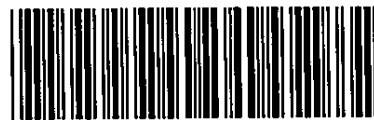


CCURV LLP

**MEMBERS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011**

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COMPANIES HOUSE

Limited Liability Partnership Registration No OC341025

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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DESIGNATED MEMBERS AND ADVISORS

Designated Members

John Laing Projects & Developments (Croydon) Limited
The Mayor & Burgesses of The London Borough of Croydon

Partnership Board Representatives

M Baybutt	
N Elvery	(resigned 15 December 2011)
T Jeffrey	(resigned 01 September 2011)
J Kerr	
L A McCance	(appointed 06 October 2011)
D Roberts	(appointed 01 June 2011, resigned 15 December 2011)
J Rouse	(resigned 01 June 2011, appointed 15 December 2011)
R M Simpson	(appointed 15 December 2011)
S D Yeatman	

Registered office

Allington House
150 Victoria Street
London
SW1E 5LB

Auditors

Deloitte LLP
Chartered Accountants
London

Principal bankers

The Royal Bank of Scotland
PO Box 39952
2 1/2 Devonshire Square
London
EC2M 4XJ

MEMBERS' REPORT

The Members submit their Annual Report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 31 December 2011

Group structure

CCURV LLP (the 'LLP') is incorporated as a Limited Liability Partnership under the Limited Liability Partnerships Act 2000

These financial statements are the accounts of CCURV LLP and reflect the results for the year to 31 December 2011. The financial statements consolidate the accounts of CCURV LLP and all its subsidiary undertakings (the 'Group'), drawn up to 31 December each year

REVIEW OF DEVELOPMENTS

The Limited Liability Partnership (LLP) between Croydon Council and John Laing continued to take forward developments in Croydon

Waddon

Construction began on Phase 1 of the Waddon scheme in January 2011. Phase 1 comprises a new district leisure centre and 119 affordable residences provided by the Hyde Group. Practical completion for the affordable residences is August 2012 with the leisure centre following in October 2012. Wates Construction are the design and build contractor for this phase of the scheme.

Other elements of the scheme are private residential and an education centre but the timing of the construction of these elements is still to be determined.

Taberner House

Significant progress has been made on the Taberner House development in 2011 with an outline scheme being worked up, along with a draft masterplan.

College Green

The Masterplan has been recommenced working with Croydon College to assemble the site to deliver a mixed-use scheme.

Other Sites

CCURV (Croydon Council Urban Regeneration Vehicle) is looking at numerous other Council owned sites across the borough in order to establish what values and regenerative benefits can be achieved through their delivery.

Davis House

The LLP has continued to manage an office building in central Croydon. Davis House LLP rents out the building to various tenants for which it receives quarterly rental income. The property was acquired to unlock land to enable the development of the public services delivery hub in Croydon.

It is the intention of the members to dispose of the property following the completion and handover of the public services delivery hub in 2013.

The commercial rental market in Croydon for secondary office assets has weakened and as a result yields have softened reducing asset values. Rental income has fallen due to the expiry of the rental guarantee and a reduced occupancy rate of 88% (2010 - 95%). At the year-end the Davis House asset value was impaired by £4,330,058 to reflect net realisable value.

The Members are not aware at the date of this report, of any major changes in the Partnership's activities in the next year.

GOING CONCERN

The LLP and Group have net current liabilities as at 31 December 2011 and has a letter of support from its members. The Partnership Board Representatives have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that, with a future pipeline of identified new properties to be developed for the London Borough of Croydon, that the LLP and Group will remain a going concern for the foreseeable future. In reaching this conclusion, the Partnership Board Representatives have specifically considered the LLP's relationship with its members. More information is provided in note 1 of the Financial Statements.

PARTNERSHIP BOARD REPRESENTATIVES AND DESIGNATED MEMBERS

The designated members and Partnership Board Representatives, who served during the year are set out on page 1.

POST BALANCE SHEET EVENT

On 25 January 2012 CCURV LLP paid a capital contribution of £200,000 to Davis House LLP. The contribution offset previous distributions credited to the Members' capital account. It secured the ability of Davis House LLP to meet the loan to value covenant held on the Royal Bank of Scotland facility.

On 25 January 2012 Davis House LLP received a cash injection of £1,795,000. John Laing Projects & Developments (Holdings) Limited and Croydon Council each entered into a facility to loan Davis House LLP £897,500. This secured the ability to meet the loan to value (LTV) covenant which was in danger of breach following an independent valuation of Davis House asset by BNP Paribas. The cash injection has ensured Davis House LLP is fully compliant with the covenants held on the Royal Bank of Scotland facility. The loans are payable upon disposal of the freehold building with the option of early repayment should the LTV ratio improve.

AUDITOR

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in accordance with the LLP agreement.

MEMBERS' DRAWINGS AND CAPITAL POLICY

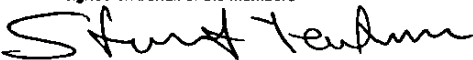
The Members' drawings and capital policy is outlined under clause 8 of the Limited Partnership Agreement signed on 28 November 2008.

Members are entitled but not obliged to make additional capital contributions.

No interest shall be paid or is payable by the LLP upon any capital contribution.

No member may make an additional capital contribution unless the other member makes a capital contribution at the same time such that the Members' respective capital contributions bear the same proportions to one another both before and after such contributions are made.

Approved and signed on behalf of the members



S Yeatman
Partnership Board Representative
London, United Kingdom
30 March 2012

MEMBERS' RESPONSIBILITIES STATEMENT

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members 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 LLP and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the members 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 firm will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CCURV LLP

We have audited the financial statements of CCURV LLP for the year ended 31 December 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated and LLP Balance Sheet, the Consolidated Cash Flow Statement and the related notes 1 to 19. 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 limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement, the members 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 group's and the parent limited liability partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 group's and of the parent limited liability partnership's affairs as at 31 December 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent limited liability partnership financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit.



Ross Howard (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

10 March 2012

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £'000	Restated (note 18) 2010 £'000
Turnover	2	16,829	11,120
Cost of sales		(17,220)	(2,464)
Gross (loss) / profit		(391)	8,656
Operating Income		1,969	2,483
Administrative & operating expenses		(821)	(1,291)
Operating profit	3	757	9,848
Stock Impairment		(4,330)	-
(Loss) / profit on ordinary activities before interest		(3,573)	9,848
Net interest payable	5	(1,637)	(1,731)
(Loss) / profit for the financial year before members' remuneration and (loss) / profit shares		(5,210)	8,117
(Loss) / profit for the financial year available for discretionary division among members	12	(5,210)	8,117

A reconciliation of movements in members' Interests is given in note 13

All items in the profit and loss account relate to continuing operations

There is no material difference between the results stated in the consolidated profit and loss account and their historical cost equivalents

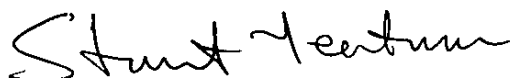
All gains and losses are recognised in the profit and loss account in both the current and preceding year, and therefore no separate statement of total recognised gains and losses has been presented

CCURV LLP

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £'000	Restated (note 18) 2010 £'000
Current assets			
Stock	8	15,398	19,728
Debtors - due within one year	9	564	984
Cash at bank and in hand		<u>3,884</u>	<u>2,073</u>
		19,846	22,785
Current liabilities			
Creditors amounts falling due within one year	10	(7,992)	(6,162)
Net current assets		<u>11,854</u>	<u>16,623</u>
Total assets less current liabilities		11,854	16,623
Creditors amounts falling due after more than one year	10	(21,545)	(21,104)
Net liabilities attributable to members		<u>(9,691)</u>	<u>(4,481)</u>
Represented by			
Members' other interests			
Members' capital account	12	1	1
Members' current account	12	(9,692)	(4,482)
Total Members' Interests	13	<u>(9,691)</u>	<u>(4,481)</u>

The financial statements of CCURV LLP, Limited Liability Partnership Registration No OC341025, were approved by the Partnership Board Representatives and authorised for issue on 30 March 2012. They were signed on its behalf by



S Yeatman
Partnership Board Representative
London, United Kingdom
30 March 2012

LIMITED LIABILITY PARTNERSHIP BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £'000	Restated (note 18) 2010 £'000
Fixed assets			
Investments	7	-	-
Current assets			
Debtors - due within one year	9	270	785
Cash at bank and in hand		<u>3,512</u>	<u>1,500</u>
		3,782	2,285
Current liabilities			
Creditors amounts falling due within one year	10	(6,541)	(4,780)
Net current liabilities		<u>(2,759)</u>	<u>(2,495)</u>
Total assets less current liabilities		(2,759)	(2,495)
Creditors: amounts falling due after more than one year	10	(1,914)	(1,421)
Net liabilities attributable to members		<u>(4,673)</u>	<u>(3,916)</u>
Represented by:			
Members' other interests			
Members' capital account	12	1	1
Members' current account		(4,674)	(3,917)
Total Members' Interests	13	<u>(4,673)</u>	<u>(3,916)</u>

CONSOLIDATED CASH FLOW STATEMENT**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 £'000	2010 £'000
Net cash inflow from operating activities	15	2,564	8,098
Financing			
Interest received		2	1
Interest and other financing costs paid		(605)	(638)
Proceeds from sale of land		-	550
Net cash outflow from financing		(603)	(87)
Members' capital account		-	(750)
		1,961	7,261
Financing			
Increase in loan from members		450	(5,800)
Repayment of loan		(600)	(600)
Net cash outflow from financing		(150)	(6,400)
Increase in cash in the year		1,811	861
Cash at bank and in hand			
Balance as at 1 January 2011		2,073	1,212
Balance as at 31 December 2011		3,884	2,073

Notes to the financial statements for the year ended 31 December 2011

1 ACCOUNTING POLICIES**a) Basis of preparation of accounts**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships'. The particular accounting policies adopted by the Members are described below

Basis of consolidation

The Group financial statements consolidate the financial statements of the LLP and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Company

The Company exists to hold investments in its subsidiaries that provides services under the agreement. In the event of default of any subsidiary, the exposure is limited to the extent of the investment it has made. Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Group

The current economic conditions create some uncertainty, including with respect to

- (a) the ability of key sub-contractors to continue to meet contractual commitments,
- (b) the ability of the debt provider to continue to meet its contractual commitments,
- (c) the ability of the SWAP provider to continue to meet their commitments, and
- (d) the members have also considered the ability of Croydon Council to continue to meet its contractual obligations due to the LLP and do not constitute this to be a material risk.

The LLP has net liabilities as at 31 December 2011 and is reliant on support from its members to be able to meet its liabilities as they fall due.

The LLP's Group forecasts and projections, taking account of reasonably possible changes in counterparty performance, show that the LLP expects to be able to continue to operate.

After making enquiries, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. This is evidenced by a letter of support from its members, which states their intent to provide the necessary financial support to ensure that the LLP is a going concern for at least twelve months from the date of signing of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

b) Turnover

Income represents income receivable in the ordinary course of business for services provided and excludes value added tax. Income is entirely derived in the United Kingdom.

c) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

d) Taxation

As a partnership, taxable income and chargeable gains and losses are borne by the individual partners and not reflected in the financial statements.

e) Bid Costs

Bid costs are charged to the profit and loss account.

The recovery of bid costs from project companies is recognised in the period of financial close.

f) Revenue Recognition

Revenues are stated after excluding Value Added Tax. Fees receivable in respect of management services agreements are recognised evenly over the period of the agreement. Income arising in respect of bid costs on financial close is recognised as invoiced.

g) Bank Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

CCURV LLP

Notes to the financial statements for the year ended 31 December 2011 (continued)

2 TURNOVER

	Group 2011 £'000	Group 2010 £'000
Turnover in the year is analysed as follows:		
Development fees	16,829	11,120
	<u>16,829</u>	<u>11,120</u>

3 OPERATING PROFIT

	Group 2011 £'000	Group 2010 £'000
Operating profit is stated after charging		
Fees payable for the audit of the LLP's annual accounts	5	8
Fees payable for the audit of Davis House LLP	5	10
Fees payable for the audit of CCURV (Nominee) Ltd	3	2

In accordance with Section 408 of the Companies Act 2006, no separate profit and loss account has been presented for the LLP. For the year ended 31 December 2011, the LLP reported a loss of £756,630 (2010 profit - £8,758,775)

4 STAFF NUMBERS

The LLP had no employees during the current year (2010 - nil)

5 NET INTEREST PAYABLE

	Group 2011 £'000	Group 2010 £'000
Other interest receivable	2	1
Interest payable and similar charges	(1,639)	(1,732)
Net interest payable	<u>(1,637)</u>	<u>(1,731)</u>

6 MEMBERS' DRAWINGS

	Group 2011 £'000	Group 2010 £'000
The following have been paid during the year		
Members' capital account	-	750

Notes to the financial statements for the year ended 31 December 2011 (continued)

7 INVESTMENTS

	LLP Investment in subsidiary £'000
Cost and net book value	
At 1 January 2011 restated	-
At 31 December 2011	-
Net book value	
At 31 December 2011	-
At 31 December 2010 restated	-

The LLP has a 99.99% interest in Davis House LLP for a consideration of £99.99, which is incorporated in Great Britain and registered in England and Wales and its principal activity is the development of property in the London Borough of Croydon and a 100% interest in CCURV (Nominees) Limited for a consideration of £1.00, a company incorporated in Great Britain and registered in England and Wales which is a holding company with a 0.01% interest in Davis House LLP.

In the opinion of the members the value of the investment in participating interest is not less than the amount stated in the balance sheet.

8 STOCK

	Group 2011 £'000
Cost	
At 1 January 2011	19,728
At 31 December	19,728
Impairment	
Charged to the profit and loss account	(4,330)
At 31 December	(4,330)
Net book value	
At 31 December 2011	15,398
At 31 December 2010	19,728

The property, Davis House, has been classified as inventory since it is the intention of the members to dispose of the property within the short term. The asset has been impaired to reflect net realisable value.

9 DEBTORS

	Group		LLP	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Due within one year				
Trade debtors	244	178	-	-
Amounts owed by fellow member undertakings	41	727	41	727
Other debtors	-	21	-	-
Other taxation and social security	160	-	158	-
Prepayments and accrued income	119	58	71	58
	564	984	270	785

The amounts owed from group undertakings in the current and prior year are repayable in line with invoice terms.

Notes to the financial statements for the year ended 31 December 2011 (continued)

10 CREDITORS

	Group		LLP	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Amounts owed to fellow member undertakings	4,544	4,679	4,447	4,679
Trade creditors	2,050	190	1,936	73
Corporation tax	1	-	-	-
Other taxation and social security	90	35	-	17
Bank loan	600	600	-	-
Accruals and deferred income	707	658	158	11
	7,992	6,162	6,541	4,780
Amounts falling due after more than one year				
Amounts owed to fellow member undertakings	11,345	10,304	1,914	1,421
Bank loan	10,200	10,800	-	-
	21,545	21,104	1,914	1,421
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Analysis of debt:				
Debt can be analysed as falling due				
In one year or less, on demand	7,992	6,162	6,541	4,780
Between one and two years	12,115	600	1,914	-
Between two and five years	9,430	20,504	-	1,421
	29,537	27,266	8,455	6,201

Notes to the financial statements for the year ended 31 December 2011 (continued)

11 LOANS

The whole of the Council A Loan of £24,428,417 was deemed advanced at commercial close. The JLPDC A loan is only drawn down in accordance with demands made by CCURV LLP as set out in the Members' Agreement unless agreed by both Members in writing. Interest is only payable on that portion of the Council A Loan that has not been matched by drawdown of the JLPDC A Loan.

The Council A Loan liability, or part thereof will not be recognised by CCURV LLP until satisfaction of the conditions precedent for the New Council Property and each of the Initial Development Properties when contractual obligations are triggered under the Conditional Sale and Development Agreement dated 28 November 2008 when the Council A Loan will be paid into CCURV LLP Special Purpose Vehicle subsidiaries created for each Initial Development Property.

John Laing Projects & Developments (Croydon) Limited (JLPDC) has issued £12,356,314 A Loan notes to the partnership. The loan is payable on demand, net of bid recoveries. At 31st December 2011 there was an outstanding balance of £4,366,750.

Council A Loan interest payable is accrued and rolled up, on a quarterly basis cash is credited to a separate account. The Council shall not be entitled to request payment prior to the date falling 5 Business Days before the first payment is due from the Council under the Payment Deed. At 31st December 2011 the contractually restricted balance set aside was £1,792,133.

Related party undertakings have given loans totalling £7.8 million on 5 December 2008, payable upon disposal of the freehold building held by Davis House LLP. Interest is charged at 6% pa. A £12.6 million facility was provided by Royal Bank of Scotland in order to finance the purchase of the building. The loan is repayable in instalments based on agreed amounts per annum until November 2013. The loan is secured by a charge over the freehold property.

12 MEMBERS' INTERESTS

	Group		LLP	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Members' capital account	1	1	1	1
Members' current account	(9,692)	(4,482)	(4,674)	(3,917)
At 31 December 2011	(9,691)	(4,481)	(4,673)	(3,916)

13 RECONCILIATION OF MOVEMENTS IN TOTAL MEMBERS' INTERESTS

	Group		LLP		Restated (note 18)
	2011	2010	2011	2010	
	£'000	£'000	£'000	£'000	
(Loss) / profit for the financial year available for discretionary					
division among members	(5,210)	8,117	(757)	8,759	
Drawings	-	(750)	-	(750)	
Net addition to total members' interests	(5,210)	7,367	(757)	8,009	
Opening Total Members' Interests	(4,481)	(11,848)	(3,916)	(11,925)	
Closing Total Members' Interests	(9,691)	(4,481)	(4,673)	(3,916)	

Notes to the financial statements for the year ended 31 December 2011 (continued)

14 TRANSACTIONS WITH RELATED PARTIES

There were related party transactions between the Group and the following parties

	2011 £'000	2010 £'000
Payments		
John Laing Projects and Developments Ltd	1,051	1,349
Laing Investment Management Services Ltd	4	20
John Laing plc	32	66
The Mayor & Burgesses of The London Borough of Croydon	482	3
	<u>1,569</u>	<u>1,438</u>
Receipts		
John Laing (Croydon Development Company) LLP	-	8,330
John Laing Projects and Developments Ltd	55	-
The Mayor & Burgesses of The London Borough of Croydon	8,673	3,355
	<u>8,773</u>	<u>11,685</u>
Details of payments made to John Laing plc and subsidiaries are as follows		
John Laing Projects and Developments Ltd - Management and secondment fees	1,051	1,349
Laing Investment Management Services Ltd - Management and secondment fees	4	-
Laing Investment Management Services Ltd - Bid costs	-	20
John Laing plc - Loan Guarantee Fees	32	66
	<u>1,087</u>	<u>1,435</u>
Details of payments made to The Mayor & Burgesses of The London Borough of Croydon are as follows		
Pass-through costs - ESco	450	-
Licences	5	2
Rates	27	-
Madatory Levy	-	1
	<u>482</u>	<u>3</u>
Details of receipts from John Laing plc and subsidiaries are as follows		
John Laing (Croydon Development Company) LLP - Succession Fees	-	8,330
John Laing Projects and Developments Ltd - Management and secondment fees	55	-
	<u>55</u>	<u>8,330</u>
Details of receipts from The Mayor & Burgesses of the London Borough of Croydon are as follows		
Pass-through costs recovered	5,960	2,778
Rental Income	1,316	521
Development Management Fees	940	-
Service Charges	457	56
	<u>8,673</u>	<u>3,355</u>
Loan receipts from John Laing Projects and Developments (Croydon) Ltd	<u>4,367</u>	<u>3,917</u>
Balance payable at 31 December		
John Laing Projects and Developments (Croydon) Ltd	4,367	3,917
John Laing Project & Developments (Holdings) Limited	4,715	4,441
John Laing plc - Loan Guarantee Fees	8	-
John Laing Project & Developments Limited	80	762
The Mayor & Burgesses of The London Borough of Croydon	6,719	5,862
	<u>15,889</u>	<u>14,982</u>
Balance receivable at 31 December		
The Mayor & Burgesses of The London Borough of Croydon	42	729
	<u>42</u>	<u>729</u>

Notes to the financial statements for the year ended 31 December 2011 (continued)

15 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £'000	2010 £'000
Operating profit	757	9,848
Decrease in debtors	554	95
Increase / (decrease) in creditors	1,253	(1,845)
Net cash inflow from operating activities	<u>2,564</u>	<u>8,098</u>

16 RECONCILIATION OF MOVEMENT IN NET DEBT

	At 1 January 2011 £'000	Cash flow £'000	Other non-cash changes	At 31 December 2011 £'000
Increase in cash in hand and at bank	2,073	1,811	-	3,884
Debt due within one year	(6,162)	(1,824)	(6)	(7,992)
Debt due after one year	(21,104)	600	(1,041)	(21,545)
Net debt	<u>(25,193)</u>	<u>587</u>	<u>(1,047)</u>	<u>(25,653)</u>

17 CASH FLOW TO NET DEBT

	2011 £'000
Increase in cash in hand and at bank	1,811
Cash inflow from increase in debt	<u>(1,224)</u>
Other non cash movements	<u>(1,047)</u>
Increase in net debt	<u>(460)</u>
Net debt at 1 January 2011	<u>(25,193)</u>
Net debt at 31 December 2011	<u>(25,653)</u>

18 RESTATEMENT OF INCOME FROM PARTICIPATING INTERESTS

The Directors reconsidered the accounting treatment of the LLP's investment in Davis House LLP. Previously it was deemed appropriate to apply the fair value method of accounting for investments. In the current year the Directors considered it appropriate to use the cost based treatment less impairment given that this would represent a fairer view in the financial statements. This is based on recording cash distributions from the Limited Liability Partnership as income.

The restatement primarily impacts the income from participating interest in the LLP's profit and loss account and the investment amount in the balance sheet. The LLP has recorded cash distributions as income. The effects of the restatement on the LLP's financial statements for 2010 are as follows:

	2010 As Previously Reported	Increase / (Decrease)	2010 As Restated
LLP Balance Sheet at 31 December 2010			
Investments	185	(185)	-
Net assets / (liabilities)	<u>(3,731)</u>	<u>(185)</u>	<u>(3,916)</u>
Members' capital account	1	-	1
Members' current account	(3,732)	(185)	(3,917)
Shareholder's funds / (deficit)	<u>(3,731)</u>	<u>(185)</u>	<u>(3,916)</u>
LLP Profit and Loss Account for the year ended 31 December 2010			
Income from participating interest	109	641	750
Profit for the financial year	<u>8,118</u>	<u>641</u>	<u>8,759</u>

Notes to the financial statements for the year ended 31 December 2011 (continued)

19 ULTIMATE MEMBER UNDERTAKING

In accordance with the Project Development & Management Agreement, the partnership is managed by John Laing Projects & Developments Limited

The LLP's members are John Laing Projects & Developments (Croydon) Limited (50%), a company incorporated in Great Britain and The Mayor & Burgesses of The London Borough of Croydon (50%), a local authority in Great Britain. Copies of John Laing Projects & Developments (Croydon) Limited's accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.