

KENT COUNTY CREMATORIUM PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MAY 2005**



KENT COUNTY CREMATORIUM PLC

COMPANY INFORMATION

DIRECTORS	J Leigh Pemberton, CBE DL (Chairman) M H Pym (Deputy Chairman) R N Arber M A Atherton, CBE JP DL M W Hardcastle D G Tickner
SECRETARY	D G Tickner
COMPANY NUMBER	296005
REGISTERED OFFICE	Newcourt Wood Charing Ashford Kent TN27 0EB
AUDITORS	Horwath Clark Whitehill LLP Chartered Accountants & Registered Auditors 10 Palace Avenue Maidstone Kent ME15 6NF

KENT COUNTY CREMATORIUM PLC

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KENT COUNTY CREMATORIUM PLC

FIVE YEAR SUMMARY YEAR ENDED 31 MAY 2005

	2005 £	2004 £	2003 £	2002 £	2001 £
Profit					
Operating Profit	199,221	184,845	198,412	200,641	192,212
Exceptional items	0	65,000	107,004	0	117,623
Prior year adjustment	0	0	(26,648)	(25,912)	(20,574)
Profit/(loss) on sale of fixed assets	100	212	494	(450)	50
Investment income less interest Payable	14,208	5,706	(7)	2,608	10,682
Employee profit sharing	(6,833)	(3,333)	(9,500)	(12,500)	(11,500)
Profit before taxation	206,696	252,430	269,755	164,387	288,493
Taxation	23,387	(14,258)	51,749	37,338	67,044
Profit for year	183,309	266,688	218,006	127,049	221,449
Dividend	99,292	90,214	90,214	83,274	95,692
Retained profit	84,017	176,474	127,792	43,775	125,757
Shareholder's funds (After prior year adjustments)	1,156,477	1,090,083	917,013	789,221	1,140,374
Earnings and dividends per share					
Sustainable* earnings (pence)	105.66	78.63	75.76	73.23	61.97
Actual earnings (pence)	105.66	153.72	125.66	73.23	108.77
Dividends net (pence)	59.00	52.00	52.00	48.00	47.00
Dividend cover	1.79	1.51	1.73	1.87	1.59
Highest price in dealings (see also Directors' report)	£ 13.00	£ 12.50	£ 11.60	£ 12.70	£ 10.05
Price/Earnings ratio on above share price and sustainable earnings	12.30	15.90	15.31	17.34	16.22
Dividend yield on above share price	5.04	4.62	4.98	4.20	5.20
Number of cremations	3,743	3,784	3,718	3,755	3,608

* Sustainable earnings are defined by the Board as earnings excluding the profit and tax effects of exceptional items and the tax impact of prior year adjustments.

CHAIRMANS STATEMENT
For the year ended 31 May 2005

RESULTS

Although there was a small decrease of 1.1% to 3,732 in the number of cremations, the period to 31st May 2005 ended satisfactorily with turnover increasing by 4.4% at £1.42m. There was also a decrease of 10.4% in memorial income some of which reflected the change in accounting treatment of memorials, FRS5, mentioned in my statement last year. Pre-tax profit on ordinary activities was a healthy 10.3% up on last year at £206,696.

DIVIDEND

Your Directors are recommending payment of a dividend of 59 pence per share. 4p of this is in the nature of a special dividend following a Corporation Tax refund. This refund resulted from the change in accounting principles referred to above and it seems right to your board that shareholders should benefit from the ensuing cash advantage since we believe that our forward capital expenditure plans will be adequately covered by future operational cash flows. The recommended dividend will be put to shareholders for approval at the Annual General Meeting on 24th November 2005 and represents an increase over the previous payment of 13.46%; the dividend of 55p per share attributable to ordinary activities being an increase of 5.77%.

ENVIRONMENTAL

Process Guidance Note 5/2 (04) "Control of Mercury Emissions from Crematoria" and supplementary guidance, provide for a compromise to enable the industry to achieve the abatement target of a 50% reduction in emission levels nationwide. The Federation of British Cremation Authorities, representing 94% of UK Cremation Authorities, has proposed a Burden Sharing Arrangement to minimise the impact of compliance with emission reduction targets. The scheme will be operated by the Cremation Abatement of Mercury Emissions Organisation (CAMEO) and has been recognised by the Department of Environment, Food and Rural Affairs (DEFRA) as a suitable burden sharing arrangement. All Cremation authorities must inform their local regulator by 31st December 2005 whether or not that they will be installing abatement equipment or participating in a burden sharing scheme. Crematoria who have decided to abate must have the equipment operational by the end of December 2012. At the present time it is also being proposed by CAMEO that an environmental levy of £25 per cremation should be charged by all cremation authorities with effect from 1st April 2006 in order to build up a sinking fund to help finance the very significant capital expenditure which is anticipated by 2012.

IMPROVEMENTS AND MAINTENANCE

The Floral Tribute Area at Charing has been extended and now provides a more suitable place to display flowers and for mourners to meet after a service. The extended Gardens of Remembrance at Charing offer new opportunities for dedicated trees and shrubs. The Gazebo which has been built in the grounds at Barham below the Floral Tribute Area adds an attractive feature whilst providing shelter in an area that is exposed to the elements. Our plans this year include the completion of the Chapel waiting room at Charing, the extension of the waiting room at Barham and an enlargement of the car park at Barham.

OPEN DAYS AND SERVICE OF REMEMBRANCE

Our annual Service of Remembrance took place on 26th June at Charing and we thank the Archdeacon of Maidstone Phillip Down for his thoughtful address and to the choir of the Holy Cross at Bearsted for some very fine signing. The weather was kind this year and the service was enjoyed by a congregation of over 500. We must also thank The Reverend Canon Brian Chalmers, Vicar of Charing, who officiated for the last time. Brian retires in September and we are grateful for his services for the past 16 years and we wish him a long and happy retirement. This year's Open Day on 24th July at Charing was well attended considering the adverse weather conditions and the presentations provided by the staff explaining the services that we provide were greatly appreciated by all our visitors.

CHAIRMAN'S STATEMENT
For the year ended 31 May 2005

OUTLOOK

We do not expect the number of cremations to increase significantly in the foreseeable future but remain confident that our operations will continue to generate the profit and cash flow necessary to reward our shareholders, to look after our buildings and gardens, and to safeguard the service that we give to our public.

On behalf of the Board of Directors I would like to thank all members of staff for their contribution to the successful running of the company during the year. We are fortunate to be able to count on their skill and commitment without which it would not be possible to achieve such results nor to maintain such a high standard of service.



J. LEIGH PEMBERTON

6/10/05

KENT COUNTY CREMATORIUM PLC

DIRECTORS' REPORT For the year ended 31 May 2005

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

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.

The company has operated satisfactorily throughout the year. The number of cremations carried out was 3,742, a decrease of 41 compared with the previous year. The average number of cremations per year over the last five years is 3,722.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £183,309 (2004 - £266,688). The profit for the year after taxation in the previous year includes a £65,000 exceptional credit to the accounts in respect of a creditor that was written off in that year.

Profit for the year before taxation and exceptional items amounted to £206,696 (2004 - £199,780).

The directors recommend an ordinary dividend of 59 pence per share. The dividend will be paid on November 28th for shareholders on the register at September 30th.

The dividend includes a special dividend of 4 pence per share which follows a refund of Corporation Tax received in the year resulting from a change of accounting policy in 2004 with regard to memorial income.

This refund totalled £79,082, made up of £15,002 cash and £64,080 as an adjustment to the current year's corporation tax liability.

KENT COUNTY CREMATORIUM PLC

DIRECTORS' REPORT For the year ended 31 May 2005

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

J Leigh Pemberton, CBE DL (Chairman)
M H Pym (Deputy Chairman)
R N Arber
M A Atherton, CBE JP DL
M W Hardcastle
D G Tickner

	Ordinary shares of £1 each	
	<u>31/5/05</u>	<u>1/6/04</u>
J Leigh Pemberton, CBE DL (Chairman)	1,807	1,807
M H Pym (Deputy Chairman)	2,840	2,840
R N Arber	100	100
M A Atherton, CBE JP DL	1,560	1,560
M W Hardcastle	1,900	1,900
D G Tickner	100	100

ADDITIONAL INFORMATION RE DIRECTORS

M W Hardcastle, J Leigh Pemberton and M H Pym have a further non-beneficial interest in 3,624 (2004 - 3,019) shares held as trustees of the company's Employee Profit Sharing Schemes.

The directors are covered by third party indemnity insurance.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations of £3,043 to various charities and local parishes in the local community, which includes £2,893 from the 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.

As these assets are of a specialist nature, are used in the company's business and no disposals are envisaged, neither any excess over the book value or the potential tax liability is quantified. The corresponding depreciation of buildings would not be material and is not charged to the profit and loss account.

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 2005 were 15 days (2004 - 47 days).

DIRECTORS' REPORT
For the year ended 31 May 2005

CAPITAL EXPENDITURE

The company has spent £146,005 on capital items in the year, including improvements to the floral tribute area at Barham, a new analytical panel and improvements to the lighting in the crematoria's driveways.

AUDITORS

The auditors, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

EMPLOYEE SHARE SCHEME AND ALL EMPLOYEE SHARE OPTION PLAN

The sum of £10,500 allocated in respect of the year to 31 May 2004 has been transferred to the trustees of the scheme.

During the year the scheme purchased 2,038 £1 shares in the year for distribution to the company's employees at £12 per share, at a cost of £24,456. This purchase represents 1.1% of the company's issued share capital.

At the year end the scheme held 2,864 shares, representing 1.6% of the company's issued share capital. This holding represents the maximum amount held by the scheme during the year.

A sum of £10,500 is proposed to be awarded to the scheme in respect of the year to 31 May 2005.

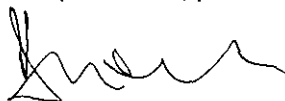
SHARE VALUES

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 £12.00 and £13.00 per share, the most recent transactions taking place at £13.00 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.

This report was approved by the board on



D G Tickner
Secretary

6/10/05

and signed on its behalf.

KENT COUNTY CREMATORIUM PLC

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

We have audited the financial statements of Kent County Crematorium plc for the year ended 31 May 2005 set out on pages 9 to 21. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 13.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 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 United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report and Chairman's report are not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read 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 and the Chairman's Statement. 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

KENT COUNTY CREMATORIUM PLC

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

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP

Chartered Accountants

Registered Auditors

10 Palace Avenue

Maidstone

Kent

ME15 6NF

Date: 6/10/05

KENT COUNTY CREMATORIUM PLC

PROFIT AND LOSS ACCOUNT For the year ended 31 May 2005

	Note	2005 £	2004 £
TURNOVER	2	1,425,401	1,365,519
Cost of sales	3	(825,435)	(735,147)
GROSS PROFIT		599,966	630,372
Administrative expenses		(407,478)	(383,648)
OPERATING PROFIT	3	192,488	246,724
Income from other fixed asset investments		51	50
Interest receivable		14,157	5,656
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		206,696	252,430
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	(23,387)	14,258
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		183,309	266,688
DIVIDENDS	7	(99,292)	(90,214)
RETAINED PROFIT FOR THE FINANCIAL YEAR	16	84,017	176,474

All amounts relate to continuing operations.

The notes on pages 13 to 21 form part of these financial statements.

KENT COUNTY CREMATORIUM PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 May 2005

	2005 £	2004 £
PROFIT FOR THE FINANCIAL YEAR	183,309	266,688
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	183,309	266,688

The notes on pages 13 to 21 form part of these financial statements.

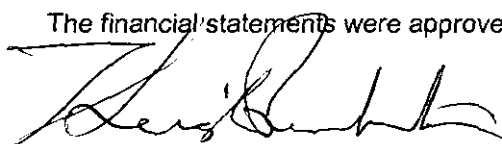
KENT COUNTY CREMATORIUM PLC

BALANCE SHEET As at 31 May 2005

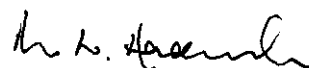
		2005	2004
	Note	£	£
FIXED ASSETS			
Tangible fixed assets	8	1,236,705	1,249,529
Investments	9	489	489
		<u>1,237,194</u>	<u>1,250,018</u>
CURRENT ASSETS			
Stocks	10	13,709	11,820
Debtors	11	164,623	131,020
Cash at bank and in hand		503,089	426,969
		<u>681,421</u>	<u>569,809</u>
CREDITORS: amounts falling due within one year	12	<u>(316,512)</u>	<u>(278,444)</u>
NET CURRENT ASSETS		<u>364,909</u>	<u>291,365</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,602,103</u>	<u>1,541,383</u>
CREDITORS: amounts falling due after more than one year	13	(435,857)	(410,614)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	14	(9,769)	(40,686)
NET ASSETS		<u>1,156,477</u>	<u>1,090,083</u>
CAPITAL AND RESERVES			
Called up share capital	15	173,488	173,488
Share premium account		14,261	14,261
Capital redemption reserve	16	30,113	30,113
Other reserves	16	(24,290)	(6,667)
Profit and loss account	16	962,905	878,888
SHAREHOLDERS' FUNDS	17	<u>1,156,477</u>	<u>1,090,083</u>

The financial statements were approved by the board on

and signed on its behalf.



J Leigh Pemberton, CBE DL (Chairman)
Director



M W Hardcastle
Director

The notes on pages 13 to 21 form part of these financial statements.

6/10/05

KENT COUNTY CREMATORIUM PLC

CASH FLOW STATEMENT For the year ended 31 May 2005

	Note	2005 £	2004 £
Net cash flow from operating activities	18	306,570	381,725
Returns on investments and servicing of finance	19	14,208	5,706
Taxation		15,002	(66,735)
Capital expenditure and financial investment	19	(145,905)	(63,036)
Equity dividends paid		(89,299)	(90,214)
CASH INFLOW BEFORE FINANCING		100,576	167,446
Financing	19	(24,456)	-
INCREASE IN CASH IN THE YEAR		76,120	167,446

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (NOTE 20) For the year ended 31 May 2005

	2005 £	2004 £
Increase in cash in the year	76,120	167,446
MOVEMENT IN NET FUNDS IN THE YEAR	76,120	167,446
Net funds at 1 June 2004	426,969	259,523
NET FUNDS AT 31 MAY 2005	503,089	426,969

The notes on pages 13 to 21 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2005

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	nil
Plant & machinery	-	10 years
Other fixed assets	-	5 to 10 years

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. This has been independently verified in the year by a firm of surveyors.

1.3 Stocks

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

1.4 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.5 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.

1.6 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 governed by formal rules.

The profits allocated to the scheme in accordance with the rules are charged against the profit of the year from which they are allocated.

2. TURNOVER

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

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.

All turnover arose within the United Kingdom.

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2005

3. OPERATING PROFIT

The operating profit is stated after charging:

	2005 £	2004 £
Depreciation of tangible fixed assets:		
- owned by the company	158,829	154,308
Auditors' remuneration	6,750	6,500
Auditors' remuneration - non-audit	4,650	4,500
Exceptional income	-	(65,000)
	<u>169,229</u>	<u>159,808</u>

The previous year's exceptional income of £65,000 related to the write back of an over accrual in previous years.

4. STAFF COSTS

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

	2005 £	2004 £
Wages and salaries	441,684	422,185
Social security costs	40,755	35,474
Other pension costs	52,859	55,405
	<u>535,298</u>	<u>513,064</u>

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

	2005	2004
Service employees	15	14
Office and management employees (including executive directors)	6	6
Non-executive directors	5	5
	<u>26</u>	<u>25</u>

5. DIRECTORS' REMUNERATION

	2005 £	2004 £
Emoluments	123,554	117,096
Company pension contributions to money purchase pension schemes	7,087	6,637

During the year retirement benefits were accruing to 1 director (2004 - 1) in respect of money purchase pension schemes.

Directors emoluments shown above include a management charge of £11,034 (2004 - £10,764) paid to The Cremation Society of Great Britain in respect of the services of its Secretary, R N Arber who is also a director, as its nominee on the board.

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2005

6. TAXATION

	2005 £	2004 £
Analysis of tax charge/(credit) in year		
Current tax (see note below)		
UK corporation tax charge on profits of the year	55,828	-
Adjustments in respect of prior periods	(1,524)	(13,543)
Total current tax	54,304	(13,543)
Deferred tax		
Origination and reversal of timing differences	(15,999)	(715)
Effect of increased tax rate on opening liability	(14,918)	-
Total deferred tax (see note 14)	(30,917)	(715)
Tax on profit on ordinary activities	23,387	(14,258)

Factors affecting tax charge for year

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

	2005 £	2004 £
Profit on ordinary activities before tax	206,696	252,430
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 19% (2004 - 30%)	39,272	75,729
Effects of:		
Expenses not deductible for tax purposes	567	-
Franked investment income	(10)	(15)
Utilisation of tax losses - carried back to previous year	-	17,231
Depreciation in excess of capital allowances	15,957	20,765
Other short term timing differences	42	-
Adjustments to tax charge in respect of prior periods	(1,526)	(13,543)
Prior period adjustment not recognised in 2003 tax computation	-	(113,710)
Current tax charge/(credit) for year (see note above)	54,302	(13,543)

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2005

7. DIVIDENDS

	2005 £	2004 £
On equity shares		
Total dividends proposed	<u>99,292</u>	<u>90,214</u>

A dividend of 59p per share (2004 - 52p per share was proposed at the year end. The dividend of 59p per share includes a special dividend of 4p per share for the reasons outlined in the chairman's statement).

Total dividends proposed are shown net of £3,066 (2004 - £nil) that the company received or has become due in the year in the form of dividends on its own shares.

8. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Equipment fixtures and fittings £	Total £
Cost				
At 1 June 2004	951,973	1,215,023	397,994	2,564,990
Additions	73,518	38,913	33,574	146,005
At 31 May 2005	<u>1,025,491</u>	<u>1,253,936</u>	<u>431,568</u>	<u>2,710,995</u>
Depreciation				
At 1 June 2004	-	997,349	318,112	1,315,461
Charge for the year	-	120,410	38,419	158,829
At 31 May 2005	<u>-</u>	<u>1,117,759</u>	<u>356,531</u>	<u>1,474,290</u>
Net book value				
At 31 May 2005	<u>1,025,491</u>	<u>136,177</u>	<u>75,037</u>	<u>1,236,705</u>
At 31 May 2004	<u>951,973</u>	<u>217,674</u>	<u>79,882</u>	<u>1,249,529</u>

9. FIXED ASSET INVESTMENTS

	Listed and un- listed invest- ments £	Trade invest- ments £	Total £
Cost			
At 1 June 2004 and 31 May 2005	<u>394</u>	<u>95</u>	<u>489</u>

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2005

9. FIXED ASSET INVESTMENTS (continued)

Listed investments

The market value of the listed investments at 31 May 2005 was £725 (2004 - £725) .

10. STOCKS

	2005 £	2004 £
Finished goods and goods for resale	<u>13,709</u>	<u>11,820</u>

11. DEBTORS

	2005 £	2004 £
Trade debtors	139,726	92,371
Other debtors	-	13,478
Prepayments and accrued income	24,897	25,171
	<u>164,623</u>	<u>131,020</u>

12. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	63,825	96,989
Corporation tax	55,828	-
Social security and other taxes	18,274	18,191
Proposed dividend	100,207	90,214
Other creditors	3,638	-
Deferred income	74,740	73,050
	<u>316,512</u>	<u>278,444</u>

Included within trade creditors is an amount of £218 (2004 - £1,941) in relation to unpaid pension contributions.

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 FRS 5 "Reporting the substance of transactions".

13. CREDITORS: Amounts falling due after more than one year

	2005 £	2004 £
Deferred income	<u>435,857</u>	<u>410,614</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2005

13. CREDITORS:**Amounts falling due after more than one year (continued)**

Deferred income includes amounts not wholly recognisable within 5 years as follows:

	2005	2004
	£	£
Deferred income	<u>180,435</u>	<u>167,620</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 FRS 5 "Reporting the substance of transactions".

14. DEFERRED TAXATION

	2005	2004
	£	£
At 1 June 2004	40,686	41,400
Released during the year	(30,917)	(714)
At 31 May 2005	<u>9,769</u>	<u>40,686</u>

The deferred tax provision is made up as follows:

	2005	2004
	£	£
Accelerated capital allowances	9,810	40,686
Short term timing differences	(41)	-
	<u>9,769</u>	<u>40,686</u>

15. SHARE CAPITAL

	2005	2004
	£	£
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>

Of the shares in issue, 3,645 shares are held by the company's Employee Share option schemes as disclosed in note 23 to the financial statements.

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2005

16. RESERVES

Profit and loss account	£
At 1 June 2004	878,888
Profit retained for the year	84,017
	<hr/>
At 31 May 2005	962,905
	<hr/>
Capital redemption reserve	£
At 1 June 2004	30,113
	<hr/>
At 31 May 2005	30,113
	<hr/>
Other reserves	£
Own shares held at 1 May 2004	(21,491)
Shares transferred to participants	2,181
Shares purchased	(24,456)
	<hr/>
Own shares held at 31 May 2005	(43,766)
	<hr/>
Shares to be issued at 1 May 2004	14,824
Shares transferred to participants	(2,181)
Shares allocated to participants	6,833
	<hr/>
Shares to be issued at 31 May 2005	19,476
	<hr/>
Total Other Reserves at 31 May 2005	(24,290)
	<hr/>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the year	183,309	266,688
Dividends	(99,292)	(90,214)
	<hr/>	<hr/>
	84,017	176,474
Movement on own shares held reserve	(22,275)	15,127
Movement on shares to be issued	4,652	(18,531)
	<hr/>	<hr/>
	66,394	173,070
Opening shareholders' funds	1,090,083	917,013
	<hr/>	<hr/>
Closing shareholders' funds	1,156,477	1,090,083
	<hr/>	<hr/>

KENT COUNTY CREMATORIUM PLC

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2005

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating profit	192,488	246,724
Depreciation of tangible fixed assets	158,829	154,305
Profit on disposal of tangible fixed assets	(100)	(210)
Increase in stocks	(1,889)	(1,427)
Increase in debtors	(47,081)	(5,944)
Decrease in creditors	(2,510)	(15,155)
Charge to employee share scheme	6,833	3,432
NET CASH INFLOW FROM OPERATIONS	306,570	381,725

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

	2005 £	2004 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	14,157	5,656
Dividends received	51	50
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	14,208	5,706
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(146,005)	(63,246)
Sale of tangible fixed assets	100	210
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(145,905)	(63,036)
FINANCING		
Purchase of the company's own shares	(24,456)	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2005

20. ANALYSIS OF CHANGES IN NET FUNDS

	1 June 2004 £	Cash flow £	Other non-cash changes £	31 May 2005 £
Cash at bank and in hand:	426,969	76,120	-	503,089
NET FUNDS	426,969	76,120	-	503,089

21. PENSION COMMITMENTS

The company operates a defined contributions 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 £52,859 (2004 - £58,420).

22. EMPLOYEE SHARE OPTION PLAN

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 cost of the issue of the shares under the new scheme is therefore spread over this three year period.

During the year 869 shares were allocated to employees at a cost of £12.08 per share, a total cost of £10,500, which is based on the directors' best estimate of the market value of the shares at that time based on the most recent transactions.

The cost of these share issues to the profit and loss account came to £6,833 in the year.

At the year end there were 3,645 shares in issue which are held in trust in respect of the above schemes, 781 being held in respect of the old scheme and 2,864 in respect of the new scheme. Of these shares, 1,174 shares held in the new scheme have not yet been awarded to employees.

The accounting treatment of the Employee Share Option Plan is in accordance with UTIF 38 'accounting for ESOP trusts'.