

Registered number: 04410176

East Kent Spatial Development Company
(A company limited by guarantee)

Directors' report and financial statements

for the year ended 31 March 2012

East Kent Spatial Development Company
(A company limited by guarantee)

Company Information

Member Organisations

Kent County Council (KCC)
University of Kent (UoK)
Locate in Kent (LiK)
Thanet District Council (TDC)
Dover District Council (DDC)
Shepway District Council (SDC)
Canterbury City Council (CCC)
Homes and Communities Agency (HCA)

Directors

C Barron (UoK) (appointed 7 September 2011)
D Everitt (UoK) (appointed 7 September 2011)
P Watkins (DDC) (appointed 1 August 2011)
P Wookey (LiK) (appointed 7 September 2011)
A Clifton-Holt (SDC) (appointed 5 January 2012)
J Gilbey (CCC) (appointed 27 April 2011)
I Johnston (TDC) (appointed 5 January 2012)

Company secretary & Chief executive officer

D Spalding

Company number

04410176

Registered office

Canterbury Innovation Centre
University Road
Canterbury
Kent
CT2 7FG

Auditors

Reeves & Co LLP
Statutory Auditor & Registered Auditors
37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Bankers

NatWest Bank Plc
11 The Parade
Canterbury
Kent
CT1 2SQ

East Kent Spatial Development Company
(A company limited by guarantee)

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East Kent Spatial Development Company
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Directors' report
for the year ended 31 March 2012

The directors present their report and the financial statements for the year ended 31 March 2012.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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.

Principal activities

The company's principal activity is to promote the economic development and regeneration, with a view to promoting the economic and environmental wellbeing, of an area within the districts of Thanet District Council, Dover District Council, Shepway District Council and Canterbury City Council including, without limitation:

- (a) primarily to undertake or procure the provision of infrastructure works and wider regeneration activities; and
- (b) subject thereto to promote, provide and procure the provision of economic development activities and to promote, provide and procure the provision of other appropriate support activities, including without limitation, advice and training, in each case within or for the benefit of the Target Area.

East Kent Spatial Development Company
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Directors' report
for the year ended 31 March 2012

Directors

The directors who served during the year were:

D Tucker (SEEDA) (resigned 7 September 2011)
R Bayford (TDC) (appointed 1 August 2011 & resigned 5 January 2012)
P Cusdin (SEEDA) (resigned 7 September 2011)
C Moore (SEEDA) (resigned 7 September 2011)
K Harvey (SEEDA) (resigned 7 September 2011)
J Sadler (SEEDA) (resigned 7 September 2011)
P Wookey (LiK) (appointed 7 September 2011)
K Lynes (KCC) (appointed 17 January 2012 & resigned 10 May 2012)
R Pascoe (SDC) (resigned 5 January 2012)
A Clifton-Holt (SDC) (appointed 5 January 2012)
C Smith (DDC) (resigned 1 August 2011)
J Gilbey (CCC) (appointed 27 April 2011)
I Johnston (TDC) (appointed 5 January 2012)
A Durowoju (HCA) (resigned 8 April 2011)
C Barron (UoK) (appointed 7 September 2011)
P Watkins (DDC) (appointed 1 August 2011)
D Everitt (UoK) (appointed 7 September 2011)

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

Auditors

Under section 487 of the Companies Act 2006, Reeves & Co LLP will be deemed to have been reappointed as auditor(s) 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 12 September 2012 and signed on its behalf.

J Gilbey (CCC)
Director

East Kent Spatial Development Company
(A company limited by guarantee)

Independent auditors' report to the members of East Kent Spatial Development Company

We have audited the financial statements of East Kent Spatial Development Company for the year ended 31 March 2012, set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2009) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 Directors' responsibilities statement, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

East Kent Spatial Development Company
(A company limited by guarantee)

Independent auditors' report to the members of East Kent Spatial Development Company

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report.

Emphasis of matter – valuation of other debtors

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1.8 to the financial statements concerning the value of other debtors which is dependent upon performance criteria outside the company's control. The ultimate value of these other debtors cannot be presently determined.

Reeves & Co LLP

Peter Manser (FCA) (DChA) (Senior statutory auditor)

for and on behalf of
Reeves & Co LLP

Statutory Auditor
Registered Auditors

Canterbury

13 September 2012

East Kent Spatial Development Company
(A company limited by guarantee)

Profit and loss account
for the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	1	720,310	683,658
Cost of sales		(381,212)	(328,166)
		<hr/>	<hr/>
Gross profit		339,098	355,492
Administrative expenses		(283,473)	(320,932)
		<hr/>	<hr/>
Operating profit	2	55,625	34,560
Interest receivable and similar income		5,809	8,421
Interest payable and similar charges		-	(802)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		61,434	42,179
Tax on profit on ordinary activities	4	(10,788)	52,603
		<hr/>	<hr/>
Profit for the financial year	13	50,646	94,782
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 16 form part of these financial statements.

East Kent Spatial Development Company
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Statement of total recognised gains and losses
for the year ended 31 March 2012

	2012 £	2011 £
Profit for the financial year	50,646	94,782
Unrealised surplus on revaluation of investment properties	400,000	282,750
Unrealised movement on valuation of other debtors	568,542	329,338
Associated movement in deferred tax arising from the movement on valuation of other debtors	(110,000)	190,000
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	909,188	896,870
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 16 form part of these financial statements.

East Kent Spatial Development Company
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Balance sheet
as at 31 March 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	5		2,786		144
Investment property	6		2,200,000		1,800,000
			<u>2,202,786</u>		<u>1,800,144</u>
Current assets					
Debtors	7	5,506,179		6,679,725	
Cash at bank		2,709,369		2,592,203	
		<u>8,215,548</u>		<u>9,271,928</u>	
Creditors: amounts falling due within one year	8	(603,952)		(255,960)	
Net current assets			<u>7,611,596</u>		<u>9,015,968</u>
Total assets less current liabilities			<u>9,814,382</u>		<u>10,816,112</u>
Creditors: amounts falling due after more than one year	9		(7,586,668)		(9,497,586)
Net assets			<u><u>2,227,714</u></u>		<u><u>1,318,526</u></u>
Capital and reserves					
Revaluation reserve	13		2,200,000		1,800,000
Other reserves	13		(427,056)		(885,598)
Profit and loss account	13		454,770		404,124
			<u><u>2,227,714</u></u>		<u><u>1,318,526</u></u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 September 2012.

J Gilbey (CCC)
 Director

The notes on pages 8 to 16 form part of these financial statements.

East Kent Spatial Development Company
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Notes to the financial statements
for the year ended 31 March 2012

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of the land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) (FRSSE).

1.2 Cash flow

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.3 Turnover

Turnover comprises income received in respect of the company's principal activities. It incorporates two main elements; firstly income from investment properties, and secondly grants released (see note 1.7).

Income from investment properties is credited to the profit and loss account on a straight line basis over the rental period.

1.4 Tangible fixed assets and depreciation

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

Office Equipment	-	33% straight line
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Assets under the course of construction are included at cost less impairment. No depreciation is provided until assets are brought into use. Assets under the course of construction will be reclassified on completion to another tangible fixed asset heading or investment properties as appropriate.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

1.5 Investment properties

Investment properties are carried in the financial statements at market values based on the latest valuation. A valuation was carried out by the Directors as at 31 March 2012, which was informed by previous independent professional valuations undertaken by Cluttons LLP as at 15 February 2010 and 31 March 2011.

In accordance with the FRSSE, depreciation is not provided on investment properties that are held as leaseholds having more than 20 years unexpired. This is not in accordance with the Companies Act 2006, which requires all tangible assets to be depreciated. This departure from the requirements of the Act is, in the opinion of the Directors, necessary for the financial statements to give a true and fair view and comply with applicable accounting standards which require investment properties to be included in the financial statements at market value. Had the provisions of the Act been followed, prior to grants being released as described in note 1.7, revenue profits would have been reduced, the revaluation surplus would have been increased and therefore net assets would have been unchanged.

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Notes to the financial statements
for the year ended 31 March 2012

1. Accounting policies (continued)

1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 Grants

The company's activities are funded primarily by grant aid.

Grants by member organisations are given to finance the general administration of the company. Such grants are recognised in the profit and loss account of the period in which they become receivable.

Other grants receivable of a revenue nature are credited to the profit and loss account in the period to which the expenditure, towards which they are intended to contribute, are incurred.

Grants relating to tangible fixed assets are treated as grants received in advance and are released to the profit and loss account in the period during which any corresponding depreciation or impairment of the costs is made.

Grants received in respect of investment properties have been deducted from the cost of those assets. This is not in accordance with the Companies Act 2006, which requires assets to be shown at their purchase price or production cost and hence grants and contributions to be presented as deferred income. This departure from the requirements of the Act is, in the opinion of the Directors, necessary to give a true and fair view as these assets do not have determinable finite lives and therefore no basis exists on which to recognise grants and contributions as income. The effect of this departure is that the cost of the investment property is £7,471,934 lower than it would otherwise have been (2011: £6,264,677), but the valuation of the property is unchanged.

Grants receivable to finance loans made by the company are transferred from designated grants in advance to unrestricted grants in advance in the period in which repayment of the other debtor to which they relate is made.

East Kent Spatial Development Company
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Notes to the financial statements
for the year ended 31 March 2012

1. Accounting policies (continued)

1.8 Other debtors

Other debtors comprise loans made to a utility provider to finance new infrastructure works in East Kent. The loans (utility loans) are index linked to RPI and are repayable as and when third parties pay the utility provider to connect to the new utility infrastructure. The amount of utility loan repayable is proportionate to the capacity connected as a percentage of the total capacity of the new utility network.

In order to make these utility loans the company has received grants (see 1.7 above). At the point of repayment, the grant made to finance the utility loan is transferred from designated grants in advance to unrestricted grants in advance.

Although the company's classification is small and it is not therefore required to implement the provisions of FRS26 "Financial instruments: measurement", the company has adopted FRS26 as best practice on accounting for these utility loans. Accordingly the utility loans have been treated as an "available for sale financial asset" and are measured at fair value. Fair value is taken as the directors' best estimate of the discounted future income stream arising from the repayment of the utility loans.

Any movement in the value of this estimate, other than from the draw down or repayment, is taken to other reserves.

There is no certainty over the timing and percentage connection to the network that will be achieved. As such there is significant uncertainty over the carrying value of utility loans. The directors do not envisage 100% connection to the network and therefore they have made a provision to reduce the value of utility loans to their estimated fair value. The accumulated provision is shown as an other reserve, as disclosed in note 13.

1.9 Going concern

There is no certainty over the timing and future value of the other debtor loan repayments and consequently the carrying value of the loans which are valued at the directors' best estimate of fair value.

The recognition of the unrealised deficit relating to the revaluation of other debtors does not impact on the company's financial facilities. The company has started to receive repayments and expects a positive cash flow in future years to arise from the other debtor balances. The company made a profit on ordinary activities after taxation of £50,646 (2011: £94,782). The company has £2,709,369 (2011: £2,592,203) included in cash at the bank. As a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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Notes to the financial statements
for the year ended 31 March 2012

1. Accounting policies (continued)

1.10 Deferred taxation

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

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

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

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

Deferred tax assets and liabilities are discounted.

2. Operating profit

The operating profit is stated after charging:

	2012	2011
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	608	72
Auditors' remuneration	5,050	4,900
	<u><u> </u></u>	<u><u> </u></u>

During the year, no director received any emoluments (2011 - £NIL).

3. Exceptional items

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

	2012	2011
	£	£
Impairment of tangible fixed assets	(664,914)	(241,276)
Release of grants towards tangible fixed assets	664,914	241,276
	<u><u> </u></u>	<u><u> </u></u>
	-	-

Assets under the course of construction have been impaired to the higher of their net realisable value and their value in use. Corresponding releases have been made from grants received in advance. Both the impairments and the grant releases have been charged to administration expenses within the profit and loss account resulting in nil overall effect to the profit and loss account.

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Notes to the financial statements
for the year ended 31 March 2012

4. Taxation

	2012	2011
	£	£
Analysis of tax charge/(credit) in the year		
UK corporation tax charge on profit for the year	10,750	7,089
Adjustments in respect of prior periods	38	(59,692)
	<u>10,788</u>	<u>(52,603)</u>
Tax on profit on ordinary activities	<u>10,788</u>	<u>(52,603)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 20% (2011 - 20%). The differences are explained below:

	2012	2011
	£	£
Profit on ordinary activities before tax	<u>61,434</u>	<u>42,179</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20%)	12,287	8,436
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	168	337
Capital allowances for year in excess of depreciation	(543)	-
Utilisation of tax losses	(1,162)	(1,684)
Adjustments to tax charge in respect of prior periods	38	(59,692)
	<u>10,788</u>	<u>(52,603)</u>
Current tax charge/(credit) for the year (see note above)	<u>10,788</u>	<u>(52,603)</u>

Factors that may affect future tax charges

The company has tax losses carried forward of £415,000 (2011: £990,000). These have resulted in the recognition of a deferred tax asset. The tax losses will be utilised to reduce future taxable profits.

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Notes to the financial statements
for the year ended 31 March 2012

5. Tangible fixed assets

	Furniture, fittings and equipment £	Assets under the course of construction £	Total £
Cost or valuation			
At 1 April 2011	2,371	241,276	243,647
Additions	3,250	1,064,914	1,068,164
Transfers to investment properties	-	(1,207,258)	(1,207,258)
	<u>5,621</u>	<u>98,932</u>	<u>104,553</u>
At 31 March 2012			
Depreciation			
At 1 April 2011	2,227	241,276	243,503
Charge for the year	608	-	608
Impairment (see note 3)	-	664,914	664,914
Transfers to investment properties	-	(807,258)	(807,258)
	<u>2,835</u>	<u>98,932</u>	<u>101,767</u>
At 31 March 2012			
Net book value			
At 31 March 2012	<u>2,786</u>	-	<u>2,786</u>
At 31 March 2011	<u>144</u>	-	<u>144</u>

6. Investment property

	Long term Leasehold investment property £
Cost	
At 1 April 2011	1,800,000
Grants received	(400,000)
Surplus/(deficit) on revaluation	400,000
Transfers from Assets under the course of construction	400,000
At 31 March 2012	<u>2,200,000</u>
Comprising	
Revaluation surplus - 2010	1,517,250
Revaluation surplus - 2011	282,750
Revaluation surplus - 2012	400,000
At 31 March 2012	<u>2,200,000</u>

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Notes to the financial statements
for the year ended 31 March 2012

6. Investment property (continued)

The 2012 valuations were made by the Directors, on an open market value for existing use basis. The valuation was informed by previous independent professional valuations undertaken by Cluttons LLP as at 15 February 2010 and 31 March 2011.

The company's investment property is secured by way of a legal mortgage against the grants made by SEEDA (see note 10).

7. Debtors

	2012	2011
	£	£
Due after more than one year		
Other debtors	5,096,189	6,396,215
Deferred tax asset (see note 11)	62,500	150,000
Due within one year		
Trade debtors	10,065	14,010
Grants receivable	151,153	3,248
Prepayments and accrued income	168,772	76,252
Deferred tax asset (see note 11)	17,500	40,000
	5,506,179	6,679,725

Other debtors include loans made to a utility service provider to finance the installation of new network infrastructure. The valuation principles of these loans and related uncertainties are described in note 1.8.

8. Creditors:
Amounts falling due within one year

	2012	2011
	£	£
Grants received in advance (see note 10)	168,267	54,073
Trade creditors	132,188	18,250
Corporation tax	10,750	7,089
Other creditors	292,747	176,548
	603,952	255,960

Included within other creditors are amounts totalling £42,276 (£42,276 in grants received in advance) owed to SEEDA secured by way of a legal charge over the leasehold property.

9. Creditors:
Amounts falling due after more than one year

	2012	2011
	£	£
Grants received in advance (see note 10)	7,586,668	9,497,586

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Notes to the financial statements
for the year ended 31 March 2012

10. Grants received in advance

	2012 £	2011 £
Unrestricted grants	1,983,424	1,737,724
Designated grants - other debtors	5,715,837	7,717,512
Designated grants - fixed assets	55,674	96,423
	<u>7,754,935</u>	<u>9,551,659</u>

Unrestricted grants

These relate to those grants received by the company that the company is able to use for whatever purpose it deems appropriate. The balance includes HCA funding of £300,430 (2011: £300,430) and converted other debtor grants of £1,682,994 (2011: £1,437,294).

Designated grants - other debtors

These relate to grants received in order to finance the other debtor loans made by the company. They are converted to unrestricted grants once the repayment of the other debtor falls due. The balance includes Single Regeneration Budget funding administered through TDC of £1,412,540 (2011: £1,945,533), funding from the HCA of £2,229,568 (2011: £3,070,849), and funding from the European Regional Development Fund of £1,961,136 (2011: £2,701,130).

The balance also includes funding from the HCA in respect of recoverable deposits totalling £112,593 (2011: £NIL).

Designated grants - fixed assets

These relate to grants received in order to finance fixed assets of the company. The balance comprises SEEDA funding of £nil (2011: £42,276) and funding from the HCA of £55,674 (2011: £54,147).

11. Deferred tax asset

	2012 £	2011 £
At beginning of year	190,000	-
(Charge for)/released during year	(110,000)	190,000
	<u>80,000</u>	<u>190,000</u>

The deferred tax asset is made up as follows:

	2012 £	2011 £
Tax losses carried forward	80,000	190,000

12. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

East Kent Spatial Development Company
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Notes to the financial statements
for the year ended 31 March 2012

13. Reserves

	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 April 2011	1,800,000	(885,598)	404,124
Profit for the year			50,646
Surplus on revaluation of leasehold property	400,000		
Movement on other reserves		458,542	
At 31 March 2012	<u>2,200,000</u>	<u>(427,056)</u>	<u>454,770</u>

Other reserves represent the provision made to reduce utility loans to the directors' best estimate of fair value. See accounting policy 1.8.

14. Contingent liabilities

The company has received grants contingent on meeting certain performance criteria. The Directors are confident that the Company will meet these performance criteria.

15. Capital commitments

At 31 March 2012 the company had capital commitments as follows:

	2012 £	2011 £
Contracted for but not provided in these financial statements	<u>813,332</u>	<u>873,891</u>

In respect of the commitment, the company had an agreement with the HCA that capital grant funding would be made available to the company in respect of qualifying capital expenditure.

16. Related party transactions

During the year the company was refunded premises expenses totalling £955 (2011 charged: £8,679) from TDC, a member of the company. Included within prepayments is an amount of £Nil (2011: £426) relating to monies paid to TDC in advance.

During the year the company received grants from the HCA totalling £1,300,610 (2011: £244,524). The unutilised balance remaining on grants received are shown in note 10.

During the year the company paid rates to CCC of £131,305 (2011: £117,918). At the year end the company was owed £Nil (2011: £2,159).

17. Controlling party

There is no controlling party for the company.