Financial Statements
Lancashire County Developments Limited

For the year ended 31 March 2015

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 D Watts D Borrow B Winlow T Martin T M Ashton (Appointed 22 May 2015) J Gibson D J Mein
Secretary :	I Young
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

Lancashire County Developments Ltd (LCDL) has played an important role in developing and growing the Lancashire economy for a number of years. The company has an impressive track record of delivering and co-ordinating business support programmes, providing investment finance through its Rosebud scheme and offering quality accommodation for businesses.

For the financial year the pre-tax profit for the group is £0.7m and a revaluation of the property portfolio as at 31st March 2015 gave rise to an increase in value from £31.5m to £35.3m.

The Balance sheet net worth of the LCDL Group of companies totals £45.3m.

LCDL sits within Lancashire County Council's economic development service which delivers the economic priorities of the County Council. Sustainable economic growth and development are a priority for the County Council and, over the next two year, as the County Council is transformed into a smaller and more focussed organisation, the work of LCDL will be focussed and targeted on those opportunities with the most significant economic growth potential.

LCDL provides loan finance through its Rosebud initiative and in 2014/15 it completed 16 deals with a value of £2.2m.

LCDL's mixed property portfolio is managed by the County Council's Corporate Property Services and is home to over 170 businesses which employ over 2,250 people.

The Lancashire Enterprise Partnership (LEP) was established in 2011 and submitted its Lancashire Strategic Economic Plan (SEP) to government in 2014. The SEP, which forms the basis of the Lancashire Growth Deal, sets out the strengths of the Lancashire economy with a key focus on how economic growth and private sector investment are to be generated.

The County Council's economic development service, including LCDL, will continue to work to support and deliver the economic priorities set out in the SEP and the projects and proposals in existing and future Growth Deals.

LCDL's financial position remains strong and supports a three year business plan which continues the track record of delivery against these economic priorities.

N Penney
Chair of LCDL Group
2015

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 2015.

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.

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 2015 is shown below. All served on the Board throughout the year and thereafter, unless otherwise indicated.

Ms N D Penney
G Driver (Resigned 22 May 2015)
D Watts
D Borrow
B Winlow
T Martin
T M Ashton (Appointed 22 May 2015)
J Gibson
D J Mein

At 31 March 2015, the group had no paid employees (2014: 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 Strategic report and 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 2015 and signed on its behalf.

Director

Strategic report

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 £660,600 (2014: £1,065,669). The group profit after taxation amounted to £660,600 (2014: profit £926,791), which has been transferred to reserves.

Principal risks and uncertainties

The group uses financial instruments; these include cash and various other items, such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below.

- *Liquidity risk* - The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably.

- *Credit risk* - The group's principal financial assets are cash deposits, cash and trade debtors. The credit risk associated with cash is limited. The principal credit risk arises, therefore, from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

This report was approved by the board on 2015 and signed on its behalf.

Director

Grant Thornton

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 2015 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/(deficit), 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, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 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 Strategic Report and the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Grant Thornton

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.

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

Date:

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 remain unchanged from the previous year and 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.

Consolidated profit and loss account

	Note	2015 £	2014 £
Continuing activities			
Operating income	2	**9,195,355**	7,503,274
Expenditure		**(8,715,572)**	(6,164,023)
Operating profit		**479,783**	1,339,251
Profit on disposal of fixed assets		**391,299**	-
Profit on ordinary activities before interest and taxation		**871,082**	1,339,251
Interest receivable	3	**63,910**	-
Interest payable and similar charges	3	**(274,392)**	(273,582)
Profit on ordinary activities before taxation	2	**660,600**	1,065,669
Taxation on profit on ordinary activities	5	**(51,891)**	(138,878)
Profit retained and transferred to reserves	13	**608,709**	926,791

Statement of total recognised gains and losses

	2015 £	2014 £
Profit for the financial year	**608,709**	926,791
Revaluation in the year	**5,030,000**	2,576,307
Total recognised gains and losses relating to the year	**5,638,709**	3,503,098

Reconciliation of movement in members' funds/(deficit)

	2015	2014
Group	**£**	£
Profit for the year	**608,709**	926,791
Unrealised revaluation of investment properties	**5,030,000**	2,576,307
Net increase in members' funds	**5,638,709**	3,503,098
Members' funds at beginning of the year	**32,322,377**	28,819,279
Members' funds at end of the year	**37,961,086**	32,322,377

Company

Loss for the year	**(568,582)**	(32,105)
Members' deficit at beginning of the year	**(13,719,819)**	(13,687,714)
Members' deficit at end of the year	**(14,288,401)**	(13,719,819)

Consolidated balance sheet

	Note	2015 £	2014 £
Fixed assets			
Investment properties	7	**35,300,000**	31,450,000
Corporate investments	8	**5,050,835**	4,396,822
		40,350,835	35,846,822
Current assets			
Debtors	9	**3,077,029**	6,145,134
Cash at bank and in hand		**7,127,311**	8,255,110
		10,204,340	14,400,244
Creditors :amounts falling due within one year	10	**(5,234,690)**	(10,617,177)
Net current assets		**4,969,650**	3,783,067
Total assets less current liabilities		**45,320,485**	39,629,889
Financed by:			
Capital funding reserve	13	**8,730,878**	8,730,878
Investment property revaluation reserve	13	**7,606,307**	2,576,307
Profit and loss account	13	**21,623,901**	21,015,192
Members' funds		**37,961,086**	32,322,377
Creditors: amounts falling due after more than one year	11	**7,230,000**	7,230,000
Provisions for liabilities	12	**129,399**	77,508
		45,320,485	39,629,885

These financial statements were approved by the Board on 2015 and signed on their behalf by:

N Penney Chair

Company no: 1624144

Company balance sheet

	Note	2015 £	2014 £
Fixed assets			
Corporate investments	8	**9,219,729**	9,219,729
		9,219,729	9,219,729
Current assets			
Debtors	9	**1,130,469**	4,731,564
Cash at bank and in hand		**1,584,548**	378,918
		2,715,017	5,110,482
Creditors :amounts falling due within one year	10	**(18,993,147)**	(20,820,030)
Net current liabilities		**(16,278,130)**	(15,709,547)
Total assets less current liabilities		**(7,058,401)**	(6,489,819)
Financed by:			
Capital funding reserve	13	**7,660,241**	7,660,241
Profit and loss account	13	**(21,948,642)**	(21,380,060)
Members' deficit		**(14,288,401)**	(13,719,819)
Creditors: amounts falling due after more than one year	11	**7,230,000**	7,230,000
		(7,058,401)	(6,489,819)

These financial statements were approved by the Board on 2015 and signed on their behalf by:

N Penney Chair

Company no: 1624144

Consolidated cash flow statement

	Note	2015 £	2014 £
Net cash (outflow) / inflow from operating activities	14	**(1,830,749)**	3,444,911
Returns on investments and servicing of finance			
Interest received		**63,910**	-
Interest paid		**(274,392)**	(273,582)
Net cash outflow from returns on investments and servicing of finance		**(210,482)**	(273,582)
Taxation paid		**(183,408)**	(32,959)
Capital expenditure and financial investment			
Purchase of investment properties		**-**	(2,923,693)
Purchase of corporate investments		**(2,022,740)**	(1,944,959)
Disposal and repayment of corporate investments		**1,691,418**	981,315
Proceeds on disposal of investment properties		**1,428,164**	-
Net cash inflow / (outflow) from capital expenditure and financial investment activities		**1,096,841**	(3,887,337)
Net cash outflow before financing		**(1,127,797)**	(748,972)
Decrease in cash in the year	16	**(1,127,797)**	(748,967)

Notes to the financial statements

1 Constitution

Lancashire County Developments Limited is a company limited by guarantee. At 31 March 2015 there were 3 members (2014: 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:

	2015	2014
	£	£
Auditors' remuneration		
– audit services	**30,725**	30,355
– non–audit services	**20,000**	19,000
Management fee paid to Lancashire County Council	**579,179**	416,151

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

3 Net interest

	2015	2014
	£	£
Interest receivable		
Bank interest receivable	**63,910**	-
Interest payable and similar charges		
Bank loans	**274,392**	273,582

4 Directors and employees

The chairman received £Nil (2014: £Nil) during the year. The total received from the group by the other directors was £Nil (2014: £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 2015 was £Nil (2014 : £Nil). Employee costs of £955,569 for the year (2014: £936,485) were recharged from Lancashire County Council to Lancashire County Developments Limited and are included within administrative expenses.

Notes to the financial statements

5 Taxation

	2015	2014
	£	£
Corporation tax on profit on ordinary activities at 21% (2014 : 23%)		
– current year	**-**	183,408
– adjustment in respect of prior years	**-**	(107,600)
	-	75,808
Deferred taxation		
– current year (other)	**51,981**	58,529
– adjustment in respect of prior years	**-**	4,541
	51,981	63,070
Tax on profit on ordinary activities	**51,981**	138,878

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 21% (2014 : 23%). The differences are explained as follows :

	2015	2014
	£	£
Profit on ordinary activities before taxation	**660,600**	1,065,669
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 21% (2014 : 23%)	**138,726**	245,104
Effect of:		
Expenses not deductible for tax purposes	**27,977**	14,462
Differences between capital allowances and depreciation	**(54,485)**	(70,155)
Non-taxable income	**(33,238)**	(6,003)
Fixed asset differences	**(52,114)**	-
Adjustment in respect of prior years	**(88,329)**	(107,600)
Unrelieved tax losses and other deductions in the period	**9,131**	-
Capital gains	**12,549**	
Additional deduction for land remediation expenditure	**(870)**	
Other short term timing differences	**40,653**	-
	-	75,808

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 £568,582 (2014 : £32,105).

7 Investment properties

Group

	£
Cost or valuation and net book value	
At 1 April 2014	31,450,000
Disposal	(1,180,000)
Revaluation in the year	5,030,000
At 31 March 2015	**35,300,000**
Cumulative grants	
At 31 March 2015	**3,163,634**
At 31 March 2014	3,163,634

The properties were externally revalued on an open market basis as at 31 March 2015 by DTZ Debenham Tie Leung Limited. The historical cost of the premises are as follows :

	£
At 31 March 2014	28,873,693
Disposals	(1,950,000)
At 31 March 2015	26,923,693

Company

At the year end the cost and net book value of the assets was £Nil (2014: £Nil).

Notes to the financial statements

8 Corporate investments

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
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	**778,757**	1,048,302	**-**	-
Other participating interests	**16,357**	10,681	**-**	-
Other loans	**4,092,585**	3,174,703		-
	5,050,835	4,396,822	**9,219,729**	9,219,729

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 2015 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 (2014 : 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 2014	163,136	10,681	1,153,233	4,337,121	5,664,171
Additions	-	-	-	2,022,741	2,022,741
Amounts written off	-	-	-	(74,975)	(74,975)
Repayments	-	-	-	(1,296,492)	(1,296,492)
Disposals	-	-	(251,791)	-	(251,791)
Reviews	-	-	-	9,471	9,471
Net share of profits of other participating interests	-	5,677	-	-	5,677
At 31 March 2015	163,136	16,358	901,442	4,997,866	6,078,802
Provisions					
At 1 April 2014	-	-	104,931	1,162,418	1,267,349
Charge/(credit) for the year	-	-	17,755	(182,314)	(164,559)
Amounts written off	-	-	-	(74,823)	(74,823)
At 31 March 2015	-	-	122,686	905,281	1,027,967
Net book value					
At 31 March 2015	**163,136**	**16,358**	**778,756**	**4,092,585**	**5,050,835**
At 31 March 2014	163,136	10,681	1,048,302	3,174,703	4,396,822

Other investments	**Principal activity**	**% of ordinary shares held at 31 March 2015**	% of ordinary shares held at 31 March 2014
North West Regional Fund Limited	Investment company	25	25
SOL Publications Limited	Publishing and Media company	15	15
ISIS Forensics Limited	Development of software	7.46	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

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Trade debtors	**2,675,960**	4,563,534	**1,070,963**	3,462,200
Prepayments and accrued income	**345,306**	777,870	**28,237**	23,360
Amounts owed by parent undertaking	**-**	-	**154**	1,236,321
Other debtors	**-**	797,415	**-**	-
Social security and other taxes	**55,763**	6,315	**23,175**	-
Deferred taxation (note 12)	**-**	-	**7,940**	9,683
	3,077,029	6,145,134	**1,130,469**	4,731,564

10 Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Bank overdraft	**-**	-	**6,577,643**	14,233,357
Social security and other taxes	**-**	347,078	**-**	347,078
Trade creditors	**301,197**	95,725	**301,197**	210,544
Amounts owed to other group undertakings	**-**	-	**9,242,436**	2,754,663
Corporation tax	**-**	183,408	**-**	-
Accruals and deferred income	**4,933,493**	9,990,966	**2,871,871**	3,274,388
	5,234,690	10,617,177	**18,993,147**	20,820,030

Notes to the financial statements

11 Creditors: amounts falling due after more than one year

	Group and Company	
	2015	2014
	£	£
Amount owed to members	**7,230,000**	7,230,000
	7,230,000	7,230,000

The loan included in creditors: amounts falling due after more than one year of £7,230,000 is repayable in full on 30 September 2030. Notional interest is charged on this loan which is payable to the three members.

12 Provisions for liabilities

Deferred taxation

	Group	Company
	£	£
Provision/(asset) at 1 April 2014	77,508	(9,683)
Charge for the year	51,891	1,743
Provision/(asset) at 31 March 2015	**129,399**	(7,940)

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

	Group Amount provided		Company Amount provided	
	2015	2014	**2015**	2014
	£	£	**£**	£
Accelerated capital allowances	**129,399**	77,508	**(7,940)**	(9,683)
	129,399	77,508	**(7,940)**	(9,683)

Notes to the financial statements

13 Reserves

Group

	Capital funding reserve	Investment property revaluation reserve	Profit and loss account
	£	£	£
At 1 April 2014	8,730,878	2,576,307	21,015,192
Profit for the year	-	-	608,709
Revaluation in the year	-	5,030,000	-
At 31 March 2015	8,730,878	7,606,307	21,623,901

Company

	Capital funding reserve	Profit and loss account
	£	£
At 1 April 2014	7,660,241	(21,380,060)
Loss for the year	-	(568,582)
At 31 March 2015	7,660,241	(21,948,642)

14 Net cash inflow from operating activities

	2015	2014
	£	£
Operating profit	**479,783**	1,339,251
Decrease / (increase) in debtors	**3,068,105**	(2,923,965)
(Decrease) / increase in creditors	**(5,199,081)**	5,046,540
Share of profit in participating interests (note 8)	**(5,677)**	(16,915)
Non-cash movement on corporate investments	**(173,879)**	-
Net cash inflow from operating activities	**(1,830,749)**	3,444,911

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

	2015	2014
	£	£
Decrease in cash in the year	**(1,127,797)**	(748,967)
Cash outflow from movement of debt	**-**	-
Movement in net funds	**(1,127,797)**	(748,967)
Opening net funds	**1,025,110**	1,774,077
Closing net (debt) / funds	**(102,687)**	1,025,110

Notes to the financial statements

16 Analysis of changes in net (debt)/funds

	At 31 March 2014	Cashflows	**At 31 March 2015**
	£	£	**£**
Cash at bank	8,255,110	(1,127,797)	**7,127,313**
Other loans:			
Amount owed to members	(7,230,000)	-	**(7,230,000)**
	1,025,110	(1,127,797)	**(102,687)**

17 Related parties

Sales to Lancashire County Council during the year amount to £3,719,752 (2014: £3,329,345). Purchases from Lancashire County Council amount to £1,709,310 (2014: £3,254,488). The amount owed by this related party at 31 March 2015 is £826,308 (2014: £3,006,955). The amount owed to this related party at 31 March 2015 is £Nil (2014: £31,647). Included within creditors greater than one year is a long term loan due to this related party of £7,230,000 (2013: 7,230,000).

Purchases from Marketing Lancashire Limited amounted to £40,000 (2014: £Nil). There were no balances outstanding at the year end with this company.

18 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 2015 was £Nil (2014: £Nil).

19 Capital commitments

At 31 March 2015, the group and the company had capital commitments of £Nil (2014: £Nil).

20 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Lancashire County Council, an entity based in England and Wales.