MINUTES APPENDIX

DIVIDEND POLICY FOR KCC LIMITED COMPANIES

FOR KENT TOP TEMPS LTD

Kent Top Temps Limited Company (The Company) has been set up as a profitable organization which will trade with the expectation of operating profitably and remitting dividends to the Shareholders (Kent County Council).

The return to KCC on the investment made is threefold:

providing a dividend on profits generated
providing interest on any loans
reducing overall costs to KCC by delivering lower costs of providing Temporary [and permanent] Staff and Bus Services directly to KCC.

The amount and timing of the dividends will be proposed to and approved by the Board of Directors and will take into account the following:

1. The policy should be reviewed each year and any dividend declared and approved at the Annual General Meeting, or any properly convened meeting called through the year to declare an interim dividend.

2. No dividends will be expected for the first few years (re-investment phase) whilst the Company establishes itself as a profitable Company, builds a strong balance sheet to support creditor confidence, and determines the requirements to generate its own working capital demands, after meeting loan interest and repayment demands.

3. How long The Company will be in this re-investment phase will depend upon profitability and cashflow, the amount of working capital and direct investment required, and other factors such as Capital Investment requirements, R & D etc..

4. If any such investment is made by way of loans, the interest rate will be set at such a differential rate over the prevailing KCC bank rate that a return is made on the loan until it is repaid. The differential rate to be reviewed each year.

5. It is expected that any legal restrictions or tax considerations will be taken into account at each annual review of the policy.

6. When dividends are payable, they will be paid relating to the preceding year’s profits, at a date which does not cause cashflow difficulties to the business, and before the end of the following financial year which is 31st March.

7. The dividends proposed will take into account the corporation and other taxes due to be paid by The Company.

8. Dividends may continue to be paid even where this increases the loans required by The Company, if in the opinion of the Directors, the ongoing profitability of The Company and ability to service the loans is adequate.

9. As a guide, the initial expectation is that when The Company is well established and without significant other cash calls, up to 20% of post-tax profits of any year will be paid as a dividend, with the balance after taxes being retained as working capital and to enable loans to be repaid. This will allow for a dividend cover of approx 5x and help stabilize dividends which could be temporarily maintained over periods of difficult trading at a higher percentage of current profits.