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By: John Simmonds, Cabinet Member for Finance & Business Support  
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To: Governance and Audit Committee Trading Activities Sub Group - 1 March  
2013

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

Classification: Unrestricted

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Summary: To present 2011/12 Statutory Accounts that were not available for review at the G & A Trading Activities Sub Group meeting on 28 September 2012, and to provide an update on the dissolution of KCC's dormant companies.

## **FOR ASSURANCE**

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### **INTRODUCTION**

1. At the G & A Trading Activities Sub Group meeting on 28 September 2012, Members received copies of the latest available Statutory Accounts for those companies in which KCC has an interest, and agreed that a further meeting of the Sub Group be held in February / March 2013 to review the 2011/12 Statutory Accounts for those companies where only the 2010/11 accounts were currently available.
2. Also, at the Sub Group meeting on 28 September 2012, Members were informed that the requisite steps had been set in train during July / August 2012 to dissolve, where appropriate, KCC's dormant companies.
3. This report presents 2011/12 Statutory Accounts (attached) for 6 companies that were not available for review on 28 September 2012, and provides an update on the dissolution of KCC's dormant companies.

### **2011/12 STATUTORY ACCOUNTS**

4. The table below shows the key financial highlights with respect to 2011/12 Statutory Accounts (attached) that were not available for review at the G & A Trading Activities Sub Group meeting on 28 September 2012.

Company Name	Financial Year	Turnover / Income £k	Profit/(Loss) before Tax £k	Retained Profit/(Loss) £k	Net Assets £k
<b>Association of Tourist Attractions in Kent Ltd</b> <i>(see Note 1)</i>	2011/12	-	-	-	-
<b>Groundwork Kent &amp; Medway</b> <i>(see Note 2)</i>	2011/12	953.2	N/A	(76.5)	124.8
<b>Aylesham &amp; District Community Workshop Trust</b>	2011/12	183.3	N/A	(29.0)	1,873.7
<b>The North Kent Architecture Centre Ltd</b>	2011/12 (Abbreviated Accounts)	N/A	N/A	N/A	61.0
<b>Visit Kent Ltd</b>	2011/12	1,431.5	2.2	2.1	164.2
<b>Trading Standards South East Ltd</b>	2011/12 Abbreviated Accounts)	N/A	N/A	N/A	28.1
<b>Business Support Kent Community Interest Company</b> <i>(see Note 3)</i>	2011/12	3,922.0	(108.7)	(108.9)	309.9

**Note 1** – The 2011/12 Statutory Accounts for the Association of Tourist Attractions in Kent Ltd will be available from end June 2013.

**Note 2** – Re. Groundwork Kent & Medway, the loss of £76.5k in 2011/12 contrasts with a surplus of £42.7k in 2010/11. The Statutory Accounts state that, “2011/12 was an incredibly difficult year, with it becoming increasingly difficult to secure the required work needed to secure our predicted surplus. This was further compounded by the need to restructure.....and as part of this the Finance Manager’s post was made redundant. Going forward, in response to the strategic direction set up in the Federation [of Groundwork Trusts, of which Groundwork Kent & Medway is a member] and to meet the extremely challenging funding climate, the Trust [Groundwork Kent & Medway] is working towards merging with those Trusts forming the new Groundwork South. This new Trust will incorporate Groundwork Thames Valley, Groundwork Solent and elements of Groundwork South West. Hopefully this merger will be in place at the beginning of the next financial year in April 2013 and will mean Groundwork in Kent has an infrastructure to meet these challenges and a range of products to be both competitive but also deliver the services that reflect the charity’s commitment to local people”.

**Note 3** – Business Support Kent Community Interest Company’s 2011/12 Statutory Accounts show a loss after tax for the year of £108.9k (cf. a loss after tax of £222.2k in

2010/11). The Statutory Accounts state that 2011/12 financial year “has been one of continued reorganisation and adjustment to deliver an organisation that is highly skilled but flexible in meeting the demands of the business going forward.....The company continues to win or renew programme delivery contracts, and works in collaboration with a number of partner organisations in the private and public sectors on local, national, and international initiatives.....The company will be dependent on securing additional project funding from both Europe and the UK in the short to medium term. The uncertainties associated with the economic situation for both sources and the overall focus on austerity programmes across the European Union will probably result in the business continuing to reduce in scale [2011/12 Turnover of £3,922k contrasts with 2010/11 Turnover of £5,043k]”. 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.

### **UPDATE ON THE DISSOLUTION OF KCC’S DORMANT COMPANIES**

5. The table below shows the progress made to-date (i.e. as at the time of writing this report) in dissolving KCC’s dormant companies:

<b>Company</b>	<b>Current status</b>
Invicta Services Ltd	See Paragraph 6 below
Invicta Innovations Ltd	Dissolved on 18/12/12
Kent Access Ltd	Dissolved on 18/12/12
Kentish Fare Ltd	See Paragraph 7 below
Kent Training Centres Ltd	Dissolved on 18/12/12

6. Re. Invicta Services Limited, the Form DS1 was lodged (by Commercial Services) with Companies House on 3/7/12. The dissolution, however, has been delayed due to an objection registered by HMRC. It should be noted that Invicta Services is a dormant company that has never traded. The reason for HMRC’s objection has yet to be clarified, however Companies House has confirmed in writing that “the [HMRC] objection is in force until 05/04/2013 after which dissolution action will commence provided no further objections are received”.

7. As reported at the G & A Trading Activities Sub Group meeting on 28 September 2012, the Directors of Kentish Fare Limited had recommended the company not be dissolved, and instead that ownership be transferred to Produced in Kent Limited (a course of action supported by KCC’s Corporate Director of Finance and Procurement). This transfer of ownership (specifically the shares held in the name of Economic Development Unit Kent Council) was approved at the separate board meetings of Kentish Fare Limited and Produced in Kent Limited, both held on 18 October 2012.

## **RECOMMENDATION**

8. Members are recommended to note the contents of this report for assurance.

**Guy Record, BSS, Finance & Procurement**

**February 2013**