

**LOCATE IN KENT LIMITED
(LIMITED BY GUARANTEE)**

Directors' report and financial statements

31 March 1998



**LOCATE IN KENT LIMITED
(LIMITED BY GUARANTEE)**

Directors' report and financial statements

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**LOCATE IN KENT LIMITED
(LIMITED BY GUARANTEE)**

Registered Office

26 Kings Hill Avenue, Kings Hill, West Malling, Kent ME19 4AE

Professional Advisers

Bankers

National Westminster Bank Plc, 3 High Street, Maidstone, Kent ME14 1SA

Auditors

KPMG, PO Box 486, Maidstone, Kent ME18 5RY

Solicitors

Argles & Court, 12 Mill Street, Maidstone, Kent ME15 6XU

LOCATE IN KENT LIMITED

(LIMITED BY GUARANTEE)

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 1998, the company's first year of operation.

Principal activities

The company exists to encourage companies to relocate to Kent from UK and overseas, thereby increasing the prosperity of Kent through economic development and employment opportunities. The company actively markets the County of Kent and provides a competitive support package for potential investors.

Business Review

The company delivered excellent performance in its first year of operation, attracting over 2,100 new jobs to the County, which was significantly above the target set. This first year has also brought more emphasis on partnerships between the public and private sectors, representing the core funders.

The company made a small deficit in the year and the results for the year are summarised below:

	Year ended 31 March 1998 £
Income	1,749,959
Deficit of income over expenditure before taxation	(2,071)
Taxation	(1,947)
Deficit of income over expenditure charged to reserves	(4,018)

Directors' and officers' insurance

The company maintains insurance for directors and officers against liabilities in relation to the company under the Kent TEC insurance policy.

Donations

There were no political or charitable donations made during the year.

LOCATE IN KENT LIMITED (LIMITED BY GUARANTEE)

Directors

The directors during the year were: -

Directors and directors' interest

Ramsay Hampton			Chairman up to 24.2.98
Sir Graeme Odgers	Appointed	18.6.98	Chairman from 18.6.98
R Ashmead			Chief Executive up to 1.5.98
M Allan *			
M G Evans *	Appointed	30.9.97	
A Freudman	Appointed	30.9.97	
S Hohler	Appointed	30.9.97	
Sir A Hunter *	Appointed	30.9.97	
A King	Appointed	30.9.97	
S Kingsman	Appointed	30.9.97	
J F McCready	Appointed	30.9.97	
J Moir	Appointed	30.9.97	
K Moran	Appointed	30.9.97	
S Sadler	Appointed	30.9.97	
A Willett	Appointed	30.9.97	
D Wilson *	Appointed	30.9.97	
R Gregory	Appointed	30.9.97	Resigned 31.3.98

* Member of Finance and Remuneration Committee

All directors are non-executive except for R Ashmead. Non-executive directors do not receive payment for their services in their capacity as directors, but are entitled to claim for incidental expenses incurred in carrying out their duties as non-executive directors.

Corporate Governance

The board meets quarterly and currently comprises 14 non-executive directors and one executive director. The core business is managed by the Chief Executive and his Senior Management Team, who provide day to day control over the business operations.

Creditors payment policy

It is the company's policy to pay all invoices from suppliers within 28 days of receipt of a valid invoice.

**LOCATE IN KENT LIMITED
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Directors continued.../

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint KPMG will be proposed at the forthcoming Annual General Meeting on 17 September 1998.

By order of the Board



M L Smith
Secretary

Date: 21 July 1998

LOCATE IN KENT LIMITED (LIMITED BY GUARANTEE)

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 surplus or deficit 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;
- state whether applicable 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**REPORT OF THE AUDITORS, KPMG, TO THE MEMBERS OF
LOCATE IN KENT LIMITED
(LIMITED BY GUARANTEE)**

We have audited the financial statements on pages 7 to 12.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 1998 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants
Registered Auditors
Maidstone

Date: 21 July 1998

**LOCATE IN KENT LIMITED
(LIMITED BY GUARANTEE)**

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1998**

		Year ended 31 March 1998 £
	Note	
Income		
KCC Funding		663,500
Kent TEC		859,183
Kent Developers Group		142,500
Other		76,310
Bank Interest		8,466
		1,749,959
Expenditure		
Marketing		985,857
Administration expenses		254,990
Wages and salaries	4	511,183
Deficit of income over expenditure on ordinary activities before taxation	3	(2,071)
Taxation	5	(1,947)
Deficit of income over expenditure on ordinary activities after taxation		(4,018)
Transfer from reserves	6	(4,018)

The company had no recognised gains and losses other than those shown above, all of which were derived from continuing activities.

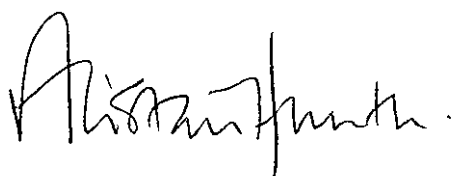
The notes on pages 9 to 12 form part of these financial statements.

LOCATE IN KENT LIMITED (LIMITED BY GUARANTEE)

BALANCE SHEET AS AT 31 MARCH 1998

		31 March 1998	
	Note	£	£
Fixed assets			
Tangible assets	7		9,450
Current assets			
Debtors	8	114,952	
Cash at bank and in hand		84,799	
		<u>199,751</u>	
Creditors			
Amounts falling due within one year	9	(213,219)	
		<u></u>	
Net current liabilities			(13,468)
			<u></u>
Total assets less current liabilities			(4,018)
			<u></u>
Capital and reserves			
Called up Share Capital			-
Reserves	6		(4,018)
			<u>(4,018)</u>
			<u></u>

These financial statements were approved by the Board of Directors on 21 July 1998 and were signed on its behalf by:



Sir A Hunter
Deputy Chairman



M S Allan
Director

The notes on page 9 to 12 form part of these financial statements.

LOCATE IN KENT LIMITED (LIMITED BY GUARANTEE)

Notes to the financial statements

1. Company Status

The Company is limited by guarantee and has not issued share capital. The liability of its member shall not exceed £1.

2. Accounting Policies

a) Accounting convention

The financial statements have been prepared under the historical cost convention and applicable accounting standards.

b) Pensions

The Company does not operate a pension scheme for its employees. Contributions are made to employees' personal pension plans and are charged to the Income and Expenditure Account as incurred.

c) Income

Income primarily represents grants receivable from Kent Training and Enterprise Council, Kent County Council and the Kent Developer Group to fund inward investment activities.

d) Tangible Fixed Assets and Depreciation

Depreciation on all assets is provided in order to write off the cost over their estimated useful lives. Depreciation has been charged in the year on a straight-line basis, over the following periods:

Fixtures & Fittings	4 years
Office Equipment	4 years
Motor Vehicles	4 years

e) Deferred Taxation

Deferred taxation is provided, using the liability method, in respect of interest receivable to take full account of the timing difference arising from the accounting and taxation treatments of this item.

f) Leasing

Expenditure on operating leases is charged to the income and expenditure account as the rentals accrue.

LOCATE IN KENT LIMITED (LIMITED BY GUARANTEE)

Notes to the financial statements (continued.../)

3. The deficit of income over expenditure on ordinary activities before taxation is stated after charging:

	Year ended 31 March 1998 £
Depreciation of tangible fixed assets	969
Operating lease costs	41,859
Auditors remuneration – Audit	5,000

4. Staff Numbers and Costs

The average number of staff engaged by the company (including the executive director) during the year was 16 (1997: nil), with an aggregated payroll cost as follows:

	£
Wages and salaries	426,664
Social security costs	40,751
Pension costs	43,768
	511,183

Directors' emoluments, including pension contributions:

• Chief Executive	
- Salary	71,712
- Other emoluments	18,797
	90,509

Non-executive directors do not receive payment for their services as directors, other than expenses. One director received an amount of £13,464 for project work carried out in the year and authorised by the Board. The Chief Executive's salary includes a performance-related bonus of £6,500, which was voted and agreed by the non-executive members of the Finance and Remuneration Committee

LOCATE IN KENT LIMITED
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Note the financial statements (continued.../)

5. Taxation

Year ended
31 March 1998
£

UK corporation tax at 23%	1,947
	<u>1,947</u>
	<u><u>1,947</u></u>

6. Reserves

Total Reserves
£

At 1 April 1997	-
Charged to reserves in year	(4,018)
At 31 March 1998	<u>(4,018)</u>
	<u><u>(4,018)</u></u>

7. Tangible Fixed Assets

Furniture and
Equipment
£ **Total**
£

<u>Cost</u>	-	-
At 1 April 1997	10,419	10,419
Additions	<u>10,419</u>	<u>10,419</u>
At 31 March 1998	<u>10,419</u>	<u>10,419</u>
<u>Depreciation</u>	-	-
At 1 April 1997	-	-
Charge for the year	969	969
At 31 March 1998	<u>969</u>	<u>969</u>
Net Book Value		
At 31 March 1998	9,450	9,450
At 31 March 1997	<u><u>-</u></u>	<u><u>-</u></u>
	<u><u>-</u></u>	<u><u>-</u></u>

**LOCATE IN KENT LIMITED
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Note the financial statements (continued.../)

8. Debtors

**Year ended
31 March 1998
£**

Amounts owed by parent company	15,410
Other debtors	85,707
Prepayments and accrued income	13,835
	<u>114,952</u>

9. Creditors: amounts falling due within one year

**Year ended
31 March 1998
£**

Trade creditors	84,789
Corporation tax	1,947
Accruals	126,483
	<u>213,219</u>

10. Commitments

a) Annual commitments under non-cancellable operating leases are as follows:

	Year ended 31 March 1998 £	
	Land and Buildings	Other
Operating leases which expire:		
Within 2 – 5 years	-	33,373
	<u> </u>	<u> </u>

11. Ultimate Parent Company

The company's ultimate Parent Company is Kent TEC Limited, which is incorporated in England and Wales. The financial statements for Kent TEC Limited are available to the public and may be obtained from 26 Kings Hill Avenue, Kings Hill, West Malling Kent ME19 4AE.