

Registered number: 04410176

East Kent Spatial Development Company
(A company limited by guarantee)

Directors' Report and Financial Statements

For the year ended 31 March 2017

TUESDAY



A6LN4ZH6

A08

19/12/2017

#12

COMPANIES HOUSE

East Kent Spatial Development Company
(A company limited by guarantee)

Company Information

Member Organisations

Kent County Council (KCC)
University of Kent (UoK)
Locate in Kent (LiK)
Thanet District Council (TDC)
Dover District Council (DDC)
Shepway District Council (SDC)
Canterbury City Council (CCC)

Directors

P Wookey (LiK)
M Dance (KCC)
P Watkins (DDC) (resigned 30 September 2017)
C Barron (UoK)
P Czarnomski (UoK)
D Monk (SDC)
S Cook (CCC)
H Stummer-Schmertzing (TDC)
K Morris (DDC) (appointed 18 October 2017)

**Company secretary & Chief
executive officer**

D Spalding

Registered number

04410176

Registered office

Clover House
John Wilson Business Park
Chestfield
Whitstable
Kent
CT5 3QZ

Independent auditors

Kreston Reeves LLP
Statutory Auditor & Chartered Accountants
37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Bankers

NatWest Bank Plc
11 The Parade
Canterbury
Kent
CT1 2SQ

East Kent Spatial Development Company
(A company limited by guarantee)

Contents

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Statement of comprehensive income	5
Balance sheet	6
Notes to the financial statements	7 - 21

East Kent Spatial Development Company
(A company limited by guarantee)

Directors' Report
For the year ended 31 March 2017

The Directors present their report and the financial statements for the year ended 31 March 2017.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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 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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

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, Dover District Council, Shepway District Council and Canterbury City Council 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:

P Wookey (LiK)
M Dance (KCC)
P Watkins (DDC) (resigned 30 September 2017)
C Barron (UoK)
P Czarnomski (UoK)
D Monk (SDC)
S Cook (CCC)
H Stummer-Schmertz (TDC)
K Morris (DDC) (appointed 18 October 2017)

East Kent Spatial Development Company
(A company limited by guarantee)

Directors' Report (continued)
For the year ended 31 March 2017

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 the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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's auditors are aware of that information.

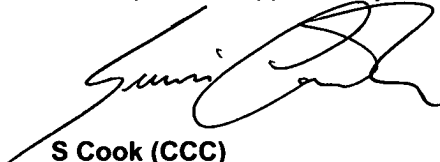
Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 12 December 2017 and signed on its behalf.



S Cook (CCC)
Director

East Kent Spatial Development Company
(A 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 2017, set out on pages 5 to 21. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 1, 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 Company's affairs as at 31 March 2017 and of its 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.

Emphasis of matter

Valuation of other debtors

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 2.6 to the financial statements concerning the value of other debtors which is dependent upon performance criteria outside the company's control. The ultimate value of these other debtors cannot be presently determined.

East Kent Spatial Development Company
(A company limited by guarantee)

Independent Auditors' Report to the Members of East Kent Spatial Development Company (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' report and take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Kreston Reeves LLP

Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Canterbury

12 December 2017

East Kent Spatial Development Company
(A company limited by guarantee)

Statement of Comprehensive Income
For the year ended 31 March 2017

	Note	2017 £	2016 £
Turnover		940,357	926,627
Cost of sales		(582,342)	(539,670)
Gross profit		358,015	386,957
Administrative expenses		(163,390)	(121,258)
		194,625	265,699
Other operating income	4	1,926,120	-
Fair value movements		(1,120,863)	-
Total operating profit		999,882	265,699
Revaluation of investment properties		400,000	-
Interest receivable and similar income		37,347	30,453
Interest payable and expenses		-	(1,500)
Profit before tax		1,437,229	294,652
Tax on profit	6	(188,796)	(5,061)
Profit for the financial year		1,248,433	289,591

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 7 to 21 form part of these financial statements.

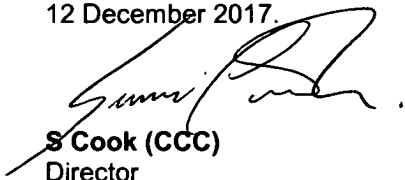
East Kent Spatial Development Company
(A company limited by guarantee)
Registered number: 04410176

Balance Sheet
As at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	7	19,045	1,728
Investment property	8	5,401,120	3,075,000
		<u>5,420,165</u>	<u>3,076,728</u>
Current assets			
Debtors	9	5,222,432	5,309,967
Cash at bank and in hand		1,880,314	4,632,437
		<u>7,102,746</u>	<u>9,942,404</u>
Creditors: amounts falling due within one year	10	(339,852)	(407,182)
Net current assets		<u>6,762,894</u>	<u>9,535,222</u>
Total assets less current liabilities		<u>12,183,059</u>	<u>12,611,950</u>
Creditors: amounts falling due after more than one year	11	(5,660,548)	(7,586,668)
Provisions for liabilities			
Deferred tax	14	(802,296)	(553,500)
		<u>(802,296)</u>	<u>(553,500)</u>
Net assets		<u>5,720,215</u>	<u>4,471,782</u>
Capital and reserves			
Reserves		5,720,215	4,471,782
		<u>5,720,215</u>	<u>4,471,782</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 December 2017.


S Cook (CCC)
 Director

The notes on pages 7 to 21 form part of these financial statements.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

1. General information

East Kent Spatial Development Company is a company limited by guarantee incorporated in England. The address of the registered office is Clover House, John Wilson Business Park, Chestfield, Whitstable, CT5 3QZ.

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, Dover District Council, Shepway District Council and Canterbury City Council.

The financial statements are presented in sterling which is the functional currency of the company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 19.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

There is no certainty over the timing and future value of the other debtor loan repayments and consequently the carrying value of the loans which are valued at the Directors' best estimate of fair value. The carrying value includes a significant unrealised deficit which in the opinion of the Directors is necessary to show these balances at their recoverable value.

The recognition of the unrealised deficit relating to the revaluation of other debtors does not impact on the company's financial facilities. The company has received repayments and expects to continue to receive repayments from its other debtors valued as per note 2.6.

The company made a profit before grant releases and fair value movements of £194,625 (2016: £265,699). The company has £1,880,314 (2016: £4,632,437) included in cash at the bank. As a consequence the Directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook and uncertainty over the carrying value of utility loans (see note 2.6).

After making enquiries, the Directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office Equipment	-	33%
------------------	---	-----

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Investment property

Investment property is carried at fair value based on the latest valuation undertaken, derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. The 2017 valuations were undertaken by the Directors informed by valuations by Caxtons Commercial Limited Chartered Surveyors. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

2. Accounting policies (continued)

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Utility loans

Other debtors include loans made to a utility provider to finance new infrastructure works in East Kent. The loans (utility loans) are index linked to RPI and are repayable as and when third parties pay the utility provider to connect to the new utility infrastructure. The amount of utility loan repayable is proportionate to the capacity connected as a percentage of the total capacity of the new utility network.

In order to make these utility loans the company has received grants (see note 2.10). At the point of repayment, the grant made to finance the utility loan is transferred from designated grants in advance to unrestricted grants in advance.

The utility loans have been treated as other financial instruments and are measured at fair value, being the present value of future payments discounted at a market rate of interest for a similar debt instrument. Any movement in the value of this estimate, other than from draw down or repayment, is taken to the Statement of comprehensive income.

The directors do not envisage 100% connection to the network and therefore they have made a provision to reduce the value of utility loans to their estimated fair value. There is no certainty over the timing and percentage connection to the network that will be achieved. As such there is significant uncertainty over the carrying value of utility loans.

Fair value is the directors' best estimate of the discounted future income stream arising from the repayment of the utility loans based on the latest professional consideration of the likely repayments. Repayments are linked to the Retail Price Index up to March 2019 and it is assumed that this will continue to rise at 3.5% per annum. The discount rate applied is also assumed to be 3.5%.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

2. Accounting policies (continued)

2.8 Financial instruments

Other than the Company's utility loans, the Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors; and loans to related and other parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

2. Accounting policies (continued)

2.10 Grants

Grants received in respect of investment properties

Investment property related grants are accounted for in accordance with the performance model. Under the performance model:

- A grant that specifies performance conditions is recognised in other operating income when the performance criteria are met;
- A grant that does not specify performance conditions is recognised in other operating income when the proceeds are received or receivable;
- A grant received before the recognition criteria are satisfied is recognised as a liability

Grants received in respect of revenue expenditure

Grants relating to revenue expenditure are accounted for in accordance with the accrual model. Under the accrual model grants relating to revenue shall be recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Grants received to finance utility loans

Grants receivable to finance utility loans are accounted for under the accrual model. Under the accrual model grants relating to utility loans shall be transferred from designated grants in advance to unrestricted grants in advance in the period in which repayment or other reduction of the other debtor to which they relate is made.

2.11 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgments, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgments have had the most significant impact on amounts recognised in the financial statements:

Going concern

In the judgment of the directors it is appropriate to prepare the financial statements in accordance with the going concern basis of accounting. See note 2.2 for further details.

Investment properties

The company holds investment property with fair value of £5,401,120 at the year end (see note 8). In order to determine the fair value of investment property the company has engaged independent valuation specialists with experience in the location and nature of the property being valued. They have used a valuation technique based on comparable market data. The determined fair value of the investment property is most sensitive to fluctuations in the property market.

Debtors

The company has made loans to a utility provider. The utility loans have been treated as other financial instruments and are measured at fair value, being the present value of future payments discounted at a market rate of interest for a similar debt instrument. Fair value is taken as the Directors' best estimate of the discounted future income stream arising from the repayment of the utility loans (see note 2.6).

Any movement in the value of this estimate, other than from the draw down or repayment, is taken to the statement of comprehensive income.

The Directors do not envisage 100% connection to the network and therefore they have made a provision to reduce the value of utility loans to their estimated fair value. There is no certainty over the timing and percentage connection to the network that will be achieved. As such there is significant uncertainty over the carrying value of utility loans.

Grants

Grants relating to investment properties are accounted for under the performance model. In the opinion of the Directors' all performance criteria have been met and thus all appropriate grant income has been released.

4. Other operating income

	2017 £	2016 £
Grants released in relation to the acquisition of investment properties	1,926,120	-
	<u>1,926,120</u>	<u>-</u>

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

5. Employees

The average monthly number of employees, including directors, during the year was 2 (2016 - 2).

6. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	-	60,000
Adjustments in respect of previous periods	(60,000)	6,561
Total current tax	<u>(60,000)</u>	<u>66,561</u>
Deferred tax		
Changes to tax rates	(30,750)	(61,500)
Origination and reversal of timing differences	279,546	-
Total deferred tax	<u>248,796</u>	<u>(61,500)</u>
Taxation on profit on ordinary activities	<u><u>188,796</u></u>	<u><u>5,061</u></u>

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

7. Tangible fixed assets

	Furniture, fittings and equipment £
Cost or valuation	
At 1 April 2016	9,406
Additions	19,102
At 31 March 2017	<u>28,508</u>
Depreciation	
At 1 April 2016	7,678
Charge for the year on owned assets	1,785
At 31 March 2017	<u>9,463</u>
Net book value	
At 31 March 2017	<u>19,045</u>
At 31 March 2016	<u>1,728</u>

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

8. Investment property

	Long term Leasehold investment property £
Valuation	
At 1 April 2016	3,075,000
Additions at cost	1,926,120
Surplus on revaluation	400,000
	<hr/>
At 31 March 2017	5,401,120
	<hr/> <hr/>

The 31 March 2017 valuations were made by the Directors, informed by valuations undertaken by Caxtons Commercial Limited Chartered Surveyors, on a fair value basis.

Caxtons Commercial Limited Chartered Surveyors are an independent professionally qualified valuer with recent experience in the location.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2017 £	2016 £
Historic cost	10,308,367	8,382,247
Accumulated impairments	(4,907,247)	(5,307,247)
	<hr/>	<hr/>
	5,401,120	3,075,000
	<hr/> <hr/>	<hr/> <hr/>

9. Debtors

	2017 £	2016 £
Due after more than one year		
Other debtors	4,773,069	5,269,112
	<hr/>	<hr/>
	4,773,069	5,269,112
Due within one year		
Trade debtors	31,438	12,913
Other debtors	386,147	-
Prepayments and accrued income	31,778	27,942
	<hr/>	<hr/>
	5,222,432	5,309,967
	<hr/> <hr/>	<hr/> <hr/>

Other debtors include loans made to a utility service provider to finance the installation of new network infrastructure, see note 13 and note 2.6.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

10. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	33,148	26,309
Corporation tax	7,500	67,500
Other taxation and social security	-	15,668
Other creditors	159,316	146,398
Accruals and deferred income	139,888	151,307
	<u>339,852</u>	<u>407,182</u>

11. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Grants received in advance (see note 12)	5,660,548	7,586,668
	<u>5,660,548</u>	<u>7,586,668</u>

12. Grants received in advance

	2017 £	2016 £
Designated grants - other debtors	4,831,055	5,603,244
Unrestricted grants	829,493	1,983,424
	<u>5,660,548</u>	<u>7,586,668</u>

Designated grants

These relate to grants received in order to finance other debtor loans made by the company. They are converted to unrestricted grants once the repayment of the other debtor falls due. The balance includes Single Regeneration Budget funding administered through TDC of £1,217,876 (2016: £1,412,540), and other third party funding of £3,613,179 (2016: £4,190,704).

Unrestricted grants

These relate to those grants received by the company that the company is able to use for whatever purpose it deems appropriate. The balance includes unreleased general grant funding of £57,304 (2016: £300,430) and converted other debtor grants of £772,189 (2016: £1,682,994).

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

13. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	3,975,326	5,096,189
	<u>3,975,326</u>	<u>5,096,189</u>

Financial assets measured at fair value through profit or loss comprise loans made to a utility provider which are held in other debtors. The valuation principles of these loans and related uncertainties are described in note 2.6.

14. Deferred taxation

	2017 £
At beginning of year	(553,500)
Charged to Statement of comprehensive income	(248,796)
At end of year	<u>(802,296)</u>

The deferred tax liability is made up as follows:

	2017 £
Tax losses carried forward	115,894
Grant funding of property acquisitions	(918,190)
	<u>(802,296)</u>

15. 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.

16. Contingent liabilities

The company has received grants contingent on meeting certain performance criteria. The Directors are confident that the company will meet these performance criteria.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

17. Other financial commitments

As at 31 March 2017, the company had made a commitment to make a loan to an unrelated third party totalling £750,000 (2016: £750,000). All of this (2016: £150,000) had been advanced and is included within other debtors due after more than one year. The loan is interest bearing and repayable over 10 years from the date of completion of the project being financed.

18. Controlling party

There is no controlling party for the company.

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

19. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2015. The impact of the transition to FRS 102 is as follows:

		As previously stated 1 April 2015 £	Effect of transition 1 April 2015 £	FRS 102 (as restated) 1 April 2015 £	As previously stated 31 March 2016 £	Effect of transition 31 March 2016 £	FRS 102 (as restated) 31 March 2016 £
	Note						
Fixed assets		3,077,990	-	3,077,990	3,076,728	-	3,076,728
Current assets	1	9,636,602	-	9,636,602	9,942,405	-	9,942,405
Creditors: amounts falling due within one year		(330,732)	-	(330,732)	(407,182)	-	(407,182)
Net current assets		9,305,870	-	9,305,870	9,535,223	-	9,535,223
Total assets less current liabilities		12,383,860	-	12,383,860	12,611,951	-	12,611,951
Creditors: amounts falling due after more than one year		(7,586,668)	-	(7,586,668)	(7,586,668)	-	(7,586,668)
Provisions for liabilities	1	-	(615,000)	(615,000)	-	(553,500)	(553,500)
Net assets		4,797,192	(615,000)	4,182,192	5,025,283	(553,500)	4,471,783
Capital and reserves		4,797,192	(615,000)	4,182,192	5,025,283	(553,500)	4,471,783

East Kent Spatial Development Company
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2017

19. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 March 2016 £	Effect of transition 31 March 2016 £	FRS 102 (as restated) 31 March 2016 £
Turnover		926,627	-	926,627
Cost of sales		(539,670)	-	(539,670)
		<hr/>	<hr/>	<hr/>
		386,957	-	386,957
Administrative expenses		(121,258)	-	(121,258)
		<hr/>	<hr/>	<hr/>
Operating profit		265,699	-	265,699
Interest receivable and similar income		30,453	-	30,453
Interest payable and similar charges		(1,500)	-	(1,500)
Taxation	1	(66,561)	61,500	(5,061)
		<hr/>	<hr/>	<hr/>
Profit on ordinary activities after taxation and for the financial year		228,091	61,500	289,591
		<hr/>	<hr/>	<hr/>

Explanation of changes to previously reported profit and reserves:

- 1 In accordance with the requirements of FRS102 the company has recognised deferred tax in respect of the eventual sale of its investment properties.