

Registered number: 04410176

**East Kent Spatial Development Company
(Limited by Guarantee)**

**Directors' report and financial statements
For the year ended 31 March 2004**



East Kent Spatial Development Company
(Limited by Guarantee)

Company information

Member Organisations South East England Development Agency (SEEDA)
Kent County Council (KCC)
Thanet District Council (TDC)
Dover District Council (DDC)
English Partnerships (EP)

Directors	Name	Member Organisation
	A King (chairman)	KCC
	D Tucker	SEEDA
	V Carter	SEEDA
	P Cusdin	SEEDA
	P Dibsdafe	SEEDA
	K Glendinning	SEEDA
	G Hawkins	SEEDA
	P Hudson	SEEDA
	C Moore	SEEDA
	S Priest	SEEDA
	J Sadler	SEEDA
	K Sadler	SEEDA
	S Sadler	SEEDA
	R Durrant	SEEDA (resigned 18/04/04)
	P Rollins	TDC (resigned 17/06/03)
	K Mills	DDC (resigned 27/05/03)
	P Watkins	DDC (appointed 27/05/03)
	R Latchford	TDC (appointed 30/06/03)
	D Innes	EP (appointed 28/04/04)

Secretary D Tucker SEEDA

Chief Executive Officer R Kersey

Company number 04410176

Registered office SEEDA Headquarters
Berkeley House
Cross Lanes
Guildford
Surrey GU1 1YA

Auditors Reeves & Neylan
Chartered Accountants & Registered Auditors
37 St Margarets Street
Canterbury
Kent CT1 2TU

Bankers NatWest Bank Plc
11 The Parade
Canterbury
CT1 2SQ

**East Kent Spatial Development Company
(Limited by Guarantee)**

Contents

	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 8

East Kent Spatial Development Company
(Limited by Guarantee)

Directors' report
For the year ended 31 March 2004

The directors present their report and the financial statements for the year ended 31 March 2004.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The company's principal activity is 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 which are the subject of receipt of Objective 2 and Transitional funding ("Target Area") including, without limitation:

- (a) primarily to undertake or procure the provision of infrastructure works and wider regeneration activities; and
- (b) subject thereto to promote, provide and procure the provision of economic development activities and to promote, provide and procure the provision of other appropriate support activities, including without limitation, advice and training, in each case within or for the benefit of the Target Area.

Directors

The directors who served during the year were:

A King (Chairman) KCC
D Tucker SEEDA
P Hudson SEEDA
V Carter SEEDA
P Cusdin SEEDA
P Dibsdale SEEDA
K Glendinning SEEDA
G Hawkins SEEDA
C Moore SEEDA
J Sadler SEEDA
K Sadler SEEDA
S Sadler SEEDA
S Priest SEEDA
R Durrant SEEDA (resigned 18/04/04)
P Rollins TDC (resigned 17/06/03)
K Mills DDC (resigned 27/05/03)
P Watkins DDC (appointed 27/05/03)
R Latchford TDC (appointed 30/06/03)
D Innes EP (appointed 28/04/04)

East Kent Spatial Development Company
(Limited by Guarantee)

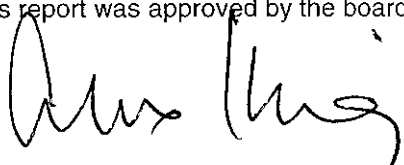
Directors' report
For the year ended 31 March 2004

Auditors

The auditors, Reeves & Neylan, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 1 September 2004 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'A King', written over a horizontal line.

A King (Chairman) KCC
Director

East Kent Spatial Development Company
(Limited by Guarantee)

Independent auditors' report to the members of East Kent Spatial Development Company

We have audited the financial statements of East Kent Spatial Development Company for the year ended 31 March 2004 set out on pages 4 to 8. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and the accounting policies set out on page 6.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor's 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Reeves & Neylan

Chartered Accountants & Registered Auditors
Canterbury

6 September 2004

East Kent Spatial Development Company
(Limited by Guarantee)

Profit and loss account
For the year ended 31 March 2004

	Note	2004 £	2003 £
Grants released	1	173,708	477,408
Cost of sales		<u>(199,424)</u>	<u>(195,532)</u>
Gross (loss)/profit		(25,716)	281,876
Administrative expenses		<u>(99,059)</u>	<u>(118,438)</u>
Operating (loss)/profit	2	(124,775)	163,438
Interest receivable		<u>1,386</u>	<u>71,880</u>
(Loss)/profit on ordinary activities before taxation		(123,389)	235,318
Tax on (loss)/profit on ordinary activities	3	<u>6,183</u>	<u>(21,564)</u>
(Loss)/profit on ordinary activities after taxation		<u>(117,206)</u>	<u>213,754</u>

The notes on pages 6 to 8 form part of these financial statements.

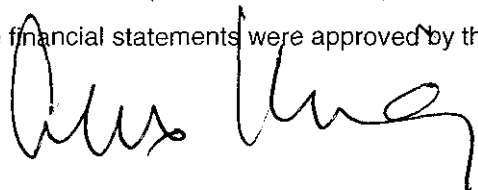
East Kent Spatial Development Company
(Limited by Guarantee)

Balance sheet
As at 31 March 2004

	Note	£	2004 £	£	2003 £
Current assets					
Debtors	5	98,104		74,668	
Cash at bank		35,980		193,827	
		<u>134,084</u>		<u>268,495</u>	
Creditors: amounts falling due within one year	6	(37,536)		(54,741)	
Net current assets			<u>96,548</u>		<u>213,754</u>
Total assets less current liabilities			<u>96,548</u>		<u>213,754</u>
Reserves					
Profit and loss account	8		<u>96,548</u>		<u>213,754</u>
			<u>96,548</u>		<u>213,754</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the board on 1 September 2004 and signed on its behalf.



A King (Chairman) KCC
Director

The notes on pages 6 to 8 form part of these financial statements.

East Kent Spatial Development Company
(Limited by Guarantee)

Notes to the financial statements
For the year ended 31 March 2004

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 the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.3 Turnover

Income derives from two principal sources. Firstly from grants released (see note 1.6). Secondly from the invoiced value of connection charges to the infrastructure supplied by the company.

1.4 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

1.5 Long-term contracts

Work in progress is valued at the lower of cost and net realisable value. Turnover and related costs are recorded as contract activity progresses. Cost includes all direct expenditure and appropriate fixed and variable overheads. Turnover is calculated as that proportion of grants receivable which matches costs incurred to date. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.6 Grants

The company's activities are funded primarily by grant aid. Grants payable by member organisations are given to finance the general activities of the company. Such grants are recognised in the profit and loss account of the period in respect of which they become receivable.

Other grants receivable of a revenue nature are credited to the profit and loss account in the year to which they relate.

2. Operating (loss)/profit

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

	2004	2003
	£	£
Auditors' remuneration	2,350	1,175

During the year, no director received any emoluments (2003 - £nil).

3. Taxation

	2004	2003
	£	£
Analysis of tax charge in year		
UK corporation tax charge on profits of the year	-	21,564
Adjustments in respect of prior periods	(6,183)	-
Tax on profit on ordinary activities	(6,183)	21,564

East Kent Spatial Development Company
(Limited by Guarantee)

Notes to the financial statements
For the year ended 31 March 2004

3. Taxation (continued)

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK.

There were no factors that may affect future tax charges.

4. Stocks

	2004 £	2003 £
Total costs incurred to date	23,708	-
Less: Cumulative amounts recorded as cost of sales	(23,708)	-
	<u>-</u>	<u>-</u>

5. Debtors

	2004 £	2003 £
Due within one year		
Other debtors	74,396	74,668
Amounts recoverable on long term contracts	23,708	-
	<u>98,104</u>	<u>74,668</u>

6. Creditors:
Amounts falling due within one year

	2004 £	2003 £
Trade creditors	33,859	30,675
Corporation tax	-	21,564
Other creditors	3,677	2,502
	<u>37,536</u>	<u>54,741</u>

7. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

East Kent Spatial Development Company
(Limited by Guarantee)

Notes to the financial statements
For the year ended 31 March 2004

8. Reserves

Profit and loss account	£
At 1 April 2003	213,754
Loss retained for the year	(117,206)
	<hr/>
At 31 March 2004	96,548
	<hr/>

9. Related party transactions

During the period the Company received grants totalling £60,000 (2003: £280,000) from South East England Development Agency (see note 11).

During the period the Company received grants totalling £60,000 (2003: £NIL) from Kent County Council, a member of the Company. The Company also purchased project management services from Kent County Council totalling £NIL (2003: £33,936), was recharged consultancy costs totalling £NIL (2003: £103,548) and was recharged administrative costs totalling £NIL (2003: £329).

During the period the Company received grants totalling £15,000 (2003: £NIL) from Dover District Council, a member of the Company.

Also during the period the Company received grants totalling £15,000 (2003: £NIL) and was recharged premises expenses totalling £14,364 (2003: £8,689) from Thanet District Council, a member of the Company. The balance owed by the Company to Thanet District Council at the year end was £1,986 (2003: £NIL).

10. Post balance sheet events

On 14 April 2004 the company signed a contract with EDF Utilities to develop an area of land in Central Island Thanet and Sandwich Corridor. Proof of funding for the project was a pre-requisite of this contract.

A grant by the European Regional Development Fund (ERDF) for this project was agreed on 22 March 2004. This grant is for a maximum of £3,963,489 and covers 35% of specified costs. £234,605 of this grant was received on 29 April 2004.

A further grant from Thanet District Council Regeneration Board's Single Regeneration Budget (SRB) was signed on 24 March 2004. Funds totalling £2,573,144 were received from SRB on 1 April 2004. This grant covers 65% of specified costs.

11. Controlling party

Throughout the period the Company was controlled by South East England Development Agency as a majority of directors on the board are appointed by this agency.