

Registered number: 04410176

East Kent Spatial Development Company
(Limited by Guarantee)

Directors' report and financial statements
For the year ended 31 March 2005



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 Dibsdale	SEEDA (resigned 14/07/04)
	R Durrant	SEEDA (resigned 18/04/04)
	K Glendinning	SEEDA
	G Hawkins	SEEDA
	P Hudson	SEEDA
	C Moore	SEEDA
	S Priest	SEEDA
	J Sadler	SEEDA
	K Sadler	SEEDA
	S Sadler	SEEDA
	P Watkins	DDC
	R Latchford	TDC
	D Innes	EP (appointed 28/04/04)

Secretary	D Tucker	SEEDA
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Chief Executive Officer	R Kersey
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Company number	04410176
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Registered office	SEEDA Headquarters Berkeley House Cross Lanes Guildford Surrey GU1 1YA
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Auditors	Reeves & Neylan Chartered Accountants 37 St Margarets Street Canterbury Kent CT1 2TU
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Bankers	NatWest Bank Plc 11 The Parade Canterbury CT1 2SQ
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East Kent Spatial Development Company
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East Kent Spatial Development Company
(Limited by Guarantee)

Directors' report
For the year ended 31 March 2005

The directors present their report and the financial statements for the year ended 31 March 2005.

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
V Carter SEEDA
P Cusdin SEEDA
P Dibsdale SEEDA (resigned 14/07/04)
R Durrant SEEDA (resigned 18/04/04)
K Glendinning SEEDA
G Hawkins SEEDA
P Hudson SEEDA
C Moore SEEDA
S Priest SEEDA
J Sadler SEEDA
K Sadler SEEDA
S Sadler SEEDA
P Watkins DDC
R Latchford TDC
D Innes EP (appointed 28/04/04)

East Kent Spatial Development Company
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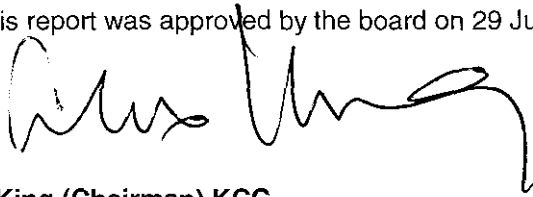
Directors' report
For the year ended 31 March 2005

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 29 June 2005 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'A King', with a long, sweeping horizontal stroke extending to the right.

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 2005 set out on pages 4 to 9. 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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Reeves + Neylan

Reeves & Neylan

Chartered Accountants & Registered Auditors

Canterbury

29 June 2005

East Kent Spatial Development Company
(Limited by Guarantee)

Profit and loss account
For the year ended 31 March 2005

	Note	2005 £	2004 £
Turnover	1	158,778	173,708
Cost of sales		<u>(36,236)</u>	<u>(199,424)</u>
Gross profit/(loss)		122,542	(25,716)
Administrative expenses		<u>(145,614)</u>	<u>(99,059)</u>
Operating loss	2	(23,072)	(124,775)
Interest receivable		<u>102,835</u>	<u>1,386</u>
Profit/(loss) on ordinary activities before taxation		79,763	(123,389)
Tax on profit/(loss) on ordinary activities	3	<u>(26,803)</u>	<u>6,183</u>
Profit/(loss) on ordinary activities after taxation		<u>52,960</u>	<u>(117,206)</u>

The notes on pages 6 to 9 form part of these financial statements.

East Kent Spatial Development Company
(Limited by Guarantee)

Balance sheet
As at 31 March 2005

	Note	£	2005 £	£	2004 £
Current assets					
Debtors	5	1,117,892		98,104	
Cash at bank		2,068,870		35,980	
		<u>3,186,762</u>		<u>134,084</u>	
Creditors: amounts falling due within one year	6	(208,473)		(37,536)	
Net current assets			<u>2,978,289</u>		<u>96,548</u>
Total assets less current liabilities			<u>2,978,289</u>		<u>96,548</u>
Creditors: amounts falling due after more than one year	7		(2,828,781)		-
Net assets			<u><u>149,508</u></u>		<u><u>96,548</u></u>
Capital and reserves					
Profit and loss account	9		<u>149,508</u>		<u>96,548</u>
			<u><u>149,508</u></u>		<u><u>96,548</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 June 2002).

The financial statements were approved by the board on 29 June 2005 and signed on its behalf.


A King (Chairman) KCC
Director

The notes on pages 6 to 9 form part of these financial statements.

East Kent Spatial Development Company
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Notes to the financial statements
For the year ended 31 March 2005

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. 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 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 loss

The operating loss is stated after charging:

	2005	2004
	£	£
Auditors' remuneration	2,644	2,350

During the year, no director received any emoluments (2004 - *£nil*).

East Kent Spatial Development Company
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Notes to the financial statements
For the year ended 31 March 2005

3. Taxation

	2005 £	2004 £
Analysis of tax charge/(credit) in year		
UK corporation tax charge on profits of the year	26,803	-
Adjustments in respect of prior periods	-	(6,183)
Total current tax	<u>26,803</u>	<u>(6,183)</u>
Tax on profit/(loss) on ordinary activities	<u>26,803</u>	<u>(6,183)</u>

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. Stocks and work in progress

	2005 £	2004 £
Total costs incurred to date	-	23,708
Less: Cumulative amounts released to cost of sales	-	(23,708)
	<u>-</u>	<u>-</u>

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Notes to the financial statements
For the year ended 31 March 2005

5. Debtors

	2005 £	2004 £
Due after more than one year		
Other debtors	1,097,481	-
Prepayments and accrued income	9,569	-
Due within one year		
Other debtors	10,842	74,396
Amounts recoverable on long term contracts	-	23,708
	<u>1,117,892</u>	<u>98,104</u>

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.

6. Creditors:
Amounts falling due within one year

	2005 £	2004 £
Grants received in advance	165,000	-
Trade creditors	9,104	33,859
Corporation tax	26,803	-
Other creditors	7,566	3,677
	<u>208,473</u>	<u>37,536</u>

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

	2005 £	2004 £
Grants received in advance	<u>2,828,781</u>	<u>-</u>

8. 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
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Notes to the financial statements
For the year ended 31 March 2005

9. Reserves

Profit and loss account	£
At 1 April 2004	96,548
Profit retained for the year	52,960
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At 31 March 2005	149,508
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10. Related party transactions

During the period the Company received grants totalling £Nil (2004: £60,000) from South East England Development Agency (see note 11).

During the period the Company received grants totalling £Nil (2004: £60,000) from Kent County Council, a member of the Company.

During the period the Company received grants totalling £Nil (2004: £15,000) from Dover District Council, a member of the Company.

During the period the Company received grants totalling £Nil (2004: £15,000) and was recharged premises expenses totalling £12,959 (2004: £14,364) from Thanet District Council, a member of the Company. The balance owed by the Company to Thanet District Council at the year end was £957 (2004: £1,986). Also during the period the company received a Single Regeneration Budget (SRB) grant in advance of £2,573,144 (2004: £Nil), 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 £2,390,436, 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.