

Registered number: 11735631

KENT HOLDCO LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



KENT HOLDCO LTD

COMPANY INFORMATION

DIRECTORS

L M Bayford
R Dargue
P R Dearing
V P Godfrey
C Richards
M A Scott
D G Whittle
M S Yarham

REGISTERED NUMBER

11735631

REGISTERED OFFICE

1 Abbey Wood Road
Kings Hill
West Malling
Kent
ME19 4YT

INDEPENDENT AUDITORS

Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

KENT HOLDCO LTD

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KENT HOLDCO LTD

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

INTRODUCTION

The directors present their strategic report and the financial statements for the year ended 31 March 2022.

BUSINESS REVIEW

Kent Holdco Ltd was set up as a holding company for the local authority trading companies owned by Kent County Council.

The purpose of Kent Holdco is to “embrace the power of enterprise to deliver outstanding public value”. The services currently delivered by Kent Holdco largely fall into the following categories:

- Procurement solutions for contingent labour, energy supply, and education resources
- Operational services for decarbonisation and energy saving projects, landscaping, vehicle maintenance (including blue light), waste management, and building inspection
- Legal services for child protection, planning and highways, unaccompanied asylum-seeking children, adult social care, property, and litigation
- Information technology, digital and back-office services including human resources, payroll, finance, application and device support, and cyber security
- Property management services for capital projects and facilities management
- Professional education services for school improvement, supported employment, outdoor learning, and nursery provision

We use our unique public sector insight, knowledge, skills, and ethos, in combination with the latest enterprise thinking and techniques to deliver the best enabling, support services for our customers.

This approach enables organisations to deliver outstanding public value by providing them with the world-class, tailored support services that enables them to put all their energy into delivering their public tasks.

Our primary market proposition is a partnership-based approach that recognises the local government agenda and addresses it through shared control and profitability whilst supporting local employment.

The Group's strategic approach is to ensure each company is performing to its full potential and has an effective strategy and plan to deliver the services Kent County Council requires, grows non-Kent County Council revenue, and supports the Kent economy on a profitable and financially sustainable business.

Accordingly, during the year the Group commenced a transformation programme of work with the aim of achieving value enhancement and value protection for its shareholder – Kent County Council. This included the implementation of streamlined governance and management structures, the introduction of processes to enable more efficient management decision making across the group and the commencement of work to improve inter-company cooperation.

In addition to its own turnover, Kent Holdco manages business to a value of £301,200,000 on behalf of Kent County Council through the KCS and Laser brands.

RESULTS AND PERFORMANCE

The results of the Group for the year are set out on page 13 and show a profit for the financial period attributable to the shareholder of £3,321,000. The equity attributable to the shareholder totals £14,858,000.

KEY PERFORMANCE INDICATORS

The Group uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators monitored through the company's Balanced Scorecard. The scorecard provides a holistic view of company progress against business plan objectives. The key financial performance indicators include revenue, gross profit, EBITDA, net profit, profit per fte and debtor days. These KPIs indicate the volume of work the company has undertaken as well as the efficiency and profitability with which this work has been delivered. Performance in

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

relation to all measures is reported monthly to the Board and the company does not consider it necessary for any further disclosure in this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainty facing the Group is that most of the subsidiary companies' revenue is with Local Authorities and other public sector bodies. Cuts in discretionary spending impacts the volume of work available to the subsidiary companies from existing customers. The Group seeks to mitigate this risk by assisting its subsidiary companies to pursue new partnership agreements, new commissions, new models of delivery and wider diversification strategies where appropriate. In addition, the Group is seeking to promote learning across the businesses, consolidating and building on existing customer relationships and successful models.

Failure to protect the subsidiary companies' reputation and brands could lead to a loss of trust and confidence and a decline in the customer base across the group. The Group has rolled out a risk management framework to monitor and mitigate against these risks.

The pandemic has heightened demand risk across all subsidiary companies that serve customers other than the shareholder and that do not provide services that are niche in the current climate. The Group closely monitors any developing trends, such as cyber security risks, in conjunction with its subsidiary company boards ensuring appropriate strategic measures are in place.

OUTLOOK AND FUTURE DEVELOPMENTS

Business Environment

The Group continues to operate in a challenging environment where macro-economic factors are impacting subsidiary companies' public sector customers. This impacts the ability of the subsidiary companies to organically grow their external customer base. The subsidiaries have responded during the year by innovatively bidding for new opportunities to be delivered. For example, the Kent County Trading Group has completed its third joint venture with Surrey County Council to provide recruitment services, with the intention to offer this model to other Local Authorities.

The prospects for Kent Holdco Group are bright. The Group has embarked on a far-reaching transformation programme called "Trading Success" that will further optimise the group to delivery better services for shareholders and its customers, as well drive growth and profitability moving forward.

Strategy

The Group has set out a three-year strategy to ensure improved business performance across its subsidiary companies and the delivery of long-term shareholder value. Given the business environment described, the Group is spreading risk by continuing to provide a diverse range of services through its subsidiary companies and consolidating its position by concentrating efforts on ensuring each company is performing to its full potential.

Overall, the company aims to deliver shareholder value by:

- Leveraging the Group structure to maximise shareholder returns and minimise risk
- Reshaping the group to strengthen product propositions and better co-ordinating of sales, marketing, and service delivery
- Minimising group overheads through optimising best practice
- Leveraging the Group's expertise and knowledge to deliver additional joint venture opportunities
- Dispose or close loss-making services

FINANCIAL RISK MANAGEMENT

In common with other businesses, the Group aims to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit and cash flow forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business, and regular review of assets to keep the risk of impairment to a minimum.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE GROUP

The directors are well aware of their duty, both individually and collectively, under section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the group's employees;
- the need to foster the group's business relationships with suppliers, customers and others;
- the impact of the group's operations on the community and the environment;
- the desirability of the group maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the group, (the "s.172(1) Matters").

Each year the Group produces a 3-year business plan, which considers all of these aspects, and is done in conjunction with the Group's shareholder, to ensure that the interests of the shareholder are reflected within the Group's plans. In making these decisions, the Directors consider both the immediate and long-term consequences of the options under consideration.

As the Board of Directors, it is our intention to behave responsibly and ensure that management operate the businesses in a responsible manner, operating with high standards of business conduct and good governance as would be expected of a Group of our scale.

Further Information on how the directors have had regard to the s.172(1) Matters can be found below in relation to the five strategic stakeholder groups identified as critical to our future success: our shareholders, our customers, our staff, our communities and our suppliers

Our shareholders	
<i>Why they matter to us</i>	They are our providers of capital without whom we could not grow and invest for future success.
<i>What matters to our shareholder</i>	Our investors are concerned with a broad range of issues including, financial and operational performance, strategic execution, investment plans and capital distribution.
<i>How the board engages with the shareholder</i>	The board engages with the shareholder through regular attendance at the shareholder board, comprehensive reporting, annual business plans and regular communications and meetings.
<i>How the shareholder influences board decision-making</i>	The shareholder's views are considered carefully and helped to shape the strategic direction of the group as outlined in its annual business plan.

Our staff	
<i>Why our staff matter to us</i>	Our staff are a key resource, dedicated to creating and optimising service solutions for our customers.
<i>What matters to our staff</i>	Our staff are concerned with opportunities for personal development and career progression, inclusion, fair pay and the ability to make a difference.
<i>How the Board engages with staff</i>	The board engages with staff through in-house information bulletins and reports as well as informal monthly meetings and quarterly updates.
<i>How staff influence Board decision-making</i>	The board has continued to encourage leaders to focus on career development, succession planning and staff engagement.

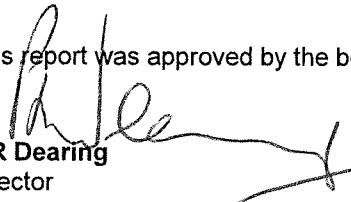
GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Our customers	
Why our customers matter to us	Most of our customers are in the public sector and when we serve our customers we are proud to be serving the communities they work in.
What matters to our customers	Our customers need excellent services that provide value for money, delivered efficiently, compliantly and safely.
How the board engages with customers	The board engages with customers through regular meetings to develop a deeper understanding and appreciation of the customers' requirements.
How customers influence board decision-making	The board routinely considers the economic pressures faced by its customers and reviews strategy with the aim of meeting customer needs more effectively.

Our communities	
Why our communities matter to us	Our shareholder serves the community and we are proud to serve the community too, doing business ethically, providing value for money and demonstrating commitment to quality services in all we do.
What matters to our communities	Our community care about the services provided to them across a huge range of activities so they can easily access a full range of quality services to meet their needs and expectations.
How the board engages with communities	The board endorses a culture of giving back time and skills to the community and encourages leaders to recruit staff from the local community and invest in their training and opportunities for their future development.
How communities influence board decision-making	The board seeks to optimise performance and ethical returns, thereby enabling the Group and Kent County Council, to which it provides services, the ability to contribute additional funds/resources to support front line services delivered to the community.

Our suppliers	
Why our suppliers matter to us	Our suppliers and agencies are experts in their fields and help us to deliver quality services to our customers to meet our strategic goals.
What matters to our suppliers	Fair and sustained contracts are important to our suppliers and help them to plan and invest for the future. In addition, payment terms in line with the Public Contracts Regulations 2015, enable suppliers to meet their financial obligations.
How the board engages with suppliers	The board engages with suppliers through the divisional leadership team who work closely with suppliers to develop strong mutually beneficial partnerships.
How suppliers influence board decision-making	The board recognise that building a sustainable supply chain is essential to the long term success of the business and therefore board decisions carefully consider procurement routes and supplier impacts.

This report was approved by the board on 26th Aug 2022 and signed on its behalf.


P R Dearing
Director

KENT HOLDCO LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,321,000 (2021: £3,051,000).

Dividends of £950,000 (2021: £1,543,000) were declared in the year.

DIRECTORS

The directors who served during the year were:

L M Bayford
R Dargue
P R Dearing (resigned 1 August 2021, appointed 29 November 2021)
F E L Driscoll (appointed 1 August 2021, resigned 23 November 2021)
V P Godfrey
J E Humphrey (resigned 1 January 2022)
C Richards (appointed 26 August 2021)
A C Robinson (resigned 30 November 2021)
M A Scott
D G Whittle
M S Yarham

ENVIRONMENTAL MATTERS

The Group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Group has complied with all applicable legislation and regulations.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

FUTURE DEVELOPMENTS

Future development of the business are discussed in the strategic report.

FINANCIAL INSTRUMENTS

The group's activities expose it to a variety of financial risks: credit risk; liquidity risk; and cash flow risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out on a group basis by the finance department of Commercial Services Kent Limited using principles provided by the board.

a) Credit risk

Credit limits are set for customers based on a combination of credit checks and trading history. The limits are reviewed regularly and the debts are actively chased by the credit control department.

b) Liquidity risk

Working capital requirements are regularly reviewed in conjunction with available financing facilities as part of routine financial management.

c) Cash flow risk

As the company has no significant interest bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

d) Currency risk

As the vast majority of both sales and purchases are transacted in sterling, the group has minimal exposure to translation and transaction foreign exchange risk.

ENGAGEMENT WITH EMPLOYEES

Consultation with employees or their representatives has continued at all levels with the aims of ensuring that their views are taken into account when decisions are made that are likely to affect their interests. All employees are aware of the financial and economic performance of their business units and of the group as a whole. Communication with all employees continues through the in-house information bulletins and reports as well as informal monthly meetings and quarterly updates.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The company has included this information within its Section 172(1) statement in the Strategic Report.

KENT HOLDCO LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

The Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon) Regulations 2018, implements the government's policy on Streamlined Energy and Carbon Reporting (SECR).

Under these regulations, Kent Holdco Ltd is required to disclose their UK energy use, associated greenhouse gas (GHG) emissions and related information. This report covers the financial year to 31 March 2022.

The required intensity ratios selected for reporting are; 'emissions per full time employee' and 'emissions per £1 million of turnover'. In the Company's view these are judged to be the most appropriate measures by which to demonstrate energy efficiency and emission reduction over time.

Energy Efficiency Action

We recognise that our business activities have environmental risks associated with them and that we have an obligation to manage these in a responsible manner.

In May 2019, Kent County Council declared a 'Climate Emergency', recognising the need for urgent action to address the climate crisis. Over the last year, Kent Holdco group of companies has been closely working with the Council to identify opportunities for the reduction of emissions.

Calculation Methodology

To ensure we achieve the transparency required and deliver effective emissions management, we have implemented and utilised robust and accepted methods when calculating our disclosures.

Whilst the Regulations provide no prescribed methodology, energy use and associated GHG data was collected and assessed in accordance with the Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance' and the 2019 version of 'Greenhouse Gas Reporting: Conversion Factors'. The following data relates to the Kent Holdco group of companies.

Energy consumption	2022	2021
Total energy consumed (k Wh)	1,865,064	1,882,555
Greenhouse gas emissions		
Scope 1		
Emissions from combustion of gas (kgCO ₂ e)	688,330	447,306
Emissions from combustion of fuel for transport (kgCO ₂ e)	560,407	327,331
Scope 2		
Emissions from purchased electricity (kgCO ₂ e)	233,124	244,721
Scope 3		
Emissions from business travel only (kgCO ₂ e)	127,716	38,287
Gross emissions	1,609,577	1,057,645
Intensity ratio		
Total kgCO ₂ e per £1m of revenue	11,630	8,659
Emissions per permanent employee	1,007	650

KENT HOLDCO LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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 and the Group'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 and the Group's auditors are aware of that information.

AUDITORS

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

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

A handwritten signature in black ink, appearing to read 'P R Dearing', followed by a long horizontal line that ends in a stylized 'X' mark.

P R Dearing
Director

Date: 26-07-2022

1 Abbey Wood Road
Kings Hill
West Malling
Kent
ME19 4YT

KENT HOLDCO LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENT HOLDCO LTD

OPINION

We have audited the financial statements of Kent Holdco Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2022 and of the Group's 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENT HOLDCO LTD (CONTINUED)

OPINION ON OTHER MATTERS 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENT HOLDCO LTD (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- The nature of the industry and sector, control environment and business performance;
- Results of our enquires of management and directors in relation to their own identification and assessment of the risks of irregularities within the Group; and
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.

As Group and component auditors, our assessment of matters relating to non-compliance with laws and regulations and fraud encompassed all entities within the Group for the period that they were part of the Group, at both component and Group level.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the areas of high risk to be in relation to revenue recognition. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures within the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Financial Reporting Standard 102 and UK tax legislation. In addition we considered provision of other laws and regulations that do not have a direct effect on the financial statements but compliance with may be fundamental for the Group's ability to operate or avoid a material penalty. These included safeguarding regulations, health and safety regulations; employment legislation; and data protection laws.

Our audit procedures performed to respond to the risks identified included, but were not limited to:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board minutes;
- Identifying and testing journal entries, evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud; and

KENT HOLDCO LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENT HOLDCO LTD (CONTINUED)

- Challenging assumptions and judgements made by management in their significant accounting estimates.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

USE OF OUR REPORT

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.

Bishop Fleming LLP

Nathan Coughlin FCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Salt Quay House

4 North East Quay

Sutton Harbour

Plymouth

PL4 0BN

Date:

5th August 2022

KENT HOLDCO LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

		2022 £000	2021 £000
Turnover	4	138,399	122,147
Cost of sales		(104,367)	(92,934)
Gross profit		34,032	29,213
Distribution costs		(522)	(545)
Administrative expenses		(30,747)	(27,383)
Other operating income	5	1,207	2,740
Operating profit	6	3,970	4,025
Share of operating profit from joint ventures	9	329	176
Interest receivable and similar income	10	19	17
Interest payable and similar expenses	11	(152)	(376)
Profit before tax		4,166	3,842
Tax on profit	12	(845)	(791)
Profit for the financial year		3,321	3,051
Profit for the year attributable to:			
Owners of the parent company		3,321	3,051
		3,321	3,051

There was no other comprehensive income for 2022 (2021:£Nil).

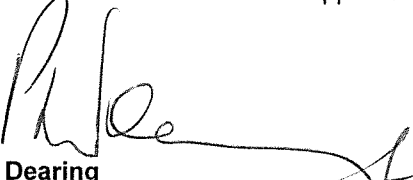
The notes on pages 20 to 44 form part of these financial statements.

KENT HOLDCO LTD
REGISTERED NUMBER:11735631

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	14	8,679	4,535
Tangible assets	15	15,199	4,197
Investments	9	329	177
		<u>24,207</u>	<u>8,909</u>
Current assets			
Stocks	17	283	763
Debtors	18	28,886	25,388
Cash at bank and in hand		19,250	18,978
		<u>48,419</u>	<u>45,129</u>
Creditors: amounts falling due within one year	19	(38,903)	(35,358)
Net current assets		<u>9,516</u>	<u>9,771</u>
Total assets less current liabilities		<u>33,723</u>	<u>18,680</u>
Creditors: amounts falling due after more than one year	20	(17,846)	(5,167)
Provisions for liabilities			
Deferred taxation	22	(713)	(602)
Other provisions	23	(306)	(424)
		<u>(1,019)</u>	<u>(1,026)</u>
Net assets		<u><u>14,858</u></u>	<u><u>12,487</u></u>
Capital and reserves			
Called up share capital	24	7,890	7,890
Profit and loss account		6,968	4,597
Equity attributable to owners of the parent Company		<u><u>14,858</u></u>	<u><u>12,487</u></u>

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


P R Dearing
Director
26-07-2022

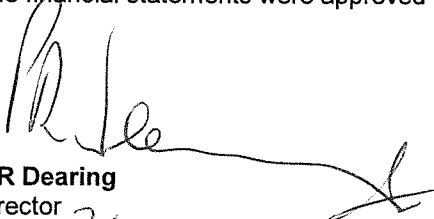
The notes on pages 20 to 44 form part of these financial statements.

KENT HOLDCO LTD
REGISTERED NUMBER:11735631

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments	16	7,890	7,890
		<u>7,890</u>	<u>7,890</u>
Current assets			
Debtors	18	995	1,705
Cash at bank and in hand		296	697
		<u>1,291</u>	<u>2,402</u>
Creditors: amounts falling due within one year	19	(1,193)	(1,809)
Net current assets		<u>98</u>	<u>593</u>
Total assets less current liabilities		<u>7,988</u>	<u>8,483</u>
Creditors: amounts falling due after more than one year	20	-	(500)
Net assets		<u>7,988</u>	<u>7,983</u>
Capital and reserves			
Called up share capital	24	7,890	7,890
Profit and loss account		98	93
		<u>7,988</u>	<u>7,983</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


P R Dearing
 Director
 Date: 26-07-2022

The notes on pages 20 to 44 form part of these financial statements.

KENT HOLDCO LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2020 (Unaudited)	7,890	3,089	10,979
Profit for the year	-	3,051	3,051
Dividends declared	-	(1,543)	(1,543)
At 1 April 2021	7,890	4,597	12,487
Profit for the year	-	3,321	3,321
Dividends declared	-	(950)	(950)
At 31 March 2022	7,890	6,968	14,858

The notes on pages 20 to 44 form part of these financial statements.

KENT HOLDCO LTD

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2020	5,890	56	5,946
Profit for the period	-	1,580	1,580
Dividends declared	-	(1,543)	(1,543)
Shares issued during the period	2,000	-	2,000
At 1 April 2021	7,890	93	7,983
Profit for the year	-	955	955
Dividends declared	-	(950)	(950)
At 31 March 2022	7,890	98	7,988

The notes on pages 20 to 44 form part of these financial statements.

KENT HOLDCO LTD

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	2022 £000	2021 £000
Cash flows from operating activities		
Profit for the financial year	3,321	3,051
Adjustments for:		
Amortisation of intangible assets	1,081	1,195
Loss on disposal of intangible assets	12	22
Depreciation of tangible assets	530	600
Loss on disposal of tangible assets	9	30
Net interest expense	133	359
Tax on profit	845	791
Decrease/(increase) in stocks	480	(192)
Increase in debtors	(3,114)	(3,742)
Decrease in creditors	(9,078)	(2,492)
(Decrease)/increase in provisions	(118)	160
Income from interests in joint ventures	(329)	(177)
Corporation tax paid	(878)	(1,128)
Net cash generated from operating activities	(7,106)	(1,523)
Cash flows from investing activities		
Purchase of intangible assets	(317)	(832)
Purchase of tangible assets	(413)	(392)
Proceeds from disposal of tangible assets	4	53
Capital grants received	14,415	-
Acquisition of subsidiary companies	(4,799)	-
Interest received	19	17
Dividends received from joint ventures	177	-
Net cash from investing activities	9,086	(1,154)

KENT HOLDCO LTD

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

	2022 £000	2021 £000
Cash flows from financing activities		
Repayment of obligations under finance leases	(13)	(15)
Dividends paid	(1,543)	(1,760)
Interest paid	(152)	(376)
Net cash used in financing activities	<u>(1,708)</u>	<u>(2,151)</u>
Net increase/(decrease) in cash and cash equivalents	<u>272</u>	<u>(4,828)</u>
Cash and cash equivalents at beginning of year	18,978	23,806
Cash and cash equivalents at the end of year	<u><u>19,250</u></u>	<u><u>18,978</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	19,250	18,978
	<u><u>19,250</u></u>	<u><u>18,978</u></u>

The notes on pages 20 to 44 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. GENERAL INFORMATION

Kent Holdco Ltd ("the company") is an intermediate holding company for the local authority trading companies owned by Kent County Council.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is 1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The Group has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Kent County Council as at 31 March 2022 and these financial statements may be obtained from Kent County Council, Sessions House, County Hall, County Road, Maidstone, Kent, ME14 1XQ.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES (continued)

2.3 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Kent Holdco Ltd was created to be a parent holding company to the group of Kent County Council trading companies. The company became the parent company through a series of share for share exchanges with Kent County Council. The ultimate controlling party of the companies has continued to be Kent County Council before and after these transactions. The Company has elected to use merger accounting for this group reorganisation.

Gen2 Property Limited has taken the exemption from the requirements relating to the audit of individual subsidiary accounts by virtue of Section 479A and Section 479C of the Companies Act 2006. The results of Gen2 Property Limited are included within the consolidated results of Kent Holdco Limited.

Kent Holdco Limited has provided a parent company guarantee which will be filed with Companies House.

2.4 GOING CONCERN

At 31 March 2022, the Group had cash balances of £19,250,000 and net assets of £14,858,000. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate without any additional borrowing facilities being required. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite current uncertain economic outlook and therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

In addition, the directors have received confirmation from Kent County Council that they will provide ongoing financial support to the Group for a period of at least a year subsequent to the signing of these accounts in order to allow the Group to meet its liabilities as they fall due. The directors have therefore adopted the going concern basis in preparing the financial statements for the year ended 31 March 2022.

2.5 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES (continued)

2.6 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Dividend income

Dividend income is recognised when the right to receive payment is established.

2.7 OPERATING LEASES: THE GROUP AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES (continued)

2.9 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.10 FINANCE COSTS

Finance costs are charged to profit or loss 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.

2.11 EMPLOYEE BENEFITS

i. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

ii. Defined contribution pension plans

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

The group also makes defined contributions for employees transferred from Kent County Council under a TUPE arrangement. These employees participate in the Kent County Council Pension Fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme.

The company's obligations to this scheme have been agreed at a fixed rate. The group accounts for the scheme as a defined contribution scheme. The pension charged to the statement of comprehensive income represents the amounts payable by the group to the fund in respect of the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES (continued)

2.12 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES (continued)

2.13 INTANGIBLE ASSETS

GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated statement of comprehensive income over its useful economic life.

OTHER INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software & Website development -	5 to 10 years
Computer software -	3 to 5 years

Amortisation is charged to administrative expenses in the statement of comprehensive income.

Where factors such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products or similar intangible assets controlled by the company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software available; and
- The expenditure attributable to the software during the development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES (continued)

2.14 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model 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:

Land and buildings	- 4 to 50 years
Plant and machinery	- 4 to 10 years
Motor vehicles	- 3 to 5 years
Fixtures, fittings and equipment	- 2 to 20 years
Photovoltaic panels	- 40 years

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 profit or loss.

2.15 INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 ASSOCIATES AND JOINT VENTURES

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated statement of financial position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES (continued)

2.17 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.18 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.

2.19 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.20 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.

2.21 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.22 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES (continued)

2.22 FINANCIAL INSTRUMENTS (CONTINUED)

transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Consolidated 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 Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.23 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

The group makes estimates and assumptions concerning the future. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Energy switching service accrued income

The revenue recognised for the group's energy switching service is sensitive to possible cancellations and the estimated consumption within the contract period. Management estimates these factors in determining the accrued income in the balance sheet. The assumptions reflect historical experience and current circumstances.

Useful economic life of intangible assets

The group policies for useful economic lives of fixed assets is based upon the managements opinion for the different groups of assets typically used by the group. Larger value assets are considered individually as appropriate.

Other provisions

The group has lower value provisions in areas such as trade debtors, stock held for resale and dilapidation. Management consider that none of these carry a significant risk of material adjustment.

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2022	2021
	£000	£000
Sale of goods	11,077	11,912
Services	121,978	107,570
Projects	5,344	2,665
	138,399	122,147

Analysis of turnover by country of destination:

	2022	2021
	£000	£000
United Kingdom	132,771	116,139
Rest of Europe	3,849	1,573
Rest of the world	1,779	4,435
	138,399	122,147

KENT HOLDCO LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

5. OTHER OPERATING INCOME

	2022 £000	2021 £000
Net rents receivable	337	395
Service charge receivable	269	302
Government grants receivable	601	2,043
	<u>1,207</u>	<u>2,740</u>

Government grants receivable include £537,000 (2021: £2,043,000) of funding through the Coronavirus Job Retention Scheme (CJRS), through which the company has received compensation for part of the wages, associated national insurance contributions and employer pension contributions of employees who have been placed on furlough. There are no unfulfilled conditions or other contingencies relating to the grant.

6. OPERATING PROFIT

The operating profit is stated after charging:

	2022 £000	2021 £000
Exchange differences	-	7
Other operating lease rentals	2,019	2,774
Fees payable to the Group's auditor for the audit of the Group's annual financial statements and its subsidiaries	116	113
Fees payable to the Group's auditor for non-audit services in relation to the preparation of statutory financial statements	11	9
Fees payable to the Group's auditor for other non-audit services	18	17
	<u>2,262</u>	<u>2,920</u>

Included within auditor's remuneration of annual financial statements is £11,000 (2021: £11,000) relating to the audit of the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	62,190	55,936	510	373
Social security costs	5,867	5,347	65	48
Cost of defined contribution scheme	5,533	5,740	31	22
	73,590	67,023	606	443

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Permanent staff	1,598	1,627	7	5
Temporary staff	404	373	-	-
	2,002	2,000	7	5

8. DIRECTORS' REMUNERATION

	2022 £000	2021 £000
Directors' emoluments	711	505
Group contributions to defined contribution pension schemes	31	32
Amounts paid to third parties in respect of directors' services	125	48
	867	585

During the year retirement benefits were accruing to 2 directors (2021: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £201,000 (2021: £217,000).

The value of the Group's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £Nil (2021: £19,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
9. INVESTMENTS IN JOINT VENTURES

	2022	2021
	£000	£000
Share of joint ventures net assets at 1 April	177	-
Dividends received	(177)	-
Share of profit	329	177
	<u>329</u>	<u>177</u>
Share of joint ventures net assets at 31 March	<u>329</u>	<u>177</u>

The group recognises its investments in Hampshire & Kent Commercial Services LLP and Luton & Kent Commercial Services LLP on consolidation under the share of net assets method. During the year, the group's share of profit in relation to Hampshire & Kent Commercial Services LLP was £250,000 (2021: £177,000). During the year, the group's share of profit in relation to Luton & Kent Commercial Services LLP was £79,000 (2021: £Nil).

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£000	£000
Interest receivable from related parties	19	15
Other interest receivable	-	2
	<u>19</u>	<u>17</u>
	<u>19</u>	<u>17</u>

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£000	£000
Other loan interest payable	4	-
Loans from related parties	147	371
Finance leases and hire purchase contracts	1	5
	<u>152</u>	<u>376</u>
	<u>152</u>	<u>376</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

12. TAXATION

	2022	2021
	£000	£000
CORPORATION TAX		
Current tax on profits for the year	802	813
Adjustments in respect of previous periods	(68)	(54)
TOTAL CURRENT TAX	734	759
DEFERRED TAX		
Origination and reversal of timing differences	(111)	(21)
Remeasurement of deferred tax - change in rate	178	-
Adjustments in respect of prior periods	44	53
TOTAL DEFERRED TAX	111	32
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	845	791

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
12. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£000	£000
Profit on ordinary activities before tax	4,166	3,842
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	792	730
EFFECTS OF:		
Expenses not deductible for tax purposes	28	27
Adjustments to tax charge in respect of prior periods	(24)	(1)
Unrecognised deferred tax	(129)	67
Remeasurement of deferred tax - change in rate	178	-
Recognition of negative goodwill	-	(32)
TOTAL TAX CHARGE FOR THE YEAR	845	791

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges. At 31 March 2022, the group has unrecognised tax losses of £1,676,000 (2021: £2,354,000), resulting in an unrecognised deferred tax asset of £419,000 (2021: £447,000). This relates to trading losses in Edseco Ltd which cannot be utilised through group relief.

13. DIVIDENDS

	2022	2021
	£000	£000
Dividends declared	950	1,543

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

14. INTANGIBLE ASSETS

Group

	Software & Website development £000	Computer software £000	Goodwill £000	Total £000
COST				
At 1 April 2021	5,013	3,831	-	8,844
Additions	16	302	4,919	5,237
Disposals	-	(58)	-	(58)
At 31 March 2022	5,029	4,075	4,919	14,023
AMORTISATION				
At 1 April 2021	2,382	1,927	-	4,309
Charge for the year on owned assets	567	514	-	1,081
On disposals	-	(46)	-	(46)
At 31 March 2022	2,949	2,395	-	5,344
NET BOOK VALUE				
At 31 March 2022	2,080	1,680	4,919	8,679
At 31 March 2021	2,631	1,904	-	4,535

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
15. TANGIBLE FIXED ASSETS**Group**

	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings and equipment £000	PV panels £000	Total £000
COST OR VALUATION						
At 1 April 2021	2,921	606	37	5,231	-	8,795
Additions	72	20	-	321	-	413
Acquisition of subsidiary	-	-	-	-	11,131	11,131
Disposals	(30)	(50)	(20)	(184)	-	(284)
At 31 March 2022	<u>2,963</u>	<u>576</u>	<u>17</u>	<u>5,368</u>	<u>11,131</u>	<u>20,055</u>
DEPRECIATION						
At 1 April 2021	669	438	25	3,466	-	4,598
Charge for the year on owned assets	76	64	3	387	-	530
Disposals	(26)	(46)	(20)	(180)	-	(272)
At 31 March 2022	<u>719</u>	<u>456</u>	<u>8</u>	<u>3,673</u>	<u>-</u>	<u>4,856</u>
NET BOOK VALUE						
At 31 March 2022	<u>2,244</u>	<u>120</u>	<u>9</u>	<u>1,695</u>	<u>11,131</u>	<u>15,199</u>
At 31 March 2021	<u>2,252</u>	<u>168</u>	<u>12</u>	<u>1,765</u>	<u>-</u>	<u>4,197</u>

The net carrying amount of assets held under finance leases included in plant and machinery is £16,000 (2021: £30,000).

Included in long-term leasehold property above is land with carrying value of £593,000 (2021: £593,000)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

16. FIXED ASSET INVESTMENTS

Company

	Investments in subsidiary companies £000
COST OR VALUATION	
At 1 April 2021	7,890
At 31 March 2022	<u>7,890</u>

SUBSIDIARY AND RELATED UNDERTAKINGS

The following were subsidiary and related undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Kent County Trading Limited	1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT	Holding company	Ordinary shares	*100%
Commercial Services Kent Limited	1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT	Recruitment, waste, fleet procurement and back office services	Ordinary shares	100%
Commercial Services Trading Limited	1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT	Recruitment, fleet procurement, landscape and vehicle maintenance services	Ordinary shares	100%
Kent Top Temps Limited	1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT	Non-trading company	Ordinary shares	100%
CES Holdings Limited	Shepley Estate South, Audenshaw, Manchester, Greater Manchester, M34 5EX	International education supplier	Ordinary shares	100%
Hampshire & Kent Commercial Services LLP	1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT	Recruitment services	Joint venture	50%
Luton & Kent Commercial Services LLP	1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT	Recruitment services	Joint venture	50%
Gen2 Property Limited	1 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4YT	Property consultancy	Ordinary shares	*100%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

16. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY AND RELATED UNDERTAKINGS (CONTINUED)

Name	Registered office	Principal activity	Class of shares	Holding
Cantium Business Solutions Limited	Sessions House, County Road, Maidstone, Kent, ME14 1XQ	Finance, HR and ICT support services	Ordinary shares	*100%
Edseco Limited	Room G.73, Sessions House, County Road, Maidstone, Kent, ME14 1XQ	Education services	Voting rights	*100%
Invicta Law Limited	1 Abbey Wood Road, Kings Hill, West Malling, Kent, England, ME19 4YT	Solicitors	Ordinary shares	*100%
Bowerhouse II Solar Limited	1 Abbey Wood Road, Kings Hill, West Malling, Kent, England, ME19 4YT	Solar Farm	Ordinary shares	100%
Surrey & Kent Commercial Services LLP	1 Abbey Wood Road, Kings Hill, West Malling, Kent, England, ME19 4YT	Recruitment services	Joint Venture	50%

*indicates direct ownership. All other investments are indirect ownership.

17. STOCKS

	Group 2022 £000	Group 2021 £000
Raw materials and consumables	17	16
Work in progress	28	25
Finished goods and goods for resale	238	722
	283	763

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
18. DEBTORS

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade debtors	9,932	9,936	-	-
Amounts owed by related parties	5,978	4,891	3	202
Other debtors	1,722	1,446	981	1,500
Prepayments and accrued income	11,254	9,080	10	2
Tax recoverable	-	35	-	-
Deferred taxation	-	-	1	1
	28,886	25,388	995	1,705

Amounts owed by related parties includes £Nil (2021: £230,000) which carries interest at 5% and is due for repayment by 29 March 2025, £Nil (2021: £136,000) which carries interest at 5% and is due for repayment by 27 August 2026 and £153,000 (2021: £Nil) which carries interest at 5% and is due for repayment by 28 January 2028. Other amounts owed by related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Payments received on account	246	219	-	-
Trade creditors	3,540	3,250	146	3
Amounts owed to related parties	1,093	-	-	-
Corporation tax	332	447	2	6
Other taxation and social security	6,429	8,954	20	63
Obligations under finance lease and hire purchase contracts	13	13	-	-
Other creditors	6,209	3,855	956	1,607
Accruals and deferred income	21,041	18,620	69	130
	38,903	35,358	1,193	1,809

All amounts owed to related parties are unsecured, repayable on demand and interest free.

The net obligations under hire purchase contracts are secured upon the assets to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Net obligations under finance leases and hire purchase contracts	4	17	-	-
Amounts owed to group undertakings	3,850	5,150	-	500
Accruals and deferred income	13,992	-	-	-
	<u>17,846</u>	<u>5,167</u>	<u>-</u>	<u>500</u>

Related party loans related to various loans held by the companies via the group to the ultimate parent entity. These loans attract interest at rates of between 3% to 4.73% and in different tranches in future years, the last being repayable by 31 March 2030. The loans are secured over the assets of the relevant group companies.

The net obligations under hire purchase contracts are secured upon the assets to which they relate.

21. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group 2022 £000	Group 2021 £000
Within one year	13	13
Between 1-5 years	4	17
	<u>17</u>	<u>30</u>

The net obligations under hire purchase contracts are secured upon the assets to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
22. DEFERRED TAXATION**Group**

	2022	2021
	£000	£000
At beginning of year	(602)	(570)
Charged to profit or loss	(111)	(32)
AT END OF YEAR	(713)	(602)

Company

	2022	2021
	£000	£000
At beginning of year	1	4
Charged to profit or loss	-	(3)
AT END OF YEAR	1	1

	Group	Group	Company	Company
	2022	2021	2022	2021
	£000	£000	£000	£000
Accelerated capital allowances	(392)	(301)	-	-
Acquired intangible assets	(391)	(367)	-	-
Other timing differences	70	66	1	1
	(713)	(602)	1	1

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

23. PROVISIONS

Group

	Dilapidation provision £000
At 1 April 2021	424
Charged to profit or loss	105
Utilised in year	(223)
AT 31 MARCH 2022	306

The provision relates to the future costs expected to be incurred to return buildings leased by the Group to their original state. The provision is expected to be used between 2024 and 2029 as the leases terminate.

24. SHARE CAPITAL

	2022 £000	2021 £000
ALLOTTED, CALLED UP AND FULLY PAID		
7,890,004 (2021: 7,890,004) Ordinary shares of £1.00 each	7,890	7,890

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

25. BUSINESS COMBINATIONS

On 31 March 2022, the group acquired the entire share capital of Bowerhouse II Solar Limited.

RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

	Book value £000	Fair value £000
FIXED ASSETS		
Tangible	11,131	11,131
	<u>11,131</u>	<u>11,131</u>
CURRENT ASSETS		
Debtors	413	413
	<u>11,544</u>	<u>11,544</u>
TOTAL ASSETS		
CREDITORS		
Due within one year	(11,614)	(11,614)
	<u>(70)</u>	<u>(70)</u>
TOTAL IDENTIFIABLE NET LIABILITIES		
Goodwill		4,919
TOTAL PURCHASE CONSIDERATION		<u>4,849</u>
CONSIDERATION		
		£000
Cash		4,661
Deferred consideration		50
Directly attributable costs		138
TOTAL PURCHASE CONSIDERATION		<u>4,849</u>
CASH OUTFLOW ON ACQUISITION		
		£000
Purchase consideration settled in cash, as above		4,661
Directly attributable costs		138
NET CASH OUTFLOW ON ACQUISITION		<u>4,799</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

26. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £5,522,000 (2021: £5,740,000). Contributions totaling £477,000 (2021: £538,000) were payable to the fund at the balance sheet date and were included within creditors.

27. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £000	Group 2021 £000
Not later than 1 year	2,824	3,178
Later than 1 year and not later than 5 years	5,885	6,884
Later than 5 years	9,390	10,540
	18,099	20,602

28. RELATED PARTY TRANSACTIONS

See note 8 for disclosure of the directors' remuneration.

The company's other related party transactions were with: other companies that are wholly owned within the group and so have not been disclosed under FRS 102 paragraph 33.1A; and Kent County Council or entities controlled or jointly controlled by Kent County Council and so have not been disclosed under FRS 102 paragraph 33.11.

29. CONTROLLING PARTY

The immediate and ultimate parent undertaking, the ultimate controlling party, and the smallest and largest group to consolidated these financial statements is Kent County Council. Copies of the Kent County Council consolidated financial statements can be obtained from Sessions House, County Hall, County Road, Maidstone, Kent, ME14 1XQ.