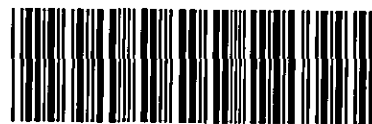


Registered number: 5121502

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

Directors' report and financial statements
for the year ended 31 March 2009

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COMPANIES HOUSE

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

Company information

Member organisations

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

Director

Name

**Member
Organisation**

L Amor	SEEDA
A Adlington	Independent
J Parsonage (resigned 31 March 2009)	SEEDA
J Shaw	SEEDA
D Tucker	SEEDA
D Straughen (resigned 28 October 2008)	SEEDA
S Radford-Kirby	ESCC
M Lock	HBC
J Crampton	UB
D Smith	Independent
D Rowland	SE
S Manwaring	Independent
P Evans	Independent
R Crawford (appointed 28 October 2008)	SEEDA
G Martin (appointed 1 April 2009)	SEEDA
S Blizzard (appointed 18 February 2009)	Independent

Secretary

M Haynes

Company number

5121502

Registered office

Queensbury House
Havelock Road
Hastings
East Sussex
TN34 1BP

Auditors

Reeves + Neylan LLP
Chartered Accountants & Registered Auditors

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

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

Directors' report
for the year ended 31 March 2009

The directors present their report and the financial statements for the year ended 31 March 2009.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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). The financial statements are required by law to 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 proper accounting records that 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 1985. 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.

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

Directors' report
for the year ended 31 March 2009
Business review

Overview

The main activity of the company continued to be the delivery of the approved Business Plan for Coastal Regeneration, providing the mechanism for delivery of the projects prioritised by the Hastings and Bexhill Task Force Steering Group.

The activities of the Company fell broadly into those associated with the development of assets and those associated with investment assets, mainly the ongoing operation of the Creative Media Centre and Innovation Centre.

In 2007 the Board completed a comprehensive review of its Business Plan to set out its programme of activity for the three year period from 2008/09 to 2010/11. From this the Programme for Sustainability identified a series of priority projects which would provide the mechanism to revitalise the local market and create the private sector confidence to achieve long term sustainable economic development in Hastings and Bexhill. The Board's commitment to the Business Plan programme was demonstrated by a commitment to use HBRL's own accumulated reserves in a planned manner to supplement and lever out resources made available through external grant funds from SEEDA, The Homes and Community Agency (HCA, formerly English Partnerships) as well as other public services, including the European Union. In this the Board recognised that this would result in a loss on the profit and loss account and a reduction in reserves that would carry through to the balance sheet, and ensured that the level of expenditure proposed would not threaten the ongoing viability of the Company. These principles and controls have subsequently been incorporated in the revised budget for 2009/10 and 2010/11.

During the year, the company continued to generate income from rents and service charges collected from the tenants of the Creative Media Centre, Innovation Centre and other company owned property assets. Profits on ordinary activities after tax decreased to a loss of £1,375,000 from a profit of £39,000 in 2008. A significant contribution to the operations of the company arose from the Company Treasury Policy where the careful management of grant funds held resulted in interest income of just over £220,000 in the year. Due to external economic conditions in which interest rates declined to an historic low, the amount of interest income received declined substantially.

Funding from SEEDA has been agreed at £7,000,000 for 2009/10 and a further £1,000,000 in 2010/11 which the directors will commit to complete a range of ongoing activities as identified in the approved Business Plan Refresh and more specifically prioritised in the Programme for Sustainability. To date SEEDA has provided the Company with more than £62,000,000 in grant aid since 2003.

A total of £15,100,000 in funding from HCA for the implementation of Hastings Millennium Community project was confirmed in the funding agreement signed in August 2004. A bid for an additional £15,000,000 in funding to complete the agreed master plan is currently being prepared by HCA and is expected to be referred to Government for approval in June or July.

During the course of the year, the tangible fixed assets fell in value from £17,946,000 in 2008 to £10,586,000. This decrease has arisen as a result of the current economic climate. £6,691,000 of the decrease in values is a reversal of previous revaluations and as such does not impact on the profit and loss account.

Development and Operational Activities

Development activity was associated with furthering of key projects in the approved Business Plan utilizing grant aid from external sources supplemented by the Company's own resources. Known as the Programme for Sustainability this cohesive programme of development is fully funded over the 3 years 2008-11.

The major scheme in the programme for the year continued to be the Lacuna Place office development, with construction of phase 1 proceeding apace through most of the year and achieving partial completion in July 2008. The construction of Phase 2 of the development had commenced on site in October 2007, following formal tendering of the scheme and successful negotiations with the contractor and was approaching completion by the year end. Together both phases have created over 9,000 m2 of high quality office and retail space for new businesses which will contribute significantly to the revitalisation of Hastings Town Centre.

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

Directors' report
for the year ended 31 March 2009

In November 2007 the company entered into a 50-50 Joint Venture with The Land Group for the completion of the Lacuna scheme, which entailed the transfer of the land under a sale and development agreement that required the completion of both phases of the Lacuna development. Coastal Land (Sussex) LLP will complete phase 1 with a grant of up to £4,900,000 from this company and has secured a £12,500,000 bank loan facility to wholly fund the cost of phase 2. The agreement transfers the risks associated with phase 2 entirely to the private sector and entails no recourse to the public sector.

Pre development design and site assembly has continued for the Millennium Community project in the Ore Valley. Planning approval has been granted for the construction of the site spine road which will allow the provision of around 650 new homes designed to the highest standards of sustainability. The Company also worked with SEEDA and Hastings College to promote a Compulsory Purchase Order (CPO) for land required

to complete the remainder of the master plan proposals for the scheme, including the provision of a new vocational college, commercial and retail space and health facilities. The CPO was confirmed during the spring of 2008 and development of the College began on site with demolition and site clearance in the summer of 2008. The end of the year saw the start of the construction contract with an anticipated completion date of May 2010. Negotiations with a prospective private sector partner for the delivery of the housing element are ongoing with an agreed scheme currently being appraised as part of the bid for further funding.

The Company has continued to work in partnership with the University of Brighton on securing the funding to build phase 2 of the University Centre Hastings on a site owned by the company in Priory Quarter. A new phase of design work commenced December 2008 with £350,000 in additional funding from SEEDA with a view to securing a planning approval by late summer 2009. The University is working on a capital bid to the Higher Education Funding Council to meet the cost of the proposal which will increase student numbers to 1,400 as the next stage in securing the long term target of up to 2,500 students required for sustainability.

Investment continued on the provision of services and an access road to the Queensway South site to allow the site to be brought forward for the Enviro21 Innovation Park. Following the issuing of OJEU notices, negotiations were concluded with Allied Irish Bank for a £3m facility through Coastal Innovation Ltd, a joint venture company with a private sector partner. Following the signing of a sale and development agreement, construction of the Innovation Exchange Centre and the first phase of the business units began in early January 2009 and is expected to be completed by January 2010. Work has also continued on developing proposals for a wind turbine for the Enviro21 site as part of longer term sustainable development and in furtherance of this a planning application was submitted in January 2009.

At Marina Pavilion the occupation of the facility by the tenant began in June 2008, with the completion of the fit out contract. The tenancy agreement had been concluded with the tenant earlier in the previous year following a successful marketing campaign, which commits the operator to contributing to the capital cost while paying a commercial rate in the medium term when a stable turnover is achieved. The facility, which comprises a quality restaurant and meeting/conference space opened its doors during for the summer of 2008.

More generally pre development design and scheme development continued for a range of sites including Queensway North and Priory Quarter so that the momentum and continuity of development can be maintained once the Lacuna Place scheme is completed. The budget for 2009/11 includes provision to continue this investment and extend it to the new allocations of employment and housing land at North Bexhill. Small scale but carefully targeted investment also continued in the various transport and business/education initiatives, unlocking new sources of external funding.

The Company owns and operates two managed workspace developments the Creative Media Centre in Hastings town centre and the Innovation Centre on Churchfields Industrial estate. The Creative Media Centre consisting of 51 units opened in two phases in 2003 and 2004 and has secured tenants in line with Business plan projections. The letting of the two ground floor retail units during the course of the year has made an important contribution to the retail offer of this part of the town centre. The Innovation Centre, the larger development offering 70 office and workshop units, opened in July 2006 and has performed above business plan expectations with almost 80% space let by March 2009. The location of the University of Brighton Product Development Centre in the building has greatly enhanced the knowledge transfer between academic and local business organisations.

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

Directors' report
for the year ended 31 March 2009

Since the partial completion of Lacuna Place (phase 1), Coastal Land (Sussex) LLP has been successful in translating enquiries into lettings. Over 40% of the office space is now let or under offer, with one floor occupied and part of another floor under offer and is due to be completed in May. One of the two retail units has been let to a blue chip tenant that began trading in March 2009. A number of restaurant operators have viewed the second unit and discussions are ongoing.

The momentum of PR and marketing nationally, regionally and locally continues to build through targeted mailings, updated collateral and advertorial. Majoring on Hastings as a best value location offering grade A business space on flexible leasing terms, interest remains good despite the adverse market conditions.

Results

The loss for the year, after taxation, amounted to £1,517,000 (2008 - profit £39,000.)

Directors

The directors who served during the year were:

L Amor
A Adlington
J Parsonage (resigned 31 March 2009)
J Shaw
D Tucker
D Straughen (resigned 28 October 2008)
S Radford-Kirby
M Lock
J Crampton
D Smith
D Rowland
S Manwaring
P Evans
R Crawford (appointed 28 October 2008)
G Martin (appointed 1 April 2009)
S Blizzard (appointed 18 February 2009)

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

Directors' report
for the year ended 31 March 2009

Financial instruments

The Company's principal financial instruments comprise grants from the public sector, bank balances, trade creditors and trade debtors. The main purpose of these instruments is to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is set out below.

Public sector grants are made against eligible expenditure under funding agreements entered into with the grant provider. Risk is managed by ensuring that the grant conditions are fully complied with.

The risk associated with the development of the Priory Quarter and Enviro21 sites and their associated Bank Facilities has been wholly transferred to the joint venture entities.

In respect of bank balances, any surplus funds are invested in variable short term interest bearing deposits with financial institutions.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Where debts relate to occupants of the Company's flexible business space, deposits are held which can be offset in the case of default.

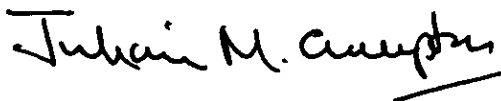
Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Provision of information to auditor

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 auditor is 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 auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

This report was approved by the board on 27 May 2009 and signed on its behalf.



J Crampton
Director

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

Independent auditor's 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 2009, set out on pages 8 to 22. These financial statements have been prepared under the accounting policies set out therein .

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

Reeves + Neylan LLP

Reeves + Neylan LLP

Chartered Accountants
Registered Auditors

27 May 2009

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

Profit and loss account
for the year ended 31 March 2009

	Note	2009 £000	2008 £000
Turnover	1,2	6,343	13,338
Cost of sales		(7,564)	(13,207)
Gross (loss)/profit		(1,221)	131
Administrative expenses		(655)	(710)
Other operating income		120	164
Other operating charges		-	(12)
Operating loss	3	(1,756)	(427)
Interest receivable		233	506
(Loss)/profit on ordinary activities before taxation		(1,523)	79
Tax on (loss)/profit on ordinary activities	4	6	(40)
(Loss)/profit on ordinary activities after taxation		(1,517)	39
Profit brought forward		4,075	786
Transferred from revaluation reserve		-	3,250
Retained profit carried forward		2,558	4,075

All amounts relate to continuing operations.

The notes on pages 12 to 22 form part of these financial statements.

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

Statement of total recognised gains and losses
for the year ended 31 March 2009

	2009	2008
	£000	£000
(Loss)/profit for the financial year	(1,517)	39
Unrealised (deficit)/surplus on revaluation of tangible fixed assets	<u>(6,691)</u>	<u>1,974</u>
Total recognised gains and losses relating to the year	<u>(8,208)</u>	<u>2,013</u>

Note of historical cost profits and losses
for the year ended 31 March 2009

	2009	2008
	£000	£000
Reported (loss)/profit on ordinary activities before taxation	(1,523)	79
Realisation of valuation gains of previous periods	<u>-</u>	<u>3,250</u>
Historical cost (loss)/profit on ordinary activities before taxation	<u>(1,523)</u>	<u>3,329</u>
Historical (loss)/profit for the year after taxation	<u>(1,517)</u>	<u>3,289</u>

The notes on pages 12 to 22 form part of these financial statements.

Hastings & Bexhill Renaissance Limited

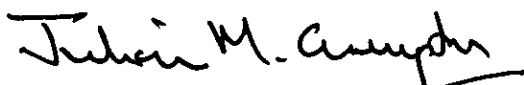
(A company limited by guarantee)

Registered number : 5121502

**Balance sheet
as at 31 March 2009**

	Note	£000	2009 £000	£000	2008 £000
Fixed assets					
Tangible fixed assets	5		10,586		17,946
Fixed asset investments	6		1		-
			<u>10,587</u>		<u>17,946</u>
Current assets					
Debtors	7	2,086		3,545	
Cash at bank		5,876		6,014	
		<u>7,962</u>		<u>9,559</u>	
Creditors: amounts falling due within one year	8	(5,734)		(6,465)	
Net current assets			<u>2,228</u>		<u>3,094</u>
Total assets less current liabilities			<u>12,815</u>		<u>21,040</u>
Creditors: amounts falling due after more than one year	9		(5)		(22)
Net assets			<u>12,810</u>		<u>21,018</u>
Capital and Reserves					
Revaluation reserve	11		10,252		16,943
Profit and loss account	11		2,558		4,075
	12		<u>12,810</u>		<u>21,018</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 May 2009.



J Crampton
Director

The notes on pages 12 to 22 form part of these financial statements.

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

Cash flow statement
for the year ended 31 March 2009

	Note	2009 £000	2008 £000
Net cash flow from operating activities	13	(336)	(6,522)
Returns on investments and servicing of finance	14	233	506
Taxation		(34)	(209)
Capital expenditure and financial investment	14	-	2,189
Acquisitions and disposals	14	(1)	-
Decrease in cash in the year		<u>(138)</u>	<u>(4,036)</u>

Reconciliation of net cash flow to movement in net funds
for the year ended 31 March 2009

	2009 £000	2008 £000
Decrease in cash in the year	<u>(138)</u>	<u>(4,036)</u>
Movement in net funds in the year	(138)	(4,036)
Net funds at 1 April 2008	<u>6,014</u>	<u>10,050</u>
Net funds at 31 March 2009	<u>5,876</u>	<u>6,014</u>

The notes on pages 12 to 22 form part of these financial statements.

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

Notes to the financial statements
for the year ended 31 March 2009

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, and except for the treatment of certain grants and the application of depreciation to investment and development properties, comply with the requirements of the Companies Act 1985. Explanation of these departures from the requirements of the Act are given in the policies on grants and investment and development properties below.

1.2 Turnover

Turnover comprises income received in respect of the company's principal activities. It incorporates two elements; firstly the 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 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.

1.4 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 professional valuation was carried out by DTZ as at 31 March 2009.

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 Schedule 4 of the Companies Act 1985, 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.

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. A professional valuation was carried out by DTZ as at 31 March 2009.

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.

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

Notes to the financial statements
for the year ended 31 March 2009

1. Accounting policies (continued)

1.5 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 those assets, less their estimated residual value, over their expected useful lives on the following bases:

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

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 Schedule 4 of the Companies Act 1985, 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 £11,633,000 lower than it would otherwise have been (2008: £11,633,000), 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 income derived from the company's development properties, these are credited to the profit and loss account as they fall due.

2. Turnover

All turnover arose from the company's principal activity.

All turnover arose within the United Kingdom.

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

Notes to the financial statements
for the year ended 31 March 2009

3. Operating loss

The operating loss is stated after charging:

	2009 £000	2008 £000
Depreciation of tangible fixed assets:		
- owned by the company	65	113
Auditors' remuneration	13	12
Operating lease rentals:		
- plant and machinery	-	13
- other operating leases (administrative)	17	17
- other operating leases (cost of sales)	25	36
Impairment of development properties	604	116
	<u>604</u>	<u>116</u>

Throughout both years no director received any emoluments. Throughout both years there were no staff employed by the company, all staffing is provided by agencies or through member organisations.

Exceptional item - Impairment of development properties

The use of some of the company's development properties were change during the year. The properties had previously generated income and were demolished in the year in order to create an open public space. As a result of these changes the development properties have been subject to an impairment charge of £545,000, this is included within the £604,000 disclosed above.

4. Taxation

	2009 £000	2008 £000
Analysis of tax (credit)/charge in the year		
UK corporation tax charge on (loss)/profit for the year	-	40
Adjustments in respect of prior periods	(6)	-
	<u>(6)</u>	<u>40</u>
Tax on (loss)/profit on ordinary activities	<u>(6)</u>	<u>40</u>

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

Notes to the financial statements
for the year ended 31 March 2009

4. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2008 - higher than) the standard rate of corporation tax in the UK (21%). The differences are explained below:

	2009	2008
	£000	£000
(Loss)/profit on ordinary activities before tax	<u>(1,523)</u>	<u>79</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2008 - 20%)	(320)	16
Effects of:		
Expenses not deductible for tax purposes	5	5
Depreciation for year in excess of capital allowances	132	19
Unutilised losses arising in the year	183	-
Adjustments to tax charge in respect of prior periods	(6)	-
Current tax (credit)/charge for the year (see note above)	<u>(6)</u>	<u>40</u>

Factors that may affect future tax charges

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

The company has revalued its properties and has not accounted for deferred tax on the revalued amount. There is no intention to sell the properties. Should the company sell any of its properties it could be liable to a tax charge.

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

Notes to the financial statements
for the year ended 31 March 2009

5. Tangible fixed assets

	Develop- ment Properties £000	Investment Properties £000	Furniture, fittings and equipment £000	Total £000
Cost or valuation				
At 1 April 2008	10,717	7,215	340	18,272
Transfer between classes	(695)	695	-	-
Revaluation surplus/(deficit)	(3,761)	(2,930)	-	(6,691)
At 31 March 2009	<u>6,261</u>	<u>4,980</u>	<u>340</u>	<u>11,581</u>
Depreciation				
At 1 April 2008	116	-	210	326
Charge for the year	-	-	65	65
Impairment charge	604	-	-	604
At 31 March 2009	<u>720</u>	<u>-</u>	<u>275</u>	<u>995</u>
Net book value				
At 31 March 2009	<u>5,541</u>	<u>4,980</u>	<u>65</u>	<u>10,586</u>
At 31 March 2008	<u>10,601</u>	<u>7,215</u>	<u>130</u>	<u>17,946</u>

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

An external professional valuation of development and investment properties was undertaken as at 31 March 2009 by DTZ, on an open market value basis.

If the development properties had not been included at valuation they would have been included under the historical cost convention as cost £10,259,000 less grant funding £9,269,000 and impairment £720,000 (2008: £10,259,000, £9,269,000 and £116,000 respectively).

If the investment properties had not been included at valuation they would have been included under the historical cost convention at cost £2,363,000 less grant funding £2,363,000 (2008: £2,363,000 and £2,363,000 respectively).

Included in investment properties are long term leasehold properties valued at £1,500,000, (2008: £3,165,000) and short term leasehold properties valued at £830,000 (2008: £nil). Included in development properties are short term leasehold properties valued at £nil (2008: £695,000). All remaining properties valued above are held as freehold properties.

Included in development properties are properties valued at £nil, (2008: £1,200,000) that derive other operating income. All investment properties generate turnover.

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6. Fixed asset investments

	Investments in participating interests £000
Cost	
At 1 April 2008	-
Additions	1
	<hr/>
At 31 March 2009	1
	<hr/>

Investments in participating interests

The company has a joint venture interest in Coastal Land (Sussex) LLP. The LLP was incorporated on 12 November 2007. The company's 50% share of the results of the LLP for the 17 month period ended 31 March 2009 were as follows:

	2009 £000
Turnover	11
Loss available for division among members	(560)
Fixed assets	5,910
Current assets	791
Liabilities due within one year	(699)
Liabilities due after more than one year	(5,744)
Net assets	258

The company has 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), (formally Pebble Properties (Marline) Limited). CIL, which was a subsidiary in the previous year and is now a joint venture as a result of additional shares being issued, diluting the holding to 50%, started trading on 19 November 2008. The following results have been extracted from the audited accounts for the year ended 31 March 2009. The company's 50% share of the results of CIL were as follows:

	2009 £000
Turnover	172
Loss available for division among members	(219)
Fixed assets	-
Current assets	839
Liabilities due within one year	(991)
Liabilities due after more than one year	(67)
Net assets	(219)

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

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7. Debtors

	2009	2008
	£000	£000
Due after more than one year		
Other debtors	200	-
Due within one year		
Trade debtors	206	107
Amounts owed by member organisations	1,345	273
Amounts owed by joint ventures	15	2,583
Other debtors	320	533
Prepayments and accrued income	-	49
	2,086	3,545

8. Creditors:
Amounts falling due within one year

	2009	2008
	£000	£000
Trade creditors	389	785
Amounts owed to member organisations	33	404
Amounts owed to joint ventures	1,278	220
Corporation tax	-	40
Other creditors	93	616
Accruals and deferred income	3,941	4,400
	5,734	6,465

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

	2009	2008
	£000	£000
Accruals and deferred income	5	22

10. 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.

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Notes to the financial statements
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11. Reserves

	Revaluation reserve £000	Profit and loss account £000
At 1 April 2008	16,943	4,075
Loss for the year		(1,517)
Surplus on revaluation of development properties	(3,761)	
Surplus on revaluation of investment properties	(2,930)	
	<u>10,252</u>	<u>2,558</u>
At 31 March 2009	<u>10,252</u>	<u>2,558</u>

Included within the profit and loss account is an accumulated total of £720,000 (2008: £116,000) relating to the impairment of development properties.

12. Reconciliation of movement in members' funds

	2009 £000	2008 £000
Opening members' funds	21,018	19,005
(Loss)/profit for the year	(1,517)	39
Other recognised gains and losses during the year	(6,691)	1,974
	<u>12,810</u>	<u>21,018</u>
Closing members' funds	<u>12,810</u>	<u>21,018</u>

13. Net cash flow from operations

	2009 £000	2008 £000
Operating loss	(1,756)	(427)
Depreciation of tangible fixed assets	65	113
Impairments of fixed assets	604	116
Loss on disposal of tangible fixed assets	-	24
(Increase)/decrease in debtors	(35)	781
Decrease/(increase) in amounts owed by member organisations	(1,072)	2,719
Decrease/(increase) in amounts owed by joint ventures	2,567	(2,583)
Decrease in creditors	(1,561)	(6,331)
Amortisation of tangible fixed asset grants	(43)	(131)
Increase in amounts owed to joint ventures	1,266	220
Decrease in amounts owed to member organisations	(371)	(1,023)
	<u>(336)</u>	<u>(6,522)</u>
Net cash outflow from operations	<u>(336)</u>	<u>(6,522)</u>

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

	2009 £000	2008 £000
Returns on investments and servicing of finance		
Interest received	233	506
	<u>233</u>	<u>506</u>

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14. Analysis of cash flows for headings netted in cash flow statement (continued)

	2009 £000	2008 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	-	(2,174)
Sale of tangible fixed assets	-	3,250
Government grants received	-	1,113
Net cash inflow from capital expenditure	<u>-</u>	<u>2,189</u>
	2009 £000	2008 £000
Acquisitions and disposals		
Purchase of share in joint ventures	<u>(1)</u>	<u>-</u>

15. Analysis of changes in net funds

	1 April 2008 £000	Cash flow £000	Other non-cash changes £000	31 March 2009 £000
Cash at bank and in hand:	6,014	(138)	-	5,876
Net funds	<u>6,014</u>	<u>(138)</u>	<u>-</u>	<u>5,876</u>

16. Contingent liabilities

The Company has received a claim from a contractor which has been reviewed and rejected through the formal adjudication process and a final certificate has been issued. It is not known whether the contractor will challenge the validity of the adjudication decision through the courts but a period of 16 months has elapsed without further activity and the Directors consider the risk of financial loss to be minimal.

17. Operating lease commitments

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2009 £000	2008 £000	2009 £000	Other 2008 £000
Expiry date:				
Between 2 and 5 years	16	-	-	-
After more than 5 years	<u>25</u>	<u>41</u>	<u>-</u>	<u>-</u>

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18. 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:

	2009	2008
	£000	£000
South East England Development Agency (SEEDA)		
Revenue grants receivable	5,524	8,401
At 31 March 2009 the net balance owed to/(by) the company was	1,340	(44)
Hastings Borough Council (HBC)		
Revenue grants receivable	9	-
Sales	3	46
Purchases	447	293
Purchase of development properties	-	1,047
At 31 March 2009 the net balance owed (by)/to the company was	(12)	67
East Sussex County Council (ESCC)		
Sales	-	146
Purchases	26	150
Purchase of development properties	-	300
At 31 March 2009 the net balance owed by the company was	(20)	(155)
University of Brighton (UB)		
Revenue grants receivable	-	15
Grants made	-	64
Purchases	88	26
At 31 March 2009 the balance owed to the company was	5	-
Coastal Land (Sussex) LLP (CLS)		
Grant made to CLS	-	2,993
Management services provided to CLS	80	92
Expenses recharged to CLS	862	-
Expenses recharged by CLS	(347)	-
At 31 March 2009 the net balance owed (by)/to the company was	(370)	2,362
Coastal Innovation Limited (CIL)		
Grants made to CIL	2,452	-
Management services provided to CIL	40	-
Expenses recharged to CIL	70	-
At 31 March 2009 the net balance owed (by)/to the company was	(893)	-

In addition to the above, SEEDA have supplied staff to the company for the administration and management of the projects, and a property was sold to Coastal Land (Sussex) LLP for a nominal value of £1 in 2008.

19. Post balance sheet events

Since the year end discussions are ongoing with the Homes and Communities Agency (HCA) relating to the eligibility of seconded staff costs totaling £410,000 and related staff overheads of £176,000 claimed by the Company for legitimate expenditure under the grant funding agreement with HCA. The Directors believe that the costs should be allowed under the Agreement and associated understandings reached between the parties dating back to 2002. It is the intention of the Directors to issue invoices for the total amount outstanding. If the attempt to recover costs is not successful the costs will be met from other grant funding.

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20. 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.