APPENDIX A

GrantThornton

Financial Statements
Lancashire County Developments Limited

For the year ended 31 March 2011

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COMPANIES HOUSE

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 H Henshaw J R C Lawrenson G Driver M P France T M Ashton P Halsall M Green
Secretary :	I M Fisher
Bankers :	The Royal Bank of Scotland Plc 97 Fishergate Preston PR1 2DP
Auditor :	Grant Thornton UK LLP Registered Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

Index to financial statements

Chair's statement

The financial year covered by this report and accounts witnessed a major re-structuring of the Company following the earlier adoption of the County Council's new Economic Development Strategy and LCDL's revised business plan The effect has been to shift the emphasis of the Company's activities away from regeneration and social enterprise to a project based approach designed to facilitate the delivery significant economic developments and support the evolution of centres of excellence in those sectors where we believe Lancashire has a significant competitive advantage – low carbon environmental management, waste recovery, creative and digital enterprise, advanced manufacturing and financial services. We also believe that significant opportunities will arise in the nuclear industry and renewable energy.

The formation of Lancashire's Local Economic Partnership (LEP) has highlighted the importance of our relationship with major private sector investors and local entrepreneurs as well as our outstanding universities, in the coming year the Company will have the job of supporting private and public sector partners operationally as they set about delivering the development goals mapped out by the LEP. With this in mind the Company has been re-structured into two project groups – Business Development to provide direct support particularly to firms operating in our priority sectors and Economic Development to promote the development of modern infrastructure that is essential if we are to attract investment in advanced technology and other growth oriented business Our role is to remove obstacles and smooth the path for growth that only the private sector can deliver.

These fundamental changes do not come without cost, the Company's headcount has been substantially reduced with numbers of staff, many of them long serving, opting for voluntary redundancy or being re-deployed within the County Council Stephen Dean, the Managing Director for the last 15 years left the Company in April and the Board pays tribute to his qualities of leadership, integrity and entrepreneurial skill. The way in which this difficult exercise has been conducted with great good will on all sides and a universal desire to see the Company succeed is eloquent testimony to the traditions that Steve established, I place on record my personal thanks to him and all those staff who have left us for their loyal service and wish them well for the future

The recession and the slow pace of the recovery have had a negative effect on all business and LCDL is no exception Our revenue from property lettings is somewhat reduced and the level of activity generally has slowed with an inevitable effect on revenues In particular it is not a good time to be letting state of the art office developments and we have had to take a substantial write down of the book value of our Rising Bridge development, this together with an exceptional provision for redundancy costs has resulted in a loss for the year of £1.7 million In normal times we would expect to recoup these costs by increasing the revenue from our regular trading activities but this has not been possible in the current business climate On the credit side the Rosebud Fund has continued to invest in smaller companies and has made some larger investments notably in TPM at the Barrow Brook site outside Clitheroe. Our property managers have managed to contain the voids at Lancashire Business Park and White Cross and have outperformed the market in this respect. Our new Economic Development Team have identified a list of potential projects with good prospects for delivery over the next year or two and the Waste Recovery Park at Leyland is an important asset in developing a centre of excellence in a field with exciting possibilities for growth

In summary your Board believes that having achieved the re-direction and re-structuring we set ourselves, LCDL is now well placed to take advantage of the opportunities for growth and development that are so critical to the future prosperity of Lancashire and the people who work there. We have the tools – it is up to us all to get on with the job

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 2011.

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 loss before taxation amounted to £1,774,564 (2010 profit - £201,260) The group loss after taxation amounted to £1,801,385 (2010: profit - £79,318), 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 2011 is shown below All served on the Board throughout the year and thereafter, unless otherwise indicated.

Ms N D Penney
M J Welsh
H Henshaw
J R C Lawrenson
G Driver
M P France
G Fitzgerald (resigned 28 January 2011)
T M Ashton
P Halsall (appointed 31 January 2011)
M Green (appointed 30 July 2010)

At 31 March 2011, the group had no paid employees (2010: 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.

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

Grant Thornton

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

We have audited the financial statements of Lancashire Country Developments Limited for the year ended 31 March 2011 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 2011 and of the group's loss 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.

GrantThornton

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

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

~~October 2011~~
12 December 2011

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.

Goodwill
Goodwill arising on consolidation which represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and amortised over its estimated useful economic life, typically 20 years.

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.

Assets under the course of construction
Assets under the course of construction are capitalised at cost based upon external valuations provided by industry specialists.

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

Continuing activities	Note	2011 £	2010 £
Operating income	2	8,219,792	6,981,132
Expenditure		(8,487,231)	(7,348,712)
Operating loss		(267,439)	(367,580)
Profit on sale of tangible fixed assets		191,000	860,076
Unrealised loss on revaluation of investment properties		(1,513,666)	-
Provisions against investments - credit/(charge)		7,138	(441,551)
(Loss)/profit on ordinary activities before interest and taxation		(1,582,967)	50,945
Interest receivable	3	90,678	189,632
Interest payable and similar charges	3	(282,275)	(39,317)
(Loss)/profit on ordinary activities before taxation	2	(1,774,564)	201,260
Taxation on (loss)/profit on ordinary activities	5	(26,821)	(121,942)
(Loss)/profit retained and transferred to reserves	13	(1,801,385)	79,318

Statement of total recognised gains and losses

	2011 £	2010 £
(Loss)/profit for the financial year	(1,801,385)	79,318
Loss on revaluation of corporate investments	(712,276)	-
Total recognised gains and losses relating to the year	(2,513,661)	79,318

Reconciliation of movement in members' funds/(deficit)

Group	2011 £	2010 £
(Loss)/profit for the year	(1,801,385)	79,318
Impairment of investment in the year	(712,276)	-
Net (reduction in)/addition to members' funds	(2,513,661)	79,318
Members' funds at beginning of the year	41,806,612	41,727,294
Members' funds at end of the year	39,292,951	41,806,612

Company		
Loss for the year	(1,897,283)	(1,207,859)
Members' deficit at beginning of the year	(10,602,664)	(9,394,805)
Members' deficit at end of the year	(12,499,947)	(10,602,664)

Consolidated balance sheet

	Note	2011 £	2010 £
Fixed assets			
Investment properties	7	40,582,361	40,319,345
Corporate investments	8	2,604,431	2,647,223
		43,186,792	42,966,568
Current assets			
Debtors	9	2,633,481	2,493,996
Cash at bank and in hand		6,508,886	9,012,409
		9,142,367	11,506,405
Creditors :amounts falling due within one year	10	(5,630,290)	(6,660,335)
Net current assets		3,512,077	4,846,070
Total assets less current liabilities		46,698,869	47,812,638
Financed by:			
Capital funding reserve	13	8,730,878	8,730,878
Investment property revaluation reserve	13	19,331,317	19,331,317
Investment revaluation reserve	13	-	712,276
Profit and loss account	13	11,230,756	13,032,141
Members' funds		39,292,951	41,806,612
Creditors :amounts falling due after more than one year	11	7,273,918	5,942,026
Provisions for liabilities	12	132,000	64,000
		46,698,869	47,812,638

These financial statements were approved by the Board on ~~18 July 2011~~ 1 December 2011 and signed on their behalf by:

Mr M Welsh Chair

Company no: 1624144

Company balance sheet

	Note	2011 £	2010 £
Fixed assets			
Corporate investments	8	9,268,725	9,268,725
		9,268,725	9,268,725
Current assets			
Debtors	9	1,613,160	3,920,758
Cash at bank and in hand		39,162	-
		1,652,322	3,920,758
Creditors :amounts falling due within one year	10	(16,147,076)	(17,850,121)
Net current liabilities		(14,494,754)	(13,929,363)
Total assets less current liabilities		(5,226,029)	(4,660,638)
Financed by:			
Capital funding reserve	13	7,660,241	7,660,241
Profit and loss account	13	(20,160,188)	(18,262,905)
Members' deficit		(12,499,947)	(10,602,664)
Creditors :amounts falling due after more than one year	11	7,273,918	5,942,026
		(5,226,029)	(4,660,638)

These financial statements were approved by the Board on 1 December 2011 ~~18 July 2011~~ and signed on their behalf by:

Mr M Welsh Chair

Company no: 1624144

Consolidated cash flow statement

	Note	2011 £	2010 £
Net cash outflow from operating activities	14	(273,620)	(20,400)
Returns on investments and servicing of finance			
Interest received		90,678	189,632
Interest paid		(282,275)	(39,317)
Net cash (outflow)/inflow from returns on investments and servicing of finance		(191,597)	150,315
Taxation paid		(48,821)	(326,274)
Capital expenditure and financial investment			
Purchase of investment properties		(1,776,682)	(2,824,873)
Disposal of investment properties		191,000	860,076
Purchase of corporate investments		(1,348,512)	(1,014,429)
Disposal and repayment of corporate investments		692,155	695,687
Net cash outflow from capital expenditure and financial investment activities		(2,242,039)	(2,283,539)
Net cash outflow before financing		(2,756,077)	(2,479,898)
Financing			
Repayment of bank loans		(678,108)	(360,254)
Net cash outflow from financing	15	(678,108)	(360,254)
Decrease in cash in the year	16	(3,434,185)	(2,840,152)

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 2011 there were 3 members (2010: 3), each of whom on a winding-up had undertaken to contribute an amount not exceeding £1

2 Operating income and (loss)/profit on ordinary activities before taxation

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

	2011	2010
	£	£
Auditors' remuneration		
- audit services	28,416	32,012
- non-audit services	31,617	6,285
Management fee paid to Lancashire County Council	344,724	345,048
Operating lease rentals		
- land and buildings	104,114	97,011

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

3 Net interest

	2011	2010
	£	£
Interest payable and similar charges		
Bank loans	282,275	39,317
Interest receivable		
Bank interest receivable	90,768	189,632

4 Directors and employees

The chairman received £Nil (2010: £Nil) during the year. The total received from the group by the other directors was £Nil (2010: £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 2011 was Nil (2010 : Nil). Employee costs of £2,335,505 for the year (2010 £2,474,686) were recharged from Lancashire County Council to Lancashire County Developments Limited and are included within administrative expenses

5 Taxation

	2011	2010
	£	£
Corporation tax on (loss)/profit on ordinary activities at 28% (2010 : 28%)		
- current year	-	90,000
- adjustment in respect of prior years	(41,179)	29,942
	(41,179)	119,942
Deferred taxation		
- current year (other)	52,447	(11,000)
- adjustment in respect of prior years	15,553	13,000
	68,000	2,000
Tax on (loss)/profit on ordinary activities	26,821	121,942

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 28% (2010 28%). The differences are explained as follows :

	2011	2010
	£	£
(Loss)/Profit on ordinary activities before taxation	(1,774,564)	201,260
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 28% (2010 : 28%)	(496,878)	56,353
Effect of:		
Expenses not deductible for tax purposes	412,522	25,574
Differences between capital allowances and depreciation	(28,269)	7,934
Group relief	-	139
Unrelieved tax losses	112,625	-
Adjustment in respect of prior years	(41,179)	29,942
	(41,179)	119,942

6 Profit and loss account

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 £1,897,283 (2010 £1,207,859)

7 Investment properties

Group	Freehold	Assets under the course of construction	Total
	£	£	£
Cost or valuation and net book value			
At 1 April 2010	37,245,000	3,074,345	40,319,345
Additions	288,064	1,488,618	1,776,682
Revaluation	(1,513,666)	-	(1,513,666)
Transfer	4,562,963	(4,562,963)	-
At 31 March 2011	40,582,361	-	40,582,361
Cumulative grants			
At 31 March 2011			3,143,188
At 31 March 2010			3,143,188

The properties were externally revalued on an open market basis as at 31 March 2007 by King Sturge LLP The properties were internally revalued by the group's parent undertaking (Lancashire County Council) on an open market basis at 31 March 2009 and this valuation has subsequently been updated by the directors to 31 March 2011 in respect of completed developments The historical cost of the premises are as follows :

	£
At 31 March 2010	33,193,505
Additions	1,776,682
At 31 March 2011	34,970,187

Company

At the year end the cost and net book value of the assets was £nil (2010 £nil).

Capital commitments

At 31 March 2011, the group and the company had capital commitments of £Nil (2010 £1,798,570).

8 Corporate investments

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
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	739,318	1,466,594	48,996	48,996
Other participating interests	22,698	16,709	-	-
Other loans	1,679,279	1,000,784	-	-
	2,604,431	2,647,223	9,268,725	9,268,725

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 2011 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 (2010 : 11 9% and 15 7% respectively)

Corporate investments (continued)

Group

	Shares in associated undertakings	Other participating interests	Other investment in shares	Loans	Total
	£	£	£	£	£
Cost					
At 1 April 2010	163,136	16,709	2,107,441	2,546,162	4,833,448
Additions	-	-	-	1,348,512	1,348,512
Amounts written off	-	-	-	(223,662)	(223,662)
Repayments	-	-	-	(688,747)	(688,747)
Net share of profits of other participating interests	-	5,989	-	-	5,989
At 31 March 2011	163,136	22,698	2,107,441	2,982,265	5,275,540
Provisions					
At 1 April 2010	-	-	640,847	1,545,378	2,186,225
Charge for the year	-	-	727,276	7,551	734,827
Amounts written off	-	-	-	(249,943)	(249,943)
At 31 March 2011	-	-	1,368,123	1,302,986	2,671,109
Net book value					
At 31 March 2011	163,136	22,698	739,318	1,679,279	2,604,431
At 31 March 2010	163,136	16,709	1,466,594	1,000,784	2,647,223

Other investments	Principal activity	% of ordinary shares held at 31 March 2011	% of preference shares held at 31 March 2011
C Probe Technologies Limited	Remedial cathodic protection for structural concrete	19	54
Manhattan Showers Limited	Manufacture of shower screens	20	-
M B Aseptic Technology Limited	Development of aseptic food filling machinery	35	100
North West Regional Fund Limited	Investment company	25	-
Plant Impact Plc	Development of crop nutrients and natural pesticides	3.72	-
Porpoise Viscometers Limited	Manufacture of measuring equipment	36	85
Select Hearing Systems Limited	Manufacture of electronic hearing aid accessories	12	33
SOL Publications Limited	Publishing and Media company	15	-
Noetic Associates Ltd trading as Malagasy	Producer/distributor of fine food, drink and health products	35	-
Outerlin Limited (formerly EXML Systems)	Development of Expense World Expenses System	2	-
Notren Limited	Development and sale of dietary and health recording products	2	-

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

9 Debtors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	1,579,824	1,826,428	551,305	649,318
Accrued income and prepayments	228,330	471,584	18,296	36,560
Amounts owed by parent undertaking	748,086	31,364	748,086	24,490
Amounts owed by other group undertakings	–	–	208,008	2,990,755
Amounts owed by related undertakings	2,938	58,813	2,938	58,813
Other debtors	7,776	–	–	–
Social security and other taxes	66,527	105,807	66,527	105,822
Deferred taxation (note 12)	–	–	18,000	55,000
	2,633,481	2,493,996	1,613,160	3,920,758

10 Creditors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank overdraft	930,662	–	930,662	939,707
Bank loans (note 11)	–	300,000	–	300,000
Loans to parent undertaking - Lancashire County Council	–	1,710,000	–	1,710,000
Trade creditors	329,775	409,104	329,775	409,104
Amounts owed to parent undertaking	1,010,991	425,423	1,010,991	425,423
Amounts owed to other group undertakings	–	–	12,629,480	12,959,702
Amounts owed to related undertakings	85,036	–	85,036	–
Corporation tax	–	90,000	–	–
Accruals and deferred income	3,273,826	3,725,808	1,161,132	1,106,185
	5,630,290	6,660,335	16,147,076	17,850,121

11 Creditors: amounts falling due after more than one year

	Group and Company 2011 £	2010 £
Amount owed to parent undertaking - Lancashire County Council	7,230,000	5,520,000
Bank loans	43,918	422,026
	7,273,918	5,942,026

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

The Royal Bank of Scotland plc bank loans are repayable as follows :

	Group and company 2011 £	2010 £
Within one year	-	300,000
After one and within two years	43,918	300,000
After two and within five years	-	122,026
	43,918	722,026

The bank loan is secured by fixed and floating charges over all assets of the group and is repayable by equal quarterly instalments Interest is based upon bank LIBOR rate

12 Provisions for liabilities

Deferred taxation

	Group £	Company £
Provision/(asset) at 1 April 2010	64,000	(55,000)
Charge for the year	68,000	37,000
Provision/(asset) at 31 March 2011	132,000	(18,000)

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

	Group Amount provided 2011 £	2010 £	Company Amount provided 2011 £	2010 £
Accelerated capital allowances	179,000	111,000	(18,000)	(22,000)
Other timing differences	(47,000)	(47,000)	-	(33,000)
	132,000	64,000	(18,000)	(55,000)

13 Reserves

Group

	Capital funding reserve	Investment property revaluation reserve	Investment revaluation reserve	Profit and loss account
	£	£	£	£
At 1 April 2010	8,730,878	19,331,317	712,276	13,032,141
Loss for the year	-	-	-	(1,801,385)
Impairment of investment	-	-	(712,276)	-
At 31 March 2011	8,730,878	19,331,317	-	11,230,756

Company

	Capital funding reserve	Profit and loss account
	£	£
At 1 April 2010	7,660,241	(18,262,905)
Loss for the year	-	(1,897,283)
At 31 March 2011	7,660,241	(20,160,188)

14 Net cash outflow from operating activities

	2011	2010
	£	£
Operating loss	(267,439)	(367,580)
Increase in debtors	(205,781)	(10,549)
Increase in creditors	205,589	357,230
Share of (profit)/loss in participating interests (note 8)	(5,989)	499
Net cash outflow from operating activities	(273,620)	(20,400)

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

	2011	2010
	£	£
Decrease in cash in the year	(3,434,185)	(2,840,152)
Cash outflow from movement of debt	678,108	360,254
Movement in net funds	(2,756,077)	(2,479,898)
Opening net funds	1,060,383	3,540,281
Closing net (deficit)/funds	(1,695,694)	1,060,383

16 Analysis of changes in net funds

	At 31 March 2010	Cashflows	At 31 March 2011
	£	£	£
Bank overdraft	-	(930,662)	(930,662)
Cash at bank and in hand	9,012,409	(2,503,523)	6,508,886
Cash at bank	9,012,409	(3,434,185)	5,578,224
Bank loans			
The Royal Bank of Scotland plc	(722,026)	678,108	(43,918)
Other loans			
Lancashire County Council	(7,230,000)	-	(7,230,000)
	1,060,383	(2,479,898)	(1,695,694)

17 Operating lease commitments

Operating lease payments due within one year are as follows :

	2011 Land and Buildings	2010 Land and Buildings
	£	£
Expiring after five years	92,860	92,860

18 Related parties

The company has made purchases on behalf of Lancashire and Blackpool Tourist Board Limited of £Nil (2010 £76,041). The amount owed by this related party at 31 March 2011 is £Nil (2010 . £8,813)

At 31 March 2011, an amount of £85,036 was due to Regenerate Pennine Lancashire Limited

Sales from Lancashire County Council during the year amount to £2,491,809 (2010 £2,340,990). Purchases with Lancashire County Council amount to £4,306,982 (2010· £3,760,862). The amount owed by this related party at 31 March 2011 is £854,960 (2010: £31,364). The amount owed to this related party at 31 March 2011 is £1,010,991 (2010: £425,423).