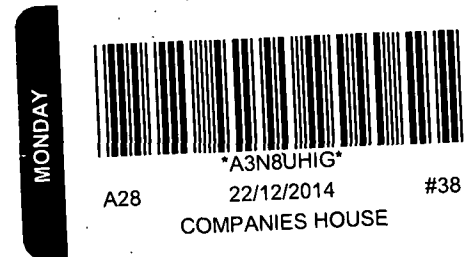

KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014



KENT COUNTY TRADING LIMITED

COMPANY INFORMATION

DIRECTORS

C McCoy Esq (appointed 10 June 2014)
R Martin Esq (appointed 28 February 2014)
Mrs K Short (appointed 28 February 2014)
S Heywood Esq (appointed 13 November 2013)
G Parsons Esq (appointed 13 November 2013)
D N Jackson Esq (resigned 31 March 2014)
I A McPherson Esq (resigned 10 March 2014)
L Coulson Esq (resigned 28 February 2014)

COMPANY SECRETARY

Mrs K Short

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

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

INTRODUCTION

The directors present the group strategic report accompanying the financial statements for the year ended 31 March 2014.

BUSINESS REVIEW

The directors note that the company and the Group traded at a satisfactory level during the 2013-14 year.

Under FRS17, the Group has included a pension deficit for the year of £1,275,000 reducing total recognised gains and losses for the year to a loss of £1,180,809.

Trade levels continue to be satisfactory and for those continuing activities a similar performance is expected for 2014/15.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and execution of the Group's strategy are subject to current economic uncertainty caused by the underlying economic environment and the impact of austerity measures on our customers (especially in the public sector).

Failure to compete in terms of price and customer service in increasingly competitive local markets could adversely affect the Group's financial results.


Also failure to protect the Group's reputation and brand could lead to a loss of trust and confidence and a decline in our customer base.

The Group employs a number of staff who are members of the Kent County Council Pension Fund. The scheme is a defined benefit statutory scheme administered in accordance with Local Government Pension Scheme Regulations 2013/14. Benefits are based on final salary and length of service on retirement. Deficits under the scheme could increase if there is a fall in corporate bond yields which are not offset by an increase in the pension scheme's assets. Other risks affecting the fund include investments, inflation and life expectancy risks. There are also increasing risks of legal and regulatory changes introducing more burdensome requirements

FINANCIAL KEY PERFORMANCE INDICATORS

The Group tracks financial performance indicators based on the consolidated results of the Group. No other key performance indicators would benefit any reader of the accounts.

This report was approved by the board on 20/11/14 and signed on its behalf.



G Parsons Esq
Director

KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

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 company is that of a holding company.

The principal activity of the Group continued to be that of a temporary employment agency and employment business. On 1 April 2013, there was a restructure of businesses between the trading entities controlled by Kent County Council. The employment agency activities of 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 a result, the Group expanded activities into Fleet procurement, Landscaping, Engineering, Facilities Management and Print and Design.

During the year the Group ceased trading in Print and Design Services and Healthcare.

RESULTS

The loss for the year, after taxation, amounted to £1,464,809 (2013 - profit £259,427).

KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

DIRECTORS

The directors who served during the year were:

R Martin Esq (appointed 28 February 2014)
Mrs K Short (appointed 28 February 2014)
S Heywood Esq (appointed 13 November 2013)
G Parsons Esq (appointed 13 November 2013)
D N Jackson Esq (resigned 31 March 2014)
I A McPherson Esq (resigned 10 March 2014)
L Coulson Esq (resigned 28 February 2014)

FUTURE DEVELOPMENTS

Kent County Trading Limited is part of a diversified portfolio of businesses delivering a range of services with long-term underlying growth prospects and some niche services to support the shareholder. This includes quality brands our customers recognise as leaders in their markets. The Group is managed by a corporate centre, which sets the strategic direction of the Group continually seeking opportunities to improve growth and drive returns in a manner consistent with the Group's heritage of committed service to its customers, whilst promoting a culture of responsibility and integrity across the business.

The Group aims to deliver shareholder value by:

- Delivering organic sales growth through new services that complement the Group's portfolio and expansion into new high growth markets.
- Enhancing margins through operational efficiencies.
- Managing operations and working capital proficiently to generate strong cash-flows.

In line with the strategic direction of the Group and following a review by Kent County Council, the ultimate parent entity, the Group will cease trading in the Facilities Management division and the activity will be transferred back to the shareholder by December 2014.

The business has also undertaken development of a new computer operating system during the year for one of its key brands and this development programme will continue into 2015. Development expenditure in respect of the new system has been capitalised in the current year and amortised in accordance with the group accounting policy.

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.

KENT COUNTY TRADING LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014

DISCLOSURE 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 relevant audit information and to establish that the company and the group's auditors are aware of that information.

This report was approved by the board on x 28/11/14. x and signed on its behalf.

x 

Mrs K Short
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 2014, set out on pages 7 to 31. 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 2014 and of the group's loss 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: 14 December 2014

KENT COUNTY TRADING LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
TURNOVER	1,2		
Continuing operations		37,204,115	41,995,197
Acquisitions		28,343,284	-
		<u>65,547,399</u>	<u>41,995,197</u>
Discontinued operations		2,185,520	-
		<u>67,732,919</u>	<u>41,995,197</u>
Cost of sales	4	<u>(51,917,455)</u>	<u>(38,840,048)</u>
GROSS PROFIT		15,815,464	3,155,149
Administrative expenses	4	(17,541,479)	(2,772,200)
Other operating income	3	761,527	-
OPERATING (LOSS)/PROFIT	5		
Continuing operations		1,543,892	382,949
Acquisitions		(1,362,929)	-
Discontinued operations		(1,145,451)	-
		<u>(964,488)</u>	<u>382,949</u>
Interest receivable and similar income		18,973	6,614
Interest payable and similar charges	9	(8,250)	(13,935)
Other finance (costs)/income	10	(506,000)	-
		<u>(1,459,765)</u>	<u>375,628</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,459,765)	375,628
Tax on (loss)/profit on ordinary activities	11	(5,044)	(116,201)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	21	<u>(1,464,809)</u>	<u>259,427</u>

The notes on pages 13 to 31 form part of these financial statements.

KENT COUNTY TRADING LIMITED

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1,464,809)	259,427
Actuarial gain related to pension scheme	26	<u>284,000</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u><u>(1,180,809)</u></u>	<u><u>259,427</u></u>

The notes on pages 13 to 31 form part of these financial statements.

KENT COUNTY TRADING LIMITED
REGISTERED NUMBER: 05242899

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2014

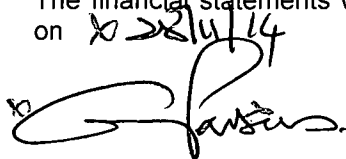
	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Intangible assets	12		703,559		755
Tangible assets	13		5,146,511		3,889,754
Investments	14		-		2
			<u>5,850,070</u>		<u>3,890,511</u>
CURRENT ASSETS					
Stocks	15	274,164		130,188	
Debtors	16	17,297,079		7,622,066	
Cash at bank and in hand		1,283,827		1,513,323	
			<u>18,855,070</u>		<u>9,265,577</u>
CREDITORS: amounts falling due within one year	17		<u>(11,567,391)</u>		<u>(6,808,739)</u>
NET CURRENT ASSETS			<u>7,287,679</u>		<u>2,456,838</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,137,749</u>		<u>6,347,349</u>
CREDITORS: amounts falling due after more than one year	18		(9,640,034)		(3,000,000)
PROVISIONS FOR LIABILITIES					
Deferred tax	19		(133,794)		(77,619)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>3,363,921</u>		<u>3,269,730</u>
Defined benefit pension scheme liability	26		(1,275,000)		-
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>2,088,921</u></u>		<u><u>3,269,730</u></u>

KENT COUNTY TRADING LIMITED

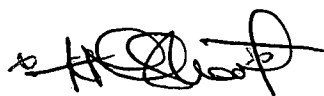
CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 MARCH 2014

	Note	£	2014 £	£	2013 £
CAPITAL AND RESERVES					
Called up share capital	20		1,000,002		1,000,002
Profit and loss account	21		1,088,919		2,269,728
SHAREHOLDERS' FUNDS	22		<u>2,088,921</u>		<u>3,269,730</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28/4/14



G Parsons Esq
Director



Mrs K Short
Director

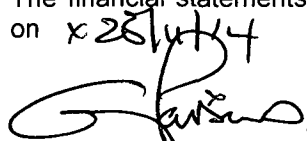
The notes on pages 13 to 31 form part of these financial statements.

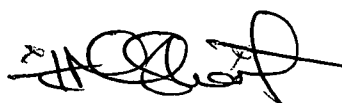
KENT COUNTY TRADING LIMITED
REGISTERED NUMBER: 05242899

COMPANY BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Investments	14		4,000,006		4,000,008
CURRENT ASSETS					
Cash at bank		2		2	
CREDITORS: amounts falling due within one year	17	(6)		(8)	
NET CURRENT LIABILITIES			(4)		(6)
TOTAL ASSETS LESS CURRENT LIABILITIES			4,000,002		4,000,002
CREDITORS: amounts falling due after more than one year	18		(3,000,000)		(3,000,000)
NET ASSETS			1,000,002		1,000,002
CAPITAL AND RESERVES					
Called up share capital	20		1,000,002		1,000,002
SHAREHOLDERS' FUNDS					
	22		1,000,002		1,000,002

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28/3/14

x 

x 

G Parsons Esq
Director

Mrs K Short
Director

The notes on pages 13 to 31 form part of these financial statements.

KENT COUNTY TRADING LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	23	(2,608,642)	656,784
Returns on investments and servicing of finance	24	10,723	(7,321)
Taxation		(38,582)	(197,584)
Capital expenditure and financial investment	24	(2,392,995)	(3,772,199)
CASH OUTFLOW BEFORE FINANCING		(5,029,496)	(3,320,320)
Financing	24	4,800,000	3,850,000
(DECREASE)/INCREASE IN CASH IN THE YEAR		(229,496)	529,680

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2014**

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(229,496)	529,680
Cash inflow from increase in debt and lease financing	(4,800,000)	(2,850,000)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(5,029,496)	(2,320,320)
Other non-cash changes	(1,640,034)	-
MOVEMENT IN NET DEBT IN THE YEAR	(6,669,530)	(2,320,320)
Net (debt)/funds at 1 April 2013	(1,686,677)	633,643
NET DEBT AT 31 MARCH 2014	(8,356,207)	(1,686,677)

The notes on pages 13 to 31 form part of these financial statements.

KENT COUNTY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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').

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 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

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 a commercial basis. Intangible assets are amortised on a straight line basis over 5 years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those 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.

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 2014

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 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account.

1.11 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.

1.12 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 participates in a defined benefit pension scheme. The liabilities of the pension fund attributable to the Group are included in the balance sheet on an actuarial basis using the projected unit method. The assets of the pension fund attributable to the Group are included in the balance sheet at their fair value. The liabilities and assets attributable to the Group are based on a full actuarial valuation dated 1 April 2013 updated to 31 March 2014

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

2. TURNOVER

All turnover arose within the United Kingdom.

The whole of the turnover and profit before taxation from continuing activities is attributable to the principal activities of the Group. The turnover and profit before taxation from discontinued activities arose from printing services, the provision of healthcare and bus services.

An analysis of turnover by class of business is as follows:

	2014 £	2013 £
Temporary staff	32,408,223	35,068,852
Facilities management	7,428,257	2,719,421
Vehicle rental and travel	9,929,386	2,960,055
Landscape services	6,113,629	-
Engineering	2,503,861	997,812
Recharges	5,634,619	-
Waste	1,883,061	-
Other	1,831,883	249,057
Total	<u>67,732,919</u>	<u>41,995,197</u>

3. OTHER OPERATING INCOME/(COST)

	2014 £	2013 £
Rent received	196,167	-
Service charge receivable	565,360	-
	<u>761,527</u>	<u>-</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

4. ANALYSIS OF OPERATING (LOSS)/PROFIT

	2014		2013	
	Continuing £	Discontinued £	Continuing £	Discontinued £
Turnover	65,547,399	2,185,520	41,995,197	-
Cost of sales	(49,925,349)	(1,992,106)	(38,840,048)	-
Gross profit	15,622,050	193,414	3,155,149	-
Administrative expenses	(16,202,614)	(1,338,865)	(2,772,200)	-
Other operating income	761,527	-	-	-
	<u>180,963</u>	<u>(1,145,451)</u>	<u>382,949</u>	<u>-</u>

The following amounts were included within continuing activities in relation to acquisitions during the year:

	2014 £
Turnover	28,343,284
Cost of sales	(17,253,236)
Gross profit	11,090,048
Administrative expenses	(13,214,504)
Other operating income	761,527
Operating (loss)/profit	<u>(1,362,929)</u>

5. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2014 £	2013 £
Amortisation - intangible fixed assets	3,221	2,240
Depreciation of tangible fixed assets:		
- owned by the group	314,824	89,207
Operating lease rentals:		
- plant and machinery	282,632	415,081
- other operating leases	497,891	-
	<u>1,184,568</u>	<u>916,528</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

6. AUDITORS' REMUNERATION

	2014	2013
	£	£
Fees payable to the Group's auditor for the audit of the annual accounts	28,000	24,705
Fees payable to the Group's auditor and its associates in respect of:		
All other non-audit services not included above	33,145	13,525
	<u>33,145</u>	<u>13,525</u>

7. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2014	2013
	£	£
Wages, salaries and social security costs	19,994,032	15,688,185
Other pension costs (Note 26)	3,694,696	27,794
	<u>23,688,728</u>	<u>15,715,979</u>

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

	2014	2013
	No.	No.
Temporary staff	532	520
Administration staff	101	174
Facilities Management	67	11
Education services	196	0
Landscape services	152	72
Laser energy	76	0
Engineering	40	0
Recruitment	48	0
Other	66	73
	<u>1,278</u>	<u>850</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

8. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	<u>529,656</u>	<u>-</u>
Company pension contributions to defined contribution pension schemes	<u>62,645</u>	<u>-</u>

During the year retirement benefits were accruing to 5 directors (2013 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £203,261 (2013 - £NIL).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,634 (2013 - £NIL).

9. INTEREST PAYABLE

	2014 £	2013 £
On bank loans and overdrafts	8,250	13,645
Other interest payable	-	290
	<u>8,250</u>	<u>13,935</u>

10. OTHER FINANCE INCOME/(COST)

	2014 £	2013 £
Expected return on pension scheme assets	1,250,000	-
Interest on pension scheme liabilities	(1,756,000)	-
	<u>(506,000)</u>	<u>-</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

11. TAXATION

	2014 £	2013 £
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	-	38,582
Adjustments in respect of prior periods	(51,131)	-
Total current tax	(51,131)	38,582
Deferred tax (see note 19)		
Origination and reversal of timing differences	56,175	77,619
Tax on (loss)/profit on ordinary activities	5,044	116,201

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - lower than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014 £	2013 £
(Loss)/profit on ordinary activities before tax	(1,459,765)	375,628
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	(335,746)	90,151
Effects of:		
Expenses/(income) not deductible for tax purposes, other than goodwill amortisation and impairment	486,075	418
Capital allowances for the year in excess of depreciation	(49,879)	(44,270)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(185,300)	-
Unrelieved tax losses carried forward	36,246	-
Change in tax rates re losses carried back	(2,527)	-
Tax at the lower rate of 20%	-	(7,717)
Current tax (credit)/charge for the year (see note above)	(51,131)	38,582

Factors that may affect future tax charges

Tax losses amounting to £157,588 have been carried forward to offset against future taxable profits of the Group.

KENT COUNTY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

12. INTANGIBLE FIXED ASSETS

Group	Computer software £	Development £	Total £
Cost			
At 1 April 2013	-	29,720	29,720
Additions	96,854	636,851	733,705
Disposals	-	(29,720)	(29,720)
At 31 March 2014	<u>96,854</u>	<u>636,851</u>	<u>733,705</u>
Amortisation			
At 1 April 2013	-	28,965	28,965
Charge for the year	3,221	-	3,221
On disposals	-	(28,965)	(28,965)
Impairment charge	26,925	-	26,925
At 31 March 2014	<u>30,146</u>	<u>-</u>	<u>30,146</u>
Net book value			
At 31 March 2014	<u>66,708</u>	<u>636,851</u>	<u>703,559</u>
<i>At 31 March 2013</i>	<u>-</u>	<u>755</u>	<u>755</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

13. 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 2013	2,092,406	89,015	75,532	148,873	1,623,987	4,029,813
Additions	315,691	-	-	-	1,358,692	1,674,383
Disposals	-	(89,015)	(75,532)	(12,084)	(34,776)	(211,407)
At 31 March 2014	<u>2,408,097</u>	<u>-</u>	<u>-</u>	<u>136,789</u>	<u>2,947,903</u>	<u>5,492,789</u>
Depreciation						
At 1 April 2013	8,896	11,415	56,176	44,447	19,125	140,059
Charge for the year	55,236	-	-	17,842	241,746	314,824
On disposals	-	(11,415)	(56,176)	(8,562)	(32,452)	(108,605)
At 31 March 2014	<u>64,132</u>	<u>-</u>	<u>-</u>	<u>53,727</u>	<u>228,419</u>	<u>346,278</u>
Net book value						
At 31 March 2014	<u>2,343,965</u>	<u>-</u>	<u>-</u>	<u>83,062</u>	<u>2,719,484</u>	<u>5,146,511</u>
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>

Included in leasehold property is land amounting to £592,632 (2013: £592,632) which is not depreciated.

14. FIXED ASSET INVESTMENTS

Group	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2013	2
Amounts written off	(2)
At 31 March 2014	<u>-</u>
Net book value	
At 31 March 2014	<u>-</u>
At 31 March 2013	<u>2</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

14. FIXED ASSET INVESTMENTS (continued)

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2013	4,000,008
Amounts written off	(2)
At 31 March 2014	<u>4,000,006</u>
Net book value	
At 31 March 2014	<u>4,000,006</u>
<i>At 31 March 2013</i>	<u>4,000,008</u>

15. STOCKS

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Finished goods	-	43,946	-	-
Stock and work in progress	274,164	86,242	-	-
	<u>274,164</u>	<u>130,188</u>	<u>-</u>	<u>-</u>

16. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Trade debtors	10,992,478	6,448,606	-	-
Corporation tax debtor	51,131	-	-	-
Other debtors	6,253,470	1,173,460	-	-
	<u>17,297,079</u>	<u>7,622,066</u>	<u>-</u>	<u>-</u>

Included in other debtors due after more than one year are amounts due from Kent County Council in relation to a liability arising on the defined benefit pension scheme, for employees transferred under TUPE regulations on 1 April 2013 as disclosed in note 26.

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

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

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Other loans	-	200,000	-	-
Trade creditors	3,178,332	3,697,795	-	-
Corporation tax	-	38,582	-	-
Other taxation and social security	2,094,397	1,776,736	-	-
Other creditors	6,294,662	1,095,626	6	8
	<u>11,567,391</u>	<u>6,808,739</u>	<u>6</u>	<u>8</u>

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

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Other loans	6,640,034	-	-	-
Share capital treated as debt (Note 20)	3,000,000	3,000,000	3,000,000	3,000,000
	<u>9,640,034</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 20.

19. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
At beginning of year	77,619	-	-	-
Charge for the year (P&L)	56,175	77,619	-	-
At end of year	<u>133,794</u>	<u>77,619</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Accelerated capital allowances	<u>133,794</u>	<u>77,619</u>	<u>-</u>	<u>-</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

20. SHARE CAPITAL

	2014 £	2013 £
Shares classified as capital		
Allotted, called up and fully paid		
1,000,002 Ordinary shares of £1 each	<u>1,000,002</u>	<u>1,000,002</u>
Shares classified as debt		
Allotted, called up and fully paid		
1,000,000 Redeemable shares of £1 each	1,000,000	1,000,000
2,000,000 Redeemable 2017 shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>
	<u>3,000,000</u>	<u>3,000,000</u>

There are two classes of redeemable shares in issue, both classes 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 1 April 2017 respectively. No premium is payable upon redemption.

21. RESERVES

	Profit and loss account £
Group	
At 1 April 2013	2,269,728
Loss for the financial year	(1,464,809)
Pension reserve movement	284,000
	<u>1,088,919</u>
At 31 March 2014	<u>1,088,919</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014	2013
Group	£	£
Opening shareholders' funds	3,269,730	2,010,303
(Loss)/profit for the financial year	(1,464,809)	259,427
Shares issued during the year	-	1,000,000
Other recognised gains and losses during the year	284,000	-
	<u>2,088,921</u>	<u>3,269,730</u>
	2014	2013
Company	£	£
Opening shareholders' funds	1,000,002	2
Shares issued during the year	-	1,000,000
	<u>1,000,002</u>	<u>1,000,002</u>

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 (2013 - £NIL).

23. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Operating (loss)/profit	(964,488)	382,949
Amortisation of intangible fixed assets	30,146	2,240
Depreciation of tangible fixed assets	314,824	89,207
Loss on disposal of tangible fixed assets	88,464	22,015
Increase in stocks	(143,976)	(99,339)
Increase in debtors	(9,623,882)	(267,726)
Increase in creditors	6,637,270	527,438
Increase in net pension assets/liabilities	1,053,000	-
	<u>(2,608,642)</u>	<u>656,784</u>

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	18,973	6,614
Interest paid	(8,250)	(13,935)
Net cash inflow/(outflow) from returns on investments and servicing of finance	10,723	(7,321)
	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(733,705)	-
Sale of intangible fixed assets	755	-
Purchase of tangible fixed assets	(1,674,383)	(3,807,249)
Sale of tangible fixed assets	14,338	35,050
Net cash outflow from capital expenditure	(2,392,995)	(3,772,199)
	2014 £	2013 £
Financing		
Issue of ordinary shares	-	1,000,000
Other new loans	5,000,000	-
Repayment of other loans	(200,000)	(150,000)
Issue of shares treated as debt	-	3,000,000
Net cash inflow from financing	4,800,000	3,850,000

25. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2013 £	Cash flow £	Other non-cash changes £	31 March 2014 £
Cash at bank and in hand	1,513,323	(229,496)	-	1,283,827
Debt:				
Debts due within one year	(200,000)	200,000	-	-
Debts falling due after more than one year	(3,000,000)	(5,000,000)	(1,640,034)	(9,640,034)
Net debt	(1,686,677)	(5,029,496)	(1,640,034)	(8,356,207)

KENT COUNTY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

26. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £641,291 (2013: £nil). Contributions totalling £189,500 (2013: £nil) were payable to the fund at the balance sheet date and are included in creditors.

The Group operates a defined benefit pension scheme. Employees transferred from Kent County Council on 1 April 2013 under a TUPE arrangement participate in the Kent County Council Pension Fund (the Fund), part of the Local Government Pension Scheme, a defined benefit statutory scheme. The most recent actuarial valuation was carried out as at 1 April 2013. The opening defined benefit obligation and fair value of the scheme assets were transferred on 1 April 2013. The results have been updated to 31 March 2014 by a qualified independent actuary.

The return on the Fund (on a bid value to bid value basis) for the period to 31 March 2014 is estimated to be 8%.

The amounts recognised in the balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(43,554,000)	-
Fair value of scheme assets	30,448,000	-
	<hr/>	<hr/>
Deficit in scheme	(13,106,000)	-
Deficit at 1 April 2013 not recognised (see below)	11,831,000	-
	<hr/>	<hr/>
Net liability	(1,275,000)	-
	<hr/> <hr/>	<hr/> <hr/>

Under the TUPE arrangements for the transference of staff from Kent County Council to the group on 1 April 2013 there is a calculated deficit in respect of pension benefits provided by the Local Government Pension Scheme of £11,831,000 at that date.

The directors are advised by the actuary that on a scheme funding valuation basis the scheme is fully funded, notwithstanding the deficit calculated under FRS17. On this basis the calculated deficit at 1 April 2013 is not recognised.

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

26. PENSION COMMITMENTS (continued)

The amounts recognised in the profit and loss account are as follows:

	2014 £	2013 £
Current service cost	(2,476,000)	-
Interest on obligation	(1,756,000)	-
Expected return on scheme assets	1,250,000	-
Gains on curtailments and settlements	(417,000)	-
Administration expenses	(22,000)	-
	<u>(3,421,000)</u>	<u>-</u>
Actual return on scheme assets	<u>2,210,000</u>	<u>-</u>

Movements in the present value of the defined benefit obligation were as follows:

	2014 £	2013 £
Opening defined benefit obligation	37,942,000	-
Current service cost	2,476,000	-
Interest cost	1,756,000	-
Contributions by scheme participants	597,000	-
Actuarial losses	676,000	-
Losses on curtailments	417,000	-
Benefits paid	(310,000)	-
	<u>43,554,000</u>	<u>-</u>

Changes in the fair value of scheme assets were as follows:

	2014 £	2013 £
Opening fair value of scheme assets	26,111,000	-
Expected return on assets	1,250,000	-
Actuarial gains and (losses)	960,000	-
Contributions by employer	1,862,000	-
Contributions by scheme participants	597,000	-
Benefits paid	(310,000)	-
Administration expenses	(22,000)	-
	<u>30,448,000</u>	<u>-</u>

The cumulative amount of actuarial gains and losses recognised in the consolidated statement of total recognised gains and losses was £284,000 (2013 - £NIL).

The Group expects to contribute £1,668,000 to its defined benefit pension scheme in 2015.

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

26. PENSION COMMITMENTS (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	71.00 %	- %
Bonds	12.00 %	- %
Property	10.00 %	- %
Cash	3.00 %	- %
Target return portfolio	4.00 %	- %

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are:

	2014	2013
Discount rate at 31 March	4.60 %	- %
Expected return on scheme assets at 31 March	4.60 %	- %
Future salary increases	4.70 %	- %
Future pension increases	2.90 %	- %

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2014	2013
Retiring today		
Males	22.7	-
Females	25.1	-
Retiring in 20 years		
Males	24.9	-
Females	27.4	-

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014	2013
	£	£
Defined benefit obligation	(43,554,000)	-
Scheme assets	30,448,000	-
Deficit	(13,106,000)	-
Experience adjustments on scheme assets	960,000	-

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

27. OPERATING LEASE COMMITMENTS

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings		Other	
	2014	2013	2014	2013
Expiry date:	£	£	£	£
Within 1 year	45,000	-	646,292	60,401
Between 2 and 5 years	-	-	2,107,721	129,579
After more than 5 years	757,350	-	-	89,562
	<u>757,350</u>	<u>-</u>	<u>646,292</u>	<u>129,579</u>

28. 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.

During the year loans from Kent County Council were advanced amounting to £6,640,034 (2013: £200,000). No interest is charged on the loans outstanding at the year end and the amounts are disclosed in other creditors due after 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>2014</u>	<u>2013</u>
	£	£
Sales	55,212,338	32,259,979
Trade Debtors	8,660,761	5,799,754
Purchases	2,690,736	3,367,489
Trade Creditors	(263,417)	(2,148,382)
Other Debtors	2,376,003	205,873
Other Creditors	(556,710)	-
Loan Interest paid @ 5.5%	8,250	13,645

29. POST BALANCE SHEET EVENTS

From 18 August 2014 the facilities management trade carried out by Commercial Services Kent Limited is to be transferred to the ultimate parent undertaking. During the year ended 31 March 2014 the results of the business were turnover of £6,177,046 and profit of £1,119,556 before central overheads.

30. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate controlling party is Kent County Council.

KENT COUNTY TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

31. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Commercial Services Trading Limited	England and Wales	100	Facility Management and Vehicle rental
Kent Top Temps Limited	England and Wales	100	Bus services operator
Commercial Services Kent Limited	England and Wales	100	Employment agency