
KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

KENT COUNTY TRADING LIMITED

COMPANY INFORMATION

DIRECTORS

L Coulson Esq
D N Jackson Esq
I A McPherson Esq (appointed 2 July 2012)

COMPANY SECRETARY

L Coulson Esq

REGISTERED NUMBER

05242899

REGISTERED OFFICE

1 Abbey Wood Road
Kings Hill
West Malling
Kent
ME19 4YT

INDEPENDENT AUDITORS

Barnes Roffe LLP
Chartered Accountants & Statutory Auditor
Charles Lake House
Claire Causeway
Crossways Business Park
Dartford
Kent
DA2 6QA

KENT COUNTY TRADING LIMITED

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KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The directors present their report and the financial statements for the year ended 31 March 2013.

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 accounting 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 community services and equipment, bus services, including school transport, facility management services, and waste.

BUSINESS REVIEW

The Group has been subject to a review of its trading activities by the ultimate parent entity Kent County Council (KCC). During the year and post year end there has been a restructure of businesses between the trading entities controlled by Kent County Council. The employment agency activities of fellow subsidiary, Kent Top Temps Limited, together with other business units of Kent County Council Commercial Services, were transferred to Commercial Services Kent Limited and Commercial Services Trading Limited. As part of these changes, Commercial Services Kent Ltd. was dormant throughout the year. The new structure has traded from April 2013.

Turnover for the group has increased during the year (up by 9%). The gross profit margin is 7.5% (down from 7.8% for the year ended 31 March 2012). 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. 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 Limited achieved bronze level status in July 2010, over and above the standard Investors In People (IIP) award.

KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

BUSINESS REVIEW (CONT'D)

The company has expanded its recruitment business during the year and has opened two further offices outside of Kent, specialising in Care, and to enable local authorities nationally to access highly skilled professionals at a reasonable cost to enable front line services delivery.

The significant and ongoing increases in fuel prices and duty, combined with a reduction in bus service operator's grant, continue to have an impact on margins in the bus and coach business and this added credence to the decision to exit this market. The directors note that the company traded at a satisfactory level in recruitment during the 2012-13 year, and has made provision to exit the bus services market which was announced by KCC during the year.

The group's community services and equipment business continues to grow and diversify in line with the business plan.

With regard to the facility management business, the directors note that the business traded at a satisfactory level during the 2012/13 financial year. Trade levels continue to be satisfactory and a similar performance is expected during the forthcoming financial year.

The waste business also performed steadily in line with the business plan.

The overall business results were impacted by the restructure of the group outlined above.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £259,427 (2012 - £689,745).

Dividends paid during the year amounted to £Nil (2012: £150,000).

DIRECTORS

The directors who served during the year were:

L Coulson Esq
D N Jackson Esq
I A McPherson Esq (appointed 2 July 2012)

FUTURE DEVELOPMENTS

The market remains competitive and uncertain, but the directors remain confident that they will maintain and improve their current level of performance in the medium to long term. Given the economic conditions, and the success of KCC in encouraging more entrants into the bus services market to provide better competition for the ratepayers of Kent, it has been decided that the moderation exercise has been successfully completed. Accordingly the review of the business culminated in a decision to exit this market. The planned exit of contracts began during the year, and will be completed by December 2013.

The group acquired a long leasehold building during the year, which was opened for business in May 2013.

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, facility management businesses, and legislative, world market and taxation changes.

KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

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.

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 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 *14th October 2013* and signed on its behalf.

L Coulson

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 2013, set out on pages 6 to 23. 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 2013 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
Charles Lake House
Claire Causeway
Crossways Business Park
Dartford
Kent
DA2 6QA

Date:

KENT COUNTY TRADING LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013**

| | Note | 2013 £ | 2012 £ |
|------------------------------------------------------|------|---------------------|--------------|
| TURNOVER | 1,2 | 41,995,197 | 38,461,772 |
| Cost of sales | | (38,840,048) | (35,450,364) |
| GROSS PROFIT | | 3,155,149 | 3,011,408 |
| Administrative expenses | | (2,772,200) | (2,091,051) |
| OPERATING PROFIT | 3 | 382,949 | 920,357 |
| Interest receivable and similar income | | 6,614 | 4,820 |
| Interest payable and similar charges | 6 | (13,935) | (37,848) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 375,628 | 887,329 |
| Tax on profit on ordinary activities | 7 | (116,201) | (197,584) |
| PROFIT FOR THE FINANCIAL YEAR | 17 | 259,427 | 689,745 |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

The notes on pages 10 to 23 form part of these financial statements.

KENT COUNTY TRADING LIMITED
REGISTERED NUMBER: 05242899

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2013

| | Note | £ | 2013 £ | £ | 2012 £ |
|----------------------------------------------------------------|------|-----------|--------------------|--------------------|------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 8 | | 755 | | 2,995 |
| Tangible assets | 9 | | 3,889,754 | | 228,777 |
| Investments | 10 | | 2 | | 2 |
| | | | 3,890,511 | | 231,774 |
| CURRENT ASSETS | | | | | |
| Stocks | 11 | 130,188 | | 30,849 | |
| Debtors | 12 | 7,622,070 | | 7,354,344 | |
| Cash at bank and in hand | | 1,513,323 | | 983,643 | |
| | | | 9,265,581 | 8,368,836 | |
| CREDITORS: amounts falling due within one year | 13 | | (6,808,739) | (6,590,303) | |
| NET CURRENT ASSETS | | | 2,456,842 | | 1,778,533 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 6,347,353 | | 2,010,307 |
| CREDITORS: amounts falling due after more than one year | 14 | | (3,000,000) | | - |
| PROVISIONS FOR LIABILITIES | | | | | |
| Deferred tax | 15 | | (77,619) | | - |
| NET ASSETS | | | 3,269,734 | | 2,010,307 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 16 | | 1,000,002 | | 2 |
| Profit and loss account | 17 | | 2,269,732 | | 2,010,305 |
| SHAREHOLDERS' FUNDS | 18 | | 3,269,734 | | 2,010,307 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
 14th October 2013

L Coulson
L Coulson Esq
 Director

The notes on pages 10 to 23 form part of these financial statements.

KENT COUNTY TRADING LIMITED
REGISTERED NUMBER: 05242899

COMPANY BALANCE SHEET
AS AT 31 MARCH 2013

| | Note | £ | 2013 £ | £ | 2012 £ |
|----------------------------------------------------------------|------|---|-------------|-----|-----------|
| FIXED ASSETS | | | | | |
| Investments | 10 | | 4,000,008 | | 8 |
| CURRENT ASSETS | | | | | |
| Cash at bank | | 2 | | 2 | |
| CREDITORS: amounts falling due within one year | 13 | | (8) | (8) | |
| NET CURRENT LIABILITIES | | | (6) | | (6) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 4,000,002 | | 2 |
| CREDITORS: amounts falling due after more than one year | 14 | | (3,000,000) | | - |
| NET ASSETS | | | 1,000,002 | | 2 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 16 | | 1,000,002 | | 2 |
| SHAREHOLDERS' FUNDS | 18 | | 1,000,002 | | 2 |

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

14th October 2013

L Coulson

L Coulson Esq
 Director

The notes on pages 10 to 23 form part of these financial statements.

KENT COUNTY TRADING LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013**

| | Note | 2013 £ | 2012 £ |
|-------------------------------------------------|------|--------------------|----------------|
| Net cash flow from operating activities | 20 | 656,784 | 1,465,787 |
| Returns on investments and servicing of finance | 21 | (7,321) | (33,028) |
| Taxation | | (197,584) | (174,866) |
| Capital expenditure and financial investment | 21 | (3,772,199) | (146,245) |
| Equity dividends paid | | - | (150,000) |
| CASH (OUTFLOW)/INFLOW BEFORE FINANCING | | (3,320,320) | 961,648 |
| Financing | 21 | 3,850,000 | (340,000) |
| INCREASE IN CASH IN THE YEAR | | 529,680 | 621,648 |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2013**

| | 2013 £ | 2012 £ |
|----------------------------------------------------------------------------|--------------------|----------------|
| Increase in cash in the year | 529,680 | 621,648 |
| Cash (inflow)/outflow from (increase)/decrease in debt and lease financing | (2,850,000) | 340,000 |
| MOVEMENT IN NET DEBT IN THE YEAR | (2,320,320) | 961,648 |
| Net funds/(debt) at 1 April 2012 | 633,643 | (328,005) |
| NET (DEBT)/FUNDS AT 31 MARCH 2013 | (1,686,677) | 633,643 |

The notes on pages 10 to 23 form part of these financial statements.

KENT COUNTY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

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 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:

| | | |
|---------------------------|---|---------------------------|
| L/Term Leasehold Property | - | 50 years straight line |
| S/Term Leasehold Property | - | 3 - 5 years straight line |
| Plant & Machinery | - | 5 years straight line |
| Motor vehicles | - | 4 - 8 years straight line |
| Fixtures & fittings | - | 10 years straight line |
| Office equipment | - | 5 years 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.

KENT COUNTY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES (continued)

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.

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 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 the group 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:

| | 2013 £ | 2012 £ |
|----------------------------|-------------------|-------------------|
| Temps income | 35,068,852 | 30,235,271 |
| Travel income | 2,960,055 | 3,997,917 |
| Facility management income | 2,719,421 | 3,373,872 |
| Carehome supplies | 249,057 | 134,069 |
| Landscape services | 997,812 | 720,643 |
| | <u>41,995,197</u> | <u>38,461,772</u> |

All turnover arose within the United Kingdom.

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

3. OPERATING PROFIT

The operating profit is stated after charging:

| | 2013 | 2012 |
|---------------------------------------------------------------|-----------------------|----------------|
| | £ | £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the group | 89,207 | 39,657 |
| Operating lease rentals: | | |
| - plant and machinery | 415,081 | 472,716 |
| Amortisation of deferred research and development expenditure | 2,240 | 2,240 |
| | <u>415,081</u> | <u>472,716</u> |

During the year, no director received any emoluments (2012 - £NIL).

4. AUDITORS' REMUNERATION

| | 2013 | 2012 |
|--------------------------------------------------------------------------|----------------------|--------------|
| | £ | £ |
| Fees payable to the group's auditor for the audit of the annual accounts | 24,705 | 18,468 |
| Fees payable to the group's auditor and its associates in respect of: | | |
| Taxation compliance services | - | - |
| All other non-audit services not included above | 13,525 | 1,450 |
| | <u>13,525</u> | <u>1,450</u> |

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

5. STAFF COSTS

Staff costs were as follows:

| | 2013 £ | 2012 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 14,682,630 | 11,752,722 |
| Social security costs | 1,005,555 | 749,576 |
| Other pension costs | 27,794 | 14,005 |
| | <u>15,715,979</u> | <u>12,516,303</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2013 No. | 2012 No. |
|-----------------------|-------------|-------------|
| Temporary Staff | 520 | 518 |
| Permanent Staff | 240 | 168 |
| Facilities Management | 72 | 49 |
| Waste Management | 11 | 12 |
| Kent Scheme | 2 | 2 |
| | <u>845</u> | <u>749</u> |

6. INTEREST PAYABLE

| | 2013 £ | 2012 £ |
|------------------------------|---------------|---------------|
| On bank loans and overdrafts | 13,645 | 37,848 |
| Other interest payable | 290 | - |
| | <u>13,935</u> | <u>37,848</u> |

7. TAXATION

| | 2013 £ | 2012 £ |
|--------------------------------------------------|----------------|----------------|
| Analysis of tax charge in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit for the year | 38,582 | 197,584 |
| Deferred tax (see note 15) | | |
| Origination and reversal of timing differences | 77,619 | - |
| Tax on profit on ordinary activities | <u>116,201</u> | <u>197,584</u> |

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%). The differences are explained below:

| | 2013 | 2012 |
|------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | £ | £ |
| Profit on ordinary activities before tax | 375,628 | 887,329 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%) | 90,151 | 230,706 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 418 | (4,304) |
| Capital allowances for the year in excess of depreciation | (44,270) | (18,323) |
| Marginal relief | - | (10,495) |
| Tax at the lower rate of 20% | (7,717) | - |
| Current tax charge for the year (see note above) | 38,582 | 197,584 |

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

8. INTANGIBLE FIXED ASSETS

| | Develop- ment £ |
|-----------------------------------|--------------------------------|
| Group | |
| Cost | |
| At 1 April 2012 and 31 March 2013 | 29,720 |
| Amortisation | |
| At 1 April 2012 | 26,725 |
| Charge for the year | 2,240 |
| At 31 March 2013 | 28,965 |
| Net book value | |
| At 31 March 2013 | 755 |
| At 31 March 2012 | 2,995 |

KENT COUNTY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

9. TANGIBLE FIXED ASSETS

| Group | L/term Leasehold property £ | S/Term Leasehold Property £ | Plant & machinery £ | Motor vehicles £ | Fixtures fittings and office equipment £ | Total £ |
|-----------------------|--------------------------------------|--------------------------------------|---------------------------|------------------------|------------------------------------------------------|------------------|
| Cost | | | | | | |
| At 1 April 2012 | - | - | 56,918 | 210,789 | 28,857 | 296,564 |
| Additions | 2,092,406 | 89,015 | 18,614 | 12,084 | 1,595,130 | 3,807,249 |
| Disposals | - | - | - | (74,000) | - | (74,000) |
| At 31 March 2013 | <u>2,092,406</u> | <u>89,015</u> | <u>75,532</u> | <u>148,873</u> | <u>1,623,987</u> | <u>4,029,813</u> |
| Depreciation | | | | | | |
| At 1 April 2012 | - | - | 27,880 | 28,365 | 11,542 | 67,787 |
| Charge for the year | 8,896 | 11,415 | 28,296 | 33,017 | 7,583 | 89,207 |
| On disposals | - | - | - | (16,935) | - | (16,935) |
| At 31 March 2013 | <u>8,896</u> | <u>11,415</u> | <u>56,176</u> | <u>44,447</u> | <u>19,125</u> | <u>140,059</u> |
| Net book value | | | | | | |
| At 31 March 2013 | <u>2,083,510</u> | <u>77,600</u> | <u>19,356</u> | <u>104,426</u> | <u>1,604,862</u> | <u>3,889,754</u> |
| At 31 March 2012 | <u>-</u> | <u>-</u> | <u>29,038</u> | <u>182,424</u> | <u>17,315</u> | <u>228,777</u> |

10. FIXED ASSET INVESTMENTS

| Group | Investments in subsidiary companies £ |
|-----------------------------------|---------------------------------------------------|
| Cost or valuation | |
| At 1 April 2012 and 31 March 2013 | <u>2</u> |
| Net book value | |
| At 31 March 2013 | <u>2</u> |
| At 31 March 2012 | <u>2</u> |

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

10. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name | Class of shares | Holding |
|-------------------------------------|------------------------|----------------|
| Commercial Services Kent Limited | Ordinary | 100 % |
| Invicta Services Limited | Ordinary | 100 % |
| Kent Top Temps Limited | Ordinary | 100 % |
| Commercial Services Trading Limited | Ordinary | 100 % |

| Name | Business | Country of Incorporation |
|-------------------------------------|---------------------|---------------------------------|
| Commercial Services Kent Limited | Dormant | England and Wales |
| Invicta Services Limited | Dormant | England and Wales |
| Kent Top Temps Limited | Employment agency | England and Wales |
| Commercial Services Trading Limited | Facility management | England and Wales |

The aggregate of the share capital and reserves as at 31 March 2013 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 | <u>2</u> | <u>-</u> |
| | | Investments in subsidiary companies £ |
| Company | | |
| Cost or valuation | | |
| At 1 April 2012 | | 8 |
| Additions | | <u>4,000,000</u> |
| At 31 March 2013 | | <u>4,000,008</u> |
| Net book value | | |
| At 31 March 2013 | | <u>4,000,008</u> |
| <i>At 31 March 2012</i> | | <u>8</u> |

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

11. STOCKS

| | Group | | Company | |
|----------------------------|----------------|-------------|----------------|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Finished goods | 43,946 | - | - | - |
| Stock and work in progress | 86,242 | 30,849 | - | - |
| | 130,188 | 30,849 | - | - |

12. DEBTORS

| | Group | | Company | |
|------------------------|------------------|-------------|----------------|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Trade debtors | 6,448,606 | 5,943,511 | - | - |
| Corporation tax debtor | - | - | - | - |
| Other debtors | 1,173,464 | 1,410,833 | - | - |
| | 7,622,070 | 7,354,344 | - | - |

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

| | Group | | Company | |
|---------------------------------|------------------|-------------|----------------|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Other loans | 200,000 | 350,000 | - | - |
| Trade creditors | 3,697,795 | 3,390,283 | - | - |
| Corporation tax | 38,582 | 197,584 | - | - |
| Social security and other taxes | 1,776,736 | 1,127,324 | - | - |
| Other creditors | 1,095,626 | 1,525,112 | 8 | 8 |
| | 6,808,739 | 6,590,303 | 8 | 8 |

A loan to the value of £200,000 (2012: £350,000) is repayable on demand and is secured by a fixed charge on all book debts and by a floating charge on the assets of Kent Top Temps Limited.

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

**14. CREDITORS:
Amounts falling due after more than one year**

| | Group | | Company | |
|-----------------------------------------|------------------|-----------|------------------|-----------|
| | 2013 £ | 2012 £ | 2013 £ | 2012 £ |
| Share capital treated as debt (Note 16) | 3,000,000 | - | 3,000,000 | - |
| | 3,000,000 | - | 3,000,000 | - |

Disclosure of the terms and conditions attached to the non-equity shares is made in note 16.

15. DEFERRED TAXATION

| | Group | | Company | |
|----------------------|---------------|-----------|----------------|-----------|
| | 2013 £ | 2012 £ | 2013 £ | 2012 £ |
| At beginning of year | - | - | - | - |
| Charge for the year | 77,619 | - | - | - |
| At end of year | 77,619 | - | - | - |
| | 77,619 | - | - | - |

The provision for deferred taxation is made up as follows:

| | Group | | Company | |
|--------------------------------|---------------|-----------|----------------|-----------|
| | 2013 £ | 2012 £ | 2013 £ | 2012 £ |
| Accelerated capital allowances | 77,619 | - | - | - |
| | 77,619 | - | - | - |

16. SHARE CAPITAL

| | 2013 £ | 2012 £ |
|-------------------------------------------------|------------------|-----------|
| Shares classified as capital | | |
| Allotted, called up and fully paid | | |
| 1,000,002 (2012 - 2) Ordinary shares of £1 each | 1,000,002 | 2 |
| | 1,000,002 | 2 |
| Shares classified as debt | | |
| Allotted, called up and fully paid | | |
| 1,000,000 Redeemable shares of £1 each | 1,000,000 | - |
| 2,000,000 Redeemable 2017 shares of £1 each | 2,000,000 | - |
| | 3,000,000 | - |
| | 3,000,000 | - |

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

16. SHARE CAPITAL (continued)

During the year 1,000,000 Ordinary £1 shares, 1,000,000 Redeemable £1 shares and 2,000,000 Redeemable 2017 £1 shares were issued at par.

Both classes of redeemable shares entitle the holder to one vote in any circumstance. The Redeemable shares and Redeemable 2017 shares can be redeemed at the option of the company or the shareholder at any time after 1 April 2016 and after 1 April 2017 respectively.

17. RESERVES

| Group | Profit and loss account £ |
|---------------------|------------------------------------------|
| At 1 April 2012 | 2,010,305 |
| Profit for the year | 259,427 |
| | <hr/> |
| At 31 March 2013 | 2,269,732 |
| | <hr/> <hr/> |

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| Group | 2013 £ | 2012 £ |
|-------------------------------|-------------------|-------------------|
| Opening shareholders' funds | 2,010,307 | 1,470,562 |
| Profit for the year | 259,427 | 689,745 |
| Dividends (Note 19) | - | (150,000) |
| Shares issued during the year | 1,000,000 | - |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 3,269,734 | 2,010,307 |
| | <hr/> <hr/> | <hr/> <hr/> |

| Company | 2013 £ | 2012 £ |
|-------------------------------|-------------------|-------------------|
| Opening shareholders' funds | 2 | 2 |
| Profit for the year | - | 150,000 |
| Dividends (Note 19) | - | (150,000) |
| Shares issued during the year | 1,000,000 | - |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 1,000,002 | 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 £NIL (2012 - £150,000).

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

19. DIVIDENDS

| | 2013 £ | 2012 £ |
|----------------------------------|-----------|-----------|
| Dividends paid on equity capital | - | 150,000 |

20. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2013 £ | 2012 £ |
|--------------------------------------------------|----------------|------------------|
| Operating profit | 382,949 | 920,357 |
| Amortisation of intangible fixed assets | 2,240 | 2,240 |
| Depreciation of tangible fixed assets | 89,207 | 39,657 |
| Loss on disposal of tangible fixed assets | 22,015 | - |
| (Increase)/decrease in stocks | (99,339) | 2,516 |
| (Increase) in debtors | (267,722) | (1,390,240) |
| Increase in creditors | 527,434 | 1,891,257 |
| Net cash inflow from operating activities | 656,784 | 1,465,787 |

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2013 £ | 2012 £ |
|------------------------------------------------------------------------------|----------------|-----------------|
| Returns on investments and servicing of finance | | |
| Interest received | 6,614 | 4,820 |
| Interest paid | (13,935) | (37,848) |
| Net cash outflow from returns on investments and servicing of finance | (7,321) | (33,028) |

| | 2013 £ | 2012 £ |
|-----------------------------------------------------|--------------------|------------------|
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (3,807,249) | (146,245) |
| Sale of tangible fixed assets | 35,050 | - |
| Net cash outflow from capital expenditure | (3,772,199) | (146,245) |

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

23. 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 £27,794 (2012: £14,005).

24. OPERATING LEASE COMMITMENTS

At 31 March 2013 the group had annual commitments under non-cancellable operating leases as follows:

| Group | 2013 | 2012 |
|-------------------------|----------------|----------------|
| | £ | £ |
| Expiry date: | | |
| Within 1 year | 60,401 | 34,139 |
| Between 2 and 5 years | 129,579 | 188,481 |
| After more than 5 years | 89,562 | 125,322 |
| | 277,942 | 347,942 |

25. 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 £200,000 (2012: £350,000). 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>2013</u> | <u>2012</u> |
|-----------------------------------|--------------------|--------------------|
| | £ | £ |
| Sales | 32,259,979 | 33,227,915 |
| Trade Debtors | 5,799,754 | 5,644,665 |
| Purchases | 3,367,489 | 3,301,325 |
| Other Debtors | 205,873 | - |
| Trade Creditors | 2,148,382 | 2,032,150 |
| Loan Interest paid @ 5.5% | 13,645 | 37,848 |