which is relevant and applicable to a commercial arm.	CS must adopt a fit for purpose Risk Policy.	CS to draft an appropriate risk policy which should be communicated to all staff in line.	By Apr 2012	Costs covered by the new Audit Staff
11	AUDIT: The Audit process is disjointed and takes no account of the commercial activity undertaken by CS.	CS must adopt a fit for purpose Audit function following the industry (Turnbull) best practice.	CS is in the process of recruiting an appropriately qualified audit team of 2 to be responsible for the ongoing audit function. This action is wholeheartedly endorsed. The auditors, once in post, must be responsible for the audit and risk functions described later in the detail of this report and they should be accountable from a technical compliance perspective to the Head of Audit and Risk of KCC.	By Apr 2012	Costs covered under the recruitment of the new CS audit team [£130k]

No	Situation	Target	Recommendations	Timeline	Approx. Cost
12	LEGAL: The convoluted and shifting structure of CS, combined with unclear messaging as to its role and function, engenders a lack of transparency and understanding.	To achieve clear understanding from the Council and customers.	Simplify the organisational structure and put in place a clear vision mission and objectives for the corporate entity and individual business units. Clarify who does what for whom through which company or unit, the role and function of each business unit and whether it should be in the 'public' or private side of the organisation moving forwards.	By Apr 2012	
13	LEGAL At present the arrangements are not sufficiently transparent to demonstrate the commerciality of the arrangements between the Council and the corporate trading entities.	To ensure the required transparency and demonstrate compliance with EU competition and state aid law.	Any financial arrangements should be properly documented at the earliest opportunity and commercialised.	By 31 Dec 2011	

No	Situation	Target	Recommendations	Timeline	Approx. Cost
14	<p>DETAILED REVIEW OF COMMERCIAL SERVICES and its operating arms is required to move the business forward and give it a sustainable future, this should be part of a fundamental change programme.</p> <p>The current 26 business units are not properly aligned. Some are not fit for purpose and some run in conflict from the requirements of the parent organization (KCC) (for example the fractured relationship between EduKent and the Education facing IS structures within CS – and the role of the PSG etc).</p>	<p>To describe a fit for purpose set of operating arms organized under a teal and a non-teal compliant body, as part of a fundamental change programme.</p>	<p>Carry out a root and branch review using the ROAD© process and report back by no later than Dec 2011 with a detailed report which will inform the future structure to be implemented by the revised Management Executive by no later than Apr 2013. This report should include a detailed recommendation on the future role of market moderation currently undertaken and the role of PSG.</p> <p>Savings will be achieved through greater efficiency and focused application of staff and resources which will offset some of the investment required. This investment will enable the realization of the true potential of the business and give greater confidence to CS meeting future targets.</p> <p>This must be part of a co-ordinated and properly controlled change programme which should be delivered at pace and completed by no later than Apr 2013.</p>	By 31 Dec 2011	£108k

SECTION 3 : STRATEGIC OVERVIEW

The Commercial Landscape

Kent Commercial Services (CS) does not follow a common model for Local Government Purchasing Consortia. Most consortia are multi-based, and are governed and funded by management committees representing more than one Local Authority. The exceptions to this are few and are much more limited in their scope of services. CS however, is wholly owned by Kent County Council (KCC) and has a thorough mix of service provision and a turnover of over £400m pa.

Background

CS has grown organically without any strategic link between itself and Kent County Council (KCC). This growth has been driven by the budgetary strain on KCC resulting in a year on year target to increase the returns to the Council. This has in some ways been counter productive because whilst it has driven CS to be focused on creating and retaining revenue streams it also encourages a culture to concentrate on profitability in isolation. There are examples of where CS goals have been diametrically opposed and conflicted with the success of the goals, ambitions and strategic plans of the Council for the delivery of front line services.

The drive to contribute a profit margin, at all costs, has meant an incredible growth pattern for such an operation into a diverse area of commercial delivery not normally seen nor aligned with one another. It could be argued that the raison d'être for its formation has been lost in the fog of war and the reason for its formation and growth have been forgotten.

This is not to say that CS is not a viable operation. The overall profitability of CS is in line with private sector values and margins.

Crucial to the viability of CS is that it is appropriately aligned, to the overall goals of KCC, and is effectively governed to meet these goals. Its current structure does not provide for either of these missions to be achieved. Indeed the relationship with the County Council is at best fractured, and at worst counter productive to the single mission of the Council. The lack of clear governance and resulting lack of transparency inhibits the organisation.

Commerciality

It is imperative that if Kent Commercial Services is to survive as a viable entity which supports the County Council then it must decide which business units:

- a) have a real future and are aligned with the overarching mission of KCC
- b) which should be realigned to the Council strategic direction
- c) those that will either add no value, are a reputational risk without adding value and/or are a distraction or deflection from the corporate aims of the council.

Given the brief to keep our work at a strategic level we have noted where further work will be required to determine the business units future. A more detailed study is required and is subject to recommendation 12.

It is worthy of note that LASER equates to 62% of the overall turnover of CS; with CS, Kent Top Temps and Kent fleet making up a further 26% of turnover. These 4 business units attract 88% of the overall turnover of the commercial operation. The revenue distribution by Company / BU is highlighted in Chart 1.

Commercial Services Business Units / Companies by turnover

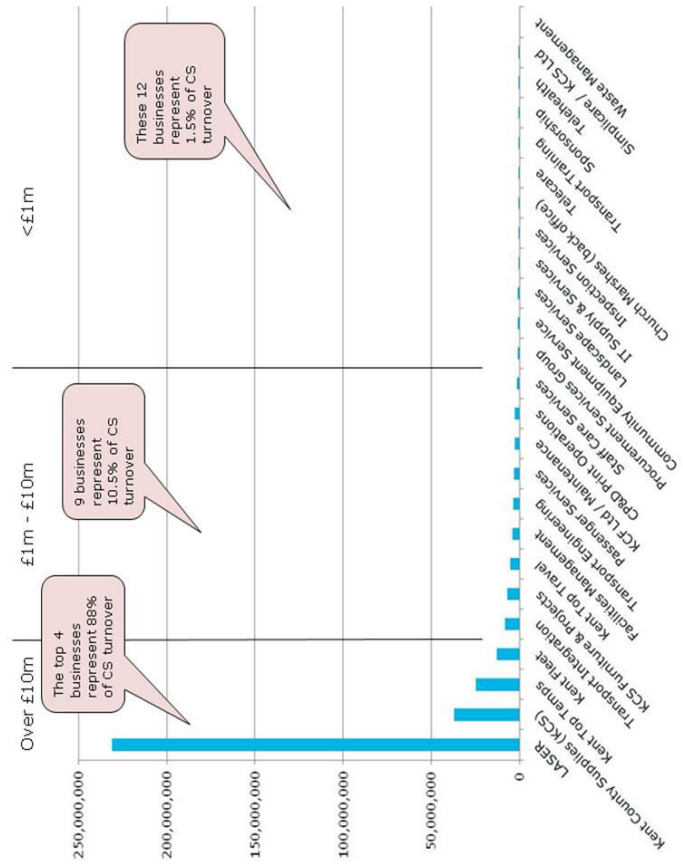


Chart 1

We have refrained from detailed comment on specific business units in this report in accordance with the specific guidance given to us under the auspices of this commission. We can determine that the organic and untethered growth of the organisation without adequate investment in an effective Executive puts the business at an indeterminate level of risk.

The vast majority of financial risk to Kent County Council is associated with one business, LASER. Conversely, the reputational risk of the 'tail' of the profile of 24 Business Units is disproportionate to the financial return. This can only be established by a thorough review of these units.

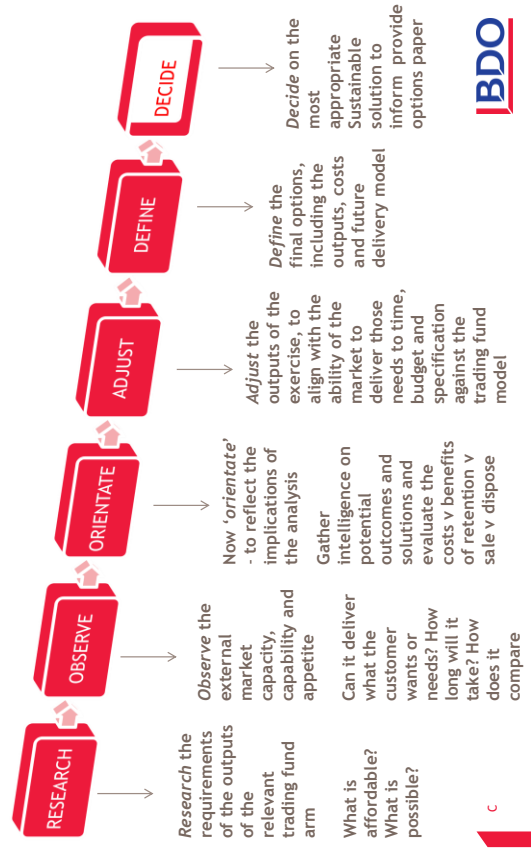
Market Moderation

Market moderation is a three stage process which should be achieved by entering, moderating and withdrawal. The organisation should now be planning the withdrawal process from certain markets.

SECTION 4 NEXT STEPS

We propose that a root and branch review of the commercial arms that make up Kent Commercial Services is an appropriate next step to ensure that the future operating model is appropriate, fit for purpose, legally sound and sustainable in the long term. We recommend that each arm of County Supplies is reviewed using the ROAD[®] process. This procedure has been developed to simplify and add value to the planning and preparation stages of any supply chain model. At the core of the methodology is that nothing about the supply chain is assumed or 'given' from the outset. Application of the process can result in surprising, but legally compliant and effective supply chain solutions.

The ROAD[®] Process



¹ ROAD was designed by Ian McPherson of BDO and Dr David Moore at Cranfield University

The output of a ROAD Review is some crucial intelligence upon which to base the strategic supply chain options, as follows:

- Affordability
- Ability of the Market to Deliver
- Timescale
- Cost
- Capability
- Configuration control
- Continued life support
- Confidence

Which will inform a set of costed options defining retention, sale or disposal recommendations, as appropriate for each arm culminating in an overall profitable and sustainable commercial body.

To enable this the focus should be on the orientate phase of ROAD which will enable the Governing Board to make informed decisions based upon evidence based analysis.

The Gantt chart on the next page shows a timeline incorporating all the recommendations in Section 2, including ROAD review (Rec. 14 'Detailed review of CS').



Rec.	Workstream	Task	Who	2012											
				Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
5	Relationship with other public sector bodies	Appoint Head of Procurement as Relationship manager for PS Bodies e.g. CBC, Pro5	KCC												
6	EU & Regulatory Compliance	Harden relationship from MD CS to Head of Procurement	KCC & CS												
9 & 13	Financial Relationship between CS and KCC:	Clarify areas of financial ambiguity and document and commercialise all arrangements.	KCC & CS												
14	Detailed review of CS	Root and branch review of all CS BUs / Ltd Companies	External												
3	Governance	Create Governing Board	KCC & CS												
		Create Advisory Board	KCC & CS												
7	Service Level Agreements	Review, amend and, where necessary, create SLAs between CS and KCC	KCC												
8	Business Relationships	Apply rebates to Directorates based upon sales	KCC & CS												
10	Risk	Draft, agree and roll out New Risk Policy	KCC & CS												
11	Audit	Recruit and embed 2 new CS auditors and develop robust programme of Audit	KCC & CS												
12	Legal	Vision, Mission, Objectives for CS entity as a whole and its constituent parts	KCC												
4	Executive	Recruit Executive Team	CS												
2	Reporting Lines	Realign CS to report to the Deputy Managing Director	KCC												
1	Structure	Formally constitute a stand alone business (ALO)	KCC & CS												
		Form two discrete business units one Teckal, one not	KCC & CS												
0	Programme Management	Develop detailed transformation plan. Drive, coordinate, monitor and report on progress of plan. Ensure delivery to timescales & cost.	External												

SECTION 5: GOVERNANCE AND ASSURANCE

Strategic Aim

The main finding in the area of governance was the absence of any strategic aim and role for CS. The only target, for which the organisation was being held to account, was a financial one.

There is a need to go back to first principles in line with the County Council plan and vision of the Leader, Group MD and Members to establish what is required from CS, how can it best be delivered and most importantly to what aim. This will chart the strategic course and direction of the organisation, against which coordinates the Executive can drive the vehicle.

The Board

The next page shows a proposed new Governance Structure with three lines (and only three lines) of accountability back to Kent County Council. This structure combined with a more robust internal audit programme and adequate resources will ensure direction, control and monitoring of the organisation whilst at the same time leaving it free of the constraints to pursue and maximise relevant business opportunities.

The new structure should be designed over the period October 2011 and April 2012 during which time it will make the required margins (discuss).

The focus and role of the Board and the Executive over the period Oct 2011 to 2012 is to realign the business to ensure that it is fit for purpose and acts with due probity to:

- Deliver sustainable services to support the operational directorates of KCC
- Realign those services.

Internal Audit

As identified in previous external reviews, CS needs a more robust internal audit service. The audit must be undertaken by staff with the right-set of commercial competencies. (NB. The recruitment of these resources has already been agreed and the wheels are in motion to address this).

CS should also develop its own risk based strategic (3-5 years) internal audit programme out of which will come the development of an annual internal audit plan. Advice should be sought from CS Internal Audit function, on how this will work.

The CS Audit team should report regularly into the main audit committee at Kent County Council and have a direct professional line to the Head of Audit.

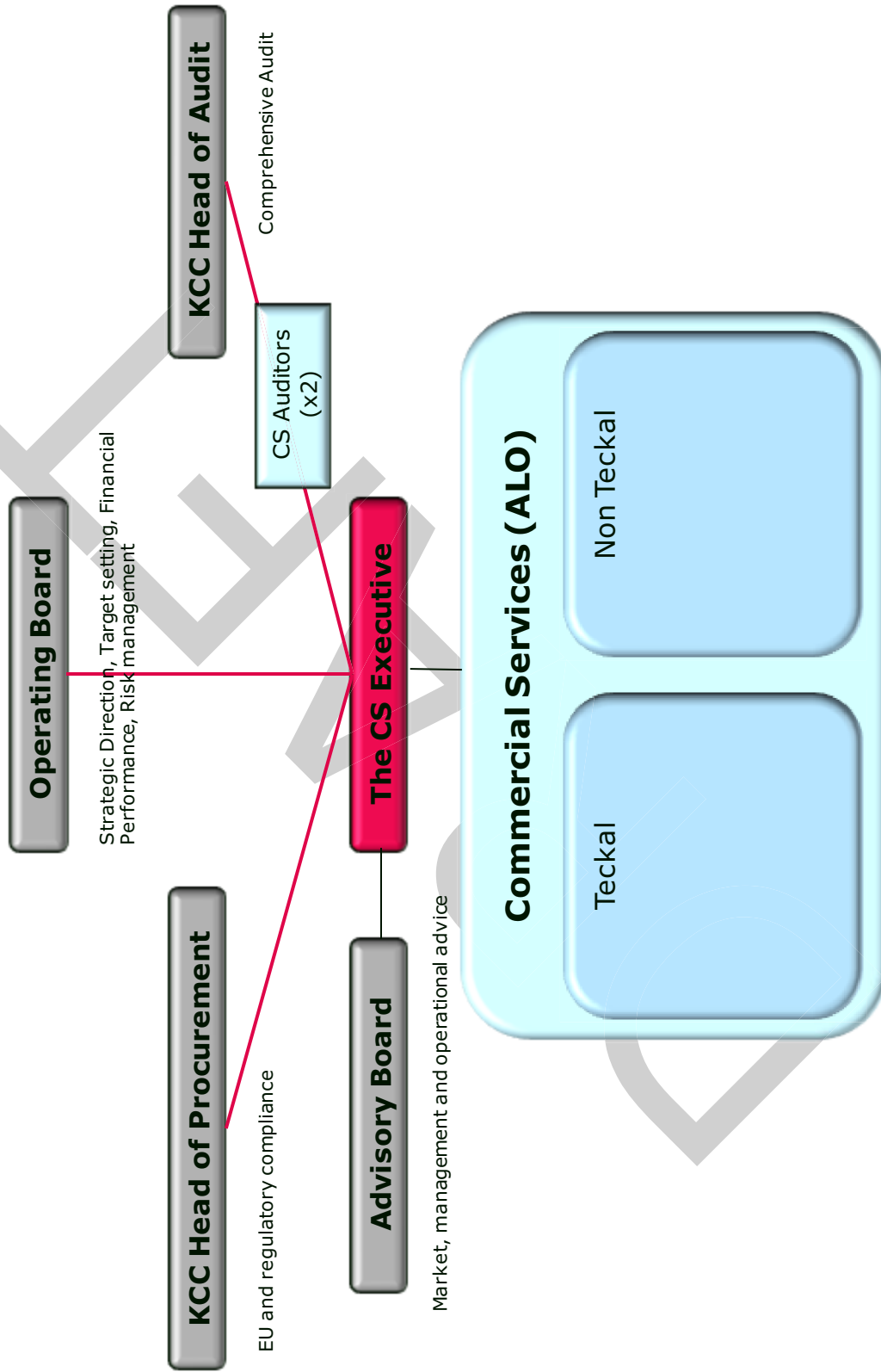
Risk Management

There does not appear to be a Risk Management Policy in place specifically for CS. However, in the Internal Audit Annual report it states that an external review by Deloitte on Risk Management within the Council provided 'substantial' assurance that the controls around risk management processes were effective.

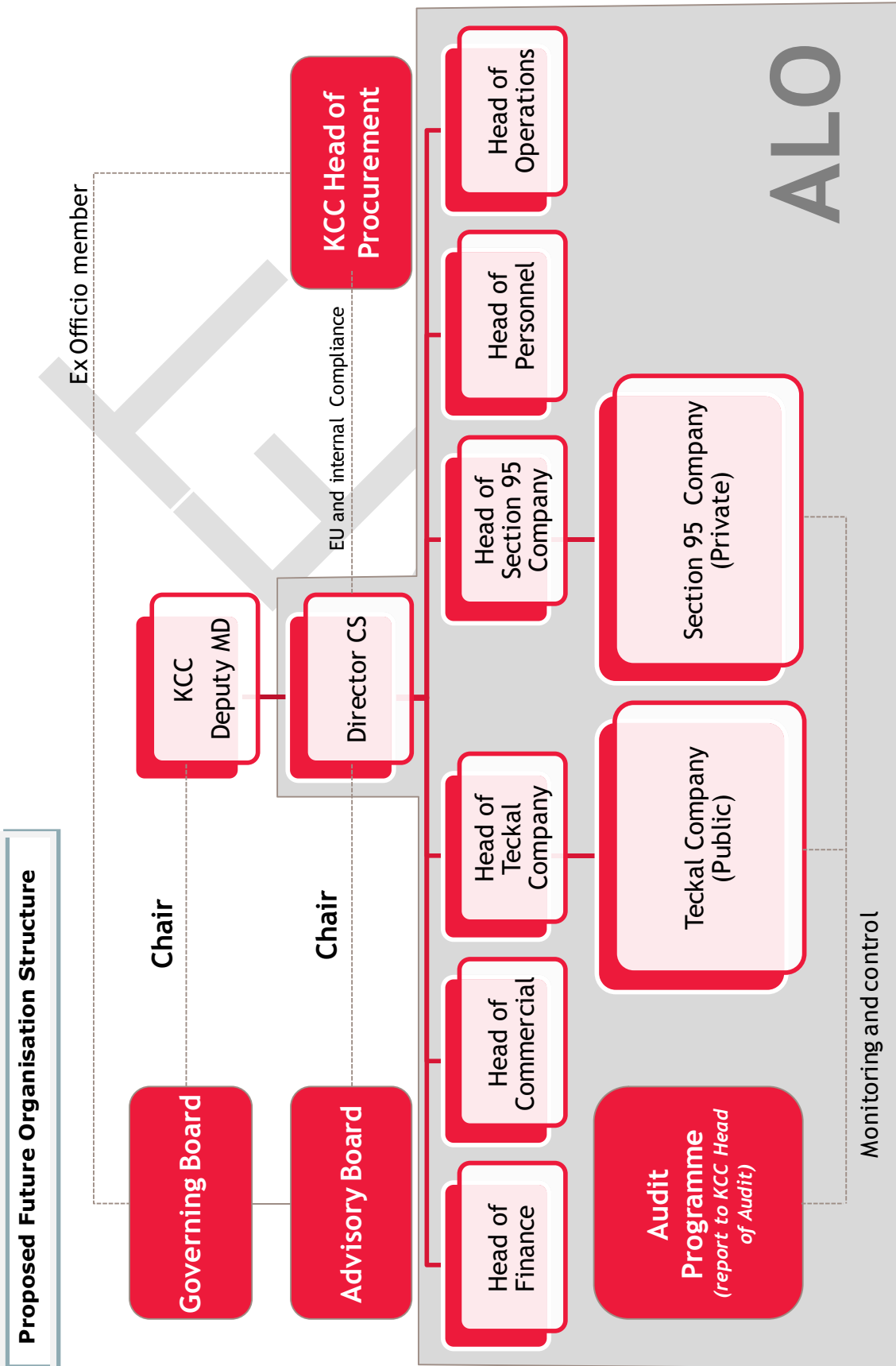
CS does have a risk register covering the whole of its operations however, the risks are too generic and numerous to be purely strategic and are not specific or focussed enough to cover the diverse range of markets and businesses through which CS operates.

A proper programme of reporting of the above elements must be established to give the ability for any member of the council to question the activity of CS either directly or through scrutiny.

'TO BE' Governance Structure



GOVERNANCE BODY	ROLE	MEMBERSHIP
CMT & CABINET	<p>To ensure the Governing Board and Advisory Board are properly established and these bodies provide adequate control and assurance.</p> <p>To question the activity of CS either directly or through scrutiny at any time.</p>	
GOVERNING BOARD	<p>i. Set the strategic direction and decide the role of CS</p> <p>ii. Govern the organization by establishing broad policies and objectives</p> <p>iii. Select, appointing, supporting and reviewing the performance of the Managing Director of CS</p> <p>iv. Ensure the availability of adequate financial resources</p> <p>v. Approve annual budgets</p> <p>vi. Account to the Cabinet for the organization's performance</p> <p>vii. Target setting.</p>	<p>Chair: Deputy Managing Director</p> <ul style="list-style-type: none"> Permanent Members: Cabinet Members Financial Director KCC Non exec from Advisory Board (x1) Head of Procurement (ex officio) Corporate Director for Environment and Enterprise (Interim) Director of CS (permanent invitee).
CS EXECUTIVE	To carry out the operational delivery of the Business Plan.	<ul style="list-style-type: none"> Director of CS Head of Finance Head of Commercial Head of Operations Head of Personnel Head of Teckal company Head of Market company.
ADVISORY BOARD	Advise the Management Executive of CS how to meet targets from a market focused perspective and give advice on the appropriateness of business plans and forward growth to meet those plans.	<p>Chair: Director of CS</p> <p>Non-Executive Directors (x3)</p> <p>Client representative (external to KCC)</p> <p>The Executive (permanent attendees).</p>
KCC HEAD OF PROCUREMENT	To ensure CS compliance with EU procurement law and regulations.	
KCC HEAD OF AUDIT	To ensure a that a comprehensive and appropriate audit programme is developed and implemented for CS and appropriate measures are taken to address any areas of concern. Power to hire and fire CS auditors.	



ALO Key Characteristics

The structure of the Arm's Length Organisation (ALO) that we are proposing is shown in the diagram on the previous page. Consisting of an Executive at the very top and two distinct companies, one teckal (providing services to the public sector) and one s95 company (Ltd Company) which could trade with the private sector. Whilst the ALO is not a legal entity in itself it has the following characteristics:

- Fully self financing
- Separate governance structure (tethering it to Council)
- Greater management independence (stronger executive)
- Independent challenge (paid non executive directors on the Advisory Board)
- Monitoring and control by separate and comprehensive audit programme
- Separate set of accounts for the whole (including the Executive)
- Fully transparent pension schemes contributions and recharges
- Director of CS accountable to the Governing Board
- Director of CS has a professional Reporting line to Deputy MD of KCC
- The Executive would be employed by KCC
- The remaining staff would be employed by the two companies and would TUPE over their existing T&Cs.

SECTION 7: LEGAL ASSESSMENT OF CURRENT OPERATIONS

Ability to Act

As 'creatures of statute' local authorities need to act within the scope of local government legislation and are also bound by EU Directives that have direct effect on the state, including procurement and competition rules. Procurement rules have been implemented in the UK through the Public Services Contracts Regulations 2006 along with amendment regulations in 2009 to implement the Remedies Directive. Consortia, and in this case CS, must apply the procurement rules on behalf of their customers.

There are many misconceptions about municipal trading, there being a wealth of powers under which local authorities can charge for services and trade and make a profit, for example the Local Authorities (Goods and Services) Act 1970 with thousands of other public bodies as listed. Most of the charging and trading powers can be exercised by the Council itself without establishing separate legal entities. However a corporate vehicle will be required where the primary motive is commercial trading for profit with the private sector. Further information on powers and procurement is set out in the Annex.

There are two types of corporate structures: those that are formed but still owned and controlled by the local authority and delivering services directly to it which could potentially fall within the Teckal exemption from procurement (not a third party trading vehicle); and secondly a market facing trading vehicle often formed under s95, which cannot be given major contracts with the authority as of right and must not be subsidised by the authority, whether financially (i.e. loans/equity should be at market rates for the type of organisation) or in contracting for services or any other kind of support e.g. employees.

At present the arrangements are not sufficiently transparent to demonstrate the commerciality of the arrangements between the Council and the corporate trading entities.

Recommendation: Any financial arrangements should be properly documented at the earliest opportunity and commercialised.

Corporate Governance

Directors of companies are required to act in the best interests of the company, however, board meetings are held infrequently, member involvement is minimal and there appears to be a single chain of command within CS, notwithstanding that there are separate limited Companies, operating in different markets.

Accountability back to the Council is weak and reporting in some areas non-existent – as a result there needs to be a review of who is appointed as member representatives and Directors on each of the companies (once reorganised) to strengthen the strategic direction of each of the companies – appointing non-executive directors to give independence challenge coupled with more regular reporting of performance with checks and balances through Cabinet, Audit & Governance and Scrutiny as mentioned above.

Recommendation: The lack of transparency over who does what for whom through which company or unit requires more clarity over role and function of each business unit and whether it should be in the 'public' or private side of the organisation moving forwards.

ANNEX 1 - INTERVIEW LIST

Name	Role	Interviewed
Mike Austerberry	Corporate Director Environment and Enterprise	Y
David Cockburn	Deputy Managing Director and Corporate Director of Business Strategy and Support	Y
Debbie Haigh	Director of Commercial Services (Interim)	Y
Bryan Sweetland	Cabinet Member	Y
Roger Gough	Cabinet Member	Y
Kathryn Kerswell	Group Managing Director	Y
John Simmonds	Cabinet Member for Finance and Business Support	Y
Les Coulson	Head of Strategic Finance	Y
Steven Munday	Retail (Kent County Supplies)	Y
Peter Bole	Head of ICT	Y
David Taylor	LASER	Y
Gary Cooke	Member (Director on Boards of Private Companies)	Y
Laurence Faulkener	Director on the Ltd Companies	Y
Cath Head	Finance Team KCC	Y
Chris Luke	Head of Procurement KCC	Y
Andy Wood	Director of Finance	Y
Geoff Wild	Head of Law and Governance	Y (telecon)
Nigel Brown	KCC Property Services	Y

ANNEX 2 – LIST OF DOCUMENTS REVIEWED

List of Documents reviewed	
1	Latest up to date Organisation Charts for KCC & KCS Group
2	Internal Audit Report 2010/11
3	SLAs between KCS and KCC
4	KCC Code of Conduct Blue Book
5	KPMG Draft Review of LASER
6	Medium Term financial Plan
7	Grant Thornton Report 2006
8	Barnes Roffe Report 2006
9	Audit Commission Report 2009
10	Risk Registers for the Businesses in KCS
11	Full List of Key Stakeholders for the project
12	KCC Information Governance Policy
13	PWC Terms of Reference for Education Models Review
14	Details of KCS property/occupation arrangements including Liberty Partnership
15	Companies House Company Searches
16	Details of services mandated to use KCS
17	'The Enabling Layer' paper
18	Proposal for Governance of Commercial Services; 'Trading Board' Paper
19	Change to Keep Succeeding Paper
20	Organisation Chart for DIVMT
21	Corporate Risk Register / Strategic Threats Register
22	Management responses to KPMG Report
23	Broad details of customer groupings
24	Electronic version of the corporate structure (companies and BUs)
25	3 Year Plan for Kent County Supplies

ANNEX 3 – DESCRIPTION OF THE COMMERCIAL PUBLIC SECTOR LANDSCAPE

A number of local authorities who had stores or commercial activities have moved, or are considering, moving away from this model:

- Northamptonshire County Council sold their Supplies Division to ESPO in 2006;
- Wiltshire County Council was subject to a management buy out in 1999 and now successfully operates as a private sector provider of the same services to the public sector under the name of the Consortium;
- Devon County Council closed its Supplies commercial arm in April this year, closure is blamed upon a changing private sector market who have reduced margins and are able to offer a zero stock turn service provision;
- West Mercia County Supplies is jointly owned by Worcestershire County Council, Herefordshire Council, Shropshire Council and Telford and Wrekin Council have decided that they need to give priority to investing in their core activities and believe it is right to sell the business whilst it is still very profitable. West Mercia Supplies currently employs 100 people and has a turnover of £50 million a year.

Those that remain work on different models, either because they are jointly owned or because they restrict themselves to operating on a more localised basis leveraging their purchasing power through membership of larger purchasing groups (for example CPC). A resume of the remainder of the market:

- **ESPO** (Eastern Shires Purchasing Organisation) is a local authority purchasing and distribution consortium, formed in early 1981 and is now run by committee by 7 Authorities. They offer broadly similar services to CS with a £400m turnover, but a large amount of staff time and turnover is dedicated to carrying out a strategic procurement function for member authorities.
- **YPO** is based in West Yorkshire it is co-owned by a management committee of elected representatives from 13 constituent authorities as a joint committee. YPO provides similar services to CS, employs 400 staff with a £400m pa turnover. Free of subsidy from any member authority, YPO is self-supporting and budgets each year to make a small surplus which is used for business development and expansion. In 2010, YPO launched its new profit share Loyalty Dividend Scheme, providing customers with further savings through a percentage of the organisation's profits based on their spend throughout the year.
- **NEPO** - The North East Procurement Organisation was established in 1976 is governed by a Joint Committee comprising members from the 12 North East Local Authorities. NEPO has recently received a renewed and enhanced mission agreed by the authorities in 2010 to deliver collaborative procurement in all major areas of external expenditure through leading edge category management processes to achieve significant savings.

The three stand alone models in the Local Government arena are:

Hampshire County Supplies is a business unit of Hampshire County Council (wholly within the Culture, Communities and Business Services Department (CCBS)) and a member of the **Central Buying Consortium**. As a member of CBC, they are also part of **Pro5** procurement. Turnover is c£100 million pa, it services schools, colleges, Adult Services homes, libraries, police and fire stations in Hampshire, Portsmouth and Southampton, district councils, independent schools and many non-profit making community groups and voluntary organisations.

Nottinghamshire County Supplies is a part of Nottinghamshire County Council and serve customers in local government, the public and voluntary sectors in the Nottinghamshire area. It has a turnover of <£40m pa.

Hertfordshire County Supplies is the third standalone body with a turnover of c. £17m pa There is an intent for Hertfordshire to form an alliance with Kent which should be applauded.

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