

Registered number: 04410176

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

**Directors' report and financial statements**  
**For the year ended 31 March 2006**



**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
D Tucker	SEEDA
V Carter	SEEDA
P Cusdin	SEEDA
G Hawkins	SEEDA
P Hudson	SEEDA
C Moore	SEEDA
S Priest	SEEDA
J Sadler	SEEDA
K Sadler	SEEDA
S Sadler	SEEDA
R Latchford	TDC
R Gough (chairman)	DDC (appointed 05/09/06)

**Secretary**

D Tucker	SEEDA
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**Chief executive Office**

D Spalding

**Company number**

04410176

**Registered office**

Kent Innovation Centre  
Thanet Reach Business Park  
Broadstairs  
Kent  
CT10 2QQ

**Auditors**

Reeves and Neylan  
Chartered Accountants & Registered Auditors  
37 St Margaret's Street  
Canterbury  
Kent  
CT1 2TU

**Bankers**

NatWest Bank Plc  
Canterbury  
CT1 2SQ

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

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

**Directors' report**  
**For the year ended 31 March 2006**

The directors present their report and the financial statements for the year ended 31 March 2006.

**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information (s. 234ZA (2)).

**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.

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

**Directors' report  
For the year ended 31 March 2006**

**Directors**

The directors who served during the year were:

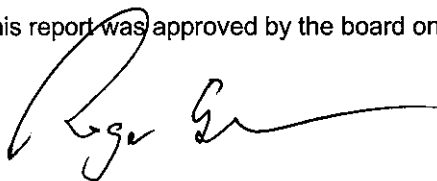
A King KCC (resigned 01/11/05)  
D Tucker SEEDA  
V Carter SEEDA  
P Cusdin SEEDA  
K Glendinning SEEDA (resigned 05/05/06)  
G Hawkins SEEDA  
P Hudson SEEDA  
C Moore SEEDA  
S Priest SEEDA  
J Sadler SEEDA  
K Sadler SEEDA  
S Sadler SEEDA  
P Watkins DDC (resigned 30/06/06)  
R Latchford TDC  
D Innes EP (resigned 02/05/06)  
G Gibbens (resigned 05/09/06)  
R Gough (chairman) (appointed 05/09/06)

**Auditors**

The auditors, Reeves and 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 13 September 2006 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'R Gough', with a long horizontal flourish extending to the right.

**R Gough (chairman)**  
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 2006 set out on pages 5 to 9. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005) .

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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 other transactions is not disclosed.

We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

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

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

**Opinion**

In our opinion the financial statements:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Reeves + Neylan*

**Reeves and Neylan**

Chartered Accountants & Registered Auditors

Canterbury

13 September 2006

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

**Profit and loss account**  
**For the year ended 31 March 2006**

	<b>Note</b>	<b>2006 £</b>	<b>2005 £</b>
<b>Turnover</b>	<b>1</b>	<b>141,082</b>	158,778
Cost of sales		<u>(21,981)</u>	<u>(36,236)</u>
<b>Gross profit</b>		<b>119,101</b>	122,542
Administrative expenses		<u>(117,368)</u>	<u>(145,614)</u>
<b>Operating profit/(loss)</b>	<b>2</b>	<b>1,733</b>	(23,072)
Interest receivable		<u>136,331</u>	<u>102,835</u>
<b>Profit on ordinary activities before taxation</b>		<b>138,064</b>	79,763
Tax on profit on ordinary activities	<b>3</b>	<u>(35,024)</u>	<u>(26,803)</u>
<b>Profit on ordinary activities after taxation</b>		<u><b>103,040</b></u>	<u>52,960</u>

The notes on pages 7 to 9 form part of these financial statements.



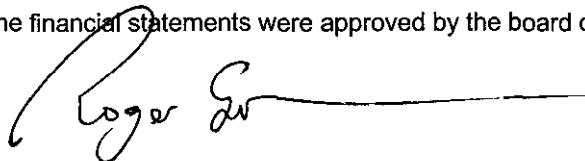
**East Kent Spatial Development Company**  
**(Limited by Guarantee)**

**Balance sheet**  
**As at 31 March 2006**

	Note	£	2006 £	£	2005 £
<b>Current assets</b>					
Debtors	4	3,423,706		1,117,892	
Cash at bank		2,545,454		2,068,870	
		<u>5,969,160</u>		<u>3,186,762</u>	
<b>Creditors:</b> amounts falling due within one year	5	<u>(427,548)</u>		<u>(208,473)</u>	
<b>Net current assets</b>			<u>5,541,612</u>		<u>2,978,289</u>
<b>Total assets less current liabilities</b>			<u>5,541,612</u>		<u>2,978,289</u>
<b>Creditors:</b> amounts falling due after more than one year	6		<u>(5,289,064)</u>		<u>(2,828,781)</u>
<b>Net assets</b>			<u><u>252,548</u></u>		<u><u>149,508</u></u>
<b>Capital and reserves</b>					
Profit and loss account	8		<u>252,548</u>		<u>149,508</u>
			<u><u>252,548</u></u>		<u><u>149,508</u></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 January 2005).

The financial statements were approved by the board on 13 September 2006 and signed on its behalf.



**R Gough (chairman)**  
Director

The notes on pages 7 to 9 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 2006**

**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 January 2005).

**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 January 2005).

**1.3 Turnover**

All turnover derives grants released (see note 1.6).

**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 Grants**

The company's activities are funded primarily by grant aid.

Grants by member organisations are given to finance the general administration of the company. Such grants are recognised in the profit and loss account of the period in which they become receivable.

Other grants receivable of a revenue nature are credited to the profit and loss account in the period to which the expenditure, towards which they are intended to contribute, are incurred.

Other grants receivable to finance loans made by the company are credited to the profit and loss account in the period in which repayment is made.

**2. Operating profit/(loss)**

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

	2006	2005
	£	£
Auditors' remuneration	3,584	2,644
	<hr/>	<hr/>

During the year, no director received any emoluments (2005 - £nil).

**3. Taxation**

	2006	2005
	£	£
<b>Analysis of tax (credit)/charge in year</b>		
UK corporation tax charge on profits of the year	36,398	26,803
Adjustments in respect of prior periods	(1,374)	-
	<hr/>	<hr/>
<b>Total current tax</b>	35,024	26,803
	<hr/>	<hr/>
<b>Tax on profit on ordinary activities</b>	35,024	26,803
	<hr/>	<hr/>

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

**Notes to the financial statements**  
**For the year ended 31 March 2006**

**3. Taxation (continued)**

**Factors affecting tax charge for year**

The company operates as a not for profit organisation and has not traded for tax purposes. As such the company does not pay tax on its operating profit / (loss). However the company is liable to tax on interest earned both on bank deposits and loans made.

**Factors that may affect future tax charges**

There are no additional factors affecting future tax charges other than those mentioned above.

**4. Debtors**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Due after more than one year</b>		
Other debtors	<b>3,115,984</b>	1,097,481
Prepayments and accrued income	<b>55,435</b>	9,569
<b>Due within one year</b>		
Other debtors	<b>252,287</b>	10,842
	<b><u>3,423,706</u></b>	<b><u>1,117,892</u></b>

Other debtors receivable after more than one year relate to loans made to utility service providers to finance the installation of new network projects. These loans will be repayable once the network projects are completed and customers connect to the networks. These projects are at an early stage and will take a number of years to complete. As these loans will not be repayable in the near future, there is inevitably an element of uncertainty over their recoverability. However the directors are of the opinion that no provision is currently required.

**5. Creditors:**  
**Amounts falling due within one year**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Grants received in advance	<b>372,000</b>	165,000
Trade creditors	<b>8,604</b>	9,104
Corporation tax	<b>36,398</b>	26,803
Other creditors	<b>10,546</b>	7,566
	<b><u>427,548</u></b>	<b><u>208,473</u></b>

**6. Creditors:**  
**Amounts falling due after more than one year**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Grants received in advance	<b><u>5,289,064</u></b>	<b><u>2,828,781</u></b>

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

**Notes to the financial statements**  
**For the year ended 31 March 2006**

**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.

**8. Reserves**

**Profit and loss account**

£

At 1 April 2005

149,508

Profit retained for the year

103,040

At 31 March 2006

252,548

**9. Contingent liabilities**

The company has a contingent liability to refund a proportion of grants received if the company fails to reach targets set out within the funding agreements and fails to revise those agreements through current negotiations now taking place. Based on current estimates this contingent liability amounts to £2,750,000, which would be financed by the repayment of loans made by the company. The negotiations are expected to be completed during the summer of 2006.

**10. Related party transactions**

During the year the Company was recharged premises expenses totalling £12,290 (2005: £12,959) from Thanet District Council, a member of the Company. The balance owed by the Company to Thanet District Council at the year end was £197 (2004: £957). Included within prepayments is an amount of £1,336 (2004: £nil) relating to monies paid to Thanet District Council in advance.

During the year the company received a Single Regeneration Budget (SRB) grant in advance of £nil (2005: £2,573,144), which was administered through Thanet District Council as the accountable body for the SRB programme. The unutilised balance remaining from the grant at the year end was £2,301,234 (2005: £2,390,436), and is included in Grants received in advance within creditors.

During the year the Company also received a grant from English Partnerships of £2,000,000 (2005: £nil). The unutilised balance remaining from the grant at the year end was £2,000,000 (2005: £nil), and is included in Grants received in advance within creditors.

**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.