

Registered number 05121502

Hastings & Bexhill Renaissance Limited
(A company limited by guarantee)

Directors' report and financial statements
for the year ended 31 March 2012



Hastings & Bexhill Renaissance Limited
(A company limited by guarantee)

Company information

Member organisations

East Sussex County Council (ESCC)
South East England Development Agency
(SEEDA) (resigned 29/09/11)
Rother District Council (RDC)
Hastings Borough Council (HBC)
Sussex Enterprise (SE)
University of Brighton (UB)

Directors

Name

**Member
Organisation**

L Amor (resigned 28/06/2011)
A Adlington
M Froud (resigned 14/06/2012)

SEEDA
Independent
Sussex
Enterprise

J Shaw (resigned 30/09/11)
D Tucker (resigned 28/06/2011)
A J L Barnes
J Crompton
D Smith
S Manwaring
P Evans
S Blizzard
T Sanderson
P Chowney

SEEDA
ESCC
UB
Independent
Independent
Independent
Independent
Independent
HBC

Company number

05121502

Registered office

Innovation centre
Highfield Drive
Hastings
St Leonards-On-Sea
TN38 9UH

Auditors

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

Hastings & Bexhill Renaissance Limited
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Hastings & Bexhill Renaissance Limited
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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 accounting 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 social, physical and economic environment of the area in and around Hastings and Bexhill in East Sussex by

implementing the strategy and proposals approved by and recommended to the Company by the Hastings and Bexhill Taskforce Steering Group including procuring and regenerating land and property sites, the provision of business premises, the provision of training premises, promotion of learning and skills and community development.

Business review

Hastings and Bexhill Renaissance Limited completed its core development activity in the last financial year (2010/2011) and made arrangements in 2011/2012 for the transfer to a new entity, East Sussex Energy, Infrastructure and Development Limited (which trades as Sea Change Sussex), of its remaining development assets in Hastings at North Queensway, the Sussex Exchange and Priory Quarter (Havelock Road) including associated assets and liabilities. This arrangement was implemented on 29th September 2011 after the granting of "Consent by the Secretary of State (at the Department of Business, Innovation and Skills) to SEEDA to withdraw from Hastings and Bexhill Renaissance Limited, and to transfer the majority of the Company's business assets to another body". SEEDA withdrew from the company on the 29th September 2011, it then withdrew its staff from the company with effect from 7th October 2011 and both SEEDA and HCA ended their Grant Funding Agreements, and all liabilities contained therein, with effect from the 29th September 2011.

Hastings & Bexhill Renaissance Limited
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Directors' report
for the year ended 31 March 2012

The principal remaining trading property assets of Hastings and Bexhill Renaissance Limited, Innovation Centre Hastings and the Creative Media Centre, became the subject of an Operating Agreement with another new entity, Hastings Business Operations Limited for their ongoing management, the two former SEEDA managers of the properties were transferred to that company under the TUPE arrangements. Innovation Centre Hastings and the Creative Media Centre continue to trade successfully under these arrangements and have a high level of occupancy from their client businesses and sustain a workforce of between 400 and 450.

The Company has one other managed property, the Azur restaurant, and residential development assets at Ore Valley and Bulverhythe, both in Hastings.

Subsequent events

The development obligations and assets transferred to Sea Change Sussex are now being progressed as successful developments and Sea Change Sussex has secured the further resources to ensure their continued development.

Results

The loss for the year, after taxation, amounted to £2,802,000 (2011 - profit £140,000).

Directors

The directors who served during the year were

L Amor (resigned 28 June 2011)
A Adlington
M Froud (resigned 14 June 2012)
J Shaw (resigned 30 September 2011)
D Tucker (resigned 28 June 2011)
A J L Barnes
J Crampton
D Smith
S Manwaring
P Evans
S Blizzard
T Sanderson
P Chowney

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.

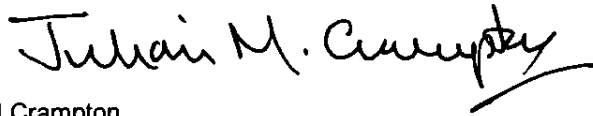
Hastings & Bexhill Renaissance Limited
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Directors' report
for the year ended 31 March 2012

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

This report was approved by the board on 23 OCTOBER 2012 and signed on its behalf

A handwritten signature in black ink, reading "Julian M. Crampton". The signature is written in a cursive style with a long horizontal stroke at the end.

J Crampton
Director

Hastings & Bexhill Renaissance Limited
(A company limited by guarantee)

Independent auditors' report to the members of Hastings & Bexhill Renaissance Limited

We have audited the financial statements of Hastings & Bexhill Renaissance Limited for the year ended 31 March 2012, set out on pages 6 to 22. 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 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 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

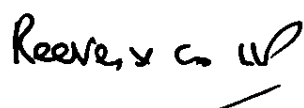
Hastings & Bexhill Renaissance Limited
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Independent auditors' report to the members of Hastings & Bexhill Renaissance Limited

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, 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



Peter Manser FCA DChA (Senior statutory auditor)
for and on behalf of
Reeves & Co LLP
Statutory Auditors
Chartered Accountants
Kent
CT1 2TU
Date 23 October 2012

Hastings & Bexhill Renaissance Limited
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Profit and loss account
for the year ended 31 March 2012

	Note	2012 £000	2011 £000
Turnover	1,2	415	9,228
Cost of sales		(1,729)	(8,157)
Gross (loss)/profit		(1,314)	1,071
Administrative expenses		(418)	(488)
Other operating income		85	120
Operating (loss)/profit	3	(1,647)	703
Exceptional items			
Other exceptional items	5	(1,162)	(519)
(Loss)/profit on ordinary activities before interest		(2,809)	184
Interest receivable and similar income		7	7
(Loss)/profit on ordinary activities before taxation		(2,802)	191
Tax on (loss)/profit on ordinary activities	4	-	(51)
(Loss)/profit on ordinary activities after taxation		(2,802)	140
Profit brought forward		2,976	2,836
Retained profit carried forward		174	2,976

All amounts relate to continuing operations

The notes on pages 10 to 22 form part of these financial statements

Hastings & Bexhill Renaissance Limited
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Statement of total recognised gains and losses
for the year ended 31 March 2012

	2012	2011
	£000	£000
(Loss)/profit for the financial year	(2,802)	140
Unrealised deficit on revaluation of tangible fixed assets	(520)	(4,653)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	(3,322)	(4,513)
	<hr/>	<hr/>

The notes on pages 10 to 22 form part of these financial statements

Hastings & Bexhill Renaissance Limited
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Registered number: 05121502

Balance sheet
as at 31 March 2012

	Note	£000	2012 £000	£000	2011 £000
Fixed assets					
Tangible assets	6		5,078		5,651
Investments	7		-		1
			<u>5,078</u>		<u>5,652</u>
Current assets					
Debtors	8	284		1,265	
Cash at bank		223		4,166	
		<u>507</u>		<u>5,431</u>	
Creditors: amounts falling due within one year	9	(178)		(1,568)	
Net current assets			<u>329</u>		<u>3,863</u>
Total assets less current liabilities			<u>5,407</u>		<u>9,515</u>
Provisions for liabilities					
Other provisions	10		(154)		(940)
Net assets			<u>5,253</u>		<u>8,575</u>
Capital and reserves					
Revaluation reserve	12		5,079		5,599
Profit and loss account	12		174		2,976
	13		<u>5,253</u>		<u>8,575</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on *23 October 2012*.

Julian M. Crampton

J Crampton
Director

The notes on pages 10 to 22 form part of these financial statements

Hastings & Bexhill Renaissance Limited
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Cash flow statement
for the year ended 31 March 2012

	Note	2012 £000	2011 £000
Net cash flow from operating activities	14	(3,726)	(2,511)
Returns on investments and servicing of finance	15	7	7
Taxation		(45)	(44)
Capital expenditure and financial investment	15	(180)	-
Decrease in cash in the year		(3,944)	(2,548)

Reconciliation of net cash flow to movement in net funds
for the year ended 31 March 2012

	2012 £000	2011 £000
Decrease in cash in the year	(3,944)	(2,548)
Movement in net funds in the year	(3,944)	(2,548)
Net funds at 1 April 2011	4,166	6,714
Net funds at 31 March 2012	222	4,166

The notes on pages 10 to 22 form part of these financial statements

Hastings & Bexhill Renaissance Limited
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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 investment and development properties and in accordance with applicable accounting standards

1.2 Turnover

Turnover comprises income received in respect of the company's principal activities. It incorporates two elements, firstly for the prior year only, release of grants, these are explained in the policy on grants below, and secondly rental and similar income derived from the company's investment properties, these are credited to the profit and loss account as they fall due

1.3 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

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

1. Accounting policies (continued)

1.4 Investment and development properties

a) Investment properties

Investment properties are carried in the financial statements at market values based on the latest professional valuation. A valuation of investment properties was undertaken by DTZ Debenham Tie Leung Limited, as at 31 October 2011, using appropriately qualified registered valuers and adopting the Market Value basis of valuation as defined in the RICS Valuation Standards. The directors have considered the professional valuation as at 31 October 2011 and consider it to be also fair reflection of the value as at 31 March 2012.

In accordance with SSAP19, depreciation is not provided on investment properties that are held as freeholds or on lease 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 17, revenue profits would have been reduced, the revaluation surplus would have been increased and therefore net assets would have been unchanged.

b) Development properties

As part of the company's principal activity, investment is made in properties requiring development. The initial purchase of development properties is capitalised. Expenditure incurred in developing properties in accordance with the principal activities of the company is written off to the profit and loss account as incurred.

Development properties are carried in the financial statements at market values based on the latest professional valuation. Valuations of development properties were undertaken by DTZ Debenham Tie Leung Limited, and CB Richard Ellis Limited, as at July 2011, using appropriately qualified registered valuers and adopting the Market Value basis of valuation as defined in the RICS Valuation Standards. The directors have considered the professional valuation in July 2011 and also consider it to be a fair reflection of the value as at 31 March 2012.

Freehold land is not depreciated.

On completion of construction work, development properties are reclassified as investment properties and accounted for in accordance with Statement of Standard Accounting Practice 19.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Furniture, fittings and equipment - 20-33% straight line

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

1. Accounting policies (continued)

1.6 Investments

(i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment

(ii) Joint venture undertakings

Investments in joint ventures are valued at cost less provision for impairment

1.7 Grants

Grants received in respect of investment and development 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 investment and development properties is £6,420,000 lower than it would otherwise have been (2011 £8,759,000), but the valuation of those assets is unchanged.

Grants received in respect of other costs are recognised in the profit and loss account in the period in which the expenditure towards which they relate is incurred.

1.8 Other operating income

Other operating income comprises rental and similar service charge income derived from the company's development properties, these are credited to the profit and loss account as they fall due.

1.9 Going concern

The company has £223,000 included in cash at the bank. The company meets its day to day working capital requirements through its reserves. As a consequence, the directors believe that the company is well placed to manage its business risks successfully with trading activity reduced to and centred around the its outsourced operation of the business centres ICH and CMC.

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.

2 Turnover

All turnover arose from the company's principal activity.

All turnover arose within the United Kingdom.

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

3 Operating (loss)/profit

The operating (loss)/profit is stated after charging

	2012 £000	2011 £000
Depreciation of tangible fixed assets		
- owned by the company	3	23
Auditors' remuneration	11	13
Operating lease rentals		
- other operating leases (administrative)	117	90
- other operating leases (cost of sales)	39	39
Loss on sale of tangible assets	80	-
	<hr/> <hr/>	<hr/> <hr/>

During the year, no director received any emoluments (2011 - £NIL) During the year there were no staff employed by the company (2011 - none), all staffing is provided by agencies or through member organisations

4. Taxation

	2012 £000	2011 £000
Analysis of tax charge in the year		
UK corporation tax charge on (loss)/profit for the year	-	45
Adjustments in respect of prior periods	-	6
	<hr/>	<hr/>
Tax on (loss)/profit on ordinary activities	-	51
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting tax charge for the year

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

	2012 £000	2011 £000
(Loss)/profit on ordinary activities before tax	(2,802)	191
	<hr/>	<hr/>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20%)	(560)	38
Effects of		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	16	3
Depreciation for year in excess of capital allowances	1	46
Adjustments to tax charge in respect of prior periods	-	6
Excess of grants released to profit & loss account over expenditure treated as capital for tax purposes	-	(42)
Unrelieved tax losses carried forward	543	-
	<hr/>	<hr/>
Current tax charge for the year (see note above)	-	51
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Notes to the financial statements
for the year ended 31 March 2012

4. Taxation (continued)

Factors that may affect future tax charges

The company is currently only taxable on its income from investment properties and interest earned

5. Exceptional items

	2012	2011
	£000	£000
Bad debt on liquidation of debtor	-	299
Impairment of development properties	-	220
Impairment of investment properties	150	-
Exceptional bad debt following withdrawal of member	1,012	-
	<u>1,162</u>	<u>519</u>

During the current year a member of the company withdraw from its member status. As part of this agreement the company had to repay some of the funding already provided.

Also during 2012 the company purchased an investment property, however due to the restrictions applied to this property the purchase price does not reflect its current value. An impairment charge has therefore been applied to reduce the value of the property.

2011 Exceptional items

During the prior year a debtor to which the company had previously made a long term loan was placed into liquidation. As a result the remaining balance of the debtor balance had been written off.

Also during 2011 a fall in the value of some of the company's development properties arose, not reversing previous upward revaluations. An impairment charge has therefore been applied to reduce the value of the property.

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

6 Tangible fixed assets

	Development properties £000	Investment properties £000	Office Equipment £000	Total £000
Cost or valuation				
At 1 April 2011	3,658	2,325	234	6,217
Additions	-	180	-	180
Disposals	(309)	(180)	-	(489)
Revaluation surplus/(deficit)	(520)	-	-	(520)
At 31 March 2012	2,829	2,325	234	5,388
Depreciation				
At 1 April 2011	335	-	231	566
Charge for the year	-	-	3	3
On disposals	(259)	(150)	-	(409)
Impairment charge	-	150	-	150
At 31 March 2012	76	-	234	310
Net book value				
At 31 March 2012	2,753	2,325	-	5,078
At 31 March 2011	3,323	2,325	3	5,651

All development and investment properties are carried at valuation Furniture fittings and equipment are carried at cost less depreciation

Valuations of development and investment properties were undertaken by DTZ Debenham Tie Leung Limited and CB Richard Ellis Limited, as at 31 October 2011, using appropriately qualified registered valuers and adopting the Market Value basis of valuation as defined in the RICS Valuation Standards

If the development properties had not been included at valuation they would have been included under the historical cost convention as cost £5,757,000 less grant funding £5,682,000 and impairment £75,000 (2011 £8,404,000, £8,019,000 and £334,000 respectively)

If the investment properties had not been included at valuation they would have been included under the historical cost convention at cost £739,000 less grant funding £739,000 (2011 £739,000 and £739,000 respectively)

Included in investment properties are short term leasehold properties valued at £NIL (2011 £225,000)
All remaining properties valued above are held as freehold properties

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

7. Fixed asset investments

	Investments in Associates £000
Cost or valuation	
At 1 April 2011	1
Amounts written off	(1)
	<hr/>
At 31 March 2012	-
	<hr/>
Net book value	
At 31 March 2012	-
	<hr/>
At 31 March 2011	1
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Notes to the financial statements
for the year ended 31 March 2012

Investments in participating interests

The company has a joint venture interest in Coastal Land (Sussex) LLP. During the year a "Law of Property" Receivership, initiated by Allied Irish Bank under terms of its first ranked security, has been appointed over the assets of Coastal Land (Sussex) LLP. As such the entity no longer has control of its assets and so the company's 50% share of the LLP has no value. Currently there are no financial statements available for the 2012 period and as such the latest figures available are for the year ended 31 March 2011 as shown below

	2011 £000
Turnover	6,308
Loss available for division among members	(1,280)
Fixed assets	9
Current assets	5,819
Liabilities due within one year	(842)
Liabilities due after more than one year	(7,865)
Net assets	(2,879)

The company had assigned all its rights and interests in Coastal Land (Sussex) LLP as security against loan drawdowns by the LLP.

The company also has a joint venture interest in Coastal Innovation Limited (CIL). During the year a "Law of Property" Receivership, initiated by Allied Irish Bank under terms of its first ranked security, has been appointed over the assets of CIL. As such the entity no longer has control of its assets and so the company's share has no value. Currently there are no financial statements available for the 2012 period and as such the latest figures available are for the year ended 31 March 2011 as shown below

	2011 £000
Turnover	811
Loss for the financial year	(471)
Fixed assets	-
Current assets	4,057
Liabilities due within one year	(3,428)
Liabilities due after more than one year	-
Net assets	628

The company had assigned all its rights and interests in CIL as security against loan drawdowns by CIL.

8. Debtors

	2012 £000	2011 £000
Trade debtors	24	235
Amounts owed by member organisations	-	727
Amounts owed by joint ventures	-	143
Other debtors	256	156
Prepayments and accrued income	4	4
	<u>284</u>	<u>1,265</u>

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

9 Creditors'
Amounts falling due within one year

	2012	2011
	£000	£000
Bank loans and overdrafts	1	-
Trade creditors	24	176
Amounts owed to member organisations	1	707
Corporation tax	-	45
Other creditors	9	87
Accruals and deferred income	143	553
	178	1,568

10. Provisions

	Ore Valley
	£000
At 1 April 2011	940
Amounts used	(180)
Amounts reversed	(606)
At 31 March 2012	154

Ore Valley

The Company has liabilities associated with its landholdings in the Ore Valley that were acquired through funding provided by the Homes and Communities Agency (HCA). Following work undertaken by Gardiner and Theobald on behalf of HCA, the liabilities were estimated to amount to £748,290 and related to outline planning permission. However as the company has taken the decision not to develop the site, the liabilities have reduced to £154,000.

11. 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.

12 Reserves

	Revaluation	Profit and
	reserve	loss account
	£000	£000
At 1 April 2011	5,599	2,976
Loss for the year		(2,802)
Deficit on revaluation of freehold property	(520)	
At 31 March 2012	5,079	174

Included within the profit and loss account is an accumulated total of £75,000 (2011: £334,000) relating to the impairment of development properties not subsequently disposed.

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

13. Reconciliation of movement in members' funds

	2012	2011
	£000	£000
Opening members' funds	8,575	13,088
(Loss)/profit for the year	(2,802)	140
Other recognised gains and losses during the year	(520)	(4,653)
	<u>5,253</u>	<u>8,575</u>
Closing members' funds		

14 Net cash flow from operating activities

	2012	2011
	£000	£000
Operating (loss)/profit	(1,647)	703
Exceptional items	(1,012)	(299)
Depreciation of tangible fixed assets	3	23
Loss on disposal of tangible fixed assets	81	-
Decrease in debtors	111	586
Increase in amounts owed by member organisations	727	3,401
Decrease/(increase) in amounts owed by joint ventures	143	(140)
Decrease in creditors	(639)	(7,437)
Amortisation of tangible fixed asset grants	-	5
Decrease in amounts owed to joint ventures	-	-
Increase / (decrease) in amounts owed to member organisations	(707)	(293)
(Decrease)/increase in provisions	(786)	940
	<u>(3,726)</u>	<u>(2,511)</u>
Net cash outflow from operating activities		

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15. Analysis of cash flows for headings netted in cash flow statement

	2012 £000	2011 £000
Returns on investments and servicing of finance		
Interest received	7	7
	<u>7</u>	<u>7</u>
	2012 £000	2011 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(180)	-
	<u>(180)</u>	<u>-</u>

16 Analysis of changes in net funds

	1 April 2011 £000	Cash flow £000	Other non-cash changes £000	31 March 2012 £000
Cash at bank and in hand	4,166	(3,943)	-	223
Bank overdraft	-	(1)	-	(1)
	<u>4,166</u>	<u>(3,943)</u>	<u>-</u>	<u>222</u>
Net funds	<u>4,166</u>	<u>(3,944)</u>	<u>-</u>	<u>222</u>

17 Contingent liabilities

Grants

The company has received grants contingent on meeting certain performance criteria. The directors are confident that the company will continue to meet these performance criteria.

18. Operating lease commitments

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2012 £000	2011 £000
Expiry date:		
Within 1 year	-	5
Between 2 and 5 years	41	16
After more than 5 years	-	25
	<u>-</u>	<u>25</u>

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19. Related party transactions

During the period the company entered into the following transactions and had the following balances with its member organisations and joint ventures

	2012	2011
	£000	£000
South East England Development Agency (SEEDA)		
Revenue grants released	-	7,822
Amounts paid	1,000	-
At 31 March 2012 the balance owed (by) the company was	-	(667)
At 31 March 2012 the balance owed to the company was	-	677
Hastings Borough Council (HBC)		
Revenue grants released	-	256
Sales	-	-
Purchases	-	123
At 31 March 2012 the net balance owed (by)/to the company was	-	(39)
East Sussex County Council (ESCC)		
Purchases	-	3
University of Brighton (UB)		
Sales	-	-
Purchases	-	-
At 31 March 2012 the net balance owed (by)/to the company was	-	50
Coastal Land (Sussex) LLP (CLS)		
Rent paid to CLS	-	63
Debt written off in the year	(105)	-
At 31 March 2012 the net balance owed to the company was	-	103
Coastal Innovation Limited (CIL)		
Grants made to CIL	-	1,460
Management services provided to CIL	-	120
Debt written off in the year	(40)	-
At 31 March 2012 the net balance owed to the company was	-	40
Sea Change Sussex		
Grants made to Sea Change Sussex	1,800	-
At 31 March 2012 the net balance owed to the company was	-	-
Hastings Business Operations Limited (HBOL)		
Purchases	(19)	-
At 31 March 2012 the net balance owed to the company was	255	-

HBOL and Sea Change Sussex share common objectives with the company

In addition to the above, SEEDA have supplied staff to the company for the administration and management of the projects

The company transferred its interest in a number of both investment and development properties to Sea Change Sussex during the year. This transaction was for £Nil consideration due to the covenants applied on the transfer of the assets.

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20 Post balance sheet events

The company works closely with Sea Change Sussex, a company that shares similar objectives. The board will be considering with Sea Change Sussex the rationalisation of activities.

21. Controlling party

There was no controlling member of the company. The dominant influence over the company's activity was however provided by the Hastings and Bexhill Task Force Steering Group.