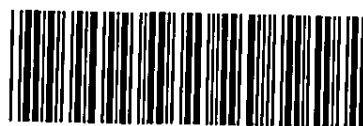


KENT COUNTY CREMATORIUM PLC

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2008**

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KENT COUNTY CREMATORIUM PLC

COMPANY INFORMATION

DIRECTORS

J Leigh Pemberton CBE DL (Chairman)
M H Pym MBE (resigned 22/11/2007)
M W Hardcastle
D G Tickner (resigned 13/3/08)
R J Barwick MBA MAM FCIM
S R G White

COMPANY SECRETARY

D G Tickner

COMPANY NUMBER

0296005

REGISTERED OFFICE

Newcourt Wood
Charing
Ashford
Kent
TN270EB

KENT COUNTY CREMATORIUM PLC

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KENT COUNTY CREMATORIUM PLC

FIVE YEAR SUMMARY YEAR ENDED 31 MAY 2008

	2008 £	2007 £	2006 £	2005 £	2004 £
Profit					
Operating Profit	394,735	372,711	264,404	192,388	311,512
Exceptional items *		-	-	-	(65,000)
Profit/(loss) on sale of fixed assets	52	53	53	100	212
Interest Receivable	44,247	26,251	16,135	14,208	5,706
Profit before tax	439,034	399,015	280,592	206,696	252,430
Environment levy	(126,980)	(90,020)	(16,600)	-	-
Sustainable profit before taxation	312,054	308,995	263,992	206,696	252,430
Taxation	102,308	92,515	60,159	23,387	(14,258)
Sustainable Profit for year per statutory accounts	209,746	216,480	203,833	183,309	266,688
Dividend	109,414	103,543	99,292	90,214	90,214
Retained profit	100,332	112,937	104,541	93,095	176,474

* The exceptional item in 2004 related to the write back of an accrual

Shareholder's funds	1,784,020	1,599,210	1,386,255	1,256,684	1,090,083
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Earnings and dividends per share

Sustainable Earnings (pence)	120.90	124.78	117.49	105.66	116.25
Sustainable Dividends net (pence)	64.00	60.00	59.00	52.00	52.00
Sustainable Dividend cover	1.89	2.08	1.99	2.03	1.51
Sustainable Highest price in dealings (see also Directors' report)	£ 14.25	£ 14.01	£ 12.75	£ 13.00	£ 12.50
Sustainable Price/Earnings ratio on above share price and sustainable earnings **	11.79	11.23	10.85	12.30	10.75
Sustainable Dividend yield on above share price	4.99	4.76	5.14	4.44	4.62

Number of cremations	3,628	3,486	3,709	3,743	3,784
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** Sustainable earnings are defined by the Board as earnings excluding the profit and tax effects of exceptional items and income received from the environmental levy

Sustainable Profit for year per statutory accounts	209,746	216,480	203,833	183,309	266,688
Environment levy	126,980	90,020	16,600	-	-
Profit after tax per the statutory accounts	336,726	306,500	220,433	183,309	266,688

KENT COUNTY CREMATORIUM PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MAY 2008

RESULTS

Turnover, on a comparable basis with former years, was 10.9% higher than in the previous year resulting in a very satisfactory outcome for your company with a pre-tax profit for the year ending May 31st 2008 of £312,054. Cremations were 4% higher but memorial sales income was down 0.75 %. The turnover and profit figures were both further improved when including the £126,980 contribution from the levy charge of £35 per cremation. The special reserve shown in the shareholders funds now stands at £233,600 and you will remember from previous statements that this levy is for the purpose of installation of the abatement plant, referred to below in the paragraph headed Environmental. There was a small increase (2%) in direct costs but with higher interest receivable the figure on the accounts shows an increase in pre-tax profit of 10.02 % at £439,034.

DIVIDEND

This year your directors are recommending payment of a dividend of 67 pence per share and this will be put to shareholders for approval at the Annual General Meeting to be held on 20th November. This represents an increase of 4.69% on last year's dividend of 64 pence per share.

ENVIRONMENTAL

The question of the environment is of great concern to your board and we are addressing it in a number of ways. We are following very closely the subject of Control of Mercury Emissions and the role of CAMEO, the Crematoria Abatement of Emissions Organisation, of which organisation we are members.

We have now received initial planning approval for an abatement plant at Barham and we are currently on schedule to install the Mercury Filtration Unit in early 2010. The project will take nine months and the plant should be operational before the end of that year.

The Company has also made considerable progress during the year to improve its Carbon Footprint focusing on such areas as staff awareness and the recycling of cardboard, paper, garden waste, glass, plastic and metal. This policy will be reviewed on a regular basis and we intend to achieve major improvements throughout our business environment.

IMPROVEMENTS AND MAINTENANCE

The additional car park at Barham has been completed providing much needed additional parking space. At Charing the Ornamental Pool in the Cloisters has been completely redesigned and is proving very popular in providing additional sites for memorial plaques. Additional paths are being designed for the Garden of Remembrance this autumn and better air quality control is planned for the Chapel. Both crematoria will have extensive alterations to their catafalques including those needed to accommodate the wide cremator scheduled to be installed in Barham during the Spring of 2009.

A considerable investment is taking place to upgrade Technical Software in order to make our services more efficient and further reduce costs. We would also like to mention that we have recently successfully completed Phase One of our Website development and are now planning to expand this service to meet the expectations of those visiting websites within our industry.

SERVICE OF REMEMBRANCE

Our annual Service of Remembrance took place on 22nd June at Charing and we are very grateful to The Right Revd. Graham Cray, Bishop of Maidstone for his moving address. The Revd. Richard King, Charing, officiated and the service was enjoyed in windy but pleasant weather by a congregation of over 300.

KENT COUNTY CREMATORIUM PLC

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MAY 2008

OUTLOOK

As previously stated, there is no significant change predicted in national trends in the death rate before 2012 and we cannot therefore expect increases in the number of cremations in the shorter term. We remain confident, however, in our ability to show a satisfactory return to our shareholders and to maintain our buildings and gardens to the high standard which we believe characterises the special nature of our service.

In conclusion I would like to thank all members of our staff for the dedication and commitment that has contributed so much to a successful year and upon which your company greatly depends.


Name J. LEIGH PEMBERTON
Chairman

Date 20/11/08

KENT COUNTY CREMATORIUM PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2008

The directors present their report and the financial statements for the year ended 31 May 2008.

DIRECTORS

The directors who served during the year were:

J Leigh Pemberton CBE DL (Chairman)
M H Pym MBE (resigned 22/11/2007)
M W Hardcastle
D G Tickner (resigned 13/3/2008)
R J Barwick
S R G White

The directors are covered by third party indemnity insurance.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION 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 that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £336,726 (2007 - £306,500). The sustainable profit for the year, defined as profit after tax adjusted for the environmental levy, was £209,746 (2007 - £216,480).

The directors have proposed a dividend for the year of 67 pence per share (2007 - 64 pence per share).

KENT COUNTY CREMATORIUM PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2008

PRINCIPAL ACTIVITIES

The Company is a cremation authority operating crematoria at Charing and Barham in Kent; its principal activity of carrying out cremations is supported by the provision of a comprehensive range of memorial facilities.

BUSINESS REVIEW

The Company has operated satisfactorily throughout the year. The number of cremations carried out was 3,628, an increase of 142 compared with the previous year. The average number of cremations per year over the last five years is 3,670.

KEY PERFORMANCE INDICATORS

The directors consider the following to be the key performance indicators (KPIs) of the company.

i) Return on capital employed

Return on capital employed was calculated as profit before tax less interest received on cash deposits, over equity shareholders funds less the value of cash deposits held. Based on this, in 2008 it was 40% (2007 - 42%). This calculation was used in order to strip out the effects of the non-trading assets and income earned from the cremation levy.

ii) Return on capital employed adjusted (based upon freehold values at valuation)

Return on capital employed was calculated as above, adjusting for the valuation of freehold properties as advised by the Company's independent surveyors. This produced an adjusted return on capital employed in 2008 of 8% (2007 - 8%).

iii) Current ratio

The current ratio was calculated by dividing current assets by current liabilities. This produced a current ratio of 3.8 (2007 - 4.1).

iv) Current ratio (excluding funds reserved for capital expenditure)

The current ratio was calculated as above, adjusting for the effects of cash reserved from the environmental levy for related capital expenditure. This produced an adjusted current ratio of 3.1 (2007 - 3.7).

v) Environmental - Annual Emission Testing

Our cremators are tested annually in compliance with the Pollution Prevention and Control PPC Regulations 2000, relevant to cremators, summarised in the Secretary of State's Process Guidance Note PG 5/2 (2004). The level of emissions were in line with current guidelines, however, future regulations relating to mercury emissions will not be met unless the company invests in new filtration equipment to meet the new targets which are coming into force at the end of 2012.

The test work performed consists of the monitoring of three distinct cremations for each cremator under normal operating conditions whilst being operated by our staff.

The monitoring includes flue gas particulate matter, hydrogen chloride and moisture, which is cumulative giving one average result for each cremation, carbon monoxide, volatile organic compounds, oxygen, temperature, velocity and volumetric flow rate, which is continuous for each cremation.

KENT COUNTY CREMATORIUM PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2008

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are government changes to the regulatory control of mercury emissions from crematoria, meeting the capital requirements to comply with these regulations and increases in the price of gas.

The Company's principal financial instruments comprise cash deposits. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The Company does not enter into derivative transactions. It is and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are commodity price risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

i) Commodity price risk

The Company's exposure to the price of gas is high; therefore selling prices are monitored regularly to reduce the impact of such risk. The Company also enters into a 1 year contract which sets the price of gas, rather than a 2 or 3 year contract which is also offered in order to minimise the risk of price fluctuations.

ii) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and overdrafts.

iii) Compliance with new laws and regulations

The directors maintain an awareness of new laws and regulations via their professional advisors and take appropriate steps to ensure compliance with applicable laws and regulations.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the Company made charitable donations of £5,800 (2007 - £4,025) to various charities and parishes in the local community, which includes £3,400 (2007 - £3,600) from collection boxes in the crematoria donated by the general public.

LAND AND BUILDINGS

The directors consider that the freehold properties are maintained in such a state of repair that their residual value is at least equal to their net book value as shown in the financial statements. An impairment review is conducted on an annual basis to confirm that this is the case.

The impairment review involved a desk top valuation of the freehold properties and land which estimated their value to be £5,235,000 (2007 - £5,140,000). This is in excess of their net book values of £1,148,462 (2007 - £1,081,934). Crematoriums are based upon a depreciated replacement cost basis. Other freehold properties are valued on an existing use basis. Land is valued on an open market basis.

As these assets are of a specialist nature, are used in the Company's business and no disposals are envisaged, the potential tax liability has not been quantified.

KENT COUNTY CREMATORIUM PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2008

CAPITAL EXPENDITURE

The Company has spent £130,096 (2007 - £75,366) on capital items in the year. Included within this amount is a deposit of £34,193 for new filtration equipment which is required in order to comply with future legislation on mercury emissions. The deposit represents 5% of the total purchase price of £683,650.

SHARE VALUES

Excluding transfers for a nil or nominal consideration share transfers have been received in the twelve months prior to the date of this report at between £12.92 and £14.25 per share, the most recent transactions taking place during the year at £14.25 per share.

Because the Company's shares are unlisted, members and their advisers may encounter difficulties in the disposal or valuation of their holdings. The Company is prepared to provide information which includes the most recent prices for share dealings. Enquiries should be in writing and addressed to the Company Secretary at the Registered Office.

Information regarding the value of the Company's shares for Capital Gains Tax purposes as at 31 March 1982 is available on request.

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

It is the Company's policy that all debts are settled within the period agreed with the supplier, or where no specific terms are agreed by the end of the month following receipt of the supplier's invoice. The Company's "creditor days" at 31 May 2008 were 147 days (2007 - 100 days).

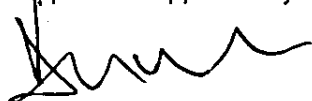
AUDITORS

The auditors, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on

20/11/08

and signed on its behalf.



D G Tickner
Secretary

KENT COUNTY CREMATORIUM PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENT COUNTY CREMATORIUM PLC

We have audited the financial statements of Kent County Crematorium plc for the year ended 31 May 2008, set out on pages 10 to 23. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report, the Chairman's Report and the Five Year Summary is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report, the Chairman's statement and the Five Year Summary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

KENT COUNTY CREMATORIUM PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENT COUNTY CREMATORIUM PLC

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

Horwath Clark Whitehill LLP

HORWATH CLARK WHITEHILL LLP

Chartered Accountants
Registered Auditors

10 Palace Avenue
Maidstone
Kent
ME15 6NF

Date: *20th November 2008*

KENT COUNTY CREMATORIUM PLC

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2008**

	Note	2008 £	2007 £
TURNOVER	1,2	1,806,318	1,629,181
Cost of sales		<u>(757,840)</u>	<u>(743,791)</u>
GROSS PROFIT		1,048,478	885,390
Administrative expenses		<u>(653,743)</u>	<u>(512,679)</u>
OPERATING PROFIT	3	394,735	372,711
Income from other fixed asset investments		52	53
Interest receivable		<u>44,247</u>	<u>26,251</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		439,034	399,015
Tax on profit on ordinary activities	6	<u>(102,308)</u>	<u>(92,515)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	<u>336,726</u>	<u>306,500</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the Profit and loss account.

The notes on pages 13 to 23 form part of these financial statements.

KENT COUNTY CREMATORIUM PLC

BALANCE SHEET AS AT 31 MAY 2008

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Tangible fixed assets	7		1,308,646		1,234,284
Fixed asset investments	8		489		489
			<u>1,309,135</u>		<u>1,234,773</u>
CURRENT ASSETS					
Stocks	9	11,751		13,714	
Debtors	10	222,327		144,515	
Cash at bank and in hand		1,101,090		970,025	
		<u>1,335,168</u>		<u>1,128,254</u>	
CREDITORS: amounts falling due within one year	11	(355,786)		(273,563)	
NET CURRENT ASSETS			<u>979,382</u>		<u>854,691</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,288,517</u>		<u>2,089,464</u>
CREDITORS: amounts falling due after more than one year	12		(497,945)		(484,026)
PROVISIONS FOR LIABILITIES					
Deferred tax	13		(6,552)		(6,226)
NET ASSETS			<u>1,784,020</u>		<u>1,599,212</u>
CAPITAL AND RESERVES					
Called up share capital	14		173,488		173,488
Share premium account	15		14,261		14,261
Capital redemption reserve	15		30,113		30,113
Capital expenditure reserve	15		233,600		106,620
Other reserves	15		(41,491)		1,013
Profit and loss account	15		1,374,049		1,273,717
SHAREHOLDERS' FUNDS	16		<u>1,784,020</u>		<u>1,599,212</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20/11/08


J. Leigh Pemberton CBE DL (Chairman)
Director


M. W. Hardcastle
Director

The notes on pages 13 to 23 form part of these financial statements.

KENT COUNTY CREMATORIUM PLC

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2008**

	Note	2008 £	2007 £
Net cash flow from operating activities	18	411,423	489,775
Returns on investments and servicing of finance	19	44,299	26,304
Taxation		(85,147)	(68,300)
Capital expenditure and financial investment	19	(130,096)	(75,366)
Equity dividends paid		(109,414)	(103,543)
INCREASE IN CASH IN THE YEAR		131,065	268,870

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 MAY 2008**

	2008 £	2007 £
Increase in cash in the year	131,065	268,870
MOVEMENT IN NET DEBT IN THE YEAR	131,065	268,870
Net funds at 1 June 2007	970,025	701,155
NET FUNDS AT 31 MAY 2008	1,101,090	970,025

The notes on pages 13 to 23 form part of these financial statements.

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

The Company recognises the income from the provision of memorials over the duration of the memorial period. It is the Company's policy to recognise a full year's income in each year of the memorial period irrespective of what point in the year the memorial was sold.

1.3 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation. An annual impairment review of freehold land and buildings is carried out, and in accordance with FRS 15, no depreciation is charged where the estimated residual value of the assets is not materially different from its carrying value. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold Property	-	Nil
Plant & machinery	-	10 years
Fixtures & fittings	-	5 to 10 years

The company carries out an annual impairment review of the properties in accordance with FRS 11 and FRS 15. No depreciation is charged where the residual value of the properties is not less than the carrying values of those properties.

1.4 INVESTMENTS

Investments held as fixed assets are shown at cost less provisions for their impairment.

1.5 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

1. ACCOUNTING POLICIES (continued)

1.6 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.7 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.8 EMPLOYEE PROFIT SHARING SCHEME AND EMPLOYEE SHARE OPTION PLAN

The Company operates an employee profit sharing scheme in respect of the majority of its full time employees which has been approved by the Inland Revenue under Paragraph 1, Schedule 9 of the Finance Act 1978. The scheme is established under a deed of Trust and is governed by formal rules. The shares fall under the scope of Financial Reporting Standard 20 'Share Based Payments'.

The directors have taken advantage of the transitional arrangements contained within FRS 20 not to account for shares granted on or before 7 November 2002 or granted after 7 November 2002 which had vested before 1 January 2006. FRS 20 requires all other shares to be valued at their estimated fair value at the date of grant, and for this amount to be written off to the profit and loss account over the vesting period.

The shares were valued using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Full details can be found in note 24.

2. TURNOVER

The whole of the turnover is attributable to the carrying out of cremations and the provision of memorials.

All turnover arose within the United Kingdom.

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2008

3. OPERATING PROFIT

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

	2008 £	2007 £
Depreciation of tangible fixed assets: - owned by the company	55,734	55,419
Auditors' remuneration	8,400	8,040
Auditors' remuneration - taxation	5,600	5,360
Environmental levy	(126,980)	(90,020)
	<u> </u>	<u> </u>

4. STAFF COSTS

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

	2008 £	2007 £
Wages and salaries	518,620	482,292
Social security costs	51,955	46,320
Other pension costs	71,688	58,764
	<u> </u>	<u> </u>
	<u>642,263</u>	<u>587,376</u>

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

	2008 No.	2007 No.
Service employees	15	15
Office and management employees (including executive directors)	6	6
Non-executive directors	4	5
	<u> </u>	<u> </u>
	<u>25</u>	<u>26</u>

5. DIRECTORS' REMUNERATION

	2008 £	2007 £
Emoluments	116,648	131,922
	<u> </u>	<u> </u>
Company pension contributions to money purchase pension schemes	6,545	8,300
	<u> </u>	<u> </u>

During the year retirement benefits were accruing to 1 director (2007 - 1) in respect of money purchase pension schemes.

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

6. TAXATION

	2008 £	2007 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	104,752	87,918
Adjustments in respect of prior periods	(2,770)	-
TOTAL CURRENT TAX	101,982	87,918
DEFERRED TAX		
Origination and reversal of timing differences	741	4,597
Effect of increased tax rate on opening liability	(415)	-
TOTAL DEFERRED TAX (see note 13)	326	4,597
TAX ON PROFIT ON ORDINARY ACTIVITIES	102,308	92,515

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	439,034	399,015
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 - 30%)	131,710	119,705
EFFECTS OF:		
Expenses not deductible for tax purposes	529	225
Marginal rate relief	(26,676)	(30,398)
FRS 20 charge	-	2,999
Depreciation in excess of capital allowances	(2,447)	(2,880)
Franked investment income	(16)	(16)
Other short term timing differences	1,652	(1,717)
Adjustments to tax charge in respect of previous periods	(2,770)	-
CURRENT TAX CHARGE FOR THE YEAR (see note above)	101,982	87,918

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

From 6 April 2008 the higher rate of corporation tax has been reduced to 28%

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2008

7. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Other fixed assets £	Total £
COST				
At 1 June 2007	1,081,934	1,294,896	482,552	2,859,382
Additions	66,528	32,904	30,664	130,096
At 31 May 2008	1,148,462	1,327,800	513,216	2,989,478
DEPRECIATION				
At 1 June 2007	-	1,208,338	416,760	1,625,098
Charge for the year	-	21,896	33,838	55,734
At 31 May 2008	-	1,230,234	450,598	1,680,832
NET BOOK VALUE				
At 31 May 2008	1,148,462	97,566	62,618	1,308,646
At 31 May 2007	1,081,934	86,558	65,792	1,234,284

8. FIXED ASSET INVESTMENTS

	Unlisted invest-ments £
COST OR VALUATION	
At 1 June 2007 and 31 May 2008	489

9. STOCKS

	2008 £	2007 £
Finished goods and goods for resale	11,751	13,714

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2008

10. DEBTORS

	2008 £	2007 £
Trade debtors	165,037	125,152
Other debtors	4,396	-
Prepayments and accrued income	52,894	19,363
	<u>222,327</u>	<u>144,515</u>

Prepayments include £Nil (2007 - £5,507) of prepaid pension contributions.

11. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	129,831	72,911
Corporation tax	104,752	87,918
Social security and other taxes	19,128	20,598
Other creditors	10,492	3,986
Accruals and deferred income	91,583	88,150
	<u>355,786</u>	<u>273,563</u>

The deferred income relates to memorial income received which is to be recognised in the profit and loss account in future years in accordance with Financial Reporting Standard 5 (FRS 5) "Reporting the substance of transactions".

Included within accruals are pension contributions for £1,375 (2007: Nil).

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

	2008 £	2007 £
Accruals and deferred income	<u>497,945</u>	<u>484,026</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2008 £	2007 £
Deferred income	<u>185,570</u>	<u>184,542</u>

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2008

12. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

The deferred income relates to memorial income received which is to be recognised in the profit and loss account in future years in accordance with Financial Reporting Standard 5 (FRS 5) "Reporting the substance of transactions".

13. DEFERRED TAXATION

	2008 £	2007 £
At 1 June 2007	6,226	1,629
Charge for the year	326	4,597
At 31 May 2008	<u>6,552</u>	<u>6,226</u>

The provision for deferred taxation is made up as follows:

	2008 £	2007 £
Accelerated capital allowances	6,552	4,574
Short term timing differences	-	1,652
	<u>6,552</u>	<u>6,226</u>

14. SHARE CAPITAL

	2008 £	2007 £
AUTHORISED		
400,000 Ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>
ALLOTTED, CALLED UP AND FULLY PAID		
173,488 Ordinary shares of £1 each	<u>173,488</u>	<u>173,488</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2008

15. RESERVES

	Share premium account £	Capital redemption reserve £	Capital expenditure reserve £	Other reserves £	Profit and loss account £
At 1 June 2007	14,261	30,113	106,620	1,013	1,273,717
Profit for the year	-	-	-	-	336,726
Dividends: Equity capital	-	-	-	-	(109,414)
Transfer from / (to) profit and loss reserve	-	-	126,980	-	(126,980)
Share option movements (see below)	-	-	-	(42,504)	-
At 31 May 2008	14,261	30,113	233,600	(41,491)	1,374,049

OTHER RESERVES

	Own shares held reserve £	FRS 20 share option reserve £	2008 £	2007 £
Other reserves b/f	(12,121)	13,134	1,013	(8,985)
FRS 20 charge for the year	-	10,557	10,557	9,998
Release of shares to employees following completion of vesting period	9,953	(9,953)	-	-
Shares transferred into ESOP	(53,061)	-	(53,061)	-
Total	(55,229)	13,738	(41,491)	1,013

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Opening shareholders' funds	1,599,212	1,386,257
Profit for the year	336,726	306,500
Dividends	(109,414)	(103,543)
FRS 20 charge for the year (Note 24)	10,557	9,998
Shares transferred into ESOP	(53,061)	-
Closing shareholders' funds	1,784,020	1,599,212

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FOR THE YEAR ENDED 31 MAY 2008

17. DIVIDENDS

	2008 £	2007 £
Dividend paid of 67p (2007 - 64p) per share	<u>109,414</u>	<u>103,543</u>

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	394,735	372,711
Depreciation of tangible fixed assets	55,734	55,420
Share option movements	(42,505)	9,998
Decrease in stocks	1,963	7,030
(Increase)/decrease in debtors	(77,812)	15,244
Increase in creditors	79,308	29,372
NET CASH INFLOW FROM OPERATIONS	<u>411,423</u>	<u>489,775</u>

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2008 £	2007 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	44,247	26,251
Dividends received	52	53
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>44,299</u>	<u>26,304</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	<u>(130,096)</u>	<u>(75,366)</u>

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS
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20. ANALYSIS OF CHANGES IN NET DEBT

	1 June 2007 £	Cash flow £	Other non-cash changes £	31 May 2008 £
Cash at bank and in hand:	970,025	131,065	-	1,101,090
NET FUNDS	970,025	131,065	-	1,101,090

21. CAPITAL COMMITMENTS

At 31 May 2008 the Company had capital commitments as follows:

	2008 £	2007 £
Contracted for but not provided in these financial statements	649,658	-

During the year the company entered into a contract to purchase filtration equipment in order to comply with future legislation on mercury emissions. The purchase price of this equipment was £683,650 including VAT. A deposit of 5% (£34,193) was paid during the year.

22. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £71,688 (2007 - £58,764).

23. POST BALANCE SHEET EVENTS

After the year end the directors proposed a dividend of 67p per share (2007 - 64p). In accordance with Financial Reporting Standard Number 21 'Events after the balance sheet date' this has been disclosed but not accrued for within these financial statements.

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

24. EQUITY-SETTLED SHARE OPTION SCHEME

The company operates an Employee Share Option Plan (ESOP). Under the terms of the scheme shares are allocated to members of the scheme based upon their length of service and their basic weekly rate of pay. In 2003 a new scheme was set up due to changes in legislation.

Shares are held in trust until the end of the holding period which is 3 years from the date of the award. Under the rules of the new scheme if an employee leaves before the end of the period they will lose their entitlement to those shares.

The accounting treatment of the Employee Share Option Plan has been made in accordance with Financial Reporting Standard 20 'Share based payments' (FRS 20).

The shares were valued using a Black-Scholes based model to estimate the fair value of the shares at the date they were awarded. The main assumptions used in the calculation are detailed below:

The FRS 20 fair value charge for the year was £10,557 (2007 - £9,998).

The value of the shares issued to employees during the year under FRS 20 was £9,953 (2007 - £9,881).

The average share price for the year was £12.99 (2007 - £12.92).

The inputs into the Black-Scholes option pricing model were as follows:

Expected volatility	20%
Expected life	3 years
Risk-free rate	4.4% (2007 - 4.73%)
Dividend Yield	4.76% (2007 - 5.14%)

The directors have assumed that all employees will complete the 3 year vesting period based upon historical staff turnover.

Details of the movements on options during the year are set out below:

	2007	2006
Options held at the start of the year	2,533	2,549
Options allocated to the ESOP	893	845
Options exercised	830	791
Options forfeited *	68	70

* Forfeited by an employee who left the company during the three year vesting period.

The weighted average share price at the date of exercise was £12.99 (2007 - £12.50).

25. CAPITAL EXPENDITURE RESERVE

A capital expenditure reserve has been set up to meet the future cost of complying with emissions. An amount equal to the environmental levy charged will be transferred from the profit and loss account each year.