Langtree Group plc

Directors' report and financial statements

Registered number 1604509

for the year ended 30 June 2011

Contents

Chairman's report

During the year to June 2011 our business has continued to grow despite challenging market conditions As a result of this progress I am pleased to report the group profit before tax has improved to £8 9m from £1 5m reported last year The improvement has come from a better performance in both our property and development activities It is pleasing to report that all entities in the group are trading profitably at the year end

In this challenging market environment the group continues to apply its robust business model The key elements of our model include a cash generative property portfolio with no over dependence on any individual tenancy, conservative gearing levels and a development portfolio that can deliver further returns as opportunities allow This protects, as far as possible, from the worst of any downturn

From a property perspective, in the year, occupancy has improved from 81% to 83% Whilst all sectors have seen growth, particularly pleasing is the growth in occupancy at recently completed office space

Langtree now owns and manages approaching 4m sq ft of commercial property across the North East, Yorkshire, the North West and the Midlands aimed largely at the SME market We now operate from 4 offices in St Helens, Doncaster, Washington and Cannock Overall, we have more than 1,000 tenants with a rent roll of £15m, and the return from this portfolio forms the cornerstone of our business

This year saw two major development projects Langtree Park in St Helens and the Festival Gardens site in Liverpool The St Helens development completed in October and the Festival Garden site is expected to complete in early 2012 Whilst speculative development activity has been significantly curtailed in the short term, we have been actively progressing schemes up to the point of delivery in readiness for the market to return

Joint ventures with public bodies are an increasingly important part of our business and in addition to our three existing joint ventures we have added this year a fourth at the Daresbury Science and Innovation Campus in Cheshire

I believe that there remain challenges in the next few years In particular, business confidence remains fragile and this will inevitably have a bearing on demand and rental growth

Overall, our approach going forward will remain a cautious one We are in a sound financial position to continue to focus on growing our property portfolio where opportunities arise and furthering our development positions in line with the market to create value in future years Also, we will continue to secure new opportunities where they will fit well into the business and where we can add value

I would like to thank all the Langtree staff and the Directors for an excellent performance in a challenging environment and look forward to continuing to work with them to take the business forward again in the year ahead Finally, a thank you to our joint venture partners and a select number of advisors who continue to provide a first class service that enables our high standards to be maintained

Langtree Group plc (Company No 01604509), a commercial property business, is a member of a portfolio of companies controlled by William Ainscough and family Other companies in this portfolio are Himor Group Limited (06764751), a property investment company, and Wain Group Holdings Limited (05504581), a housebuilder Each company is separately governed and produces independent statutory accounts

Bill Ainscough
Chairman

Annual Review

Our activities are divided into three principal areas

Property Portfolio
Joint Ventures
Development

Property Portfolio

The year has seen a very encouraging return to strong levels of enquiries and take-up of all types of property across the Group Occupancy now stands at 83% which is up from 81% at the end of the previous year

This increased level of take-up has impacted significantly on the level of "vacant rent" across the Group, with a corresponding increase in rent passing and reduced holding costs

The Group now owns directly, or through its Joint Ventures, approaching 4m sq ft of business space, housing more than 1,000 tenants with a rent roll of £15m

In addition, we remain very keen to explore the possibility of new acquisitions, where underlying value can be exploited Indeed, post year end, Langtree acquired a multi-let industrial complex in Warrington totalling 120,000 sq ft, and a number of further opportunities are currently under investigation

Joint Ventures

The Government announced during the year that the joint venture interests of the Regional Development Agencies (RDAs) would transfer, together with some existing staff, to the Homes and Communities Agency (HCA) The transfer, which involves the RDA's interests in two of our joint venture businesses, PxP West Midlands and Onsite North East, took place in September 2011

Certainty over the Government approach in respect of the joint ventures is welcomed as it not only provides clarity for the businesses but it also allows us to build upon an already very successful existing relationship with the HCA fostered through Network Space Continuity will also be provided to the businesses through the transfer of key RDA staff to the HCA

During the year, performance of the existing joint venture businesses has continued to improve with our focus remaining on protecting and growing income whilst advancing strategic positions across our development interests As a result we have been able to post profitable positions for both Onsite and PXP at year end

In December 2010, we established our fourth significant joint venture centered around Daresbury Science and Innovation Campus in Cheshire This new business has a remit to develop a commercially viable mixed science and technology cluster utilising the intellectual, land and property assets of the existing Daresbury science and innovation facility The project received a significant further boost with the award of Enterprise Zone Status from April 2012 which was announced on site by the Prime Minister David Cameron on 18th August 2011 Going forward the campus and wider Enterprise Zone will be rebranded as SCI-TECH Daresbury

In addition, we have also entered into a strategic partnering arrangement with Oldham Borough Council centered around the Hollinwood area of the town adjacent to Junction 22 of the M60 The Partnership involves the promotion and redevelopment of a number of key strategic sites surrounding the junction, to drive economic activity within the Borough

Network Space

Network Space, our joint venture company with the HCA, continues to be a very solid performer We have a total of 735,000 sq ft under management of which 680,000 sq ft is multi-let industrial property, the remaining space being office buildings The industrial element stands at 86% let, producing a rent passing of £2 7m The office stock within Network Space has also performed well, both up to year end and into the current year Rent passing has improved from £242,000 to £347,000, with an associated positive movement in overall occupancy from 79% to 84%

PxP West Midlands

Our joint venture PXP is now firmly established within the West Midlands region and the business has continued to deliver improved results during the last year, demonstrating the value of the revised funding structure agreed during 2010

Its investment portfolio has again performed very well throughout the year with occupancy remaining at 92%, whilst new development has also been brought forward with the completion in August 2011 of a speculative 35,000 sq ft workspace scheme at Bromsgrove

In addition, we continue to progress a number of the development sites within the portfolio Most notably, the site assembly at Sandwell continues apace in advance of a strategic housing led regeneration scheme known as Brindley Village coming forward

Joint Ventures

Onsite North East

Whilst trading conditions continue to be challenging across this joint venture, good progress has been made with a number of key land sales during the year In addition, we continue to focus on managing service charge income and reducing costs where possible resulting in the business returning a modest profit at the joint venture's year end in March 2011

Importantly, an application for Enterprise Zone status has been successful at a number of our development sites within Tees Valley including Kirkleatham, Queens Meadow, Belasis Hall and Wilton

Daresbury Science and Innovation Campus

Our new joint venture with the Science and Technology Facilities Council and Halton Borough Council was established in December 2010 As part of the joint venture, two existing serviced office properties totalling 60,000 sq ft together with some development land have been transferred into the joint venture

A third serviced office property, Vanguard House which totals 35,000 sq ft, was completed in May 2011 and now forms part of the joint venture

The existing space at the site is already well occupied by a large number of collaborating SME businesses dedicated towards the science and technology sectors In addition, the new space at Vanguard House already has encouraging levels of interest

Development activity has focused on finalising a masterplan to support the Enterprise Zone application and this work will continue as we lead through to formal status being achieved in April 2012

Development

Our activity during the year has continued apace with good progress being made across a number of our development projects and interests

Works continued at two of our key development sites during the year, Langtree Park and Festival Gardens

In the case of Langtree Park in St Helens, a construction contract to deliver a new 145,000 sq ft Tesco superstore and a new 18,000 capacity stadium for St Helens Rugby League Football Club was let in July 2010 Construction works were well advanced at year end with completion of the project occurring in October 2011 The scheme continues to be the key talking point within the town given its striking visual impact and the underlying excitement created by the project as it nears completion

At Festival Gardens in Liverpool, completion of the restoration works to the formal gardens has been delayed following the administration of the contractor for the project Despite this setback, the garden restoration works that were completed at year end have already radically transformed this once derelict site Completion of the restoration works, which will precede us bringing forward one of the most significant residential development sites in the City, is now expected to complete in early 2012

Significant progress was also made during the year to advance a number of key development sites across our development portfolio Having received a planning consent for 300 residential units at Costhorpe Industrial Estate near Worksop, work has commenced in acquiring third party land interests through CPO action, whilst at Denton similar CPO work commenced to advance our strategic 165,000 sq ft non food retail scheme

In furthering our strategy to maximise the value of latent property assets, we also successfully obtained a residential approval for 166 units on 12 acres of industrial land at Doncaster, whilst at Market Harborough, in the Midlands, a residential approval for 47 units was granted in March 2011

Whilst there has been a general sense of improvement in activity and enquiries across the development portfolio, market conditions remain challenging and we continue to exercise caution Against this backdrop, we will advance positions across many of our sites and development interests whilst remaining alive to further opportunities as they arise

Board of Directors

The Group Board of Directors now comprises -

BILL AINSCOUGH has over 30 years' house building and property experience Bill has been a director of a number of public companies and has a variety of commercial interests He is the chairman and owner of Langtree Group plc, which he founded in 1982, and chairman of Wain Group Limited

TIM JOHNSTON is a non-executive director with Langtree Group plc He is a partner in AMION Consulting, a specialist firm in Liverpool, which advises local, regional, and national government on regeneration and economic development Prior to this he was National Head of Infrastructure and Government at KPMG As well as being an economist with specialist consultancy focus, he is also a Chartered Accountant

JAMES DOW is a non-executive director with Langtree Group plc He is one of the founding partners of Dow Schofield Watts, an independent partnership which has specialised in advising regional and national businesses on all aspects of corporate finance for the past 9 years Prior to this James was a corporate finance partner at KPMG James is also a Chartered Accountant and was appointed to the Board on 9 March 2010

JOHN DOWNES is the Managing Director of Langtree Group plc, where he has led the business through a period of significant growth Before joining Langtree he held a senior position with English Partnerships in Liverpool Prior to this he worked at British Coal where he headed the development team responsible for redeveloping closing collieries He has excellent knowledge of the grant regime and the regeneration industry

MALCOLM JACKSON is the Group Finance Director of Langtree Group plc His background includes 6 years at Wainhomes where his roles included Group Company Secretary and Divisional Finance Director Prior to this Malcolm worked for KPMG in the North West and Australia He is a Chartered Accountant and Associate Member of Corporate Treasurers

MARTIN MELLOR is the Group Property Director of Langtree Group plc Prior to this Martin worked for Dunlop Heywood in Manchester dealing mainly with industrial property He is a Chartered Surveyor and was appointed to the Board on 7 February 2008

STEPHEN BARNES is the Group Development Director of Langtree Group plc Stephen has been with Langtree for 10 years Prior to this Stephen worked for English Partnerships He is a Chartered Surveyor and was appointed to the Board on 1 December 2010

Directors' report

The directors present their annual report on the audited financial statements for the year ended 30 June 2011

Principal activities

The principal activities of the group continue to be property investments and property development

Business review

A review of the group's performance and prospects is set out in the reports of the Chairman and Directors

Principal risks and uncertainties

The group has a monthly board meeting, which is chaired by the Chairman and supported by two Non Executive Directors Performance is monitored against detailed budgets, and revised forecasts are updated quarterly The board consider all material operating items arising from the presentation of written reports in the board pack The monthly board pack includes a Managing Director's Report, development and property report, finance report, KPI statistics, other operational issues and marketing report The board pack also includes a summary of the business plan, which is updated and reviewed on a monthly basis

The investment portfolio continues to receive a high level of management attention to ensure the maximisation of rental income The profitability of each site is the responsibility of the property manager and this is reviewed on a monthly basis A financial check is performed on all prospective tenants and appropriate security obtained in advance of a tenancy being entered into All outstanding tenant debts are formally reviewed each month and appropriate debt recovery action taken The level of enquiry activity is monitored on a weekly basis

In the current climate the group is mindful of the risks associated with reducing asset values and wider economic factors The Group continues to operate with modest gearing and a business plan that is not reliant on asset sales for its profit stream The Board also receives regular updates on interest rate hedging as appropriate

Key performance indicators

At the group level the board focuses on strategies to create growth in Net Asset Value On existing tenanted sites the group focuses on key rental statistics such as occupancy and passing rent together with site profitability For development sites the company uses return on cost as its primary key performance indicator The business plan summarises projected profitability, cash flow and banking covenants

Proposed dividend and transfer to reserves

An equity dividend of £690,000 (*2010 £nil*) was paid during the year

The retained profit for the year is £6,634,000 *(2010 £1,306,000)*

Directors

The directors who held office during the year were as follows

W Ainscough
T Johnston
J Dow
J Downes
M Jackson
M Mellor
S Barnes (appointed 01/12/10)

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

MJ

M Jackson
Secretary

Centrix House
Crow Lane East
Newton le Willows
WA12 9UY

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Annual Report, 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditor's report to the members of Langtree Group plc

We have audited the financial statements of Langtree Group plc for the year ended 30 June 2011 set out on pages 12 to 34 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK 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

Independent auditor's report to the members of Langtree Group plc *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Nicola Quayle

Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

14 December 2011

Consolidated profit and loss account

for the year ended 30 June 2011

	Note	2011 £000	2010 £000
Turnover			
Turnover Group and share of joint venture		**54,707**	15,125
Less Share of joint ventures' turnover		**(2,202)**	(1,282)
Group Turnover	*2*	**52,505**	13,843
Expenses		**(41,611)**	(9,143)
Operating profit		**10,894**	4,700
Share of joint ventures' operating profit	*4*	**1,067**	779
Operating profit after share of joint ventures' results		**11,961**	5,479
Profit on sale of fixed assets		**53**	206
Profit on ordinary activities before interest		**12,014**	5,685
Interest receivable and similar income	*7*	**12**	4
Interest payable and similar charges	*8*	**(3,146)**	(4,183)
Profit on ordinary activities before taxation		**8,880**	1,506
Tax on profit on ordinary activities	*9*	**(2,246)**	(200)
Profit on ordinary activities after taxation		**6,634**	1,306
The profit on ordinary activities after tax is attributable to -			
Minority Interest		**294**	143
Equity Shareholder		**6,340**	1,163
		6,634	1,306

All revenues and operating profits are derived from continuing operations

The notes on pages 17 to 34 form part of these financial statements

Consolidated statement of total recognised gains and losses
for the year ended 30 June 2011

	2011 £000	2010 £000
Retained profit as reported	**6,634**	1,306
Property revaluations	**(13,046)**	(1,531)
Property revaluations in respect of joint ventures	**242**	1,176
Total recognised gains and losses relating to the financial year	**(6,170)**	951
Total recognised (losses)/gains are attributable to -		
Minority Interest	**(821)**	(154)
Equity Shareholder	**(5,349)**	1,105
	(6,170)	951

Note of historical cost profits and losses
for the year ended 30 June 2011

	2011 £000	2010 £000
Reported profit on ordinary activities before taxation	**8,880**	1,506
Realisation of property revaluation gains from previous years	**2,961**	2,516
Historical cost profit on ordinary activities before taxation	**11,841**	4,022
Historical profit for the year retained after taxation	**9,595**	3,822

Consolidated balance sheet
at 30 June 2011

	Note	2011 £000	2011 £000	2010 £000	2010 £000
Fixed assets					
Tangible assets	*11*		**142,392**		153,801
Investments in joint ventures					
Share of gross assets	*12*	**44,782**		37,133	
Share of gross liabilities	*12*	**(40,127)**		(34,440)	
Share of net assets			**4,655**		2,693
			147,047		156,494
Current assets					
Stocks	*13*	**5,030**		18,697	
Debtors (including £nil *(2010 £nil)* due after more than one year	*14*	**13,475**		2,420	
Cash at bank and in hand		**3,586**		1,695	
		22,091		22,812	
Creditors: amounts falling due within one year	*15*	**(18,301)**		(13,945)	
Net current assets			**3,790**		8,867
Total assets less current liabilities			**150,837**		165,361
Creditors amounts falling due after more than one year	*16*		**(74,642)**		(83,727)
Provisions for liabilities and charges	*17*		**(2,152)**		(731)
Net assets			**74,043**		80,903
Capital and reserves					
Called up share capital	*19*		**52**		52
Share premium account	*20*		**2,068**		2,068
Capital redemption reserve	*20*		**15,000**		15,000
Revaluation reserve	*20*		**(4,635)**		10,015
Profit and loss account	*20*		**55,392**		46,781
Shareholders' funds before minority interest	*21*		**67,877**		73,916
Minority interests	*22*		**6,166**		6,987
Total capital and reserves			**74,043**		80,903

The notes on pages 17 to 34 form part of these financial statements

These financial statements were approved by the board of directors on 30 November 2011 and were signed on its behalf by

W Ainscough
Director

Company balance sheet
at 30 June 2011

	Note	2011 £000	2011 £000	2010 £000	2010 £000
Fixed assets					
Tangible assets	*11*		**103,372**		112,901
Investments	*12*		**11,286**		10,232
			114,658		123,133
Current assets					
Stocks	*13*	**1,034**		9,998	
Debtors (including £11 982m *(2010 £16 587m)* due after more than one year)	*14*	**40,973**		34,743	
Cash at bank and in hand		**2,828**		1,315	
		44,835		46,056	
Creditors amounts falling due within one year	*15*	**(32,984)**		(27,626)	
Net current assets			**11,851**		18,430
Total assets less current liabilities			**126,509**		141,563
Creditors amounts falling due after more than one year	*16*		**(50,642)**		(59,728)
Provisions for liabilities and charges	*17*		**(1,239)**		40
Net assets			**74,628**		81,875
Capital and reserves					
Called up share capital	*19*		**52**		52
Share premium account	*20*		**2,068**		2,068
Capital redemption reserve	*20*		**15,000**		15,000
Revaluation reserve	*20*		**4,776**		18,505
Profit and loss account	*20*		**52,732**		46,250
Equity shareholders' funds	*21*		**74,628**		81,875

The notes on pages 17 to 34 form part of these financial statements

These financial statements were approved by the board of directors on 30 November 2011 and were signed on its behalf by

W Ainscough
Director

Consolidated cash flow statement
at 30 June 2011

	Note	2011 £000	2011 £000	2010 £000	2010 £000
Net cash inflow from operating activities	25		**14,655**		6,765
Returns on investments and servicing of finance					
Interest received		**13**		4	
Interest paid		**(3,620)**		(5,189)	
Net cash outflow for returns on investments and servicing of finance			**(3,607)**		(5,185)
Taxation			**(869)**		31
Equity dividend paid			**(690)**		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(1,970)**		(17,766)	
Grant income		**4,012**		753	
Proceeds on sale of fixed assets		**273**		8,722	
Payment to acquire interest in joint ventures		**(1,054)**		(500)	
Payment to acquire interest in Langtree Festival Gardens Ltd		**(224)**		-	
Net cash inflow/(outflow) from capital expenditure			**1,037**		(8,791)
Cash inflow/(outflow) before financing			**10,526**		(7,180)
Financing					
Bank debt drawn down in the year		**-**		6,100	
Bank debt repaid during the year		**(8,225)**		-	
Repayment of loan from NVPS		**-**		(150)	
Issue of ordinary share capital		**-**		2,069	
Net cash (outflow)/inflow from financing			**(8,225)**		8,019
Increase in cash in the year	27		**2,301**		839

Notes
(forming part of the financial statements)

1 Accounting policies

Going concern

As shown in note 16 the Group meets its day to day working capital requirements through two bank facilities of £26 5m and £55 0m which are due for renewal on 15 February 2012 and 31 July 2012 respectively

The Group has been in discussions with its lender in relation to the first of these facilities and has received an offer of renewal of the facility, at the same level and on similar terms This offer, which would extend the facility to November 2014, has been approved by the bank's credit committee and finalisation of the legal documentation is expected to be completed shortly Whilst detailed discussions with regard to renewal of the second facility have not yet taken place, the group has received written confirmation from the current lender that in the normal course of business the bank would be looking to provide market terms This is supported in part by the fact that the current lender has a policy of notifying clients 12 months in advance of their intention not to renew the facilities This has not happened in Langtree's case

The current economic conditions create uncertainty particularly over tenant demand, although no significant reduction has been felt to date The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities, assuming they are both renewed at the current level and on similar terms

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate 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

Basis of preparation

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

The financial statements have been prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards and using the historical cost convention The principal accounting policies, which have been applied consistently, are set out below

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 2 to 5

Basis of consolidation

The consolidated accounts of the group comprise the financial statements of Langtree Group plc and all its subsidiary undertakings As permitted by Section 408 the Companies Act 2006 a separate company profit and loss account is not presented The results of the parent company are disclosed in note 20 The Group's share of the results and net assets of joint ventures is based on the gross equity accounting method as required by FRS 9

Companies included in the consolidation which have different year ends to Langtree Group plc are PxP West Midlands LP, Onsite North East LP and Daresbury SIC LLP, whose year ends are all 31 March

Notes *(continued)*

1 Accounting policies *(continued)*

Joint ventures

A joint venture is an undertaking in which the group has a long-term interest and over which it exercises joint control The group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its liability in their net assets/(liabilities), is included in investments/(provisions) in the consolidated balance sheet

Fixed assets and depreciation

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve No depreciation or amortisation is provided in respect of freehold investment properties This treatment may be a departure from the requirements of the Companies Act regarding depreciation of fixed assets but the directors consider that this accounting policy is necessary for the accounts to give a true and fair view, as the properties are held for investment not consumption Depreciation or amortisation is only one of the factors reflected in the annual valuations, and the amount which might otherwise have been shown cannot be separately identified or quantified The properties are valued at the directors' estimate of open market values

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Investment properties have been valued by the Directors at 30 June 2011 The Directors obtained an independent valuation for a sample of properties and have used these sample valuations to assess the value of comparable properties

Freehold buildings	-	2% straight line
Short leasehold land and buildings	-	life of lease
Plant and machinery, fixtures and fittings etc	-	4-25% straight line

Leases

Operating lease rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

Stock

Stock is stated at the lower of cost and net realisable value

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years Provision is made for any losses as soon as they are foreseen

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account

Transfer of items

Where management's intention is to dispose of an investment property through development, the investment property has been transferred at its carrying value, which may be higher than cost, from fixed assets to stock This accounting treatment is not in accordance with the Companies Act which requires that stocks are carried at the lower of cost or net realisable value In the view of the Directors, the treatment required by the Companies Act would not present a true and fair view of the Group's effective investment in development stock.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed at the balance sheet date except as otherwise required by FRS 19

Grant income

Grant income is shown as a deduction against the cost of investment properties or amounts recoverable on long term contracts This accounting treatment is not in accordance with the Companies Act 2006, under which the investment properties should be stated at their purchase price or production cost and the grant income treated as deferred income and released to the profit and loss account over the useful life of the corresponding assets The directors are of the opinion that these assets have no finite economic lives and the grant income would therefore remain in the balance sheet in perpetuity The treatment otherwise required by the Companies Act 2006 would not present a true and fair view of the group's effective investment in investment properties

Pensions

The group contributes towards defined contribution schemes for some staff members The assets of the schemes are held separately from those of the group in independently administered funds The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period

Related parties

Under the provisions of FRS 8 "Related Party Transactions" the Company is exempt from the requirement to disclose details of transactions with group companies

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group), and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Notes *(continued)*

2 Turnover

Turnover represents the rental income receivable in the year, amounts (excluding value added tax) derived from the provision of site services to customers during the year and proceeds from the sale of trading developments Sales of fixed asset investments are accounted for through the profit on sale of fixed assets

3 Profit on ordinary activities before taxation

	2011 £000	2010 £000
Profit on ordinary activities before taxation is stated after (crediting)/charging.		
Profit on sale of fixed assets	(53)	(206)
Auditors' remuneration		
Audit of these financial statements - group	57	57
Audit of these financial statements - company	24	24
Amounts receivable by the auditors and their associates in respect of		
Other services in relation to taxation	32	55
All other services	-	-
Depreciation and other amounts written off tangible fixed assets	112	294
Operating lease rentals	45	-
Provision against the carrying value of land held for development	4,700	-
Additional consideration for the acquisition of David McLean's share of Langtree Festival Gardens Ltd	224	-

4 Share of operating profit from joint ventures

	2011 £000	2010 £000
Share of other operating profit from joint ventures	1,067	779
Share of operating result from joint ventures	1,067	779

5 Remuneration of directors

	2011 £000	2010 £000
Directors' emoluments	572	456
Pension costs	41	35
Total directors' emoluments	613	491

The aggregate of emoluments of the highest paid director was £282,000 (*2010 £252,000*) and Company pension contributions of £24,000 (*2010 £22,000*) were made to a money purchase scheme on his behalf

Notes *(continued)*

6 Staff numbers and costs

The average number of persons employed by the group during the year, analysed by category were as follows

	Number of employees	
	2011	2010
Administration	**45**	42
Management	**9**	8
	54	50

The aggregate payroll costs of these persons were as follows

	2011	2010
	£000	£000
Wages and salaries	**1,833**	1,642
Social security costs	**234**	171
Pension costs	**65**	69
	2,132	1,882

7 Interest receivable and similar income

	2011	2010
	£000	£000
On cash at bank	**12**	4

8 Interest payable and similar charges

	2011	2010
	£000	£000
On bank loans and overdrafts	**2,745**	3,212
Interest relating to joint ventures	**401**	971
	3,146	4,183

Notes *(continued)*

9 Taxation

a) Analysis of charge in year

	2011 £000	2010 £000
UK corporation tax		
Current year corporation tax	**814**	-
Group relief	**(44)**	6
Corporation tax - adjustments in respect of prior years	**(2)**	176
	768	182
Deferred tax – current year charge	**1,533**	340
Deferred tax – adjustment in respect of prior years	**14**	(322)
Deferred tax – impact of change in rate	**(69)**	-
	2,246	200

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011 This change became substantively enacted on 29 March 2011 and therefore the effect of the rate reduction creates a reduction in the deferred tax liability which has been included in the figures above

b) Factors affecting the tax charge for the current year

The tax assessed for the year is lower (*2010 lower*) than the standard rate of corporation tax in the UK of 27 5% (*2010 28%*) The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	**8,880**	1,506
Current tax at 27 5% (*2010 28%*)	**1,166**	422
Current tax – adjustments in respect of prior years	**(9)**	176
Permanent differences	**(121)**	54
Capital allowances for year in excess of depreciation	**(253)**	(224)
Movement in tax losses	**(13)**	(148)
Other timing differences	**(98)**	(98)
Change in rate in period	**96**	-
	768	182

c) Factors that may affect future tax charges

Based on the current capital investment plans, the group expects to continue to be able to claim capital allowances in excess of depreciation in future years

Notes *(continued)*

10 Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	2011		2010	
	Land and Buildings £000	**Other £000**	Land and Buildings £000	Other £000
Group				
Expiring				
- within 1 year	-	1	-	1
- between two and five years	-	46	-	-
- after five years	275	-	275	-
	275	47	275	1

	2011		2010	
	Land and Buildings £000	**Other £000**	Land and Buildings £000	Other £000
Company				
Expiring				
- within 1 year	-	1	-	1
- between two and five years	-	42	-	-
- after five years	275	-	275	-
	275	43	275	1

Notes *(continued)*

11 Tangible fixed assets

Group	**Short leasehold land & buildings**	**Investment properties**	**Plant, machinery & fixtures & fittings**	**Total**
Cost or valuation	**£000**	**£000**	**£000**	**£000**
At beginning of year	61	153,507	1,679	155,247
Additions	-	1,875	94	1,969
Revaluation	-	(13,046)	-	(13,046)
Disposals	-	(220)	(92)	(312)
At end of year	**61**	**142,116**	**1,681**	**143,858**
Depreciation and diminution in value				
At beginning of year	21	-	1,425	1,446
Charge for year	1	-	111	112
On disposals	-	-	(92)	(92)
At end of year	**22**	**-**	**1,444**	**1,466**
Net book value				
At 30 June 2011	**39**	**142,116**	**237**	**142,392**
At 30 June 2010	40	153,507	254	153,801

The historical cost of revalued investment properties as at 30 June 2011 was £146,751,000 *(2010 £143,492,000)*

A sample of the investment properties were independently valued at 30 June 2011 by Jones Long LaSalle in accordance with the Royal Institution of Chartered Surveyors Valuation Standards (6th Edition) The remaining investment properties were valued by management taking into account the principles adopted by Jones Long LaSalle

Notes *(continued)*

11 Tangible fixed assets *(continued)*

Company	**Short leasehold land & buildings**	**Investment properties**	**Plant, machinery & fixtures & fittings**	**Total**
Cost or valuation	**£000**	**£000**	**£000**	**£000**
At beginning of year	61	112,679	1,551	114,291
Additions	-	1,463	73	1,536
Revaluation	-	(10,769)	-	(10,769)
Disposals	-	(220)	(92)	(312)
At end of year	**61**	**103,153**	**1,532**	**104,746**
Depreciation and diminution in value				
At beginning of year	21	-	1,369	1,390
Charge for year	1	-	75	76
On disposals	-	-	(92)	(92)
At end of year	**22**	**-**	**1,352**	**1,374**
Net book value				
At 30 June 2011	**39**	**103,153**	**180**	**103,372**
At 30 June 2010	40	112,679	182	112,901

12 Investments

Group

At 30 June 2011, Langtree Group plc had an investment of £1,932,000 (*2010 £1,863,000*) in Onsite North East Limited Partnership, an investment of £1,505,000 (*2010 £830,000*) in PxP West Midlands Limited Partnership and an investment of £1,218,000 *(2010 £nil)* in Daresbury SIC Limited Liability Partnership

Company

At 30 June 2011, Langtree Group plc had investments of £11,286,000 (*2010 £10,232,000*) During the year, Langtree Group plc invested £1,054,600 in Daresbury SIC Limited Liability Partnership

Notes *(continued)*

12 Investments *(continued)*

a. Joint ventures

The amounts included in respect of joint ventures comprise the following

	Joint Ventures				
	PxP West Midlands Limited Partnership	Onsite North East Limited Partnership	Daresbury SIC Limited Liability Partnership	Total	Total
	2011 £000	2011 £000	2011 £000	2011 £000	2010 £000
Share of assets					
Share of fixed assets	21,254	-	5,643	26,897	20,685
Share of current assets	3,638	13,671	576	17,885	16,448
	24,892	13,671	6,219	44,782	37,133
Share of liabilities					
Due within one year	(2,392)	(234)	(270)	(2,896)	(34,440)
Due after one year	(20,995)	(11,505)	(4,731)	(37,231)	-
	(23,387)	(11,739)	(5,001)	(40,127)	(34,440)
Share of net assets	1,505	1,932	1,218	4,655	2,693

The principal joint ventures are as follows

Principal joint ventures	Holding (Ordinary)	Country of incorporation	Principal activity
PxP West Midlands Limited Partnership	50%	Great Britain	Management and development of commercial property
Onsite North East Limited Partnership	50%	Great Britain	Management and development of commercial property
Daresbury SIC Limited Liability Partnership	50%	Great Britain	Management and development of commercial property

Langtree Investments North East Limited's subsidiary company, Langtree North East Limited, invested in the Onsite North East Limited Partnership, a company established to manage a portfolio of investment sites in the North East Onsite North East Limited Partnership is a 50/50 joint venture between Langtree North East Limited and One North East Limited As a result, Langtree Group plc has an effective 50% interest in Onsite North East Limited Partnership

Langtree Ventures Limited's subsidiary company, Langtree Midwest Limited, invested in the PXP West Midlands Limited Partnership, a company established to manage and develop a portfolio of industrial and commercial properties in the West Midlands PXP West Midlands Limited Partnership is a 50/50 joint venture between Langtree

Notes *(continued)*

12 Investments *(continued)*

Midwest Limited and Advantage West Midlands As a result Langtree Group plc now has an effective interest of 50% in PXP West Midlands Limited Partnership

During the year, Langtree Daresbury Limited, invested in Daresbury SIC Limited Liability Partnership, a Partnership established for the management and development of Daresbury Science & Innovation Campus in the North West Daresbury SIC Limited Liability Partnership is a 50/50 joint venture between Langtree Daresbury Limited and Daresbury SIC (Pubsec) LLP a joint venture between Science and Technologies Facilities Council (STFC), Halton Borough Council and the North West Development Agency (NWDA) As a result, Langtree Group plc has an effective 50% interest in Daresbury SIC Limited Liability Partnership

b. Subsidiary companies

Investments in principal subsidiary undertakings included in the consolidation comprise the following

	Country of Incorporation	**Principal Activity**	**Class and percentage of shares held**
Network Space Limited	England and Wales	Property Investment	Ordinary 51%
Langtree Festival Gardens Limited	England and Wales	Property Redevelopment	Ordinary 100%
Langtree (Property Development & Management Services) Limited	England and Wales	Management Services	Ordinary 100%
Langtree Ventures Limited	England and Wales	Property Investment	Ordinary 100%
Langtree North East Limited	England and Wales	Property Investment	Ordinary 100%
Langtree Daresbury Limited	England and Wales	Property Investment	Ordinary 100%

Network Space Limited has been treated as a subsidiary undertaking for consolidation purposes as Langtree Group plc hold a majority of the company's equity share capital

13 Stocks

	Group		**Company**	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Land held for development	**5,030**	18,697	**1,034**	9,998

Notes *(continued)*

14 Debtors

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Trade debtors	**894**	771	**845**	721
Amounts recoverable on long term contracts	**11,237**	-	**11,237**	-
Amounts owed by group undertakings	-	-	**28,171**	32,844
Amounts owed by joint ventures	**187**	177	**187**	176
Other debtors	**416**	294	**33**	91
Prepayments and accrued income	**538**	916	**500**	911
Other taxes and social security	**203**	262	-	-
	13,475	2,420	**40,973**	34,743

Included within Amounts owed by group undertakings is £11,982,174 *(2010 £16,587,175)* in the form of loan stock, £7,500,000 (*2010 £7,500,000*) of which is due from Network Space Limited and £4,482,174 *(2010 £9,087,175*) of which is due from Langtree Festival Gardens Limited, to the company, after more than one year

15 Creditors: amounts falling due within one year

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Bank overdraft	-	410	-	-
Trade creditors	**967**	451	**514**	408
Amounts due to group undertakings	-	-	**16,369**	16,201
Corporation tax	**92**	135	**1,289**	115
Other taxes and social security	**230**	111	**70**	50
Other creditors	**6,224**	5,898	**6,220**	5,890
Accruals and deferred income	**7,936**	4,101	**6,483**	2,949
Rents in advance	**1,653**	1,675	**1,279**	1,285
Deposits	**1,199**	1,164	**760**	728
	18,301	13,945	**32,984**	27,626

Included in other creditors is £3,000,000 (*2010 £3,000,000*) in respect of loans from directors (see note 24)

Notes *(continued)*

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Bank loans and overdrafts	**67,375**	75,600	**43,375**	51,600
Other creditors	**-**	860	**-**	861
Other loan	**7,267**	7,267	**7,267**	7,267
	74,642	83,727	**50,642**	59,728

The bank loans and overdrafts are secured by fixed and floating charges on certain investment properties of the group All bank loans and overdrafts are repayable between two and five years (*2010 between two and five years*)

The Langtree Group plc bank facility was renewed in August 2009 and runs for 3 years Interest rates are charged on a variable basis See the going concern note in the accounting policies for the latest position on the bank facility renewals

17 Provisions for liabilities and charges

	Group	Company
	£000	£000
Deferred taxation		
At beginning of year	721	(40)
Movement during year	1,420	1,279
At end of year	**2,141**	**1,239**
Provision for liabilities owed by joint venture		
At beginning of year	10	-
Movement during year	1	-
At end of year	11	-
Total provision for liabilities and charges at end of year	**2,152**	**1,239**

The amounts provided for deferred taxation are set out below

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Excess of tax allowances over depreciation of tangible fixed assets	**2,598**	2,155	**1,646**	166
Other timing differences	**(457)**	(1,434)	**(407)**	(206)
	2,141	721	**1,239**	(40)

Notes *(continued)*

17 Provisions for liabilities and charges *(continued)*

In addition to the above, the group have revalued their freehold land and buildings by £4,635,000 (deficit) *(2010 £10,015,000 (surplus))* The maximum potential liability, ignoring indexation allowances that could arise if these assets were sold at this amount, would be £nil *(2010 £2,804,200)*

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011 This change became substantively enacted on 29 March 2011 and therefore the effect of the rate reduction creates a reduction in the deferred tax liability which has been included in the figures above

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above The overall effect of the further reductions from 26 per cent to 23 per cent, if these applied to the deferred tax balance at 30 June 2011 would not be material

18 Dividends

	Group		**Company**	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Equity dividend paid in the year (note 20)	**690**	-	**690**	-

19 Called up share capital

	2011	2010
	£	£
Authorised, allotted, called up and fully paid		
52,063 Ordinary Shares of £1 each	**52,063**	-
50,000 A Ordinary Shares of £1 each	-	50,000
1,297 B Ordinary Shares of £1 each	-	1,297
766 C Ordinary Shares of £1 each	-	766
	52,063	52,063

On 30 November 2010 the A Ordinary Shares, B Ordinary Shares and C Ordinary Shares then in issue were re-classified and redesignated as a single class of Ordinary Share The Ordinary Shares rank pari passu in all respects, including as to dividends and returns of capital, whether on a winding up or otherwise

Each holder of an Ordinary Share is entitled to receive notice of, and to attend and speak at, any general meeting of the company Any such holder shall, on a show of hands have one vote, and on a poll have one vote, for each Ordinary Share that they hold

Notes *(continued)*

20 Reserves

	Revaluation Reserve £000	Capital Redemption Reserve £000	Share Premium Account £000	Profit and Loss Account £000	Total £000
Group					
At beginning of year	10,015	15,000	2,068	46,781	73,864
Property revaluations	(11,931)	-	-	-	(11,931)
Transfers	(2,961)	-	-	2,961	-
Profit and loss account for the year	-	-	-	6,340	6,340
Equity dividend	-	-	-	(690)	(690)
Amount relating to joint ventures	242	-	-	-	242
At end of year	**(4,635)**	**15,000**	**2,068**	**55,392**	**67,825**
Company					
At beginning of year	18,505	15,000	2,068	46,250	81,823
Property revaluations	(10,768)	-	-	-	(10,768)
Transfers	(2,961)	-	-	2,961	-
Profit and loss account for the year	-	-	-	4,211	4,211
Equity dividend	-	-	-	(690)	(690)
At end of year	**4,776**	**15,000**	**2,068**	**52,732**	**74,576**

Notes *(continued)*

21 Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Retained profit	**6,340**	1,163	**4,212**	1,248
Equity dividends	**(690)**	-	**(690)**	-
Share capital subscribed	**-**	2,068	**-**	2,068
Total	**5,650**	3,231	**3,522**	3,316
Other recognised gains and losses during the year (net)	**(11,689)**	(389)	**(10,769)**	(1,221)
Net (reduction)/addition to shareholders' funds	**(6,039)**	2,842	**(7,247)**	2,095
Opening equity shareholders' funds	**73,916**	71,074	**81,875**	79,780
Closing equity shareholders' funds	**67,877**	73,916	**74,628**	81,875

Revaluation gains are shown net of amounts attributable to minority interests (see note 22)

22 Minority interests

	2011
Group	**£000**
At beginning of year	**6,987**
Share of profits	**294**
Reduction in revaluation reserve	**(1,115)**
At end of year	**6,166**

23 Pension scheme

The pension cost charge for the year represents contributions payable by the group to the scheme and amounts to £56,619 (*2010 £67,401)* There were no outstanding amounts or prepayments at the year end

Notes *(continued)*

24 Related party disclosures

Northern Venture Pension Scheme (NVPS), a pension scheme for the benefit of Mr W Ainscough, in 2006 had advanced Langtree Group plc an unsecured loan of £1,500,000 for a period of 5 years with capital repayments to be made quarterly This amount is included in other creditors, in both group and company, with the amount owing to Northern Venture Pension Scheme being £2,500,000 *(2010 £2,500,000)*

As part of the bidding process for PxP West Midlands LP, Onsite North East LP and Daresbury SIC LLP the process required the bidder to provide property management expertise through a wholly owned subsidiary The fees charged were assessed as part of the bidding process and are documented in a management agreement In the year, a Langtree subsidiary Langtree (Property Development and Management Services) Limited has charged fees of £291,806 *(2010 £238,475)* to PxP West Midlands LP, £238,012 *(2010 £171,225)* to Onsite North East LP and £82,840 (2010 £nil) to Daresbury SIC LLP, in accordance with the agreed rates

To facilitate the acquisition of the Alba portfolio Mr W Ainscough provided an unsecured loan of £3,000,000 to Langtree Group plc in August 2009

25 Reconciliation of operating profit to operating cashflow

	2011	2010
	£000	£000
Operating profit	**10,894**	4,700
Impairment of investment in Langtree Festival Gardens Limited	**224**	-
Depreciation	**112**	295
Grant income included in operating profit	**(4,012)**	-
Increase in amounts recoverable on contracts	**(11,237)**	-
Decrease in debtors	**406**	1,207
Increase in creditors	**4,601**	789
Decrease/(Increase) in stock	**13,667**	(226)
Net cash inflow from operating activities	**14,655**	6,765

26 Analysis of net debt

	At 30 June 2010	**Cashflow**	**Other non cash changes**	**At 30 June 2011**
	£000	**£000**	**£000**	**£000**
Cash at bank and in hand	1,695	**1,891**	-	**3,586**
Overdraft	(410)	**410**	-	-
	1,285	**2,301**	-	**3,586**
Other loan	(7,267)	-	-	**(7,267)**
Bank debt due after one year	(75,600)	**8,225**	-	**(67,375)**
Total	(81,582)	**10,526**	-	**(71,056)**

Notes *(continued)*

27 Reconciliation of net cash flow to movement in net debt

	2011 £000	2010 £000
Increase in cash in the year	2,301	839
Bank debt repaid in the year	8,225	-
Bank debt drawn down in the year	-	(6,100)
Change in net debt resulting from cash flows before financing	10,526	(5,261)
Net debt at the start of the year	(81,582)	(76,321)
Net debt at the end of the year	**(71,056)**	(81,582)

28 Ultimate controlling party

The majority of the shares in Langtree Group plc are owned by Mr W Ainscough who is the ultimate controlling party