

Financial Statements Lancashire County Developments Limited

For the year ended 31 March 2013



Company No 1624144

Company information

Company registration number :	1624144
Registered office :	P O Box 78 County Hall Preston Lancashire PR1 8XJ
Directors :	Ms N D Penney M J Welsh (Resigned 4 June 2013) H Henshaw (Resigned 4 June 2013) J R C Lawrenson (Resigned 4 June 2013) G Driver M P France (Resigned 4 June 2013) T M Ashton (Resigned 4 June 2013) P Halsall (Resigned 5 August 2013) M Green (Resigned 4 June 2013) D Watts (Appointed 29 July 2013) D Borrow (Appointed 23 July 2013) B Winlow (Appointed 29 July 2013) T Martin (Appointed 29 July 2013) J Gibson (Appointed 25 July 2013) D J Mein (Appointed 10 July 2013)
Secretary :	I M Fisher
Bankers :	The Royal Bank of Scotland Plc 97 Fishergate Preston PR1 2DP
Auditor :	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

Index to financial statements

Chair's statement	3
Report of the directors	4 – 5
Report of the independent auditors	6 – 7
Principal accounting policies	8 – 9
Consolidated profit and loss account	10
Statement of total recognised gains and losses	10
Reconciliation of movements in members' funds/(deficit)	11
Consolidated balance sheet	12
Company balance sheet	13
Consolidated cash flow statement	14
Notes to the financial statements	15 - 23

Chair's statement

The LCDL Group continues to play a key role in delivering economic prosperity and business growth across Lancashire by delivering its agreed business plan and investment strategy. This has been achieved whilst maintaining the business on a sound financial footing. During the 2012/13 financial year, the Group made a pre-tax profit of £4.6M, with a balance sheet net worth of £36.1M.

The activity of the Group has been re-focused to become a key economic delivery body of Lancashire County Council and the wider Lancashire Enterprise Partnership. The work of the Group is playing an important role in supporting the development and delivery of key initiatives.

LCDL's Strategic Development and Special Projects Team have been instrumental in bringing forward physical investment and development activity to stimulate and promote economic growth within the County. Over the course of the year, the team has worked extensively to bring forward large footprint development sites (Cuerden, Lancashire Business Park, and Burnley Bridge), to support development and employment growth in specific sectors (Hillhouses, Heysham, Enterprise Zone and Arcelle Supplier Village) to promote innovation (Lancaster University and UCLAN) and to maintain the economic position and offer of key urban centres (Preston, Lancaster, Burnley). In addition, the team have also played a key part in securing the Preston, South Ribble and Lancashire City Deal establishing an Infrastructure Delivery Programme and Investment Fund, with a combined value of £434million.

The Business Growth and Innovation Team has also continued to play a key role in resourcing, aligning and delivering business support to key businesses within the County. In 2012/13 the team identified and worked with over 300 local businesses, provided over £700,000 in loans and equity investments in Lancashire companies and secured £7.2m funding for Boost – an information and advice hub which will provide services to more than 1,500 Lancashire companies, create 1,200 new jobs and increase local output by £20m over the next two years.

The Group's own business parks have also out-performed industry benchmarks, notwithstanding difficult market conditions, whilst its Rosebud fund continues to invest in high value local businesses.

The key movements in the Group's financial accounts are explained by a £8.2M gain on disposal of fixed assets arising from the insurance proceeds received as a result of a fire at the Lancashire Business Park in Leyland in December 2011. The buildings destroyed were fully insured and our insurers have accepted liability and paid £16.2M to the Company. The accounts reflect the loss of the buildings, but also the cost of the replacement buildings as Assets in Construction of £11.4M. There is also within the accounts a loss of £4,054,284 resulting from the reduction in the valuation of the Group's property assets following the requirements of accounting standards to externally value Lancashire Business Park. As a result, the property portfolio is now valued at £25.9M.

Overall, the Group remains in robust financial health, with a clear vision and business plan guiding its on-going work programme.



Niki Penney
Chair of LCDL Group

Report of the directors

The directors present their report together with the audited financial statements of the company and the group for the year ended 31 March 2013

Principal activities

The principal activities of the group are to invest in Lancashire with a view to acting as a catalyst in promoting the economic development of industry in the County, to provide industrial premises and associated facilities for businesses and to promote job creation and training particularly associated with new technologies

Lancashire County Developments Limited is a company under the control of Lancashire County Council within the meaning of Part V of the Local Government and Housing Act 1989

Business review

A detailed review of operations of the group during the year and a commentary on the state of affairs, financial position and plans for the future is contained in the Chair's statement

The group profit before taxation amounted to £4,663,998 (2012 £4,251,122) The group profit after taxation amounted to £4,659,277 (2012 profit £4,198,368), which has been transferred to reserves

Capital funding

Lancashire County Developments Limited is a company limited by guarantee, therefore, does not have a share capital

Directors and employees

The Board of Directors during the year ended 31 March 2013 is shown below All served on the Board throughout the year and thereafter, unless otherwise indicated

Ms N D Penney
M J Welsh (Resigned 4 June 2013)
H Henshaw (Resigned 4 June 2013)
J R C Lawrenson (Resigned 4 June 2013)
G Driver
M P France (Resigned 4 June 2013)
T M Ashton (Resigned 4 June 2013)
P Halsall (Resigned 5 August 2013)
M Green (Resigned 4 June 2013)
D Watts (Appointed 29 July 2013)
D Borrow (Appointed 23 July 2013)
B Winlow (Appointed 29 July 2013)
T Martin (Appointed 29 July 2013)
J Gibson (Appointed 25 July 2013)
D J Mein (Appointed 10 July 2013)

At 31 March 2013, the group had no paid employees (2012 Nil), because with effect from 1 January 2004 all employees of the group were transferred to become employees of Lancashire County Council Management services were also provided by the staff of Lancashire County Council and by professional advisers

Report of the directors (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the directors 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 laws). 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 and profit or loss of the company and 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed to be reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD



I M Fisher
Secretary
19 September 2013

Report of the independent auditor to the members of Lancashire County Developments Limited

We have audited the financial statements of Lancashire County Developments Limited for the year ended 31 March 2013 which comprise the principal accounting policies, the consolidated profit and loss account, the statement of total recognised gains and losses, the group and parent company reconciliation of movement in members' funds, the consolidated and parent company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2013 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Grant Thornton UK LLP

STUART MUSKETT (Senior Statutory Auditor)
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS
MANCHESTER

19 December 2013

Principal accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention modified by the revaluation of certain fixed assets

The principal accounting policies of the group are set out below

Basis of consolidation

The group financial statements combine the financial statements of Lancashire County Developments Limited and all of its subsidiary undertakings

In the year of acquisition, the consolidated profit and loss account incorporates the group's share of the results of subsidiary undertakings from the date of acquisition

The group also holds corporate investments in certain companies where its shareholding is in excess of 20% of the total voting capital of these companies. In order to reflect the investment nature of all holdings, the group accounts for profits and losses on all of its corporate investments upon realisation. As the investments are held primarily for the purpose of promoting economic development, disclosure of share capital, reserves and results for the year of each investment, as required by the Companies Act 2006, is not considered appropriate

Income from investments

Investment income is the amount of income receivable in the accounting period from investments and loans

Income from property

Property income comprises rents arising from investment properties in the accounting period, but excludes service charges which are credited against the relevant expenditure

Grant income

Government and EEC grants received and receivable in respect of capital expenditure on investment properties are deducted from the cost of the relevant tangible assets. This does not comply with paragraphs 17 and schedule 27 Schedule 1 to SI 2008/410, which have the effect of prohibiting the deduction of grants from the purchase price of the related asset. This would therefore require the grants to be treated as deferred income

As stated above no depreciation is provided on investment properties and there would therefore be no corresponding release of any deferred income to the profit and loss account. The directors do not consider that the creation of a permanent deferred credit will show a true and fair view of the state of affairs of the company at the balance sheet date

Assets under the course of construction

Assets under the course of construction are capitalised at cost less any provision for impairment

Principal accounting policies (continued)

Investment properties

In accordance with Statement of Standard Accounting Practice No 19, certain of the group's properties are held for long-term investment and are included in the balance sheet at their open market values. The surplus(es) or deficit(s) on revaluation of such properties are transferred to the investment property revaluation reserve. Depreciation is not provided in respect of freehold investment properties. Leasehold investment properties are not amortised where the unexpired term is over twenty years.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Corporate investments

Investments are stated at cost less provision for impairment. Provision is made against investments if, in the opinion of the directors, the diminution in value is considered permanent and likely to crystallise in the foreseeable future. All costs incurred in connection with the making of corporate investments are written off in the period in which they are incurred.

Government and EEC grants

Government and EEC grants received and receivable in respect of capital expenditure on investment properties are deducted from the cost of the relevant tangible fixed assets. This does not comply with paragraphs 17 and 27 of Schedule 1 to SI 2008/410, which have the effect of prohibiting the deduction of grants from the purchase price of the related asset. This would therefore require the grant to be treated as deferred income.

As stated above no depreciation is provided on investment properties and therefore, there would be no corresponding release of any deferred income to profit and loss account. The directors do not consider that the creation of a permanent deferred credit will show a true and fair view of the state of the affairs of the group at the balance sheet date.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Leased assets

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Consolidated profit and loss account

	Note	2013 £	2012 £
Continuing activities			
Operating income	2	6,449,209	6,109,987
Expenditure		<u>(5,702,130)</u>	<u>(5,722,196)</u>
Operating profit		747,079	387,791
Profit on disposal of tangible fixed assets	7	8,212,062	6,000,000
Unrealised loss on revaluation of investment properties		<u>(4,054,284)</u>	<u>(1,894,355)</u>
Profit on ordinary activities before interest and taxation		4,904,857	4,493,436
Interest receivable	3	34,689	34,697
Interest payable and similar charges	3	<u>(275,548)</u>	<u>(277,011)</u>
Profit on ordinary activities before taxation	2	4,663,998	4,251,122
Taxation on profit on ordinary activities	5	(4,721)	(52,754)
Profit retained and transferred to reserves	13	<u>4,659,277</u>	<u>4,198,368</u>

Statement of total recognised gains and losses

	2013 £	2012 £
Profit for the financial year	4,659,277	4,198,368
Unrealised loss on revaluation of investment properties	<u>(5,265,498)</u>	<u>(14,065,819)</u>
Total recognised gains and losses relating to the year	<u>(606,221)</u>	<u>(9,867,451)</u>

Reconciliation of movement in members' funds/(deficit)

Group	2013	2012
	£	£
Profit for the year	4,659,277	4,198,368
Unrealised revaluation of investment properties	(5,265,498)	(12,344,819)
Realisation of prior years' revaluation of investment properties	-	(1,721,000)
Net (reduction in) members' funds	<u>(606,221)</u>	<u>(9,867,451)</u>
Members' funds at beginning of the year	<u>29,425,500</u>	<u>39,292,951</u>
Members' funds at end of the year	<u><u>28,819,279</u></u>	<u><u>29,425,500</u></u>
 Company		
Loss for the year	(212,464)	(975,302)
Members' deficit at beginning of the year	<u>(13,475,249)</u>	<u>(12,499,947)</u>
Members' deficit at end of the year	<u><u>(13,687,713)</u></u>	<u><u>(13,475,249)</u></u>

The accompanying notes form part of these financial statements.

Consolidated balance sheet

	Note	2013 £	2012 £
Fixed assets			
Investment properties	7	25,950,000	23,250,032
Corporate investments	8	3,416,266	3,639,089
		<u>29,366,266</u>	<u>26,889,121</u>
Current assets			
Debtors	9	3,221,169	10,176,144
Cash at bank and in hand		9,004,077	3,718,922
		<u>12,225,246</u>	<u>13,895,066</u>
Creditors :amounts falling due within one year	10	<u>(5,527,795)</u>	<u>(3,974,398)</u>
Net current assets		6,697,451	9,920,668
Total assets less current liabilities		<u>36,063,717</u>	<u>36,809,789</u>
Financed by			
Capital funding reserve	13	8,730,878	8,730,878
Investment property revaluation reserve	13	-	5,265,498
Profit and loss account	13	20,088,401	15,429,124
Members' funds		<u>28,819,279</u>	<u>29,425,500</u>
Creditors amounts falling due after more than one year	11	7,230,000	7,230,000
Provisions for liabilities	12	14,438	154,289
		<u>36,063,717</u>	<u>36,809,789</u>

These financial statements were approved by the Board on 19 September 2013 and signed on their behalf by

Cllr N Penney

 Chair

Company no. 1624144

The accompanying notes form part of these financial statements.

Company balance sheet

	Note	2013 £	2012 £
Fixed assets			
Corporate investments	8	<u>9,219,729</u>	<u>9,319,734</u>
		9,219,729	9,319,734
Current assets			
Debtors	9	<u>2,958,287</u>	<u>1,149,503</u>
Cash at bank and in hand		<u>920</u>	<u>-</u>
		2,959,207	1,149,503
Creditors :amounts falling due within one year	10	<u>(18,636,650)</u>	<u>(16,714,486)</u>
Net current liabilities		(15,677,443)	(15,564,983)
Total assets less current liabilities		<u>(6,457,714)</u>	<u>(6,245,249)</u>
Financed by:			
Capital funding reserve	13	<u>7,660,241</u>	<u>7,660,241</u>
Profit and loss account	13	<u>(21,347,955)</u>	<u>(21,135,490)</u>
Members' deficit		(13,687,714)	(13,475,249)
Creditors :amounts falling due after more than one year	11	<u>7,230,000</u>	<u>7,230,000</u>
		<u>(6,457,714)</u>	<u>(6,245,249)</u>

These financial statements were approved by the Board on 19 September 2013 and signed on their behalf by

Cllr N Penney



Chair

Company no: 1624144

The accompanying notes form part of these financial statements.

Consolidated cash flow statement

	Note	2013 £	2012 £
Net cash inflow from operating activities	14	9,182,453	29,623
Returns on investments and servicing of finance			
Interest received		34,689	34,697
Interest paid		<u>(275,548)</u>	<u>(277,011)</u>
Net cash outflow from returns on investments and servicing of finance		(240,859)	(242,314)
Taxation paid		(34,478)	-
Capital expenditure and financial investment			
Purchase of investment properties		(12,019,750)	(627,845)
Purchase of corporate investments		(820,647)	(2,259,888)
Disposal and repayment of corporate investments		1,060,195	1,231,219
Sale of tangible fixed assets		<u>8,212,062</u>	<u>-</u>
Net cash outflow from capital expenditure and financial investment activities		(3,568,140)	(1,656,514)
Net cash inflow/(outflow) before financing		5,338,976	(1,869,205)
Financing			
Repayment of bank loans		<u>(53,821)</u>	<u>9,903</u>
Net cash (outflow)/inflow from financing	15	(53,821)	9,903
Increase/(decrease) in cash in the year	16	<u>5,285,155</u>	<u>(1,859,302)</u>

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Constitution

Lancashire County Developments Limited is a company limited by guarantee. At 31 March 2013 there were 3 members (2012: 3), each of whom on a winding-up had undertaken to contribute an amount not exceeding £1.

2 Operating income and profit on ordinary activities before taxation

Operating income and profit on ordinary activities before taxation are attributable to the group's principal activities, which were carried out entirely within the United Kingdom. The profit on ordinary activities before taxation is stated after charging:

	2013	2012
	£	£
Auditors' remuneration		
– audit services	30,430	23,434
– non-audit services	22,420	44,295
Management fee paid to Lancashire County Council	408,543	204,060
Operating lease rentals		
– land and buildings	<u>58,244</u>	<u>96,895</u>

Non-audit services relate primarily to tax compliance and advisory fees.

3 Net interest

	2013	2012
	£	£
Interest payable and similar charges		
Bank loans	<u>275,548</u>	<u>277,011</u>
Interest receivable		
Bank interest receivable	<u>34,689</u>	<u>34,697</u>

4 Directors and employees

The chairman received £Nil (2012: £Nil) during the year. The total received from the group by the other directors was £Nil (2012: £Nil).

The employees of the group were officially transferred to Lancashire County Council with effect from 1 January 2004. The average number of employees in the year ended 31 March 2013 was £Nil (2012: Nil). Employee costs of £1,405,253 for the year (2012: £1,541,335) were recharged from Lancashire County Council to Lancashire County Developments Limited and are included within administrative expenses.

Notes to the financial statements

5 Taxation

	2013	2012
	£	£
Corporation tax on profit on ordinary activities at 24% (2012 26%)		
– current year	140,559	30,465
– adjustment in respect of prior years	4,013	-
	<u>144,572</u>	<u>30,465</u>
Deferred taxation		
– current year (other)	(139,851)	22,289
– adjustment in respect of prior years	-	-
	<u>(139,851)</u>	<u>22,289</u>
	<u>4,721</u>	<u>52,754</u>
Tax on profit on ordinary activities		

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 24% (2012 26%). The differences are explained as follows

	2013	2012
	£	£
Profit on ordinary activities before taxation	<u>4,663,995</u>	<u>4,251,122</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 24% (2012 26%)	1,119,358	1,105,292
Effect of		
Expenses not deductible for tax purposes	2,302,064	187,031
Differences between capital allowances and depreciation	142,259	(40,857)
Non-taxable income	(3,240,953)	(8,186)
Pension	-	(3,013)
Marginal relief	-	(2,238)
Profit on disposal	-	(1,207,564)
Fixed asset differences	(163,333)	-
Adjustment in respect of prior years	4,013	-
Unrelieved tax losses and other deductions in the period	(3,675)	-
Additional deduction for land remediation expenditure	(15,161)	-
	<u>144,572</u>	<u>30,465</u>

Notes to the financial statements

6 Profit and loss accounts

Under the provisions of s480 of the Companies Act 2006, Lancashire County Developments Limited has not published its own profit and loss account. The loss dealt with in the financial statements of the parent undertaking is £212,464 (2012 £975,032)

7 Investment properties

Group	Freehold £	Assets under the course of construction £	Total £
Cost or valuation and net book value			
At 1 April 2012	22,779,055	470,972	23,250,027
Additions	649,973	11,369,782	12,019,755
Revaluation in the year	(4,500,152)	(4,819,630)	(9,319,782)
At 31 March 2013	<u>18,288,876</u>	<u>7,021,124</u>	<u>25,950,000</u>
Cumulative grants			
At 31 March 2013			<u>3,143,188</u>
At 31 March 2012			<u>3,143,188</u>

The properties were externally revalued on an open market basis as at 31 March 2013 by King Sturge LLP. The historical cost of the premises are as follows

	£
At 31 March 2012	35,127,027
Additions	12,019,755
At 31 March 2013	<u>47,146,782</u>

In December 2011 a significant part of one of the group's properties was destroyed in a fire. The disposal of this asset has been reflected in these financial statements.

Company

At the year end the cost and net book value of the assets was £Nil (2012 £Nil)

Capital commitments

At 31 March 2013, the group and the company had capital commitments of £Nil (2012 £Nil)

Notes to the financial statements

8 Corporate investments

	2013	Group 2012	2013	Company 2012
	£	£	£	£
Shares in subsidiary undertakings	-	-	200	200
Shares in associated undertaking	163,136	163,136	-	-
Loans to subsidiary undertakings	-	-	9,219,529	9,219,529
Other investments in shares	467,709	1,120,464	100,005	100,005
Other participating interests	6,188	28,687	-	-
Other loans	2,779,233	2,326,802	-	-
	<u>3,416,266</u>	<u>3,639,089</u>	<u>9,319,734</u>	<u>9,319,734</u>

Subsidiary undertakings	Principal activity	% of ordinary shares	% of preference shares
Lancashire County Developments (Investments) Limited	Investment company	100	-
Lancashire County Developments (Property) Limited	Property investment	100	-
Lancashire Enterprises (Investments) Limited	Investment company	100	100
Lancashire County Enterprises (Leasing) Limited	Dormant	100	-
The Lancashire Rosebud (Small Firms) Fund Company Limited (Limited by guarantee)	Dormant	-	-
Associated undertaking			
North West Regional Fund Limited	Investment company	25	-

Other participating interests

Other participating interests at 31 March 2013 represent investments in The HSBC (UK) Enterprise Fund for the North West and the Enterprise Venture Fund. The interests are 11.9% and 15.7% respectively (2012: 11.9% and 15.7% respectively).

Notes to the financial statements

8 Corporate investments (continued)

Group

	Shares in associated undertakings £	Other participating interests £	Other investment in shares £	Loans £	Total £
Cost					
At 1 April 2012	163,136	28,687	1,810,307	3,892,237	5,894,367
Additions	-	-	-	820,647	820,647
Amounts written off	-	-	(822,151)	(330,280)	(1,152,431)
Repayments	-	(39,224)	-	(898,839)	(938,063)
Transfer	-	-	(253,457)	251,731	(1,726)
Net share of profits of other participating interests	-	16,725	-	-	16,725
At 31 March 2013	<u>163,136</u>	<u>6,188</u>	<u>734,699</u>	<u>3,735,496</u>	<u>4,639,519</u>
Provisions					
At 1 April 2012	-	-	640,847	1,614,431	2,255,278
Charge for the year	-	-	(69,396)	172,619	103,223
Amounts written off	-	-	(958,455)	(175,067)	(1,133,522)
Transfer	-	-	548,387	(550,113)	(1,726)
At 31 March 2013	<u>-</u>	<u>-</u>	<u>161,383</u>	<u>1,061,870</u>	<u>1,223,253</u>
Net book value					
At 31 March 2013	<u>163,136</u>	<u>6,188</u>	<u>573,316</u>	<u>2,673,626</u>	<u>3,416,266</u>
At 31 March 2012	<u>163,136</u>	<u>28,687</u>	<u>1,120,464</u>	<u>2,326,802</u>	<u>3,639,089</u>

Other investments	Principal activity	% of ordinary shares held at 31 March 2013	% of ordinary shares held at 31 March 2012
Manhattan Showers Limited	Manufacture of shower screens	-	20
North West Regional Fund Limited	Investment company	25	25
Plant Impact Plc	Development of crop nutrients and natural pesticides	1.9	3.72
SOL Publications Limited	Publishing and Media company	15	15
Outerline Limited (formerly EXML Systems)	Development of Expense World Expenses System	-	2
ISIS Forensics Limited	Development of software	7.46	-

The group holds other investments in which more than 20% of share capital is held. The group does not include these as associated undertakings as no significant influence is exerted over these companies.

Notes to the financial statements

9 Debtors: amounts falling due within one year

	2013 £	Group 2012 £	2013 £	Company 2012 £
Trade debtors	1,866,841	1,731,232	893,105	258,607
Accrued income and prepayments	168,684	8,109,986	45,190	29,798
Amounts owed by parent undertaking	-	157,989	890,898	667,481
Other debtors	76,618	1,320	5,386	-
Social security and other taxes	1,109,026	175,617	1,109,026	175,617
Deferred taxation (note 12)	-	-	14,682	18,000
	<u>3,221,169</u>	<u>10,176,144</u>	<u>2,958,287</u>	<u>1,149,503</u>

Included within accrued income and prepayments in 2012 is an amount representing the expected insurance proceeds of £8,000,000, please see note 7 for further details

10 Creditors: amounts falling due within one year

	2013 £	Group 2012 £	2013 £	Company 2012 £
Bank overdraft	-	-	11,541,596	542,554
Bank loans (note 11)	-	53,821	-	53,821
Trade creditors	630,225	1,106,300	627,368	1,106,300
Amounts owed to parent undertaking	-	-	-	-
Amounts owed to other group undertakings	-	-	5,266,437	14,451,786
Corporation tax	140,559	30,465	-	-
Accruals and deferred income	4,757,011	2,783,812	1,201,249	560,025
	<u>5,527,795</u>	<u>3,974,398</u>	<u>18,636,650</u>	<u>16,714,486</u>

Notes to the financial statements

11 Creditors: amounts falling due after more than one year

	Group and Company	
	2013	2012
	£	£
Amount owed to parent undertaking - Lancashire County Council	7,230,000	7,230,000
	<u>7,230,000</u>	<u>7,230,000</u>

The loan from Lancashire County Council included in creditors amounts falling due after more than one year of £7,230,000 is interest free and is repayable in full on 30 September 2030

12 Provisions for liabilities

Deferred taxation

	Group	Company
	£	£
Provision/(asset) at 1 April 2012	154,289	(18,000)
Charge for the year	(139,851)	3,318
Provision/(asset) at 31 March 2013	<u>14,438</u>	<u>(14,682)</u>

Deferred taxation provided for in the financial statements is set out below

	Group		Company	
	Amount provided 2013	2012	Amount provided 2013	2012
	£	£	£	£
Accelerated capital allowances	14,438	132,000	(14,682)	(18,000)
Other timing differences	-	22,289	-	-
	<u>14,438</u>	<u>154,289</u>	<u>(14,682)</u>	<u>(18,000)</u>

Notes to the financial statements

13 Reserves

Group	Capital funding reserve	Investment property revaluation reserve	Profit and loss account	
	£	£	£	£
At 1 April 2012	8,730,878	5,265,498	15,429,124	
Profit for the year	-	-	4,659,277	
Unrealised movement on revaluations	-	(5,265,498)	-	
At 31 March 2013	<u>8,730,878</u>	<u>-</u>	<u>20,088,401</u>	

Company			Capital funding reserve	Profit and loss account
			£	£
At 1 April 2012			7,660,241	(21,135,490)
Loss for the year			-	(212,464)
At 31 March 2013			<u>7,660,241</u>	<u>(21,347,955)</u>

14 Net cash inflow from operating activities

	2013	2012
	£	£
Operating profit	747,079	387,791
Decrease in debtors	6,954,975	457,337
(Decrease) in creditors	1,497,124	(809,516)
Share of profit in participating interests (note 8)	(16,725)	(5,989)
Net cash inflow from operating activities	<u>9,182,453</u>	<u>29,623</u>

15 Reconciliation of net cashflow to movement in net funds/(debt)

	2013	2012
	£	£
Increase/(decrease) in cash in the year	5,285,155	(1,859,302)
Cash outflow from movement of debt	53,821	9,903
Movement in net funds	5,338,976	(1,869,205)
Opening net debt	(3,564,899)	(1,695,694)
Closing net funds/(debt)	<u>1,774,077</u>	<u>(3,564,899)</u>

Notes to the financial statements

16 Analysis of changes in net funds/(debt)

	At 31 March 2012 £	Cashflows £	At 31 March 2013 £
Cash at bank	3,718,922	5,285,155	9,004,077
Bank loans			
The Royal Bank of Scotland plc	(53,821)	53,821	-
Other loans			
Lancashire County Council	(7,230,000)	-	(7,230,000)
	<u>(3,564,899)</u>	<u>5,338,976</u>	<u>1,774,077</u>

17 Operating lease commitments

Operating lease payments due within one year are as follows

	2013 Land and Buildings £	2012 Land and Buildings £
Expiring after five years	<u>-</u>	<u>96,895</u>

18 Related parties

Sales from Lancashire County Council during the year amount to £2,235,389 (2012 £2,488,260)
 Purchases with Lancashire County Council amount to £2,510,058 (2012 £3,734,591) The amount owed by this related party at 31 March 2013 is £586,883 (2012 £808,831) The amount owed to this related party at 31 March 2013 is £6,310 (2012 £932,202)

19 Contingent liabilities

The company has issued a cross guarantee secured on assets held by the company and other companies within the group

The cross guarantee relates to a borrowing facility and covers the obligations of each other company in the group The total amount outstanding by the group at 31 March 2013 was £Nil (2012 £Nil)

There are outstanding public liability claims addressed to both Lancashire County Developments Limited, Lancashire County Developments (Property) Limited and Lancashire County Council relating to a fire in one of Lancashire County Developments (Property) Limited's properties in December 2011 These are currently in the hands of insurers and lawyers who are defending these claims on behalf of all three entities At this stage it is not possible to provide an accurate estimate of any costs that will arrive as a result of this claim