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

To: Governance and Audit Committee Trading Activities Sub Committee - 9 March 2015

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

1 INTRODUCTION

- 1.1 Per its Terms of Reference, the Governance and Audit Committee Trading Activities Sub Committee has a responsibility each year to 'Receive and review the annual statutory financial accounts of any KCC limited companies and financial statements for other trading vehicles and to consider corrective action where appropriate'.
- 1.2 It was agreed at the meeting on 3 March 2014 that the Sub-Committee did not wish to see basic income and expenditure details for the small companies in the future as their full accounts would have been examined by their external auditors and there would be no reputational risk to the Council.
- 1.3 Copies of the latest Statutory Accounts (for 2013/14) are available from the Chief Accountant Team if Members' wish to review and consider them.
- 1.4 At the same meeting the Sub-Committee requested that future reports included an explanation of payments made by the Council to the company, the purpose of the company and the nature and degree of interest that the Council has in the company. This information is provided in section 2 of the report.

2 ENTITIES WHICH KCC HAS AN INTEREST IN

- 2.1 The table below shows the details of the entities which KCC has an interest including payments made to the entities during 2013-14.

Association of Tourist Attractions in Kent Ltd	
Purpose of entity	To promote the interest of tourist attractions of all sizes and kinds throughout Kent. Company Limited by Guarantee
Level and Nature of Interest	There is no Kent County Council representative on the board and the company is limited by guarantee with each of the Directors being liable for £1. Kent County Council does not appear to have a direct interest in the company.
Directors on the Board	No
Profit or Surplus / (Deficit)	£(857)
Payment during 2013-14	Nil
Aylesham & District Community Workshop Trust Ltd	
Purpose of entity	Established for the benefit of persons in the Aylesham and Rural District to provide or assist in the provision of facilities for the advancement of education and for recreation and leisure-time occupation with the object of improving the conditions of life and of said persons. Company Limited by Guarantee and a Charitable Trust.
Level and Nature of Interest	KCC is a Member. Each Member has one vote. There are 9 Trustees. Liability will not exceed £10.
Directors on the Board	Mr S Manion
Profit or Surplus / (Deficit)	£23,026)
Payment during 2013-14	£252.00 (excluding VAT)
The North Kent Architecture Centre	
Purpose of entity	To deliver design support, including design advice on high profile projects throughout the region, training for key decision makers including design advice on high profile projects throughout the region.

	Company Limited by Guarantee.
Level and Nature of Interest	KCC is a Member. Each Member has one vote. There are four members. Liability is limited to £1.
Directors on the Board	No
Profit or Surplus / (Deficit)	£20,240
Payment during 2013-14	Nil
Visit Kent	
Purpose of entity	To 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. Company Limited by Guarantee.
Level and Nature of Interest	KCC is a Member. Each Member has one vote. Liability is limited to £1.
Directors on the Board	Mr M Dance Mrs B Cooper – Resigned 9 October 2014
Profit or Surplus / (Deficit)	£5,537
Payment during 2013-14	£328,028.18 (excluding VAT)
Locate in Kent Ltd	
Purpose of entity	To carry out activities as may encourage or assist businesses to locate some or all their activities in Kent. To carry any other trade or business whatever which, can in the opinion of the Board of Directors be advantageously carried on in connection with or ancillary to any of the businesses of the Company. Company Limited by Guarantee.
Level and Nature of Interest	KCC is a Member. Each Member has one vote. Liability is limited to £1.
Directors on the Board	Mr M Dance

	Mr A King Mr B Sweetland Mrs B Cooper – resigned 7 April 2014
Profit or Surplus / (Deficit)	£40,971
Payment during 2013-14	£918,634.16 (excluding VAT)
Trading Standards South East Kent Ltd	
Purpose of entity	To provide advice to consumers in the south east of England. Company Limited by Guarantee.
Level and Nature of Interest	KCC is a Member. Each Member has one vote. Liability is limited to £1.
Directors on the Board	Mr M Rolfe – Trading Standards Manager
Profit or Surplus / (Deficit)	£7,773
Payment during 2013-14	£ 114,530.27 (excluding VAT)
East Kent Spatial Development Company	
Purpose of entity	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 and Dover District Council. Company Limited by Guarantee.
Level and Nature of Interest	KCC is a Class A Member. Each Class A Member has one vote. Liability is limited to £1. Locate in Kent is also a Member which KCC has an interest in.
Directors on the Board	Mr M Dance
Profit or Surplus / (Deficit)	£115,734
Payment during 2013-14	Nil

Goetec Ltd	
Purpose of entity	The provision of network facilities for further and higher education institutions in Kent. Company limited by Guarantee.
Level and Nature of Interest	A KCC Officer is a Director on the Board.
Directors on the Board	Mr P Bole
Profit or Surplus / (Deficit)	£(2,257)
Payment during 2013-14	£88,755.16 (excluding VAT)
Produced in Kent	
Purpose of entity	To increase public awareness of produce which has been produced in Kent. Company Limited by Guarantee.
Level and Nature of Interest	KCC has joint voting rights with Hadlow College. Liability is limited to £1.
Directors on the Board	Mr S Holden
Profit or Surplus / (Deficit)	£7,795
Payment during 2013-14	£67,026.68 (excluding VAT)
Business Support Kent Community Interest Company	
Purpose of entity	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.
Level and Nature of Interest	Business Support Kent Community Interest Company is a partner of Kent County Council in Kent 20/20.
Profit or Surplus / (Deficit)	£(446,051)
Directors on the Board	No
Payment during 2013-14	£85,832.00 (excluding VAT)

2.2 Groundwork Kent & Medway ceased trading in December 2012, and dissolved on 15 April 2014. Its activities and operations continue, however, and they have been subsumed within The Groundwork South Trust Limited. However KCC has no influence, control or equity interest in the entity.

3. INVESTMENT COMPANIES

3.1 During 2013-14 KCC purchased shares in three companies for investment purposes; and details of each purchase are provided below:

a) Shearwater Systems Ltd

233,333 £0.01 Ordinary A Shares were purchased as part of Expansion East Kent through Regional Growth Fund. The shares were purchased for £200,000. KCC has a 7.22% holding in the company.

The return on equity can be recycled back into the Regional Growth Fund for reinvestment in other business.

Shearwater designs and develops innovative software to support a burgeoning need for mobile software applications in healthcare. The company focus is on creating Mobile Health Record (MHR) software applications that allow clinicians to work seamlessly between acute hospital and community care settings including the patients' home

b) TRN - The Research Network Ltd

1,400 £1 Ordinary Shares were purchased as part of Expansion East Kent through Regional Growth Fund. The shares were purchased for £28,000. KCC has a 6% holding in the company.

As with Shearwater Systems Ltd the return on equity can be recycled back into the Regional Growth Fund for reinvestment in other business.

TRN is a small pharmaceutical research company based in Sandwich. It is proposed to invest in additional business development in China, India, USA and Europe. It is proposing to invest in innovative web-based scientific software to support the TRN collaborative drug research model.

c) Kent PFI Holding Company 1 Ltd

As part of the Treasury Strategy to make investments in equity up to the value of £5m KCC purchased shares in Kent PFI Holding Company 1 Ltd. At the end of 2013-14 KCC has a 38% holding in the company. The investment is structured as follows:

- £2,681,260.21 in Loan Notes
- £1,902,181.06 in shares

Kent PFI Holding Company 1 Ltd is a holding company for Kent PFI Company 1 Limited, a company whose activities include the provision of construction and maintenance services for three secondary schools for pupils across Kent. (Thamesview School, Northfleet Technical College and St Johns Catholic Comprehensive School).

KCC has a director on the board, Mrs C Head.

KCC made payments amounting to £9,737,152.89 during 2013-14. These payments relate to the PFI charges for running the three schools.

4 COMMERCIAL SERVICES

- 4.1 The table below shows the key financial highlights from the Statutory Accounts (attached) for 2013-14 of the Parent Company and the subsidiaries within the parent company; and 2012-13 for comparator purposes.

Commercial Services	Financial Year	Turnover/Income	Surplus/ (Deficit) before Tax	Retained Surplus/ (Deficit)	Net Assets
		£k	£k	£k	£k
Kent County Trading Ltd - Parent Company	2013-14	65201.1	-1459.8	1088.9	2088
	2012-13	41995.2	375.6	2269.7	3269.7
Commercial Services Trading Ltd	2013-14	20481.3	186.1	954.5	1954.5
	2012-13	3772.7	364.3	824.6	1824.6
Commercial Services Kent Ltd	2013-14	50747.6	-1357.4	-1075.1	-1075.1
	2012-13	-	-	-1.7	-1.7
Kent Top Temps	2012/13	-	-	-	-
	2012-13	38278.0	11.9	1450.1	1450.1

- 4.2 2013-14 was the first year of the Commercial Services group trading under its new structure.
- 4.3 Commercial Services Trading Ltd previously operated under the name Kent County Facilities Ltd and began operating under the new name on 1 April 2013.
- 4.4 Commercial Services Kent Ltd was a dormant company throughout the year to 31 March 2013 whilst the restructuring of the businesses took place.

4.5 Kent Top Temps is no longer trading as a separate company and has either been transferred to Commercial Services Kent Ltd or Commercial Services Trading Ltd from 1 April 2013.

5 RECOMMENDATION

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

Emma Feakins
Chief Accountant
Ext: 416082