

Northwest Regional Development Agency

Annual report and financial statements

Year ended 31 March 2010

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(3) of Part 1 of the Regional Development Agencies Act 1998.*

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Chairman's Statement

During 2009/10, the Northwest Regional Development Agency's philosophy has been one of realistic optimism not economic pessimism.

We began 2010 with positive signs that the worst of the effects of the downturn were behind us. While this is extremely encouraging news, it's clear that economic conditions have continued to create significant challenges for the Northwest economy.

During the year, the Agency's strategic role in providing clear, coordinated and timely economic support to the region has been crucial - whether that's through supporting existing businesses, encouraging new start-ups, improving workforce skills, or stepping in on key development schemes at risk of stalling.

Our first priority has been to maintain a close dialogue with businesses to ensure that quick, flexible and tailored support is in place to help them through the downturn. This year, our grant and loan schemes alone have invested £26 million into helping businesses start up, grow and expand, while the Northwest Interim Loan Fund recently completed its first equity investments, ensuring that SMEs in the region can access funding to support investment and growth.

As well as supporting businesses, we have also played an instrumental role in helping key development projects stay on track, bringing forward investment of £20m to ensure long-term regeneration and economic growth was not put at risk. As a result, schemes including St Paul's Square (Liverpool), Time Square (Warrington), New Islington (East Manchester) and Carlisle College have all helped to lever in over £30m of private sector investment, as well as support hundreds of important construction jobs in the region.

Another key development this year has been the launch of the North West Urban Investment Fund. A partnership between the Agency, European Regional Development Fund and the European Investment Bank, this will finance urban development projects across the Northwest of England, create and safeguard several thousand jobs and, importantly, channel returns on investment into other projects.

Of course, the region faced other significant challenges this year including the Cumbria floods in November 2009, which had a sudden and severe impact on both businesses and communities in an already tough economic climate. Working with local partners, the Agency quickly put in place an investment and support package to help businesses get back on their feet, providing our first grants just 14 days after launching the Flood Recovery Grant scheme.

While our response to the economic downturn continues to be vital, we haven't lost sight of the region's long-term goals and this year we have been working closely with 4NW on the emerging Regional Strategy for the Northwest, RS2010. Partnership working has always been the region's strongest asset and RS2010 is a vital component of this. The response to the Phase 1 consultation phase has been extremely positive and demonstrates the real significance all of our Northwest partners are placing on the process.

If we are to continue economic recovery and emerge stronger as a result, the forthcoming year will be no less challenging. Of course, with a backdrop of reducing public sector budgets and an evolving political climate, we will need to continue to

focus on doing more for less, work to get the most out of our existing programmes and ensure that future initiatives are strongly focused and prioritised on driving our economy forward.

Robert Hough
Chairman

Chief Executive's Review

The NWDA has demonstrated clear and decisive economic leadership in the region over the past year, continuing to take the lead in coordinating the region's response to the economic downturn while maintaining a focus on ensuring long-term economic growth and delivering strongly on our projects and programmes.

We have worked hard to implement the £200m business support package we launched in 2008/09 to support the region through the economic downturn. Ensuring that key development projects stayed on track was also a key priority and to support this aim, we brought forward £20m of capital spend to ensure long-term regeneration and economic growth was not hampered. The Agency also took measures to deal with potential redundancies, through the establishment of a dedicated Rapid Response Team in conjunction with Jobcentre Plus, as well as launching a Graduate Plus scheme to encourage graduates to stay under further study in our growth sector-related subjects. Providing regular updates to Government on how economic conditions are changing and what we are doing to respond has remained an absolute priority.

2009/10 also saw the strengthening of joint investment planning across the Northwest. The Agency has worked closely with sub-regional partners including the Homes & Communities Agency to develop this, supporting Multi-Area Agreements in Liverpool, Pennine Lancashire, Fylde and Blackpool, and assisting Greater Manchester partners in the delivery of the Statutory Sub-Region bid. The Agency also continues to work collaboratively with the Northern RDAs through The Northern Way, taking major steps forward on the delivery of our transport priorities, including the debate on High Speed Rail and making the economic case for investment in the Manchester Hub rail network.

In supporting the region through the tough economic conditions, we have made a number of significant achievements. I would like to highlight the following:

- Business Link Northwest continued to provide effective and targeted business support, assisting over 97,000 businesses with a 91% satisfaction rate, an increase of almost 5,000 from the previous year.
- Creation of nearly 2,000 new businesses through the Intensive Start Up Support programme, which offers free personalised support in areas under-represented in self-employment.
- The Agency's suite of business grants and loans invested over £26m in business finance initiatives for SMEs.
- The Agency moved swiftly after the Cumbria Floods, by immediately pledging £1 million for small businesses affected and supporting a national tourism marketing campaign to communicate that Cumbria was open for business.
- Confirmation of a £20m NWDA and ERDF investment for the enhanced Manufacturing Advisory Service, which has achieved cost savings of £739m for Northwest manufacturers since 2002.
- Support for the establishment of the £16m Centre for Nuclear Energy Technology at the University of Manchester, which will contribute £20m to the Northwest economy over 10 years.
- Continued progress on important infrastructure works at MediaCityUK, as well as investment to establish a Media Enterprise Centre and the development of NorthernNet, a high-speed digital network for the whole of the North.

- The launch of a Public/Private joint venture for the next phase of Daresbury Science & Innovation Campus, to develop up to 1 million sq ft of new business, research and innovation space and create more than 6,000 jobs.
- £9.9m to extend the ENWORKS environmental business support service, to support a further 1,250 Northwest companies and generate cost savings of £60m.
- The launch of a joint NWDA/ERDF initiative to provide loans and investments to kick-start stalled development projects. The £100m Northwest Urban Investment Fund is expected to create and safeguard thousands of jobs, as well as channel returns on investment into other development projects.
- Paving the way for a major project to enable Blackpool Council to buy Blackpool Tower and the Winter Gardens and fund a comprehensive programme of repairs and refurbishment, utilising the expertise of leisure operator Merlin Entertainments Group.
- Launch of the Atlantic Gateway, a vision to establish an area of economic growth second only to London within the UK, creating 250,000 new jobs and 400,000 new homes by 2030.
- Hosting high profile Major Events such as the BT Paralympic World Cup (Manchester), Ironman (Bolton) and the Great North Swim (Cumbria) netted £60m for the regional economy.

With a backdrop of reducing budgets for both the Agency and our public sector partners, we will be working to get more out of our existing programmes and ensure that any future initiatives are focused on driving forward the economy. We must be clear about our investments and help partners to determine a consistent and prioritised programme for investment and activities.

This year will be a challenging one for the Agency but we are looking forward to those challenges and the opportunity to continue to work with our partners to achieve our shared vision for the region.

Steven Broomhead
Chief Executive

Operating review

This operating review provides a summary of the NWDA's activity over 2009/10, in delivery of its Corporate Plan. A fuller account of NWDA activity and performance will be provided separately in the NWDA's Annual Performance Report for 2009/10.

Strategic activity

The NWDA has demonstrated clear and decisive economic leadership in the Northwest over the past year, continuing to take the lead in coordinating the Northwest's response to the recession while maintaining a focus on ensuring long-term economic growth and delivering strongly on our projects and programmes.

During 2009/10 NWDA made excellent progress with 4NW, the Regional Leaders Forum, and partners in the Northwest in developing a draft Regional Strategy for the region (RS2010). Part I of the Strategy, which was agreed by 4NW and NWDA Boards during the autumn, was issued in January for public consultation and received a strong response. The new Strategy will provide an integrated approach to economic, social and environmental issues, and will help to ensure that all public expenditure is pulling in the same direction for the benefit of the Northwest.

The NWDA has also played an influential role in the development of a Framework for the Atlantic Gateway. A bold and innovative collaboration, the Gateway will aim to unlock the global growth potential of the Northwest and create an economic zone of international significance.

Through our joint chairmanship of the Joint Economic Commission, we helped the Northwest focus on improving the Northwest labour market; supporting business; and ensuring investment in infrastructure to address the economic challenges, whilst at the same time ensuring that the region prepared for recovery.

In 2009, in the light of the economic climate we refreshed our Corporate Plan to ensure that our priorities continued to focus on regenerating the economy. We have and continue to work closely with our sub regional partners to support them in the development of their governance structures. In particular we have helped Manchester develop its Strategy for city area status with agreement reached with Local Authority Leaders and Ministers on a number of packages of public service reform. We have also supported the development of Joint Investment Planning with all of our sub-regional partners going forward.

The Agency also regularly monitors its progress on Equality and Diversity, and through 2009/10 participated in a number of benchmarking activities, including most recently the Stonewall Equality Index to ensure our policies continued to be fit for purpose and were Equality Impact assessed. We have also continued to implement our Single Equality Scheme. Key achievements for 2009/10 include the implementation of Equality Impact Assessments for projects, beneficiary monitoring of NWDA outputs, and the hosting of a successful Northwest Equality and Diversity conference.

Internationally competitive sectors

As part of the NWDA's major strategic role in helping the Northwest move from recession to recovery, the Agency has continued its work to develop the Northwest's

key sectors and industries over the past year and boost their contribution to the economy.

To highlight a couple of examples, in the past year the NWDA launched a new Manufacturing Strategy and Action Plan for the Northwest, and announced £20m of new funding for the Manufacturing Advisory Service. This service is instrumental in helping firms to increase their productivity and move up the value chain, and has already assisted over 1,050 businesses in the past year and levered in £2.4m.

NWDA has also invested in a number of specific sector programmes, including a number in the digital and creative sector, such as £1m Strategic Industry Funding for National Centre of Excellence for Computer Games at MediaCityUK. The MediaCityUK site has leveraged in £184m of public and private sector investment in 2009/10 and is making good progress towards completion. The BBC has agreed to locate five major departments to the site.

Work also continues to improve the performance and productivity of the Aerospace Sector in the Northwest, and we have contracted the second Aerospace Supply Chain Excellence Programme with the North West Aerospace Alliance with Agency support of £3.6m and ERDF support of £3.5m.

We have successfully implemented the Tourist Board Support Programme to support tourism business development across the Northwest. This has helped over 1,600 businesses in the past year and provided over 3,755 skills assists. We are in the process of launching the Visitor Attractions Fund, to stimulate capital investment to attract national and international visitors to Northwest attractions. We are also working to help deliver the Chester Zoo Masterplan, to support a long-term increase in visitors and a strong economic impact.

Enterprise Support

Providing support for Northwest businesses through the economic downturn continues to be a major priority for NWDA.

The Agency continues to develop and to deliver the Northwest's Business Link Northwest service. The service is now widely recognised as the primary access point for business advice and support in the region, and products launched to help businesses through the recent downturn have proved hugely successful, with over 13,000 businesses making use of the Health Check system accessible via Business Link since its introduction in October 2008. In 2009/10, the Business Link service increased the number of businesses assisted from 92,600 to over 97,000, and contributed £512m to GVA.

In 2009/10 we successfully implemented the Phase II Business Start Up Programme for priority groups and underperforming areas, to improve business start up rates in these groups across the Northwest. Since its launch the Programme has already assisted over 940 businesses and created over 2,130 jobs. The Agency is also delivering the High Growth Knowledge Based Start Up Programme, helping new and existing businesses with potential to achieve significant growth. Recruitment to the project is ahead of profile, with a high conversion rate of enquiries to joiners. The Programme has helped over 900 businesses and created over 500 jobs in 2009/10 alone.

The Agency has also demonstrated its responsive and decisive action, when following the November 2009 floods in Cumbria, it moved swiftly to implement a £1m support

package which helped 216 affected businesses clean up and recover. Additional NWDA funds were granted to Cumbria Tourism to support a national marketing campaign to promote the message that Cumbria was still open for business.

In the past year we ensured the launch of a £184m (€204m) Regional Venture Capital and Loan Fund (VCLF) building on the success of previous public venture capital funds operated in the Northwest. We also invested in over £26m in business finance initiatives for SMEs including the Grant for Business Investment and Grant for Research & Development, which are programmes that provide vital support in helping the region's businesses start up, grow and expand.

Science and Innovation

NWDA is leading the development of a strategic framework and action plan for Next Generation Access (NGA) in the Northwest, to ensure that both private and public sector investment in this essential 21st century Infrastructure is harnessed and optimised. A joint working group has also been established with Manchester partners to develop a £10m scheme to grow NGA infrastructure for businesses in Greater Manchester.

At Daresbury, we continue to develop and deliver a joint venture company for expanding the campus and Vanguard House grow-on space. Construction work has commenced with the building due to be ready for occupation in March 2011. Liverpool's knowledge economy has also received a boost with the official opening of a second landmark building at Liverpool Science Park in 2009/10, which received a £6.75m investment from the NWDA.

Since the implementation in 2008/09 of the £4.1m Innovation Voucher Scheme by the NWDA, over 1,000 businesses have been encouraged to engage proactively with the Northwest knowledge base. As a result, the interim evaluation of the project shows that every £1 invested in the scheme has returned £9.75 to the Northwest economy. The project is making a valued contribution to addressing the needs of SMEs, and nearly a quarter of companies have already developed a new product as a result of their project.

The Agency is also investing in and developing the groundbreaking Manchester Biomedical Research Centre, providing £9.5m of support in 2009/10. It will be part of an influential group of hospital and university research centres throughout the UK developing innovative treatments and medicines. NWDA is also developing a programme to develop the Oxford Road corridor in Manchester, to position the area as a key knowledge economy location, with the focus of the corridor now on transport and public realm.

We continue to lead the Northern Way Innovation workstream, working with Yorkshire Forward and One North East on a series of projects, including printable electronics, carbon abatement technology and the NorthernNet innovation technology platform, which will give each region in the North real competitive advantage and opportunities in key growth markets related to the development of a low carbon economy.

Internationalisation

We have implemented the third year of the NWDA/UKTI funded trade plan, which exceeded its targets by creating additional international sales of £111m, as well as assisting 911 new exporters and firms successfully moving into new markets. The Plan has created or safeguarded 1,429 jobs and assisted 3,736 businesses, of which 87% are in RES priority sectors.

In February 2010 an interim evaluation of the NWDA's funding of the Northwest International Trade Programme by DTZ has found an excellent return on the NWDA's £3m investment over the past two years, with every £1 put in by the NWDA generating a return of £20.57. The evaluation report also shows that the NWDA investment has generated £390m additional economic value to the region between 2007 and 2009, and the Programme has created 458 and safeguarded 1,867 jobs over its full three-year lifetime.

The Agency is also developing investment strategies for key sectors in target markets such as the USA, Japan, India and China. Targets for Foreign Direct Investment have been met in 2009/10, with 180 investment projects attracted into the Northwest and 13,486 new jobs created or safeguarded. Furthermore, we have continued to implement plans for the Northwest at Shanghai Expo 2010 in both the Liverpool Urban Best Practice Area and in the UK pavilion. The Liverpool Pavilion (which also promotes the wider Northwest region) was launched on 1st May 2010 and the initial feedback is very positive.

Leadership and Management, higher level skills and size of the workforce

NWDA has a major role to play in ensuring that training, education and skills development are meeting the needs of employers and individuals in the Northwest. In the past year some of our activities to support these aims have included the implementation of key leadership and skills programmes such the Train to Gain Leadership and Management Advisory Service and Integrated Skills Brokerage, delivered through Business Link Northwest.

We also launched in 2009/10 the rollout of a significant new leadership development programme across the region. The £9.5m programme, known as LEAD (Leading Enterprise and Development), is an integrated learning and development programme, for micro businesses with less than 20 employees in the region, designed to improve business performance and productivity. Over 400 individuals have participated in LEAD to date, and case studies of LEAD have featured in the national Macleod Review on Employee Engagement.

The NWDA has worked closely with partners to ensure effective implementation of transition to deliver Integrated Skills Brokerage through Business Link NW, to help businesses identify workplace training needs and provide advice on funding to help businesses meet the cost of training. BLNW have undertaken 2,376 skills intensive assists in 2009/10 and delivered 4,306 skills action plans against a target of 4,157.

In 2009/10 RDAs were given the responsibility to lead on the prioritisation and delivery of the skills agenda for the region; and since then we have overseen the transition of the strategic skills function from the Skills Funding Agency and are developing and delivering new roles to align the new Northwest Skills Strategy into the RS2010. We are also supporting the RDA network by providing framework/guiding principles for them to do the same.

In 2009/10 we implemented the Coalfields Project to support jobseekers in ex-coalfield areas. The project will deliver a range of differing schemes within the eight participating Local Authorities which form the partnership of the North West Coalfield Communities Regeneration Programme. We are working closely with the Sub-Regional Employment and Skills Boards and MAA Governance Boards to ensure alignment of area priorities with the regional skills and employment agenda.

Employment sites and premises and private sector investment

As part of the Agency's work to unlock development schemes which had stalled as a result of the recession, NWDA brought forward £20m of capital spend under its Fiscal Stimulus programme during 2009/10. It targeted development, infrastructure and physical works schemes thereby providing significant employment benefits for the Northwest construction industry whilst simultaneously supporting long term objectives. The additional £20m investment has levered in over £30m of private sector investment and over £3m of public sector and ERDF investment, and has supported over 900 construction jobs and assisted over 150 construction firms in 2009/10. Further lifetime impacts will also be delivered going forward.

We are continuing to work with Urban Regeneration Companies to ensure sustainable post-recession economic growth in the Northwest. For example – with New East Manchester, we are providing investment to improve the sporting infrastructure and public realm at Sportcity in East Manchester. The NWDA has also granted £4.4m for the transformation of New Islington on the edge of Manchester city centre.

In Blackpool, we have worked closely with partners to deliver substantial investment in the regeneration of Blackpool. In the past year the NWDA has helped to acquire and put in place a £38.9m refurbishment programme for the main leisure assets of the Tower and the Winter Gardens complex, which will secure the long term future of the area by rejuvenating tourism and ensuring that Blackpool maintains its status as the UK's leading resort.

In 2009/10 NWDA provided a £10.7m grant (£8.97m from the NWDA and a further £1.79m from the European Regional Development Fund (ERDF)) to launch the redevelopment of the Chapel Street area in Salford. The investment will provide the public infrastructure needed for a proposed major mixed-use redevelopment scheme in the heart of the city, which it is hoped will eventually generate more than £650m in private sector investment.

NWDA continues to work with Liverpool Vision to support phase 3 of St Paul's Square development and the expansion of Liverpool Commercial District. And in Cumbria, the NWDA's support (£4.9m, together with £4.9m from ERDF) has enabled the construction of a new major access road to serve Waterfront Business Park in Barrow and open up Barrow and the wider Waterfront development to new opportunities to attract investors and business, including the development of the new energy economy in the area for Britain's Energy Coast. We are also continuing our investment in key employment sites in the region, including Rochdale Kingsway, the Dunningsbridge Corridor and 3MG.

In the past year, NWDA has, in conjunction with European Regional Development Fund (ERDF) and the European Investment Bank (EIB) launched a new £100m fund to finance urban development projects across the Northwest of England. We expect these projects to create and/or safeguard several thousand jobs, guaranteeing investment to support projects that will help unlock and regenerate sustainable development in the Northwest's urban areas and make a difference to our towns and cities.

The Agency continues to manage with partners the delivery of the Rural Development Programme for England (RDPE) in the Northwest. Furthermore, The NWDA is leading a new £4 million fund launched in 2009/10 to support renewable energy projects in rural areas across the Northwest. This will directly support social and micro-

enterprises at a community level, and will help position the region as a national leader in a move towards a low carbon future.

Climate Change and Sustainable Consumption and Production

The Agency has delivered a range of activities in 2009/10 to help the Northwest adapt to and mitigate the effects of climate change and increase sustainable resource use across the Northwest.

We continue to lead the Climate Change Partnership to monitor, promote and deliver the Climate Change Action Fund, including the £2m Carbon Challenge Fund, which provides grants of between £100,000 and £500,000 to new projects that can demonstrate significant carbon savings, accelerating the Northwest region's transition to a low carbon economy. We have implemented a series of sector development activities and projects including Power from the Mersey project feasibility study, the Energy Innovation Centre and the Waste Technology Centre Project, managed by Envirolink Northwest.

In 2009/10, the NWDA has provided £1.5m funding, together with a further £1.7m from ERDF, to launch the Northwest Eco-innovation Programme, which will help hundreds of businesses exploit new market opportunities for more environmentally sound products and services. It will provide one-to-one assistance to 480 Small and Medium Sized Enterprises, aiming to result in 240 new environmental products and saving 12,000 tonnes of carbon dioxide.

The NWDA continues to support ENWORKS, the environmental business support programme in the Northwest, which helps businesses improve their competitiveness through tackling business waste and making more efficient use of resources. In the past year, ENWORKS has assisted over 900 businesses, helped to create or safeguard over 150 jobs and helped to achieve £100m in cost savings.

Through our RDA Lead Role for the Department for Energy and Climate Change, we have supported the Office for Climate Change in undertaking a delivery review of current policy interventions and barriers to meeting carbon reduction targets for reducing energy emissions in households. Furthermore, we have taken a lead in developing an 'Energy' strand to the Northern Way, and a paper on Energising the North – Mobilising the northern regions to deliver our low carbon energy future' published in December 2009.

The Agency has worked closely with partners to develop and the launch the new Northwest Climate Change Action Plan 2010-2012, which aims to stimulate and measure the progress of the Northwest's move towards a low-carbon economy, preparing it for the challenges of a changing climate and expected future energy demands, whilst protecting and preserving the Northwest's rich environment. The NWDA has also worked with partners to develop a Sustainable Consumption and Production Action Plan for the Northwest, which is one of the first regions to do so, and will pull together the public, private and third sector to achieve a more productive, resource efficient, low carbon region by 2020.

The NWDA is also involved in a number of land regeneration schemes in the Northwest, including NEWLANDS, REMADE and REVIVE, which deliver improved quality of life for residents, whilst making the Northwest more appealing to investors; resulting in the three-fold effect of improving the environmental, social and economic well-being of the region.

Marketing the Region

The Agency has continued to deliver a range of successful activities to promote the image of the Northwest as a location for business investment and tourism. We have successfully promoted the region as a place to visit through both regional campaigns and destination campaigns including a strong 'open for business' message for the tourism trade in Cumbria, following the recent flood event. We also ensured the region had a significant presence in Visit England's Enjoy Every Minute campaign in Autumn 2009.

The Agency undertook specific promotion of the region's distinctive competitiveness in the Energy Sector including producing three publications highlighting the region's potential in Wind Energy, Tidal Energy and Nuclear Energy. The Agency also promoted the region's Creative and Digital Sector by supporting EMAP's Media Festival event, which took place in Manchester, and distributing a guide to the region's expertise in the creative and digital sector.

The Agency has supported a number of major sporting events in the region including World Netball series and the UCI Track Cycling World Cup event, in Manchester. During 2009/10 alone, the range of high profile events have netted £60m for the regional economy.

RDA Collaborative working

The NWDA has been involved in a number of formal and informal collaborative arrangements with other RDAs and across the whole network. We define this as something that has entailed agreement between more than one RDA, and encompassed activity in one RDA area that benefits another RDA area.

We are involved in approximately 10 formal arrangements with other RDAs, and we are leading on at least three of those arrangements. This includes the Northern Way, a collaborative and established partnership with Yorkshire Forward and One North East, together with other partners from Northern business, local government and the universities, to March 2012.

Within the Northern Way, the NWDA is leading on the Innovation workstream, which has included an important collaboration with the Technology Strategy Board, which ensured alignment between regional and national innovation support. We also delivered the NorthernNet, which means for the first time, the North West, Yorkshire and the North East will have a single ultra-high speed, secure, digital network that connects the regions' creative and digital industries and customers, linked to the new BBC facilities at MediaCity:UK in Salford.

The NWDA also leads the Northern Way Energy workstream, which will aim to address the key challenges across the North in supporting renewable and nuclear energy, and is also working collaboratively with the Northern Way on transport, private sector investment and research and policy development matters. In particularly on transport, the Northern Way has also played an important role in the debate on High Speed Rail, developing a joint position in lobbying the Government on the benefits of High Speed Rail for the 3 northern regions. We are also leading, for the whole of the RDA network, a low-carbon task and finish group.

In addition we have worked collaboratively with other RDAs on a number of national projects which are facilitated by a nationally agreed investment strategy, including ASTREA (unmanned aircraft R&D project), EFE (Environmentally Friendly Engine) and NGCM (Next Generation Composite Wing).

RDAs are also coordinating their automotive supply chain activity with NWDA working closely with the AWM in the West Midlands, recognizing that the businesses within each region sit within the same supply chains. This is also coordinated with BIS via the New Automotive Innovation and Growth Team.

Carbon Reduction

The NWDA has been recording carbon savings on an annual basis and is committed to not only reducing the carbon footprint of the business, but also takes a lead role in driving the environmental culture in the Northwest. The Agency' carbon efficiency target is an annual 5% reduction over three years up to the end of 2011. By 2009/10, the NWDA had achieved a 24% reduction in carbon emissions per head.

Outputs 2009/10

Growth Output	Target	Actuals
Jobs (created and safeguarded)	19,000	22,291
New Business Creation	5,000	5,010
Business Assistance	32,000	117,541
Skills	25,000	37,495
Hectares of Brownfield Land Remediated	175	282
People helped into education, employment or training	5,000	13,724
Public and Private Leverage (£m)	225	578

Governance

The Board

Board Members, including their occupations and interests are listed below. The full Register of Board Members Interests is available from the Agency's website www.nwda.co.uk. Details of transactions with relevant organisations in the financial year are set out in note 26.

Robert Hough DL (appointed December 2007)

Chairman of the Northwest Regional Development Agency ("the Agency") since August 2009.

Previously Deputy Chairman of Peel Holdings and an Executive Director for over 13 years. Peel's businesses include airports, ports, land use, planning, development, waste, energy and the environment. Also a Non-Executive Director of a number of other companies, including Provident Financial plc and Styles & Wood Group plc.

A Board Member of the University of Manchester and previously a member of the North West Regional Assembly Executive Board, he has also chaired New East Manchester Limited (one of the first Urban Regeneration Companies to be established) and was a member of the Learning & Skills National Council, and a member and former Chair of the North West Business Leadership Team.

Vanda Murray OBE (appointed April 2006)

Deputy Chair of the Agency. Over 20 years' experience at a senior level across a range of industries in the UK, Europe, Asia and the USA.

Currently holds Non-Executive Directorships with Carillion plc; Manchester Airport Group and SIG plc. Chair of Northwest Business Link and Non-Executive Chair of Key Management Systems.

Awarded OBE for services to Industry and to Export in 2002.

Joe Dwek CBE (appointed December 2003)

Executive Chairman and Chief Executive of Bodycote International Plc from 1972 until his retirement in 1998. Formerly Chairman of the North West CBI, Mersey Basin Campaign, Envirolink, ENWORKS, and the Healthy Waterways Trust. A former member of the Board of BIS's (Department for Business, Innovation & Skills) Environmental Innovation Advisory Group. Currently a member of the Assembly of Manchester University and Governor of Manchester High School for girls.

Director of Penmarric Plc, Opal Property Group Ltd and Mercury Recycling Ltd. Also Chairman and Chief Executive of Worthington Group Plc, and co chairs Newlands. In 2008 was awarded the prestigious Environment Leadership award at the annual Business in the Environment Conference

Clive Elphick (appointed March 2010)

Has spent his entire career in the Northwest, working for ICI, Deloitte and Touche, and United Utilities. He is currently a non-executive director of the Northern Ireland Authority for Utility Regulation and a member of the strategy group of the Department for Environment, Food and Rural Affairs; a Member of England's Making Space for Nature Review Panel and a Past Chairman of CBI North West Region. He is also a senior adviser to Cambridge Economic Policy Associates Ltd.

David Goldie (appointed March 2010)

Graduated in Economics from University College Cardiff and has spent most of his working life in the telecommunications industry. He is currently a Director of The TalkTalk Group and Chairman of Talk Talk's subsidiary, Opal Telecom. He is also Chair of the Governing Body of Fulwood Academy in Preston.

Peter Hensman DL (appointed December 2004)

A chartered accountant and engineer who spent most of his career in the general and financial management of manufacturing companies. Executive Director of a group of companies involved in tourism, leisure and property in Cumbria. Chairman of Cumbria Rural Enterprise Agency and the Kendal Futures Board, Vice Chairman of Furness Building Society and a Non-Executive Director of Northwest Business Link. Also a Trustee of Cumbria Community Foundation.

Frank Hont MBE (appointed March 2010)

Has held the position of North West Regional Secretary of the public service trade union UNISON since 2003. For many years previously, he was an elected official of the union at branch, regional and national level. He was elected to the UNISON National Executive Council in 1998 and is currently a member of the North West Executive of the TUC.

During his time as an elected official in UNISON, Frank was employed by Cheshire County Council as a manager engaged in frontline service delivery. Before joining Cheshire County Council he had experience of working in both the private and public sectors.

He is currently a Director for Migrant Workers Northwest.

Councillor John Merry (appointed December 2004)

Leader of Salford City Council. Also a member of LGA (Local Government Association) Children & Young People Board and the Young People Learning Association. He is also a Director of Manchester Enterprise Ltd and MIDAS. Has held various positions previously on organisations and committees with an education and training remit. Has been a full time Councillor since 1990 with previous career experience in retail and sales.

In addition to being a Councillor, has held office at the local branch of the Labour Party and canvassed on its behalf.

Councillor Tony McDermott MBE (appointed December 2007)

Leader of Halton Council. Educated at St Edward's College, Liverpool and Manchester University, he taught in Lancashire and Liverpool for 34 years.

A Board Member of Runcorn JVC and Widnes Regeneration and former Chair of the North West Regional Assembly. Member of the Local Government Improvement Board.

A member of the Urban Commission Executive and the Northern Way Transport Compact. A supporter of Asbestos Victims Support Group.

Peter Allen MBE (appointed December 2007)

Cumbrian hill farmer based near Penrith. As Chair of the Sheepmeat and Goatmeat Advisory Committee to the EU, he has been involved in reforming and implementing the European sheep regime. For many years was actively involved with the National Farmers' Union (NFU), representing farming and rural issues locally, regionally and nationally. Currently Chair of the NFU, Mutual Northern Area board, Chair of RUMA - (UK body promoting the Responsible Use of Medicines in Agriculture), a board member of Natural England.

John Brooks (appointed December 2007)

Vice Chancellor of Manchester Metropolitan University. In his previous job at the University of Wolverhampton he chaired a regeneration project after the closure of Rover, which involved infrastructure development and small business support.

Chairs the Board of the Equality Challenge Unit, and is on the Boards of Universities UK (and their Long Term Strategy Group), the Corridor Manchester (formally the Oxford Road Corridor Partnership) and the Universities and Colleges Employers Association.

Councillor Susan Williams (appointed December 2007)

A nutritionist for the charity Action and Research into Multiple Sclerosis until 2001.

Was Leader of Trafford Council from 2004 to 2009 and was part of the leadership of the sub region of Greater Manchester through the Association of Greater Manchester Authorities (AGMA).

A member of AGMA's Commission for the new Economy Board and Salford URC.

Anne Selby (appointed December 2008)

Chief Executive Officer of The Wildlife Trust for Lancashire, Manchester and Merseyside. Mrs. Selby was instrumental in developing the charity to its current size with over 100 staff, 18,000 members and significant land holdings.

Anne has worked in the voluntary sector for over 20 years. She has been involved in regional working for the last eight years, most recently as a member of the North West Regional Assembly Executive (now the new Regional Leaders Forum.) She also established North West Environment Link (NWEL), an alliance of environmental voluntary sector organisations in the region and was a founder member of Voluntary Sector North West.

Anne chairs the Sustainable Development Group for the North West and is a Board Member of the Lancashire Partnership, chairing their Environment Forum. Anne also served on the Executive of the NW Rural Affairs Forum and was recently awarded an Honorary Fellowship at Myerscough College.

Anne is a member of the Royal Town Planning Institute and has a keen interest in the development of the new Regional Strategy.

Anne is also a member of the Regional Environmental Protection Advisory Committee.

Lord Peter Smith (appointed December 2008)

Appointed a life peer in 1999 with the title Lord Smith of Leigh. Lord Smith has been leader of Wigan Council since 1991 and currently chairs both the new Regional Leaders' Forum and the Association of Greater Manchester Authorities. Has also chaired 4NW (formerly North West Regional Assembly) from 2000 until February 2009 and has been on the board of Manchester Airport since 1986.

Dr John Stageman (appointed December 2008)

Experience is 30 years ICI, Zeneca and now Astra Zeneca as a Senior Research and Development Manager in Biotechnology and Pharmaceuticals. Developed AstraZeneca's competitive biopharmaceutical strategy, leading to the acquisition of Cambridge Antibody Technology and of Medimmune. Has been a member of the North West Science Council since its inception in 2002, and a member of the Biotechnology and Biological Sciences Research Council since May 2008, and is an Honorary Professor in Life Sciences at the University of Manchester. He is Chairman of the Health Tec and Medicines Knowledge Transfer Network (KNT) for the Technology Strategy Board (TSB) and a member of the Board of the Association of the British Pharmaceutical Industry (ABPI).

Former Board Members

The following Board Members retired from the Agency's Board in December 2009.

Bryan Gray CBE, MBE, DL (April 2002 - 2009)

Chairman of the Northwest Regional Development Agency from April 2002 until August 2009. He is also:

- Chairman of Peel Media
- Pro-Chancellor (Chairman of Council) at Lancaster University
- Trustee of National Museum Liverpool
- Deputy Lieutenant of Lancashire, Lancashire Lieutenancy, County of Lancashire
- Non-executive Chairman of Westmorland Limited
- Member of Lake District National Park Authority
- Trustee/Chair of Lowther Castle & Gardens Trust
- Chairman of The Liverpool Culture Company Board
- Director of Churches Trust for Cumbria
- Chairman of Carlisle Renaissance
- Honorary Professor in the Department of the Built Environment at University of Nottingham

In 2009 he was awarded a CBE in recognition for services to business and to the community in the North West.

Dave McCall (2003 - 2009)

Until his retirement in 2008, had been Regional Secretary of the Transport and General Workers' Union since 1996 and Chair of the Northwest Trades Union Congress (TUC) since 2002. He has been a full time trade union official since 1980 and served on the Northwest Industrial Development Board. Was also on the governing body of Manchester Metropolitan University. Currently Chair of Migrant Workers Northwest.

Brenda Smith (2001 - 2009)

Latterly President of Ascent Media Group and formerly Deputy Chairman of Granada Television until May 2006. Previously was Managing Director of Granada Television until May 2004.

A board member of Central Manchester and Manchester Children's University Hospitals and has chaired the Regional Marketing Forum since December 2002. Also a non-executive director of Manchester Airport Group until January 2010, and is a member of the Board of Governors at the University of Manchester.

Currently works in an advisory capacity to private equity and recruitment consultants.

Board Meetings and Committees

The Agency's Board met nine times during the year. There are two formal committees to the Board as follows:

- The Remuneration and Appointments Committee which, during the year to 31 March 2010, convened on five occasions, and
- The Audit Committee convened on four occasions.

There are nine Sub Committees to the main Board, which met regularly throughout the year:

- Climate Change and Natural Economy
- Development and Infrastructure
- Energy and Environmental Technologies
- Enterprise
- Equality and Economic Inclusion
- European
- Marketing, Communications and Tourism
- Regional Liaison
- Skills and Employment

Executive Management Board

The Executive Management Board (EMB) is made up of Executive Directors and Directors from the Agency and is chaired by the Chief Executive. EMB meets approximately twice per month and its roles and responsibilities include determining policy with Board approval where appropriate; achieving and maintaining operational integration across the Agency and to achieve and maintain communication flows between management and staff.

Rural Advisory Forum

The Rural Advisory Forum was established to advise the Agency on rural matters and particularly to ensure that the Agency's activities, programmes and projects reflect, where appropriate, the Regional Economic Strategy (RES), Rural Delivery Framework and the Region's rural priorities as determined by the Regional Rural Priorities Board.

Annual General Meeting

The Agency's Annual General Meeting was held on 15 October 2009 at the BT Convention Centre, Liverpool Arena. The conference outlined the key activities of the Agency and its partners in the preceding year.

The 2010 Annual General Meeting will be held on 6 October 2010.

Code of Best Practice

Board Members are governed by a Code of Best Practice, which amongst other things outlines:

- The Board's requirement to demonstrate Public Service Values and their accountability for public funds.
- Relationship with Central Government
- The role of the Chairman and Chief Executive
- Corporate and individual responsibilities of Board Members.
- Handling conflicts of interest.

The Agency has ensured adherence to the Code through the robust and thorough monitoring and recording systems that are in place. Board Members have declared interests at particular Board discussions as appropriate. Staff have followed a similar requirement in compliance with the Agency's Code of Conduct.

Further information concerning any of the above can be obtained from the Agency's Warrington Headquarters.

Equality and Diversity

The NWDA continues to be committed to ensuring all people within the Region can participate economically and be treated with fairness and respect. Our approach to equality and diversity means we recognise that everyone is different, with different needs, experiences and a different point of view. Internally there is no place in our organisation for discrimination on the grounds of age, gender, race, disability, religion or belief, ethnic or national origin or sexual orientation.

As a public body the NWDA has specific legal duties and responsibilities under the new Equalities Act 2010 to not just eliminate unlawful discrimination, but also to positively promote equality across all equality strands, bringing in new equality strands of age, sexual orientation religion and belief.

We believe that to secure the economic growth of the region, develop an entrepreneurial culture and boost the region's economy, it is essential that we capitalise on the diversity of the North West's population. To help us do this, this year we have undertaken a number of research studies into our Black and Minority Ethnic population; disabled people and Lesbian, Gay, Bisexual and Transgender people. We have also set up the Women and Work Taskforce. We continue to tackle discrimination and promote equality through our Business Link support services, our programmes such as LEAD and ISUS which are aimed at BME, Women and Disabled businesses and entrepreneurs respectively.

This year saw us produce our first Equality and Diversity Annual Report highlighting the progress we have made as an organisation through our Single Equality Scheme. We continue to develop and improve our Equality Impact Assessment process internally to make sure that all our projects are appropriately assessed.

Externally we have continued to raise the profile of Equality and Diversity with our partners in the region delivering the 2nd Equality and Diversity Summit and Conference, regional seminars and symposia targeting business, the public and the Third Sector. We continue to drive forward the economic elements of the Regional Equality and Diversity Strategy through the Equality Strategy Group and the North West Equality and Diversity Group.

A copy of the NWDA's Equality and Diversity Annual Report and Single Equality Scheme as well as information about the events we have held over the year can be found on the Agency website www.nwda.co.uk

Freedom of Information Act and the publication of information

The Freedom of Information Act became fully operational on 1 January 2005. The Act applies to some 100,000 public authorities, including England's nine Regional Development Agencies. The Act provides greater access to all types of recorded information held by public authorities and imposes obligations on them to disclose information, subject to a range of exemptions.

Section 19 of the Act requires public authorities to adopt and maintain a publication scheme which relates to the publication of information by the authority and in accordance with its publication scheme. The Agency's publication scheme and request log are available at www.nwda.co.uk.

The Agency received 115 requests for information under the Act between 1 April 2009 and 31 March 2010.

Northwest Regional Development Agency Environmental Policy

Our aim is to contribute towards the delivery of sustainable economic development in the region and ensure that environmental objectives are integrated into business objectives of the Northwest Regional Development Agency (“the Agency”), our partners and suppliers.

We are committed to reducing our environmental footprint, with an emphasis on reducing our contribution to climate change through the ongoing measurement and continual improvement of our environmental performance. We will conduct our own activities and operations to reflect best environmental practice.

Specifically we will:

- Comply with all relevant UK, European and International environmental legislative, regulatory and other requirements;
- Prevent avoidable pollution or nuisance that may be caused by our activities;
- Demonstrate a high-level commitment to environmental best practice under the guidance of the Board Environment Sub Committee;
- Ensure through our policies, programmes, projects and key stake holders, the Agency influences environmental sustainability across the economic agenda;
- Quantify the Agency’s environmental impact in relation to energy usage and waste production and establish annual reduction targets and publicise our environmental performance annually;
- Demonstrate and implement continuous improvement in line with the requirements of the Environmental Management System ISO14001 standard;
- Ensure that all projects and programmes we fund incorporate environmental aspects in their development and are appraised for their environmental impacts through sustainable development appraisal and carbon calculation;
- Develop and implement a sustainable procurement policy;
- Promote environmental awareness amongst employees through specific induction training, topic specific training and in house media;
- Review and revise this policy statement on an annual basis.

Steven Broomhead, Chief Executive
June 2010

Directors Report

Statutory background

The Northwest Regional Development Agency ('the Agency') was established under the provisions of the Regional Development Agencies Act 1998. It came into existence on 14 December 1998, following Parliamentary approval of the Regional Development Agencies Act 1998 and the appointment of Board Members. The Agency is an Executive Non-Departmental Public Body (NDPB) sponsored by the Department for Business, Innovation and Skills (BIS).

The Agency became fully operational on 1 April 1999 when it took over the regional activities of English Partnerships and the Rural Development Commission and the SRB Challenge Fund formerly administered by Government Office for the North West.

A number of other activities have subsequently been transferred into the Agency, notably the business of Inward Limited, the Northwest Tourist Board, the Selective Finance for Investment Programme, the development of skills and employment, policy and business support and delivery mechanisms, and the North West Business Link organisations.

Statement of the Agency's and Chief Executive's responsibilities

Under section 14 of the Regional Development Agencies Act 1998 the Agency is required to prepare a statement of account for each financial year in the form and on the basis determined by the Secretary of State, with the consent of Treasury. The Financial Statements are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the Financial Statements the Agency is required to:

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the Financial Statements;
- Prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer for the Department for Business, Innovation and Skills has designated the Chief Executive as the Accounting Officer of the Northwest Regional Development Agency. His responsibilities as Accounting Officer include responsibility for the propriety and regularity and value for money of the public finances; the keeping of proper records and advising and informing the Board of financial considerations. These requirements are set out in the "Non-Departmental Public Bodies' Accounting Officer's Memorandum" issued by the Treasury and published in Managing Public Money.

The Agency and the Chief Executive are also responsible for ensuring that there are appropriate controls over any publication of the Financial Statements, including the publication of the audit certificate on the Agency's website and in other electronic forms.

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer has taken all the

steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

Accountability and Fiscal Framework

The Secretary of State has issued the Agency with an Accountability & Fiscal Framework document setting out the financial framework under which the Agency should operate and this replaces the Management Statement and Financial Memorandum. The Agency has complied in all material respects with the terms of this memorandum during the course of the financial year.

Results for the year and review of activities

The net expenditure for the year taken to reserves was £407.2m (2009: £410.1m). The Group's total expenditure for the year amounted to £599.8m (2009: £478.6m), of which £514.8m (2009: £365.9m) was spent on delivering programme activities. The full results for the year are contained in the Group's financial statements set out on pages 46 to 97.

The Agency continues to manage its financial affairs in accordance with the targets laid down by our sponsor department and the main Board. All financial targets have been met and associated output targets achieved. The underlying systems and processes within the Agency have been scrutinised by the National Audit Office and partners and demonstrate that the business is operated from a sound systems base. This level of control allows the Accounting Officer and the Board to manage the financial affairs of the Agency to a very high standard.

Future Developments

The Agency has a major strategic role in helping the region move from recession to recovery in 2010/11 and in the longer term towards economic restructuring to ensure long term sustainable economic growth.

During 2009, NWDA reviewed the economic challenges that the region was facing and assessed the action it needed to take to help facilitate economic recovery. The Agency revised its Corporate Plan in the light of the economic changes and a reduction in RDA budgets. The Agency also clarified its future investment priorities to ensure investments are targeted at activity which places the region in the strongest position for economic recovery.

Future investment will be targeted towards activity which delivers regional impact, is not the core responsibility of other organisations and is set within the context of joint investment planning. Future activity will maximise long-term economic, social and environmental returns to the region. In prioritising investment, the Agency will continue to align European Regional Development Funds with its own funding to support competitiveness and continue to drive forward economic recovery.

To support economic recovery and a move towards longer term economic restructuring, the Agency will prioritise investment in key sectors and industries that will generate growth and jobs. These are sectors where the Northwest has a considerable asset base of research institutions, key businesses and supporting infrastructures that provide the region with competitive advantage, such as:

- Energy and Environmental Technologies (particularly nuclear where the region has been designated a Low Carbon Economic Area)

- Advanced Manufacturing (including aerospace)
- Digital & Creative (where projects like MediaCityUK enhance the region's position as a centre of creative content production)
- Life Sciences/Bio-medical (given that the Northwest is home to major businesses and a key part of the UK super-cluster)
- Tourism (particularly the attack brands of Manchester, Liverpool, Chester, Blackpool and the Lake District)

The NWDA will maintain strong partnership working with local, sub regional, regional and national partners, and will work closely with sub-regional partners to develop joint investment planning across the region. The NWDA will also respond to any economic shocks which affect the region (as we have to date, most notably the recession as well as the flooding in Cumbria in 2009/10).

The Agency will work closely with 4NW to finalise and deliver RS2010, which will bring together the region's spatial, economic, social and environmental priorities, and help to ensure that all public expenditure is pulling in the same direction for the benefit of the Northwest.

Due to recent Government announcements there are some uncertainties surrounding the Agency's ability to continue as a going concern. Further details are contained in Note 28 to the Accounts.

Board members

Board Members are appointed by the Secretary of State. They include Local Authority, Trade Union, Community and Private Sector representatives. Their corporate responsibilities are detailed in the Code of Best Practice for the Board of the Northwest Regional Development Agency, which is a public document available from the Agency's offices.

Member	Date of Appointment
Robert Hough, Chairman	December 2007
Vanda Murray OBE, Deputy Chair	April 2006
Brenda Smith	December 2001
Dave McCall (to December 2009)	December 2003
Joe Dwek CBE	December 2003
Peter Hensman DL, Second Deputy Chair	December 2004
Cllr John Merry	December 2004
Cllr Tony Mc Dermott MBE	December 2007
Cllr Susan Williams	December 2007
Peter Allen	December 2007
John Brooks	December 2007
Anne Selby	December 2008
Lord Peter Smith	December 2008
Dr John Stageman	December 2008
Clive Elphick	March 2010
Frank Hont	March 2010
David Goldie	March 2010

Brief biographies for the Board Members are shown in the Governance section of this document.

Board Members are contracted to carry out two days work per month on behalf of the Agency. The Chairman is contracted for three days per week and the Deputy Chair and Second Deputy Chair for four days per month.

The Agency maintains a Register of Board Members' Interests, which can be viewed on the Agency's website, and which is available on request by contacting the Head of Governance and Scrutiny at the Agency's offices at Renaissance House, Warrington. Members declare their interests to the Board in any transactions involving relevant organisations. Related party transactions relating to Board Members and senior members of staff are detailed further in note 26.

Board representation on the Audit Committee and the Remuneration and Appointments Committee was as follows:

Audit Committee	Remuneration and Appointments Committee
Peter Hensman (Chair)	Robert Hough (Chair)
Frank Hont	Vanda Murray
Peter Allen	Dr John Stageman
Dr John Stageman	Frank Hont

Audit Committee

The Board is independently advised by an Audit Committee whose role is to provide the Board with advice and information to undertake the governance and supervisory role required in accordance with Corporate Governance Best Practice. The Terms of Reference of the Audit Committee, including its role and the authority delegated to it by the Board, has been made available to the public on the Agency's website.

The Audit Committee met four times during 2009/10 to receive assurance on the Agency's systems of corporate governance, risk management and internal control. The Committee also received regular reports from PricewaterhouseCoopers as independent Internal Auditors. The range of Audit Committee activity carried out during 2009/10 has provided positive assurance about the Agency's governance and control environment and has supported the Accounting Officer in signing a satisfactory Statement on Internal Control for the year.

The Committee was active in managing the governance agenda by requiring updates of Agency policies to ensure they remained at the leading edge of best practice, including risk management arrangements, Financial Regulations and the Scheme of Delegations, whistle-blowing and anti-fraud arrangements.

Remuneration and Appointments Committee

The work of the Remuneration and Appointments Committee is detailed in the Remuneration Report contained in pages 29 to 36 of this report.

Employment of disabled persons

The Agency is committed to providing equal opportunities for all and will make reasonable adjustments to working arrangements to meet special needs. We will work towards an environment and culture where everyone is encouraged and supported to

develop their full potential regardless of individual characteristics, which may limit a person's opportunities in life.

Provision of information to and consultation with employees

The Agency is fully committed to effective and open communication and consultation with its employees. This is achieved through a variety of means including a Staff Consultative and Negotiation Committee involving the Public and Commercial Services (PCS) and Prospect Trade Unions together with staff representatives; a Health and Safety Committee and staff events to communicate key issues and receive feedback.

Better payment practice code

Prompt payment of invoices is an important objective of the Agency, to help alleviate pressure on cashflow for suppliers of goods and services. The annual target of 95% of invoices paid within 30 calendar days has been exceeded, achieving 99% (2009: 98%).

For small and medium sized business enterprises, we have a more stringent target of payment within 10 working days. The prompt payment statistics achieved in this category was 92%. We aim to improve this level of performance in 2010/11.

Personal data related incidents

There have been no significant personal data incidents during the year, and as such no reports to the Information Commissioner's Office have been made in this respect.

Audit services

The Comptroller and Auditor General is appointed by statute to audit the Northwest Regional Development Agency, and reports to Parliament on the truth and fairness of the annual Financial Statements and the regularity of income and expenditure. The following costs have been incurred in relation to services provided by the Comptroller and Auditor General:

Audit Services - Agency	£82,500
Audit Services – Northwest Business Link	£27,500
IFRS Audit	£6,750
Independent Supplementary Review	£77,375

The Comptroller and Auditor General also has statutory powers to report on the economy, efficiency and effectiveness with which the Agency has used its resources. In November 2003 the Comptroller and Auditor General published the 'Success in the Regions' report on how the Agencies and the departments work together.

This and other reports issued by the Comptroller and Auditor General can be found on the National Audit Office Website at www.nao.org.uk.

Environmental Performance

The Northwest Development Agency (NWDA) was awarded ISO 14001 accreditation in November 2007. Since the accreditation the NWDA has been regularly audited to ensure a continuous improvement of environmental practices are demonstrated. The latest audit, carried out in November 2009, reviewed our approach to environmental

management and confirmed the NWDA was making excellent progress towards reducing the carbon footprint of the business.

The NWDA's commitment to improving its internal environmental management is constantly being strengthened through our rolling investment programme, and in the last 12 months the NWDA has:

- Installed Electrical Monitoring – This allows the NWDA to monitor the electrical circuits in Renaissance House and target high energy consumption areas, with a view to reducing our overall electrical energy consumption;
- Upgraded to energy efficient light fixtures, fittings and controls for both Renaissance and Lakeside House;
- Introduced a staff campaign to encourage a more efficient use of energy, water and public transport. This now includes an on-line environmental sustainability module for staff to complete; and
- Enhanced the Integrated Appraisal Toolkit (IAT) which is primarily used to judge external projects against sustainability criteria. The Toolkit is opened and free to use by the general public and it has been used by several universities as a teaching tool.

The NWDA is not only firmly committed to reducing the carbon footprint of the business, but also takes a lead role in driving the environmental culture in the region. The NWDA leads the sustainability and climate change debate by taking a leading role in promoting environmental good practice through our policies and strategies:

- Regional Strategy 2010;
- Sustainable Consumption and Production Policy;
- Sustainable Procurement Policy;
- Northwest Climate Change Action Plan; and
- Carbon Reduction Strategy.

Carbon Baseline and Improvements

The UK government has committed itself to lead by example on sustainable development, to inspire and encourage others to achieve the changes needed. Covering an area of half a million hectares, emitting over three million tonnes of CO₂ and with direct responsibility for a multi-million pound budget for goods and services, the UK Government has set itself sustainable development targets to ensure it runs its estate and travel operations more sustainably. The targets cover carbon emissions, energy, travel, water and waste management, and managing land for biodiversity.

In line with meeting these new requirements the NWDA has had to recalculate its carbon baseline¹ for 2006/07 and subsequent years, and these are as follows:

2006/07 – 2,497 kg CO₂/head
2007/08 – 2,102 kg CO₂/head
2008/09 – 1,971 kg CO₂/head
2009/10 – 1,909 kg CO₂/head

The Agency's carbon efficiency target is an annual 5% reduction over three years up to the end of 2011. As figure 1 below demonstrates, the Agency has and is exceeding this year on year target. It should be noted these figures cover water, gas and electricity only. We are currently undertaking improvements to the monitoring of business travel miles and subsequent emissions. These will be included in next year's figure.

¹ There are plans to calculate a more holistic and inclusive baseline following the introduction of SDiG.

Figure 1: Carbon emissions per head

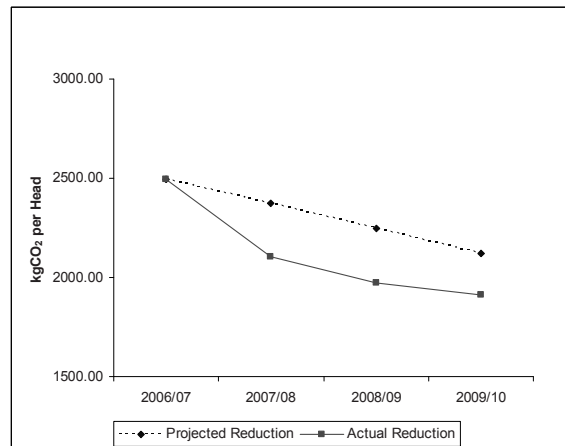


Figure 1 shows the NWDA achieved a 16% reduction in carbon emissions per head by 2007/8, a 21% reduction by 2008/9 and a 24% reduction by 2009/10.

Future Developments

The Agency is dedicated to further improve its environmental performance through a co-ordinated and targeted approach to resource conservation. The Agency is developing an internal behavioural and educational campaign, updating the maintenance and replacement schedule of equipment (e.g. IT, lighting, heating and cooling controls etc.) and encouraging stakeholders, partners and project developers to consider environmental implications in their operations through the introduction of various policies and programmes.

Steven Broomhead
Chief Executive Officer

Remuneration Report

This report for the year ended 31 March 2010 is produced by the Board on the recommendation of the Remuneration and Appointments Committee and deals with the remuneration of the Chair, Chief Executive, Board members and Executive Directors who have influence over the decisions of the Agency as a whole.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee, which includes four members of the Board, met four times during the course of the year to advise the Chairman on the remuneration of the Chief Executive Officer (CEO) and to advise the CEO on Directors' remuneration.

In reaching its recommendations, the Remuneration and Appointments Committee is to have regard to the following considerations:

- the need to recruit, maintain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- the Government's inflation target.

Remuneration Policy

The remuneration of the Board is set by the Department for Business, Innovation and Skills (BIS) and is reviewed every year in line with the recommendations of the Senior Salaries Review Board.

Performance pay for the Chief Executive is determined by the Chairman on the recommendation of the Remuneration and Appointments Committee. Performance is measured against targets determined by the Chairman following consultation with the Director of the Government Office. These are subject to regular performance monitoring during the year. The amount of the performance award can be up to a maximum of 20% of salary. In 2009/10 the targets related to the financial objectives of the Agency; the performance targets set by Government; the objectives for the Agency's lead role with the Department for the Department of Energy and Climate Change and the Department for Children, Schools and Families, improving project management, developing sub regional partnership arrangements and improving the organisation's overall effectiveness.

Performance pay of the senior management team is determined by the Chief Executive on advice from the Remuneration and Appointments Committee. Performance is measured against targets set individually for each Director by the Chief Executive and the amount of the performance award can be up to 10% of salary.

Service contracts

All Board members have been appointed on a fixed term contract and except for the Chairman and Deputy Chairman are contracted to carry out two days work per month (three days per week for the Chairman and four days per month for the Deputy Chair and Second Deputy Chair) on behalf of the Agency.

Board members appointments are made in accordance with the Commission of Public Appointments Code. There is no provision in place for the early termination of appointment of Board Members.

The Chief Executive Steven Broomhead and all other members of the senior management team are employed under permanent employment contracts. The Chief Executive and senior managers work for the Agency full time.

For the Chief Executive and senior management team early termination, other than for misconduct, will be under the terms of the Civil Service Compensation Scheme.

Audited Part of the Remuneration Report

Emoluments of Board members

The emoluments of Board Members can be analysed as follows:

Name	Period of Appointment		Salary £	Pension £	Total	Total
	From	To			2010 £	2009 £
Robert Hough (Chairman)*	Dec 2007	Dec 2010	59,273	12,999	72,272	11,384
Bryan Gray **	Apr 2002	Aug 2009	30,482	6,795	37,277	110,455
Vanda Murray ***	Apr 2006	Dec 2011	17,332	-	17,332	17,076
Brenda Smith	Dec 2001	Dec 2009	6,111	-	6,111	8,538
Dave McCall	Dec 2003	Dec 2009	6,111	-	6,111	8,538
Joe Dwek	Dec 2003	Dec 2010	8,666	-	8,666	8,538
Peter Hensman ****	Dec 2004	Dec 2010	12,277	-	12,277	8,538
John Merry	Dec 2004	Dec 2010	8,666	-	8,666	8,538
Tony McDermott	Dec 2007	Dec 2010	8,666	-	8,666	8,538
Susan Williams	Dec 2007	Dec 2010	8,666	-	8,666	8,538
Peter Allen	Dec 2007	Dec 2010	8,666	-	8,666	8,538
John Brooks	Dec 2007	Dec 2010	8,666	-	8,666	8,538
Anne Selby	Dec 2008	Dec 2011	8,666	-	8,666	2,561
Lord Peter Smith	Dec 2008	Dec 2011	8,666	-	8,666	2,561
John Stageman	Dec 2008	Dec 2011	8,666	-	8,666	2,561
Clive Elphick	Mar 2010	Dec 2012	722	-	722	-
Frank Hont	Mar 2010	Dec 2012	722	-	722	-
David Goldie	Mar 2010	Dec 2012	722	-	722	-

* Chairman from August 2009

** Chairman until August 2009

*** Deputy Chair

**** Second Deputy Chair

Emoluments of the Chief Executive and senior managers

The emoluments of the Chief Executive and senior managers can be analysed as follows:

Name	Salary £	Performance pay £	Benefits in kind £	Pension £	2010 Total £	2009 Total £
Steven Broomhead Chief Executive	140,772	23,220	4,982	30,035	199,009	196,942
Peter Mearns Executive Director of Marketing & Communications	105,928	10,379	5,638	25,741	147,686	144,739
Ian Haythornthwaite Executive Director of Resources	116,695	11,497	5,990	28,357	162,539	159,717
Mark Hughes Executive Director of Economic Development	116,695	11,497	3,768	28,357	160,317	157,772
Simon Nokes Executive Director of Policy & Planning (appointed 29.04.09)	79,420	-	2,388	19,436	101,244	-
Diane Summers Executive Director of Corporate & Employment Services (appointed 1.02.10)	16,833	-	623	4,090	21,546	-
Patrick White (left 30.11.09)	76,105	10,847	1,629	17,820	106,401	144,682
Bernice Law (left 31.12.09)	99,060	11,479	920	21,222	132,681	155,205

Non Consolidated Performance Related Payments

Non consolidated performance related payments to Senior Managers are linked to the Agency's performance appraisal system. The performance appraisal year is aligned to the financial year. Payments made in 2009/10 reflect individual's performance in the 2008/09 financial year.

Benefits in kind

Benefits in kind for the Senior Managers consist of lease cars provided by the Agency. There are no loans made to Directors. Board members received no benefits in kind.

Pension benefits

Pension benefits of Board members

No Board Members are eligible for a pension, performance related pay or any other taxable benefit as a result of employment with the Agency with the exception of the Chairman.

Pension benefits of the Chairman

With the approval of BIS, a 'by analogy' pension scheme has been put in place for the Chairman with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme (PCSPS) but which are funded directly by the Agency. The Agency is not permitted to pay these contributions to a personal pension scheme or other pension plan provider. On retirement, payment of the Chairman's pension will be the responsibility of the Agency, underwritten by BIS.

	Real increase in pension £000	Real increase in lump sum £000	Pension at 31 March 2010 £000	Lump sum at 31 March 2010 £000	CETV at 31 March 2009 £000	CETV at 31 March 2010 £000	Real increase in CETV as funded by employer £000
Bryan Gray Chairman to August 2009	0 – 2.5	0 – 2.5	5 - 10	0 - 5	135	163	20
Robert Hough Chairman from August 2009	0 – 2.5	-	0 -5	-	0	22	20

The by analogy arrangement shadows the benefits provided under the Principal Civil Service Pension Scheme. The arrangement provides benefits to the present Chairman and two former Chairman of the Agency. A full actuarial valuation was carried out as at 31 March 2010 by a qualified independent actuary.

The major assumptions of the actuary were:

Financial Assumptions

	2010	2009
The inflation assumption	2.75%	2.75%
The rate of increase in salaries	4.29%	4.29%
The rate of increase for pensions in payment and deferred pensions	2.75%	2.75%
The rate used to discount scheme liabilities	4.60%	6.04%

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Expense to be recognised for the Chairmans' pension in Net Expenditure Account	2010	2009
	£000	£000
Current service cost (net of employee contributions)	25	20
Past service cost	-	-
Settlements and curtailments	-	-
Interest cost	12	9
	==	==
Total expense/(income)	37	29
	==	==
 Actuarial gains/losses to be recognised in the Statement of Changes in Taxpayers Equity	 2010	 2009
	£000	£000
Experience loss/(gain) arising on the scheme liabilities	15	(4)
Changes in assumptions underlying the present value of the scheme liabilities	58	3
	=====	=====
Total actuarial loss/(gain)	73	(1)
	=====	=====
 Analysis of movement in scheme liability in Chairmans' pensions	 2010	 2009
	£000	£000
Scheme liability at the beginning of year	190	162
Movement in the year:-		
Current service cost (net of employee contributions)	25	20
Interest cost	12	9
Employee contributions	4	2
Actuarial loss/(gain)	73	(1)
Benefits paid	(8)	(2)
Past service cost	-	-
Net individual pension transfers-in	-	-
Settlements and curtailments	-	-
	=====	=====
Scheme liability at the end of year	296	190
	=====	=====

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Present value of scheme liabilities of Chairmans' pension scheme	Value at 31/03/2010	Value at 31/03/2009
	£000	£000
Liability in respect of:-		
Active members	25	161
Deferred pensioners	-	-
Current pensioners	271	29
	=====	=====
Total present value of scheme liabilities	296	190
	=====	=====

**History of experience
losses / (gains)**

	2010	2009	2008	2007
Amount (£000)	15	(4)	2	2
Percentage of scheme liabilities at the end of year	5.1%	-2.3%	1.5%	1.4%

Estimate of contributions expected to be paid into the scheme over the year 1 April 2010 to 31 March 2011:

Employer contributions: £19,857
Employee contributions: £2,861

Pension benefits of Chief Executive and senior managers

Steven Broomhead, Bernice Law, Ian Haythornthwaite, Mark Hughes and Simon Nokes are all members of PCSPS Premium Scheme.

Patrick White and Diane Summers are both members of the PCSPS Classic Scheme.

Peter Mearns is a member of the PCSPS Classic Plus Scheme.

	Real increase in pension £	Real increase in lump sum £	Pension at 31 March 2010 £	Lump sum at 31 March 2010 £	CETV at 31 March 2009 £	CETV at 31 March 2010 £	Employee contributions and transfers in £	Real increase in CETV as funded by employer £
Steven Broomhead	5,038	N/A	63,408	N/A	958,000	1,105,000	4,326	83,000
Patrick White	1,731	5,194	18,130	54,389	178,000	214,000	1,100	19,000
Peter Mearns	4,032	1,025	35,381	36,404	638,000	753,000	12,637	69,000
Ian Haythornthwaite	2,954	N/A	53,408	N/A	730,000	821,000	4,084	41,000
Mark Hughes	2,098	N/A	9,778	N/A	92,000	124,000	4,084	23,000
Bernice Law	3,202	N/A	62,850	N/A	955,000	1,060,000	3,057	51,000
Simon Nokes	3,664	N/A	13,468	N/A	113,000	166,000	2,998	42,000
Diane Summers	661	1,984	15,498	46,495	292,000	300,000	253	13,000

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Non Cash remuneration

During the year there has been no element of non cash remuneration, except for the benefits in kind of senior managers.

Compensation paid, significant awards to former senior managers

During the year there was no compensation paid or significant award to former senior managers.

Amounts payable to third party for services as a senior manager

There are no amounts payable to a third party for services as a senior manager.

Payments made for loss of office

During the year there were no payments made for loss of office to senior managers.

Robert Hough
Chairman

Steven Broomhead
Chief Executive

Statement on Internal Control 2009-10

1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Northwest Regional Development Agency's ("the Agency") corporate objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The Agency is a Regional Development Agency classified as a non-departmental public body of the sponsoring Department for Business, Innovation and Skills (BIS). The Secretary of State is accountable to Parliament for the activities and performance of the Agency. Operational responsibility for monitoring the Agency's activities rests with BIS. The Agency provides comprehensive half-yearly reports on performance against targets to Government Office for the North West (GONW) for onward transmission to BIS.

The Agency has corporate responsibility for ensuring that it fulfils the aims and objectives set by the Secretary of State and for promoting the efficient and effective use of its resources. The Agency is committed to the pursuit of economy, efficiency and effectiveness and constantly seeks to employ best practice in accordance with its Corporate Values. As Accounting Officer, I establish the Agency's corporate and business plans in line with BIS's wider strategic aims and the Regional Economic Strategy (RES). I advise the Board on the Agency's performance compared with its aims and objectives and ensure that its governance responsibilities can be discharged in accordance with established guidelines and criteria.

2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate the risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on a continuous process designed to identify and prioritise the risks to the achievement of the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically. This process has been in place in the Agency for the whole of the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

3. Capacity to Handle Risk

The Board sets the Agency's policy and attitude towards risk. The Audit Committee, on behalf of the Board, determines the effectiveness of those policies and procedures, basing its assurance on the reporting of External and Internal Audit as well as the Head of Risk & Performance. The Executive Management Board, led by the Chief Executive, is responsible for the operation of the Agency's corporate risk management process. The Risk and Performance Management Group supports the Executive Management Board and Audit Committee. The corporate risk management process continues to develop under the control of the Head of Risk & Performance, Executive Director of Resources, Executive Management Board and Audit Committee.

4. The Risk and Control Framework

The main processes which the Agency has in place for identifying, evaluating and managing risk are:

4.1 Corporate Risk Management & Assurance Framework

Our Corporate Risk Management & Assurance Framework is reviewed on an annual basis and approved by the Audit Committee. The Framework sets out the Agency's risk philosophy, its strategy and risk cycle, including risk identification and assessment, and how identified risks are monitored and managed.

4.2 Risk Registers

Risk registers are maintained where appropriate throughout the Agency. The most significant risks are escalated through the Risk and Performance Management Group, which meets quarterly, to the Corporate Risk Register and Sub Committee Risk Registers. Risk owners are assigned to specific risks and action dates set to ensure that risks are owned and mitigating actions implemented in a timely manner.

In addition, all Agency projects have a project risk register.

4.3 Review of Risk Registers

All risk registers are updated at least quarterly. They are seen as an essential part of the overall management toolkit and within the project environment they are reviewed on a monthly basis.

The Executive Management Board and Audit Committee review and update the Corporate Risk Register on a quarterly basis.

4.4 Risk Appetite

The Agency assesses each objective, project and task on its own merits, ensuring that the best available information is used to enable decision makers to identify whether an intended action falls within the risk appetite of the Agency. Key bodies responsible for this at Agency level are the Board, Board Sub Committees, the Executive Management Board, and the Project Review Group.

4.5 Risk Training

Risk management training forms a key element of the Agency's mandatory training programme for new staff. Existing project staff continued to receive coaching to ensure that risk principles were embedded across the organisation.

4.6 Management and Control of Information Risk

We continue to take our responsibilities in handling personal data very seriously and we have again improved our control environment in 2009/10. Senior staff have been given responsibility for developing and maintaining the Agency's policy in this regard. Ian Haythornthwaite, Executive Director of Resources, is the Agency's Senior Information Risk Officer (SIRO) and John Phipps, Director of Information Management and Systems, has day-to-day operational responsibility for personal data handling.

Critical to the Agency's approach is the creation of a security aware culture within the Agency. To this end, the Agency has made the 'Level 1 Protecting Information' e-learning module, developed by the Cabinet Office, mandatory for all new staff. At 31 March 2010, 445 employees (85% of staff) had completed the module and passed the accompanying examination. A number of staff have also achieved the Level 2 qualification.

During the year the Agency has developed a definition of what it considers to be protected data and has designed appropriate processes to ensure that this data is protected accordingly. The following in particular have now been implemented:

- Data held in all new internal systems is reviewed and where protected data is identified, a full Systems Security Plan is developed and an Information Asset Owner (IAO) identified to manage its implementation and ongoing maintenance.
- Where data is held externally, a full risk assessment is undertaken. This assessment comprises a review of the external organisation's security and business continuity policies, and the system's password strength. Again, where protected data is held, a Systems Security Plan is developed and an IAO appointed.
- A collaboration policy has been developed so that content on external web collaboration sites is appropriately managed and controlled.

In addition to the above, a number of technical solutions have been implemented to ensure Agency data is safeguarded. These include:

- Endpoint security which ensures that access to memory sticks and cd/dvd drives is tightly controlled, and that any data written to removable media is encrypted and auditable.
- Encrypted drives for all Agency laptops.
- Encryption for emails containing protected data.

All control mechanisms will be kept under review during 2010-11 and will be supplemented where required.

The Agency's Information Management and Systems team was successfully re-audited in 2010 against the ISO 27001 standard for information security. Accreditation was obtained without any non-conformances.

Additionally, an audit was undertaken by our Internal Auditors, the scope of which was to review the adequacy and effectiveness of the control framework underpinning staff awareness of information governance across the Agency. This audit commented that the Agency was working hard to ensure it met its legal and statutory requirements and

that there were many examples of good practice. All agreed actions arising from this audit have now been implemented, therefore further strengthening our control environment.

These independent audits provide important assurances as to the integrity of our internal controls.

4.7 Personal data incidents during the year

There have been no significant personal data incidents during the year, and as such no reports to the Information Commissioner's Office have been made in this respect.

5. Information and Communication

The Board is scheduled to meet ten times per annum and receives progress reports on significant projects, a monthly Finance Director's report on the Agency's financial position, and the Agency's Quarterly Performance Report which summarises progress against its Corporate and Business Plan targets.

The Audit Committee and Board Sub Committees normally meet on a quarterly basis.

The Executive Management Board meets fortnightly to make key decisions, agree actions and specific initiatives and to review financial and operational performance.

Key decisions made and actions agreed are communicated to and discussed with the Senior Management Team (SMT) via six-weekly SMT meetings, and information is disseminated to staff through an SMT information cascade following each meeting.

Specific policies and procedures are approved by the Executive Management Board and delivered to the relevant teams through induction training, team meetings, and via email and the Intranet. These media address issues such as project appraisal and monitoring, financial management and control, procurement and legislation, for example the Freedom of Information Act.

6. The European Programme

The Agency significantly exceeded its December 2009 (N+2) decommitment target of £136m, and has already made significant progress towards the December 2010 (N+3) target. Funds for the JESSICA and JEREMIE (Venture Capital Loan Fund) financial instruments were successfully drawn down, and these schemes are expected to be fully up and running in Quarter 2 of 2010/11.

There are a number of significant risks associated with both schemes, including the risk of failure to establish the VCLF fund as a result of failure to appoint fund managers which satisfy EIB requirements, and the risk of failure to select suitable Urban Development Funds (UDFs) for the JESSICA scheme. Risk registers are in place for both schemes, and action plans in place to address all identified risks including those referred to above.

In addition, an audit of VCLF governance arrangements has been undertaken by the Agency's Internal Auditors, which received a 'Moderate' assurance rating in relation to the control measures in place at the time of the review. Two 'Medium' recommendations were raised, of which one has already been implemented and the other will be implemented by 30 June 2010. A similar audit of the JESSICA scheme will take place in Quarter 1 of 2010/11. Commissioning internal audit reviews at this stage has enabled the Audit Committee to obtain early assurances on the governance arrangements and other internal controls in place, allowing any significant issues to be promptly addressed.

7. Review of Effectiveness

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Agency's Internal Auditors, PwC, the Executive Directors within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the External Auditors in their management letter and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvements to the system is in place.

7.1 Key Roles & Responsibilities

Board – The Board receives the minutes of each Audit Committee meeting on a quarterly basis, a copy of the latest Corporate Risk Register on a six-monthly basis, and an annual report of the Audit Committee. In addition, Board members participate in a risk workshop annually to ensure that the Corporate Risk Register accurately reflects the Agency's risk environment.

Audit Committee – As a committee of the Board, the Audit Committee's role is to support the Board and Accounting Officer in their responsibilities for issues of risk, control and governance by reviewing the assurances received from Internal and External Audit and other relevant sources of assurance, and considering the reliability and integrity of those assurances.

Internal Audit - The Agency's Internal Auditors, PwC, were appointed in April 2009 and have undertaken a programme of internal audit work throughout the year to assess the adequacy and effectiveness of internal controls operating within key corporate, financial and operational systems.

8. Significant Internal Control Issues

8.1 Internal Audit Review of Corporate Governance & Risk Management

The Agency's Internal Auditors undertook an audit of the corporate governance and risk management arrangements in place. The auditors' overall conclusion was that both the corporate governance and risk management framework are adequately designed and operating effectively. A number of areas for enhancement were highlighted, and management have established an action plan to implement all of the recommendations raised.

8.2 'Limited' Assurance Audits

The Agency received a 'Limited' assurance opinion in relation to audits of Procurement and ERDF.

Procurement - Eight 'Medium Risk' recommendations were raised covering issues including the need to update the procurement strategy and policy, the resumption of regular compliance checks, and early involvement of the Procurement Team in projects. The report also identified three instances of non-compliance with Agency procurement procedures, relating to a lack of evidence retained for panel framework procurement activity, one instance in which purchase requisition requirements were overridden, and one instance in which the 'no proven alternative' requirement appeared to have been used inappropriately. Management have established action plans to fully address all of the recommendations raised.

ERDF – Two audits were undertaken in this area during 2009-10, the latter including a follow-up of the issues raised in the first audit. One ‘High Risk’ recommendation was raised in relation to the retention of adequate documentary evidence on file to minimise the risk of future funding clawback. Six ‘Medium Risk’ recommendations were raised in total, of which one had been superseded by the time of the second audit. The outstanding recommendations related to issues including undertaking Project Evaluation Visits (PEVs) prior to the payment of grants, tracking and following-up PEV and Progress & Verification Visit (PAV) actions, early involvement of Contract Monitoring Managers, improving expenditure reporting, and provision of guidance notes to applicants. Again, action plans have been established by management to fully address all of the recommendations raised.

8.3 Internal Auditors’ Conclusions on Internal Control

The Agency's Internal Auditors provided the following statement on the NWDA's systems of internal control:

*"We have completed the program of internal audit work for the year ended 31 March 2010 (with the exception of the Rural Payments Agency audit) and we can report that our work did not identify any significant control weaknesses that we consider to be pervasive in their effect on the system of internal control. We identified a number of control weaknesses in the systems for Procurement and ERDF, which resulted in a **Limited Assurance** rating being assigned to those systems. Consequently, with the exception of the systems referred to above, we can give **Moderate Assurance** on the design adequacy and effectiveness of the system of internal control."*

The Agency has put action plans in place to fully address all of the recommendations raised by Internal Audit, and in many cases the recommendations have already been implemented. Internal Audit will follow up and report on our progress in implementing the recommendations raised during the course of the coming year.

Steven Broomhead

05 July 2010

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the North West Regional Development Agency (the Agency) for the year ended 2009-10 under the Regional Development Agencies Act 1998. These comprise the parent and group Net Expenditure Account, the parent and group Statement of Financial Position, the parent and group Statement of Cash Flows, the parent and group Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements 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 Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Agency; and the overall presentation of the financial statements.

In addition, I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Agency's affairs as at 31 March 2010 and of its parent and group net expenditure, parent and group changes in taxpayers' equity and parent and group cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Regional Development Agencies Act 1998 and directions issued thereunder by the Secretary of State.

Emphasis of Matter - Going Concern

In forming my opinion, which is not qualified, I have considered the adequacy of the disclosures made in note 28 to the financial statements concerning the application of the going concern principle. This is in light of the Government's announcement in the June 2010 budget that it intends to abolish the Regional Development Agencies through the Public Bodies Bill, and that it will issue a White Paper in summer 2010 setting out details of these proposals. These circumstances indicate the existence of a material uncertainty which may cast doubt on the ability of the Northwest Regional Development Agency to continue as a going concern. The financial statements do not include the adjustments that would result if the Northwest Regional Development Agency was unable to continue as a going concern.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with directions issued by the Secretary of State under the Regional Development Agencies Act 1998; and
- the information given in the Chairman's Statement, Chief Executive's Review, Operating Review, Governance Review, Environmental Policy Statement, Directors Report and the unaudited part of the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office, 157-197 Buckingham Palace Road
Victoria, London, SW1W 9SP

14 July 2010

FINANCIAL STATEMENTS

Group net expenditure account

For the year ended 31 March 2010

	<i>Note</i>	2010	2009
		£000	£000
Expenditure			
Programme expenditure	3	373,166	349,795
European funding expenditure	3	141,640	16,130
Staff costs	4	42,557	40,354
Depreciation and amortisation	5	2,210	2,000
Other administration expenditure	5	21,296	21,544
Other losses	5	13,915	41,338
Book value of inventories sold	5	4,681	3,354
Book value of investments sold	5	378	4,045
Total expenditure		599,843	478,560
Income			
European funding	6	144,885	27,544
Other income	6	37,084	25,177
Other gains	6	3,676	4,122
Proceeds from sale of inventories	6	4,808	3,580
Proceeds from sale of investments	6	378	4,045
Total income		190,831	64,468
Net expenditure		409,012	414,092
Cost of capital	5	5,213	6,357
Interest payable	7	(3)	-
Interest receivable and similar income	8	(3,706)	(6,327)
Net expenditure after cost of capital and interest		410,516	414,122
Taxation	9	1,881	2,377
Net expenditure after tax		412,397	416,499
Reversal of notional cost of capital		(5,213)	(6,357)
Net expenditure taken to reserves		407,184	410,142
Net expenditure taken to grant-in-aid reserve		407,081	389,983
Net expenditure taken to general reserve – Activities in relation to joint ventures and associates		103	20,159
		407,184	410,142

All activities are from continuing operations.

Net expenditure is financed by Grant in Aid as explained in accounting policy note 1.9

The notes on pages 54 to 97 form part of these accounts.

Agency net expenditure account

For the year ended 31 March 2010

	<i>Note</i>	2010	2009
		£000	£000
Expenditure			
Programme expenditure	3	389,405	366,918
European funding expenditure	3	142,389	12,855
Staff costs	4	26,649	24,829
Depreciation and amortisation	5	1,212	1,188
Other administration expenditure	5	12,222	13,279
Other losses	5	14,269	41,338
Book value of inventories sold	5	4,681	3,354
Book value of investments sold	5	378	4,045
Total expenditure		591,205	467,806
Income			
European funding	6	144,885	23,917
Other income	6	28,952	19,477
Other gains	6	3,850	4,122
Proceeds from sale of inventories	6	4,808	3,580
Proceeds from sale of investments	6	378	4,045
Total income		182,873	55,141
Net expenditure		408,332	412,665
Cost of capital	5	5,213	6,357
Interest payable	7	(3)	-
Interest receivable and similar income	8	(3,667)	(6,299)
Net expenditure after cost of capital and interest		409,875	412,723
Taxation	9	1,881	2,371
Net expenditure after tax		411,756	415,094
Reversal of notional cost of capital		(5,213)	(6,357)
Net expenditure taken to reserves		406,543	408,737
Net expenditure taken to grant-in-aid reserve		406,260	388,578
Net expenditure taken to general reserve – Activities in relation to joint ventures and associates		283	20,159
		406,543	408,737

All activities are from continuing operations.

Net expenditure is financed by Grant in Aid as explained in accounting policy note 1.9

The notes on pages 54 to 97 form part of these accounts.

Statement of Financial Position- Group

As at 31 March 2010

	Note	2010 £000	2009 £000	2008 £000
Non –current assets				
Property, plant and equipment	10	3,785	4,463	4,040
Intangible assets	11	381	728	823
Financial assets:				
Investments	12	101,227	26,912	22,833
Investments in joint ventures:				
Share of gross Assets	13	47,602	51,228	79,040
Share of gross Liabilities	13	(66,781)	(70,859)	(77,971)
Investments in Associates	13	1,445	580	40
Long Term Loans	14	85,839	93,839	103,839
Trade and other receivables	18	25	-	-
Total non-current assets		<u>173,523</u>	<u>106,891</u>	<u>132,644</u>
Current Assets				
Inventories – development assets	17	56,693	62,740	84,384
Trade receivables and other current assets	18	23,800	18,852	21,948
Long term loans repayable within 12 months	14	10,000	10,000	10,000
Cash and cash equivalents	19	85,119	87,227	73,578
Total current assets		<u>175,612</u>	<u>178,819</u>	<u>189,910</u>
Total assets		<u>349,135</u>	<u>285,710</u>	<u>322,554</u>
Current Liabilities				
Trade payables and other current liabilities	20	(211,626)	(193,078)	(173,957)
Provisions	21	(195)	(800)	-
Total current liabilities		<u>(211,821)</u>	<u>(193,878)</u>	<u>(173,957)</u>
Non- current assets less net current assets/liabilities		<u>137,314</u>	<u>91,832</u>	<u>148,597</u>
Non-current liabilities				
Provisions	21	(4,825)	(5,988)	(9,322)
Pensions liabilities	4	(296)	(190)	(162)
Other payables	20	(14,123)	(11,401)	(22,265)
Total non-current liabilities		<u>(19,244)</u>	<u>(17,579)</u>	<u>(31,749)</u>
Assets less liabilities		<u>118,070</u>	<u>74,253</u>	<u>116,848</u>
Reserves				
General Reserve		70,369	9,518	31,143
Revaluation Reserve		2,153	57,022	65,653
Grant in Aid Reserve		45,548	7,713	20,052
		<u>118,070</u>	<u>74,253</u>	<u>116,848</u>

The notes on pages 54 to 97 form part of these accounts.

These financial statements were approved by the Board on 5th July 2010.

Robert Hough
Chairman
5th July 2010

Steven Broomhead
Chief Executive
5th July 2010

Statement of Financial Position- Agency

As at 31 March 2010

	Note	2010 £000	2009 £000	2008 £000
Non –current assets				
Property, plant and equipment	10	3,092	3,333	2,403
Intangible assets	11	169	531	823
Financial assets:				
Investments	12	100,654	26,912	22,833
Investments in subsidiaries	13	22,298	3,978	4,760
Investments in joint ventures:				
Share of gross Assets	13	47,602	51,228	79,040
Share of gross Liabilities	13	(66,781)	(70,859)	(77,971)
Investments in Associates	13	1,445	580	40
Long Term Loans	14	85,839	93,839	103,839
Total non-current assets		<u>194,318</u>	<u>109,542</u>	<u>135,767</u>
Current Assets				
Inventories – development assets	17	56,693	62,740	84,384
Trade receivables and other current assets	18	21,527	16,514	19,897
Long term loans repayable within 12 months	14	10,000	10,000	10,000
Cash and cash equivalents	19	66,134	85,004	72,041
Total current assets		<u>154,354</u>	<u>174,258</u>	<u>186,322</u>
Total assets		<u>348,672</u>	<u>283,800</u>	<u>322,089</u>
Current Liabilities				
Trade payables and other current liabilities	20	(211,435)	(192,777)	(174,824)
Non- current assets less net current assets/liabilities		<u>137,237</u>	<u>91,023</u>	<u>147,265</u>
Non-current liabilities				
Provisions	21	(4,825)	(5,988)	(9,322)
Pensions liabilities	4	(296)	(190)	(162)
Other payables	20	(14,123)	(11,332)	(22,265)
Total non-current liabilities		<u>(19,244)</u>	<u>(17,510)</u>	<u>(31,749)</u>
Assets less liabilities		<u>117,993</u>	<u>73,513</u>	<u>115,516</u>
Reserves				
General Reserve		70,189	9,518	31,143
Revaluation Reserve		2,153	57,022	65,653
Grant in Aid Reserve		45,651	6,973	18,720
		<u>117,993</u>	<u>73,513</u>	<u>115,516</u>

The notes on pages 54 to 97 form part of these accounts.

These financial statements were approved by the Board on 5th July 2010.

Robert Hough
Chairman
5th July 2010

Steven Broomhead
Chief Executive
5th July 2010

Statement of group cash flows

For the year ended 31 March 2010

	Note	2010	2009
		£000	£000
Cash outflows from operating activities			
Net expenditure after cost of capital and interest		(410,516)	(414,122)
Adjustments for:			
Cost of capital charge	5	5,213	6,357
Depreciation and amortisation	10/11	2,210	1,997
Non-cash pension costs	4	32	30
(Profit) on disposal of inventories - development assets		(126)	(226)
Property, plant & equipment valuation write-down	10	169	994
Investments valuation write-down	12	4,123	4,290
Investments valuation write-back	12	(2,524)	(2,340)
Inventories valuation write-down	17	9,371	15,355
Inventories valuation write-back	17	(683)	(1,242)
(Surplus)/ loss from share in joint ventures		(452)	20,699
(Surplus)/ loss from share in associates		235	(540)
		<u>(392,948)</u>	<u>(368,748)</u>
(Increase)/Decrease in trade and other receivables	18	(4,973)	3,096
Increase in trade and other payables		19,537	8,480
Decrease in provisions	21	(1,768)	(2,534)
		<u>(380,152)</u>	<u>(359,706)</u>
Taxation paid		(170)	(2,092)
Net cash outflow from operating activities		<u>(380,322)</u>	<u>(361,798)</u>
Cash flow from investing activities			
Investment in associate	13	(1,100)	-
Purchase of intangible assets	11	(97)	(342)
Purchase of property, plant and equipment	10	(1,257)	(2,996)
Purchase of investments	12	(76,982)	(10,114)
Purchase of inventories	17	(9,364)	(4,435)
Proceeds from disposal of investments		1,068	4,085
Proceeds from disposal of inventories		4,808	3,580
Repayment of loan note	14	8,000	10,000
Net cash outflow from investing activities		<u>(74,924)</u>	<u>(222)</u>
Cash flows from financing activities			
Grant in Aid received from BIS		387,148	375,092
EU financing for assets		61,158	119
Homes and Communities Agency financing for assets		4,832	935
Transfer to reserves		-	31
		<u>453,138</u>	<u>376,177</u>
Net financing		(2,108)	14,157
Net increase in cash and cash equivalents in the period		(2,108)	14,157
Cash and cash equivalents at 1 April 2009:			
Cash at bank and in hand		87,227	73,578
Bank overdraft		-	(508)
Cash and cash equivalents at 31 March 2010		<u>85,119</u>	<u>87,227</u>

The notes on pages 54 to 97 form part of these accounts

Statement of Agency cash flows

For the year ended 31 March 2010

	Note	2010	2009
		£000	£000
Cash outflows from operating activities			
Net expenditure after cost of capital and interest		(409,875)	(412,723)
Adjustments for:			
Cost of capital charge	5	5,213	6,357
Depreciation and amortisation	10/11	1,212	1,187
Non-cash pension costs	4	32	30
(Profit) on disposal of inventories - development assets		(126)	(226)
Property, plant & equipment valuation write-down	10	169	994
Investments valuation write-down	12	4,123	4,290
Investments valuation write-back	12	(2,524)	(2,340)
Inventories valuation write-down	17	9,371	15,355
Inventories valuation write-back	17	(683)	(1,242)
(Surplus)/ loss from share in subsidiaries		180	781
(Surplus)/ loss from share in joint ventures		(453)	19,917
(Surplus)/ loss from share in associates		236	(540)
		(393,125)	(368,160)
(Increase)/Decrease in trade and other receivables	18	(5,013)	3,383
Increase in trade and other payables		19,732	6,742
Decrease in provisions	21	(1,163)	(3,334)
		(379,569)	(361,369)
Taxation paid		(164)	(2,092)
Net cash outflow from operating activities		(379,733)	(363,461)
Cash flow from investing activities			
Investment in subsidiary	13	(18,500)	-
Investment in associate	13	(1,100)	-
Purchase of intangible assets	11	-	(133)
Purchase of property, plant and equipment	10	(778)	(2,705)
Purchase of investments	12	(76,407)	(10,114)
Purchase of inventories	17	(9,364)	(4,435)
Proceeds from disposal of investments		1,066	4,085
Proceeds from disposal of inventories		4,808	3,580
Repayment of loan note	14	8,000	10,000
Net cash outflow from investing activities		(92,275)	278
Cash flows from financing activities			
Grant in Aid received from BIS		387,148	375,092
EU financing for assets		61,158	119
Homes and Communities Agency financing for assets		4,832	935
		453,138	376,146
Net financing		(18,870)	12,963
Net increase in cash and cash equivalents in the period		(18,870)	12,963
Cash and cash equivalents at 1 April 2009:			
Cash at bank and in hand		85,004	72,041
Cash and cash equivalents at 31 March 2010		66,134	85,004

The notes on pages 54 to 97 form part of these accounts

Statement of changes in taxpayers' equity -Group

	General reserve £000	Revaluation reserve £000	Grant in aid reserve £000	Total reserves £000
Balance at 31 March 2007	20,133	63,261	31,466	114,860
Changes in reserves 2007-08				
Additions	8,012	-	-	8,012
Disposals	(3,731)	-	-	(3,731)
Revaluation	(49)	-	-	(49)
Surplus /Share of net assets of subsidiary	4,760	-	(4,760)	-
Transfers to reserves	3,180	(2,276)	(904)	-
Movement in share of net assets of:				
Associates and Joint Ventures	(1,168)	-	-	(1,168)
Actuarial gain	6	-	-	6
Net gain on revaluation of Inventories	-	4,649	-	4,649
Net gain on revaluation of property, plant & equipment	-	19	-	19
Retained deficit	-	-	(386,750)	(386,750)
Total recognised income and expense for 2007-08	11,010	2,392	(392,414)	(379,012)
Grant in aid from BIS	-	-	381,000	381,000
Balance at 31 March 2008	31,143	65,653	20,052	116,848
Balance at 1 April 2008	31,143	65,653	20,052	116,848
Changes in taxpayers' equity for 2008-09				
Additions	6,471	-	-	6,471
Disposals	(2,415)	-	-	(2,415)
Amounts released to income	(3,002)	-	-	(3,002)
Surplus /Share of net assets of subsidiary	31	-	-	31
Transfers to reserves	(2,552)	-	2,552	-
Actuarial gain	1	-	-	1
Net loss on revaluation of Inventories	-	(8,612)	-	(8,612)
Net loss on revaluation of property, plant & equipment	-	(19)	-	(19)
Retained deficit	(20,159)	-	(389,983)	(410,142)
Total recognised income and expense for 2008-09	(21,625)	(8,631)	(387,431)	(417,687)
Grant in aid from BIS	-	-	375,092	375,092
Balance at 31 March 2009	9,518	57,022	7,713	74,253
Balance at 1 April 2009	9,518	57,022	7,713	74,253
Changes in taxpayers' equity for 2009-10				
Additions	67,583	-	-	67,583
Disposals	(817)	-	-	(817)
Amounts released to income	(776)	-	-	(776)
Surplus /Share of net assets of subsidiaries	-	-	(22)	(22)
Transfers between reserves	(4,963)	(52,827)	57,790	-
Actuarial loss	(73)	-	-	(73)
Net loss on revaluation of Inventories	-	(2,042)	-	(2,042)
Retained deficit	(103)	-	(407,081)	(407,184)
Total recognised income and expense for 2009-10	60,851	(54,869)	(349,313)	(343,331)
Grant in aid from BIS	-	-	387,148	387,148
Balance at 31 March 2010	70,369	2,153	45,548	118,070

Statement of changes in taxpayers' equity - Agency

	General reserve £000	Revaluation reserve £000	Grant in aid reserve £000	Total reserves £000
Balance at 31 March 2007	20,133	63,261	31,466	114,860
Changes in reserves 2007-08				
Additions	8,012	-	-	8,012
Disposals	(3,731)	-	-	(3,731)
Revaluation	(49)	-	-	(49)
Surplus /Share of net assets of subsidiary	4,760	-	-	4,760
Transfers between reserves	3,180	(2,276)	(904)	-
Movement in share of net assets of:				
Associates and Joint Ventures	(1,168)	-	-	(1,168)
Actuarial gain	6	-	-	6
Net gain on revaluation of Inventories	-	4,649	-	4,649
Net gain on revaluation of property, plant & equipment	-	19	-	19
Retained deficit	-	-	(392,842)	(392,842)
Total recognised income and expense for 2007-08	11,010	2,392	(393,746)	(380,344)
Grant in aid from BIS	-	-	381,000	381,000
Balance at 31 March 2008	31,143	65,653	18,720	115,516
Balance at 1 April 2008	31,143	65,653	18,720	115,516
Changes in taxpayers' equity for 2008-09				
Additions	6,471	-	-	6,471
Disposals	(2,415)	-	-	(2,415)
Amounts released to income	(3,002)	-	-	(3,002)
Surplus /Share of net assets of subsidiary	31	-	-	31
Transfers between reserves	(2,552)	-	1,739	(813)
Actuarial gain	1	-	-	1
Net loss on revaluation of Inventories	-	(8,612)	-	(8,612)
Net loss on revaluation of property, plant & equipment	-	(19)	-	(19)
Retained deficit	(20,159)	-	(388,578)	(408,737)
Total recognised income and expense for 2008-09	(21,625)	(8,631)	(386,839)	(417,095)
Grant in aid from BIS	-	-	375,092	375,092
Balance at 31 March 2009	9,518	57,022	6,973	73,513
Balance at 1 April 2009	9,518	57,022	6,973	73,513
Changes in taxpayers' equity for 2009-10				
Additions	67,583	-	-	67,583
Disposals	(817)	-	-	(817)
Amounts released to income	(776)	-	-	(776)
Transfers to reserves	(4,963)	(52,827)	57,790	-
Actuarial loss	(73)	-	-	(73)
Net loss on revaluation of Inventories	-	(2,042)	-	(2,042)
Retained deficit	(283)	-	(406,260)	(406,543)
Total recognised income and expense for 2009-10	60,671	(54,869)	(348,470)	(342,668)
Grant in aid from BIS	-	-	387,148	387,148
Balance at 31 March 2010	70,189	2,153	45,651	117,993

Notes to the financial statements

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by H M Treasury and in a form directed by the Secretary of State for Business, Innovation and Skills, with the approval of H M Treasury, in accordance with the Regional Development Agencies Act 1998. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Northwest Regional Development Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Northwest Regional Development Agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The Agency was issued with a new Accounts Direction on 17 March 2010 which is effective for the 2009-10 financial year.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and development assets

1.2 Basis of consolidation

The consolidated accounts incorporate the accounts of the Agency and its subsidiary undertakings North West Business Link Limited, Estuary Management Company Limited, NW VCLF HF LLP, NorwePP (NWDA Subsidiary) Limited and Rural Regeneration Cumbria Limited.

Joint ventures relating to New East Manchester Limited, Central Salford Urban Regeneration Company Limited, Re Blackpool Urban Regeneration Company Limited, NorwePP Limited Partnership and NorwePP (General Partner) Limited have been accounted for on an equity accounting basis.

Investments in associate undertakings relating to Liverpool Vision Limited, Furness West Cumbria New Vision URC Limited, Maryport Developments Limited, North West Business Finance Limited, Cumbria Vision Limited, Daresbury Science and Innovation Campus Limited and Hadrians Wall Heritage Limited have been consolidated on an equity accounting basis.

1.3 Property, plant and equipment

Land and buildings held as tangible operating assets are shown in the Statement of Financial Position at fair value.

All other property, plant and equipment is stated at fair value. Depreciated replacement cost has been used as a proxy for fair value as the assets are of low value and short life.

Valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (6th. Edition) published by RICS. A valuation of the whole portfolio was carried out as at 31 December 2009 and again as at 31 March 2010 by King Sturge, Chartered Surveyors.

Notes (continued)

1. Statement of accounting policies (continued)

1.3 Property, plant and equipment (continued)

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation reserve in taxpayers' equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve; all other decreases are charged to the Net Expenditure Account.

Acquisitions and disposals of land and buildings are accounted for on the date of legal completion.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Net Expenditure Account.

Assets are capitalised where the cost exceeds £500 on a grouped basis where appropriate.

1.4 Depreciation and amortisation

Land is not depreciated. Depreciation and amortisation on other assets is provided to write off the cost or revalued amounts of property, plant and equipment and intangible assets over their anticipated useful lives on a straight line basis at the following annual rates:

Property, plant and equipment:	
Owned property	50 years
Leasehold buildings with less than 25 years to run	Period of lease
Plant and equipment	5 years
Office furniture, fittings and equipment	5 years
Computer equipment	3 years
Intangible assets:	
Software licences	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year.

1.5 Intangible assets

Software licences are stated at fair value. Depreciated replacement cost has been used as a proxy for fair value as the assets are of low value and short life.

1.6 Investments

Loan investments in venture capital trusts are shown at cost and net of provision for amounts considered doubtful and of write-offs for amounts considered irrecoverable (ie at fair value). Provision has been made for all loans where recovery appears doubtful. No loan is written off until the impossibility of recovery is beyond doubt. Approval from the Department for Business, Innovation and Skills (BIS) is obtained for any write-off in excess of £250,000.

Notes (continued)

1. Statement of accounting policies (continued)

1.6 Investments (continued)

Returns on loan investments in venture capital trusts are shown at market value over and above the value of the loan.

Movements arising on the revaluation of investments are reflected in the revaluation reserve, except for impairments and reductions in value below historical cost, which are reported in the net expenditure account.

1.7 Inventories

Inventories are made up of development assets, consisting of land and buildings, are held short term for disposal. They are shown at fair value, any reductions in carrying value being written off to the Net Expenditure Account. Movements arising on the revaluation of development assets in excess of historical cost are reflected in the Revaluation Reserve, after eliminating the overall accumulated unrealised deficit, as originally charged to the Net Expenditure Account.

Valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (6th. Edition) published by RICS. A valuation of the whole portfolio was carried out as at 31 December 2009 and again as at 31 March 2010 by King Sturge, Chartered Surveyors.

Increases in the carrying amount arising on revaluation of development assets are credited to revaluation reserve in taxpayers' equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve; all other decreases are charged to the Net Expenditure Account

Acquisitions and disposals of development assets are accounted for on the date of legal completion.

1.8 Pension costs

Past and present employees of the Agency are covered by the provisions of the following defined benefit schemes: the Principal Civil Service Pension Scheme (PCSPS) and the Homes and Communities Agency Pension Scheme. These are multi-employer schemes in which it is impossible to identify the share of the underlying assets and liabilities relating to the Agency. Employer contributions to these schemes are accounted for in the period to which they relate.

The 'by analogy' scheme is for Chairs past and present with rules equivalent to those of the PCSPS. The arrangement is a UK-based benefit promise made by the employer, providing benefits at retirement and on death-in-service. The arrangement is unfunded and the employer pays benefits as and when they arise. Further details are provided in the remuneration report.

The scheme is subject to regular valuations by independent, professionally qualified actuaries. These determine the level of contributions required to fund future benefits. Differences between actual and expected returns on assets during the year are recognised in the Statement of Changes in Taxpayers' Equity, together with differences arising from changes in actuarial assumptions.

Notes (continued)

1. Statement of accounting policies (continued)

1.9 Government grants

The Agency's activities are funded primarily by Grants in Aid provided by BIS for specified types of expenditure. Grants in Aid used to finance activities and expenditure which support the statutory and other objectives of the Agency are treated as financing and are credited to the Grant in Aid Reserve as they are regarded as contributions from a controlling party.

Grant relating to capital expenditure used to acquire specific capital items is credited to Grant in Aid Reserve and grants to fund revenue expenditure are credited to the Net Expenditure Account.

1.10 European grants

The Agency's activities are funded in part by European Funding for specified types of expenditure. European Funding Grants receivable of a revenue nature are credited to the Net Expenditure Account in the year to which they relate. European Funding Grants in respect of capital expenditure are credited to the General Reserve and released to the Net Expenditure Account either over the expected useful life of the asset for assets that are depreciated or, upon disposal or loss in value, for assets that are not depreciated.

1.11 Deferred Taxation

Full provision has been made for deferred tax liabilities arising from timing differences between the recognition of gains and losses in the Financial Statements and their recognition in the tax computation. In accordance with IAS 12 a deferred tax asset is only recognised if there is sufficient evidence that it is likely to be recoverable at the Statement of Financial Position date.

1.12 Foreign currency transactions

Transactions in foreign currencies are recorded in sterling at the rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currency are translated into sterling at the rates prevailing at the end of the financial year. Resulting exchange gains and losses are taken to the Net Expenditure Account.

1.13 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Net Expenditure Account on a straight-line basis over the period of the lease.

There are no finance leases.

Notes (continued)

1. Statement of accounting policies (continued)

1.14 Financial instruments

The Agency has no borrowings and relies primarily on departmental grant in aid for its cash requirements and is therefore not exposed to liquidity risks. It has no material deposits and all material assets and liabilities are denominated in sterling, so there is no exposure to interest rate risk or currency risk. Transactions entered into which result in debtors due after more than one year have a low credit risk.

Recognition:

Financial assets and financial liabilities are recognised when the Agency becomes a party to the contractual provisions of the instrument.

De-recognition:

All financial instruments are de-recognised when the rights to receive cashflows from the assets have expired or the Agency has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and measurement:

The Agency has assessed its assets and liabilities in accordance with IAS39.

All its financial assets are classified as "loans and receivables" and all financial liabilities as "other financial liabilities".

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are recognised at fair value and are measured subsequently at amortised cost.

Short-term loans and receivables are initially measured at original invoice amount and subsequently measured after deducting any provision for impairment. Any impairment is charged to the net expenditure account as it arises.

The Agency's loans and receivables comprise: investments, long term loans, trade and other receivables and cash at bank and in hand.

Financial liabilities:

Financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost.

Short-term financial liabilities are measured at original invoice amount.

Impairment of financial assets:

An assessment of whether there is objective evidence of impairment is carried out for all financial assets at the balance sheet date. A financial asset is considered to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cashflows of the asset.

For financial assets carried at amortised cost, the charge to the net expenditure account reflects the movement in the level of provisions made, together with amounts written off in the year.

1.15 Operating income

Operating income is recognised on a receivable basis.

Notes (continued)

1. Statement of accounting policies (continued)

1.16 Grants payable

Grants payable are recognised in the period in which the underlying event or activity giving entitlement to the grant occurs.

1.17 Grant repayments

Grant repayments are recognised as income on a receivable basis. The Agency's entitlement to grant repayment would crystallise in the event of any breach of grant conditions.

1.18 Provisions

The Agency makes provision for liabilities and charges in accordance with IAS37 where, at the end of the financial year, a legal or constructive obligation (i.e. a present obligation from past events) exists, the transfer of economic benefits is probable and a reasonable estimate of the obligation can be made.

1.19 VAT

Expenditure is stated net of Value Added Tax.

Irrecoverable VAT is written off to the Net Expenditure Account.

1.20 Capital charge

A charge, reflecting the cost of capital utilised by the Agency, is included in the Net Expenditure Account. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities. After net expenditure for the year there is an entry reversing this amount.

1.21 Standards issued but not yet effective

As mentioned in 1.1 above, the Agency is governed by the Financial Reporting Manual (FrEM) as issued by HM Treasury. As such the adoption of any new IFRS's is governed by their adoption into the FrEM. As at 31 March 2010 the following new IFRSs and amendments /revisions to existing IFRSs /IFRICs had been issued but had not yet been adopted into the FrEM and have therefore not been applied in these financial statements:

IFRS 9 – Financial Instruments

IFRS1 – Limited Exemption from Comparative IFRS 7 Disclosures for First Time Adopters

IAS 24 – Related Party Disclosures

IFRIC14 – Prepayments of a Minimum Funding Requirement

Notes (continued)

1. Statement of accounting policies (continued)

1.22 Standards issued but not yet effective (continued)

The following amendments have been made to the FReM 2010-11:

- Chapter 6 - Tangible non-current assets – Accounting for Heritage Assets
- Chapter 8 - Impairments–Scoring of impairments caused by consumption of economic benefit to the Operating Cost Statement
- Chapter 11 - Income & Expenditure – Removal of Cost of Capital Charging
- Chapter 13 - Accounting for consolidated fund revenue

The only known impact application of the above standards and amendments will have on future reporting periods is the removal of the disclosure of the notional Cost of Capital Charge from the Net Expenditure Account.

**2. First time adoption of IFRS
(relates to 2008-09)**

	General reserve £000	Revaluation reserve £000	Grant in aid reserve £000	Total reserves £000
Taxpayers equity at 31 March 2009 under UK GAAP	9,518	57,022	7,713	74,253
Taxpayers equity at 1 April 2009 under IFRS	<u>9,518</u>	<u>57,022</u>	<u>7,713</u>	<u>74,253</u>
Taxpayers equity at 31 March 2008 under UK GAAP	31,143	65,653	20,052	116,848
Taxpayers equity at 1 April 2008 under IFRS	31,143	65,653	20,052	116,848
				£000
Net expenditure for 2008-09 under UK GAAP				389,983
Adjustment for diminution in value of assets in joint ventures and associates				20,159
Net expenditure for 2008-09 under IFRS				<u><u>410,142</u></u>

Notes (continued)

3 Analysis of expenditure by segment

The Corporate Plan 2008-2011 set out how the Agency would deliver its major responsibilities under the Regional Economic Strategy (RES). This was presented under 11 corporate objectives listed below which are designed to improve competitiveness and productivity across the region's business, people and places.

	2010	2010	2009	2009
	Group	Agency	Group	Agency
	£000	£000	£000	£000
Programme expenditure analysis by objective:				
Internationally competitive sectors	64,342	64,342	49,334	49,334
Enterprise	65,470	90,960	49,985	66,715
Innovation	30,141	30,141	31,769	32,029
Internationalisation	7,751	7,751	6,550	6,550
Leadership	7,326	7,326	4,105	4,105
Higher level skills	12,689	12,689	15,851	15,851
Size of the workforce	5,083	5,083	7,668	7,668
Employment sites	25,644	25,644	26,475	26,475
Creating conditions for private sector investment	112,904	112,904	136,176	136,176
Climate change and sustainable consumption	13,063	13,063	8,571	8,571
Marketing the region	11,105	11,105	10,086	10,086
	355,518	381,008	346,570	363,560
Other	23,814	23,814	20,899	21,031
Total programme expenditure	379,332	404,822	367,469	384,591
European funding expenditure	193,486	203,484	16,130	12,855
	572,818	608,306	383,599	397,446
Other expenditure not classified by reporting segment <25%	76,302	50,501	100,888	76,288
	649,120	658,807	484,487	473,734
	£000	£000	£000	£000
Expenditure contained in:				
Net expenditure account:				
Programme expenditure	373,166	389,405	349,795	366,917
European funding expenditure	141,640	142,389	16,130	12,855
Statement of Financial Position:				
Operating assets	22	22	5	5
Investments	47,526	47,526	13,234	13,234
Investments in subsidiaries	-	18,500	-	-
Investments in associates	1,100	1,100	-	-
Inventories – development assets	9,364	9,364	4,435	4,435
	572,818	608,306	383,599	397,446
Other expenditure not classified by reporting segment <25%	76,302	50,501	100,888	76,288
Total expenditure	649,120	658,807	484,487	473,734

Income, expenditure and assets & liabilities are not reported by segment as there is no relevant method of analysing them by the above objectives.

Notes (continued)

4. Staff numbers and related costs

	2010 Group £000	2010 Agency £000	2009 Group £000	2009 Agency £000
Board Members				
Board members salaries	220	220	255	255
Chair's pension contributions	37	37	29	29
Social security costs	16	16	19	19
	<u>273</u>	<u>273</u>	<u>303</u>	<u>303</u>
Staff				
Salaries and wages	32,243	18,945	29,941	18,314
Pension costs	4,804	3,560	4,904	3,548
Social security costs	2,999	1,633	2,651	1,558
Redundancy costs	1,189	1,189	411	131
	<u>41,235</u>	<u>25,327</u>	<u>37,907</u>	<u>23,551</u>
Temporary staff				
Recruitment agency staff	802	802	2,051	882
Seconded staff salary costs	247	247	93	93
	<u>1,049</u>	<u>1,049</u>	<u>2,144</u>	<u>975</u>
Total salaries and wages	<u>42,557</u>	<u>26,649</u>	<u>40,354</u>	<u>24,829</u>

The average number of staff employed by the Agency during the year (including all seconded staff) was 482 (2009: 481). The figures do not include recruitment agency staff.

A. Agency

Department	2010 Senior Management	2010 Staff	2010 Seconded In Staff	2010 Total	2009 Total
Chief Executive's Office	1	8	-	9	11
Human Resource Development	1	16	-	17	17
Economic Development	1	242	1	244	255
Marketing and Communications	1	28	-	29	27
Tourism	-	12	-	12	13
Policy and Planning	1	51	1	53	49
Resources	1	111	-	112	101
National Secretariat	-	6	-	6	8
	<u>6</u>	<u>474</u>	<u>2</u>	<u>482</u>	<u>481</u>

Notes (continued)

4. Staff numbers and related costs (continued)

Staff sickness absence data

Total number of sick absence days for the year: 2,835 (2009: 3,497).
This figure includes 1,103 days (2009: 1,283) attributable to long term sickness.
Average sick absence days (excluding long term sick): 3.6 days (2009:4.6).

B. Subsidiaries

Average number of staff employed by subsidiaries during the year:

	2010	2009
	Total	Total
Northwest Business Link	346	284
	=====	=====

Pension arrangements

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS scheme is an unfunded multi-employer defined benefit scheme but NWDA is unable to identify its share of underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). For 2009/10, employers' contributions of £3,335,865 were payable to the PCSPS (2008/09 £3,349,660) at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they accrue, not the costs as they are actually incurred, and reflect past experience of the scheme.

From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium, and classic plus). New entrants after 1 October 2002 could choose between membership of premium or joining a good quality "money purchase" stakeholder arrangement with a significant employer contribution (partnership pension account). From 30 July 2007 new entrants may choose between the new nuvos "career average" defined benefit scheme or the partnership pension account. All the schemes, apart from the partnership pension account, are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index.

Notes (continued)

4. Staff numbers and related costs (continued)

Pension arrangements (continued)

Classic Scheme

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

Premium Scheme

Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

Classic Plus Scheme

This is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

Nuvos Scheme

Benefits accrue at the rate of 2.3% of pensionable salary for each year of service. Members pay contributions of 3.5% of pensionable earnings. The maximum pension payable is 75% of pensionable earnings. Members may commute part of their pension for a lump sum up to a maximum calculated as the member's pension multiplied by 30 and divided by 7 (the commutation rate is £12 of lump sum for each £1 of pension given up). The scheme has a pension age of 65. On death, pensions are payable to the surviving spouse at a rate of 37.5% of the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. Where

Notes (continued)

4. Staff numbers and related costs (continued)

Pension arrangements (continued)

the member's ill health permanently prevents them undertaking any gainful employment, service may be enhanced to what they would have accrued at age 65.

Pensions payable under classic, premium, classic plus and nuvos are increased in line with the Retail Prices Index.

Further details about the Civil Service Pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

Partnership Pension Scheme

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement). In 2009/10 employers' contributions of £51,767 (2008/09 £44,664) were paid to one or more of a panel of three appointed stakeholder pension providers.

Homes and Communities Agency Pension Scheme

Former employees of English Partnerships participate in the Homes and Communities Agency Pension Scheme. This scheme is a multi-employer defined benefit scheme but NWDA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007 and more details can be found in the separate scheme statement of the Homes and Communities Agency Pension Scheme. For 2009/10, normal employer contributions of £184,911 were payable to the Homes and Communities Agency Pension Scheme (2008/09 £148,614) at the rate of 29.1% of pensionable pay (2008/09 23.8%). It has been agreed that contributions will be reviewed on an annual basis although the Actuary conducts a full revaluation of the fund every three years. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and they reflect past experience of the scheme. At the Statement of Financial Position date there were no outstanding or prepaid contributions to the scheme.

Pension benefits of Board Members

No board members are eligible for a pension, performance related pay or any other taxable benefit as a result of employment with the Agency with the exception of the Chairman.

Notes (continued)

4. Staff numbers and related costs (continued)

Pension arrangements (continued)

Pension benefits of the Chairman

With the approval of BIS, a 'by analogy' pension scheme has been put in place for the Chairman with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme (PCSPS) but which are funded directly by the Agency. The Agency is not permitted to pay these contributions to a personal pension scheme or other pension plan provider. On retirement, payment of the Chairman's pension will be the responsibility of the Agency, underwritten by BIS.

	Real increase in pension £000	Real increase in lump sum £000	Pension at 31 March 2010 £000	Lump sum at 31 March 2010 £000	CETV at 31 March 2009 £000	CETV at 31 March 2010 £000	Real increase in CETV as funded by employer £000
Bryan Gray Chairman to August 2009	0 – 2.5	0 – 2.5	5 - 10	0 - 5	135	163	20
Robert Hough Chairman from August 2009	0 – 2.5	-	0 -5	-	0	22	20

The by analogy arrangement shadows the benefits provided under the Principal Civil Service Pension Scheme. The arrangement provides benefits to the present Chairman and two former Chairman of the Agency. A full actuarial valuation was carried out as at 31 March 2010 by a qualified independent actuary.

The major assumptions of the actuary were:

Financial Assumptions

	2010	2009
The inflation assumption	2.75%	2.75%
The rate of increase in salaries	4.29%	4.29%
The rate of increase for pensions in payment and deferred pensions	2.75%	2.75%
The rate used to discount scheme liabilities	4.60%	6.04%

Notes (continued)

4. Staff numbers and related costs (continued)

Pension benefits of the Chairman (continued)

Expense to be recognised in Net Expenditure Account	2010	2009
	£000	£000
Current service cost (net of employee contributions)	25	20
Past service cost	-	-
Settlements and curtailments	-	-
Interest cost	12	9
	==	==
Total expense/(income)	37	29
	==	==

Actuarial gains/losses to be recognised in the Statement of Changes in taxpayers equity	2010	2009
	£000	£000
Experience loss/(gain) arising on the scheme liabilities	15	(4)
Changes in assumptions underlying the present value of the scheme liabilities	58	3
	=====	=====
Total actuarial loss/(gain)	73	(1)
	=====	=====

Analysis of movement in scheme liability

Scheme liability at the beginning of year	190	162
Movement in the year:-		
Current service cost (net of employee contributions)	25	20
Interest cost	12	9
Employee contributions	4	2
Actuarial loss/(gain)	73	(1)
Benefits paid	(8)	(2)
Past service cost	-	-
Net individual pension transfers-in	-	-
Settlements and curtailments	-	-
	=====	=====
Scheme liability at the end of year	296	190
	=====	=====

Notes (continued)

4. Staff numbers and related costs (continued)

Pension arrangements (continued)

Pension benefits of the Chairman (continued)

Present value of scheme liabilities	Value at 31/03/2010 £000	Value at 31/03/2009 £000
Liability in respect of:-		
Active members	25	161
Deferred pensioners	-	-
Current pensioners	271	29
	====	====
Total present value of scheme liabilities	296 ====	190 ====

History of experience losses / (gains)

	2010	2009	2008	2007
Amount (£000)	15	(4)	2	2
Percentage of scheme liabilities at the end of year	5.1%	-2.3%	1.5%	1.4%

Estimate of contributions expected to be paid into the scheme over the year 1 April 2010 to 31 March 2011:

Employer contributions: £19,857
Employee contributions: £2,861

Notes (continued)

5 Other expenditure

	Group	Agency	Group	Agency
	2010	2010	2009	2009
	£000	£000	£000	£000
Depreciation:				
Depreciation of property, plant and equipment	1,766	850	1,563	763
Amortisation of intangible assets	444	362	437	425
	<u>2,210</u>	<u>1,212</u>	<u>2,000</u>	<u>1,188</u>
Book value of sales:				
Investments	378	378	4,045	4,045
Inventories - development assets	4,681	4,681	3,354	3,354
	<u>5,059</u>	<u>5,059</u>	<u>7,399</u>	<u>7,399</u>
Other Losses:				
Asset valuation write-downs:				
Property, Plant & Equipment	181	181	994	994
Investments	4,123	4,123	4,290	4,290
Inventories - development assets	9,371	9,371	15,355	15,355
	<u>13,675</u>	<u>13,675</u>	<u>20,639</u>	<u>20,639</u>
Losses from shares in:				
Subsidiaries	-	354	-	-
Joint ventures	2	2	20,699	20,699
Associates	238	238	-	-
	<u>13,915</u>	<u>14,269</u>	<u>41,338</u>	<u>41,338</u>
Other administration expenditure:				
Marketing and PR	5,830	2,051	6,390	2,501
Office costs	3,915	3,101	3,962	3,191
IT and communication	3,174	1,439	3,344	1,618
Rentals under operating leases	2,248	1,817	2,114	1,673
Other staff costs	2,161	1,081	1,896	1,321
Travel and subsistence	1,654	1,146	1,882	1,395
Professional costs	1,902	1,504	1,574	1,506
External auditors' remuneration	111	83	108	78
Estate management	294	3	308	34
Bad and doubtful debts	7	(3)	(34)	(38)
	<u>21,296</u>	<u>12,222</u>	<u>21,544</u>	<u>13,279</u>
Cost of capital charges	5,213	5,213	6,357	6,357
	<u>47,693</u>	<u>37,975</u>	<u>78,638</u>	<u>69,561</u>

During the year the Agency purchased the following non-audit services from its auditor, the National Audit Office:

IFRS audit	7	7	6	6
Independent supplementary review	77	77	-	-

Notes (continued)

6 Income

	Group 2010 £000	Agency 2010 £000	Group 2009 £000	Agency 2009 £000
Activity based income:				
European funding	<u>144,885</u>	<u>144,885</u>	<u>27,544</u>	<u>23,917</u>
Other activity based income:				
Coalfields and other government grants	21,854	14,223	15,948	10,424
Self-generated income:				
Rents and maintenance charges	2,635	2,317	2,470	2,280
Clawback of grant and contributions	2,290	2,290	4,039	4,039
Other Income	<u>10,305</u>	<u>10,122</u>	<u>2,720</u>	<u>2,734</u>
	<u>37,084</u>	<u>28,952</u>	<u>25,177</u>	<u>19,477</u>
Proceeds from sales:				
Investments	378	378	4,045	4,045
Inventories - development assets	<u>4,808</u>	<u>4,808</u>	<u>3,580</u>	<u>3,580</u>
	<u>5,186</u>	<u>5,186</u>	<u>7,625</u>	<u>7,625</u>
Other gains:				
Asset valuation write-backs :				
Operating assets	12	12	-	-
Investments	2,524	2,524	2,340	2,340
Inventories - development assets	<u>683</u>	<u>683</u>	<u>1,242</u>	<u>1,242</u>
	<u>3,219</u>	<u>3,219</u>	<u>3,582</u>	<u>3,582</u>
Surplus from shares in:				
Subsidiaries	-	174	-	-
Joint ventures	455	455	-	-
Associates	<u>2</u>	<u>2</u>	<u>540</u>	<u>540</u>
	<u>3,676</u>	<u>3,850</u>	<u>4,122</u>	<u>4,122</u>
Total income	<u><u>190,831</u></u>	<u><u>182,873</u></u>	<u><u>64,468</u></u>	<u><u>55,141</u></u>

Notes (continued)

7. Interest payable

	Group 2010 £000	Agency 2010 £000	Group 2009 £000	Agency 2009 £000
Other	<u>(3)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>

8. Interest receivable and similar income

	Group 2010 £000	Agency 2010 £000	Group 2009 £000	Agency 2009 £000
Interest on Loan Notes- NorwePP (see Note14)	3,320	3,320	4,106	4,106
Bank interest receivable	124	85	1,856	1,828
Interest on investments	-	-	33	33
Miscellaneous interest	141	141	-	-
Income from joint venture	121	121	332	332
Total income	<u>3,706</u>	<u>3,667</u>	<u>6,327</u>	<u>6,299</u>

Notes (continued)

9. Taxation

a) Analysis of the tax charge / (credit) in year:

	2010 £000	2009 £000
<i>Current taxation</i>		
UK corporation tax	552	(15)
Adjustments in respect of prior years	1,329	2,392
	1,881	2,377

b) Factors affecting the tax charge (credit) for the year:

The effective rate of tax for the year is more than the standard rate of corporation tax in the UK of 28%.

The differences are explained below

Net expenditure on ordinary activities	(410,516)	(414,122)
Net expenditure on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% NWDA and 21% North West Business Link	(114,900)	(110,295)
<i>Effect of:</i>		
Income and expenditure not subject to corporation tax	37	50
Notional cost of capital	1,460	1,780
Non taxable grant funding	(45,773)	(11,000)
Non relieviable grant funded expenditure	159,673	115,711
Expenses not deductible for tax purposes	78	6
Depreciation for the year in excess of capital allowances	8	11
Utilisation/creation of Self Generated Funds deficit	(498)	3,760
Other timing differences	1	1
Creation / (utilisation) of tax losses	-	(1)
Difference in rate at which tax loss utilised	-	(1)
Results of NorwePP LP	160	(37)
Results of North West Seed Fund	50	-
Results of North West BIS	236	-
Results of NW VCLF HF LLP	10	-
Adjustments in respect of prior years	1,328	2,392
Adjustments in respect of interest held on balance sheet (current year)	11	-
	1,881	2,377

c) Factors that may affect future tax charges:

The Agency expects its effective rate in future years to exceed the standard rate of corporation tax in the UK principally due to non relieviable grant funded expenditure

A potential deferred tax asset totalling £2.6m has been calculated by the Agency's tax advisers for 2009/10 (2008/09 £2.6m) largely as a result of accumulated tax losses. It is not considered probable that taxable profits will arise in the future to utilise these losses. For this reason, in accordance with IAS 12, an asset has not been recognised in the accounts.

Notes (continued)

10. Property, plant and equipment

Group

	Land £000	Buildings £000	Leasehold improvements £000	Information technology £000	Plant and machinery £000	Furniture and fittings £000	Total £000
Cost or valuation							
At 1 April 2009	380	880	959	4,340	83	1,980	8,622
Additions	-	-	1	830	-	426	1,257
Impairment	(130)	(39)	-	-	-	-	(169)
At 31 March 2010	<u>250</u>	<u>841</u>	<u>960</u>	<u>5,170</u>	<u>83</u>	<u>2,406</u>	<u>9,710</u>
Depreciation							
At 1 April 2009	-	39	36	2,571	15	1,498	4,159
Charged in year	-	50	130	1,282	17	287	1,766
At 31 March 2010	<u>-</u>	<u>89</u>	<u>166</u>	<u>3,853</u>	<u>32</u>	<u>1,785</u>	<u>5,925</u>
Net Book Value							
At 31 March 2010	<u>250</u>	<u>752</u>	<u>794</u>	<u>1,317</u>	<u>51</u>	<u>621</u>	<u>3,785</u>
At 31 March 2009	<u>380</u>	<u>841</u>	<u>923</u>	<u>1,769</u>	<u>68</u>	<u>482</u>	<u>4,463</u>

Notes:

Asset financing- all assets are owned. The valuation of land and buildings was carried out as at 31 March 2010 by King Sturge, Chartered Surveyors.

	Land £000	Buildings £000	Leasehold improvements £000	Information technology £000	Plant and machinery £000	Furniture and fittings £000	Total £000
Cost or valuation							
At 1 April 2008	-	1,064	-	3,720	-	1,855	6,639
Additions	400	809	959	620	83	125	2,996
Impairment	(20)	(993)	-	-	-	-	(1,013)
At 31 March 2009	<u>380</u>	<u>880</u>	<u>959</u>	<u>4,340</u>	<u>83</u>	<u>1,980</u>	<u>8,622</u>
Depreciation							
At 1 April 2008	-	11	-	1,427	-	1,161	2,599
Charged in year	-	28	36	1,144	15	337	1,560
At 31 March 2009	<u>-</u>	<u>39</u>	<u>36</u>	<u>2,571</u>	<u>15</u>	<u>1,498</u>	<u>4,159</u>
Net Book Value							
At 31 March 2009	<u>380</u>	<u>841</u>	<u>923</u>	<u>1,769</u>	<u>68</u>	<u>482</u>	<u>4,463</u>
At 31 March 2008	<u>-</u>	<u>1,053</u>	<u>-</u>	<u>2,293</u>	<u>-</u>	<u>694</u>	<u>4,040</u>

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Notes continued

10. Property, plant and equipment

Group	Land £000	Buildings £000	Leasehold improvements £000	Information technology £000	Plant and machinery £000	Furniture and fittings £000	Total £000
Cost or valuation							
At 1 April 2007	-	1,045	-	4,269	-	4,209	9,523
Additions	-	27	-	1,793	-	276	2,096
Disposals	-	-	-	(2,342)	-	(2,630)	(4,972)
Impairment	-	(8)	-	-	-	-	(8)
At 31 March 2008	-	1,064	-	3,720	-	1,855	6,639
Depreciation							
At 1 April 2007	-	-	-	2,813	-	3,391	6,204
Charged in year	-	30	-	954	-	398	1,382
Disposals	-	-	-	(2,340)	-	(2,628)	(4,968)
Depreciation write back	-	(19)	-	-	-	-	(19)
At 31 March 2008	-	11	-	1,427	-	1,161	2,599
Net Book Value							
At 31 March 2008	-	1,053	-	2,293	-	694	4,040
At 31 March 2007	-	1,045	-	1,456	-	818	3,319

Agency

	Land £000	Buildings £000	Leasehold improvements £000	Information technology £000	Plant and machinery £000	Furniture and fittings £000	Total £000
Cost or valuation							
At 1 April 2009	380	853	959	2,245	83	1,582	6,102
Additions	-	(7)	1	505	-	279	778
Impairment	(130)	(39)	-	-	-	-	(169)
At 31 March 2010	250	807	960	2,750	83	1,861	6,711
Depreciation							
At 1 April 2009	-	28	36	1,404	15	1,286	2,769
Charged in year	-	44	130	516	17	143	850
At 31 March 2010	-	72	166	1,920	32	1,429	3,619
Net Book Value							
At 31 March 2010	250	735	794	830	51	432	3,092
At 31 March 2009	380	825	923	841	68	296	3,333

Notes (continued)

10. Property, plant and equipment (continued)

Agency	Land £000	Buildings £000	Leasehold improvements £000	Information technology £000	Plant and machinery £000	Furniture and fittings £000	Total £000
Cost or valuation							
At 1 April 2008	-	1,037	-	1,839	-	1,534	4,410
Additions	400	809	959	406	83	48	2,705
Impairment	(20)	(993)	-	-	-	-	(1,013)
At 31 March 2009	380	853	959	2,245	83	1,582	6,102
Depreciation							
At 1 April 2008	-	2	-	937	-	1,068	2,007
Charged in year	-	26	36	467	15	218	762
At 31 March 2009	-	28	36	1,404	15	1,286	2,769
Net Book Value							
At 31 March 2009	380	825	923	841	68	296	3,333
At 31 March 2008	-	1,035	-	902	-	466	2,403
Cost or valuation							
At 1 April 2007	-	1,045	-	4,269	-	4,209	9,523
Additions	-	-	-	374	-	(41)	333
Disposals	-	-	-	(2,804)	-	(2,634)	(5,438)
Impairment	-	(8)	-	-	-	-	(8)
At 31 March 2008	-	1,037	-	1,839	-	1,534	4,410
Depreciation							
At 1 April 2007	-	-	-	2,813	-	3,391	6,204
Charged in year	-	21	-	464	-	305	790
Disposals	-	-	-	(2,340)	-	(2,628)	(4,968)
Depreciation write back	-	(19)	-	-	-	-	(19)
At 31 March 2008	-	2	-	937	-	1,068	2,007
Net Book Value							
At 31 March 2008	-	1,035	-	902	-	466	2,403
At 31 March 2007	-	1,045	-	1,456	-	818	3,319

Notes (continued)

11. Intangible operating assets

Intangible assets comprise software licences

	Group £000	Agency £000
Cost		
As at 1 April 2009	1,841	1,632
Additions in year	97	-
As at 31 March 2010	<u>1,938</u>	<u>1,632</u>
 Amortisation		
As at 1 April 2009	1,113	1,101
Amortisation in year	444	362
As at 31 March 2010	<u>1,557</u>	<u>1,463</u>
 Net Book Value		
As at 31 March 2010	<u>381</u>	<u>169</u>
 As at 31 March 2009	<u>728</u>	<u>531</u>
	Group £000	Agency £000
Cost		
As at 1 April 2008	1,499	1,499
Additions in year	342	133
As at 31 March 2009	<u>1,841</u>	<u>1,632</u>
 Amortisation		
As at 1 April 2008	676	676
Amortisation in year	437	425
As at 31 March 2009	<u>1,113</u>	<u>1,101</u>
 Net Book Value		
As at 31 March 2009	<u>728</u>	<u>531</u>
 As at 31 March 2008	<u>823</u>	<u>823</u>
	Group £000	Agency £000
Cost		
As at 1 April 2007	798	798
Additions in year	701	701
As at 31 March 2008	<u>1,499</u>	<u>1,499</u>
 Amortisation		
As at 1 April 2007	336	336
Amortisation in year	340	340
As at 31 March 2008	<u>676</u>	<u>676</u>
 Net Book Value		
As at 31 March 2008	<u>823</u>	<u>823</u>
 As at 31 March 2007	<u>462</u>	<u>462</u>

Notes (continued)

12. Investments held as fixed asset investments

Group

	North West BIS	North West Seed Fund	Rising Stars	JESSICA	Transitional Loan Fund	Held by subsidiary	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 April 2009	21,038	2,870	8,790	-	3,870	-	36,568
Additions	1,657	-	-	73,000	1,750	575	76,982
Disposals	-	-	(378)	-	-	-	(378)
Repayments in year	(688)	-	-	-	-	(2)	(690)
At 31 March 2010	22,007	2,870	8,412	73,000	5,620	573	112,482
Impairments							
At 1 April 2009	5,633	54	3,721	-	248	-	9,656
Movement in provision	2,447	(90)	(2,380)	(54)	1,676	-	1,599
At 31 March 2010	8,080	(36)	1,341	(54)	1,924	-	11,255
Net Book Value							
At 31 March 2010	13,927	2,906	7,071	73,054	3,696	573	101,227
<i>Net Book Value</i>							
At 31 March 2009	15,405	2,816	5,069	-	3,622	-	26,912
<i>Net Book Value</i>							
At 31 March 2008	16,290	1,504	5,039	-	-	-	22,833
Agency Interest 31 March 2010	75.00%	100.00%	52.94%	100.00%	100.00%	100.00%	
Agency Interest 31 March 2009	75.00%	80.00%	42.40%	-	100.00%	-	
Agency Interest 31 March 2008	75.00%	80.00%	37.90%	-	-	-	

Agency

	North West BIS	North West Seed Fund	Rising Stars	JESSICA	Transitional Loan Fund	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2009	21,038	2,870	8,790	-	3,870	36,568
Additions	1,657	-	-	73,000	1,750	76,407
Disposals	-	-	(378)	-	-	(378)
Repayments in year	(688)	-	-	-	-	(688)
At 31 March 2010	22,007	2,870	8,412	73,000	5,620	111,909
Impairments						
At 1 April 2009	5,633	54	3,721	-	248	9,656
Movement in provision	2,447	(90)	(2,380)	(54)	1,676	1,599
At 31 March 2010	8,080	(36)	1,341	(54)	1,924	11,255
Net Book Value						
At 31 March 2010	13,927	2,906	7,071	73,054	3,696	100,654
<i>Net Book Value</i>						
At 31 March 2009	15,405	2,816	5,069	-	3,622	26,912
<i>Net Book Value</i>						
At 31 March 2008	16,290	1,504	5,039	-	-	22,833

Notes (continued)

12. Investments held as fixed asset investments (continued)

The Agency has loan investments in the North West Business Investment Scheme (NW BIS), the North West Seed Fund and the Rising Stars Growth Fund. These limited partnerships provide funding, in the form of loans and equity, to small businesses in the North West region. After recovery of the loan investment, the Agency is entitled to a return on investments equivalent to its interest in the fund as shown above. The NW BIS has been primarily funded by the European Union with the objective of making equity based investments in small & medium enterprises (SMEs) in the North West region.

The Transitional Loan Fund was established to provide loans to SMEs in the region to obtain finance for working capital in the absence of conventional commercial sources. Funding is available to companies with a viable business plan that can demonstrate an ability to service the borrowing required.

The Joint European Support for Sustainable Investment in City Areas ("JESSICA") was set up during the year. The total value of the initial funding was £101m, which comprised European Regional Development Funding (ERDF) of £50.5m and match funding from the Agency of £50.5m. The fund is operated by the European Investment Bank on behalf of the Agency.

Investments held by a subsidiary are investments made by NWDA VCLF HF LLP in the Interim Transitional Loan Fund. This fund was established to provide loans to SMEs in the region to obtain finance for working capital in the absence of conventional commercial sources.

Notes (continued)

13. Interests in subsidiaries, associates and joint ventures

Subsidiaries

Name	Interest	Nature	Type
Estuary Management Company Limited	100%	Provision of Services at the Estuary Commerce Park	Company Limited by Guarantee
Rural Regeneration Cumbria Limited	81%	Regeneration of Furness and Cumbria	Company Limited by Guarantee
NorwePP (NWDA Subsidiary) Limited	100%	Shareholder in NorwePP (General Partner) Limited	Private Limited Company
NW VCLF HF LLP	100%	Investment in SMEs via equity and loan finance	Limited Liability Partnership
North West Business Link Limited	100%	Business support, advice and information service	Company Limited by Guarantee

Joint Ventures

Name	Interest	Nature	Type
New East Manchester Limited	33.333%	Regeneration of East Manchester	Company Limited by Guarantee
Re Blackpool URC Limited	50%	Regeneration of Blackpool	Company Limited by Guarantee
Central Salford URC Limited	33.333%	Regeneration of Central Salford	Company Limited by Guarantee
NorwePP Limited Partnership	49.95%	Investment in properties in the North West	Limited Partnership
NorwePP (General Partner) Limited	50%	General partner of NorwePP Limited Partnership	Private Limited Company

Associates

Name	Interest	Nature	Type
Liverpool Vision Limited URC	33.333%	Urban Regeneration of Liverpool	Company Limited by Guarantee
Furness West Cumbria New Vision URC Limited	20%	Regeneration of West Cumbria	Company Limited by Guarantee
Maryport Developments Limited	20.4% ordinary share capital 100% preference share capital	Management of the Development of Maryport Harbour	Private Limited Company
North West Business Finance Limited	20%	Investment in SMEs via equity and loan finance	Private Limited Company
Cumbria Vision Limited	12.5%	Regeneration of Cumbria	Private Limited Company
Daresbury Science and Innovation Campus Limited	16.667%	Management of Daresbury Innovation Campus	Company Limited by Guarantee
Hadrians Wall Heritage Limited	25%	Regeneration of the Hadrian's Wall World Heritage Site	Company Limited by Guarantee

Notes (continued)

13. Interests in subsidiaries, associates and joint ventures (continued)

Key Financial Results of Subsidiaries

	2010 Total	2010 Agency share	2009 Total	2009 Agency Share
	£000	£000	£000	£000
Estuary Management Company Limited				
Profit/(loss) for the year after taxation	-	-	-	-
North West Business Link Limited				
Profit/(loss) for the year after taxation	174	174	(215)	(215)
NW VCLF HF LLP				
(Loss) for the year after taxation	(354)	(354)	-	-
Total (Loss)/Profit of Subsidiaries for the year after taxation	(180)	(180)	(215)	(215)

NorwePP (NWDA Subsidiary) Limited did not trade during the year.

Rural Regeneration Cumbria Limited ceased trading on 31 August 2006.

The Estuary Management Company Limited is a non-profit making company. Any surplus/deficit is returned to/recovered from the tenants.

Investments in Net Assets of Subsidiaries

	2010 Total	2010 Agency share	2009 Total	2009 Agency Share	2008 Total	2008 Agency Share
	£000	£000	£000	£000	£000	£000
Gross Assets						
Estuary Management Company Limited	151	151	134	134	95	95
Rural Regeneration Cumbria Limited	-	-	-	-	-	-
NorwePP (NWDA Subsidiary) Limited	1	1	1	1	1	1
North West Business Link Limited	4,850	4,850	6,558	6,558	7,451	7,451
NW VCLF HF LLP	18,240	18,240	-	-	-	-
	23,242	23,242	6,693	6,693	7,547	7,547
Gross Liabilities						
Estuary Management Company Limited	151	151	134	134	95	95
Rural Regeneration Cumbria Limited	-	-	-	-	-	-
NorwePP (NWDA Subsidiary) Limited	1	1	1	1	1	1
North West Business Link Limited	698	698	2,580	2,580	2,691	2,691
NW VCLF HF LLP	94	94	-	-	-	-
	944	944	2,715	2,715	2,787	2,787
Net Assets						
Estuary Management Company Limited	-	-	-	-	-	-
Rural Regeneration Cumbria Limited	-	-	-	-	-	-
NorwePP (NWDA Subsidiary) Limited	-	-	-	-	-	-
North West Business Link Limited	4,152	4,152	3,978	3,978	4,760	4,760
NW VCLF HF LLP	18,146	18,146	-	-	-	-
	22,298	22,298	3,978	3,978	4,760	4,760

Notes (continued)

13. Interests in subsidiaries, associates and joint ventures (continued)

Key Financial Results of Joint Ventures

	2010 Total	2010 Agency share	2009 Total	2009 Agency Share
	£000	£000	£000	£000
New East Manchester Limited				
Profit/(loss) for the year after taxation	16	6	(111)	(37)
Central Salford URC Limited				
(Loss)/profit for the year after taxation	(3)	(1)	7	2
Re Blackpool Urban Regeneration Company Limited				
(Loss) for the year after taxation	-	-	-	-
NorwePP Limited Partnership				
Profit/(loss) for the year after taxation	1,546	772	(78)	(39)
NorwePP (General Partner) Limited				
Profit/(loss) for the year after taxation	1	-	2	1
Total Profit/(Loss) of Joint Ventures for the year after taxation	1,560	777	(180)	(73)

Investments in Net Assets of Joint Ventures

	2010 Total	2010 Agency share	2009 Total	2009 Agency share	2008 Total	2008 Agency Share
	£000	£000	£000	£000	£000	£000
Gross Assets						
New East Manchester Limited	634	211	652	217	507	169
Liverpool Land Development Company Limited	-	-	-	-	7,661	2,554
Re Blackpool Urban Regeneration Company Limited	166	83	128	64	99	49
Central Salford URC Limited	224	75	222	74	171	57
NorwePP Limited Partnership	94,556	47,231	101,844	50,871	152,573	76,210
NorwePP (General Partner) Limited	3	2	3	2	1	1
	95,583	47,602	102,849	51,228	161,012	79,040
Gross Liabilities						
New East Manchester Limited	490	163	641	213	342	114
Liverpool Land Development Company Limited	-	-	-	-	7,661	2,554
Re Blackpool Urban Regeneration Company Limited	166	83	128	64	99	49
Central Salford URC Limited	224	75	215	71	171	57
NorwePP Limited Partnership	133,053	66,460	141,162	70,510	150,547	75,197
NorwePP (General Partner) Limited	-	-	1	1	-	-
	133,933	66,781	142,147	70,859	158,820	77,971
Net Assets						
New East Manchester Limited	144	48	11	4	165	55
Liverpool Land Development Company Limited	-	-	-	-	-	-
Re Blackpool Urban Regeneration Company Limited	-	-	-	-	-	-
Central Salford URC Limited	-	-	7	3	-	-
NorwePP Limited Partnership	(38,497)	(19,229)	(39,318)	(19,639)	2,026	1,013
NorwePP (General Partner) Limited	3	2	2	1	1	1
	(38,350)	(19,179)	(39,298)	(19,631)	2,192	1,069

Renewables North West Limited was dissolved on 12 January 2010

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Notes (continued)

13. Interests in subsidiaries, associates and joint ventures (continued)

Key Financial Results of Associates

	2010 Total £000	2010 Agency share £000	2009 Total £000	2009 Agency share £000
Liverpool Vision Limited				
Profit for the year after taxation	208	69	1,725	575
Furness West Cumbria New Vision Limited				
(Loss) for the year after taxation	(3)	(1)	(10)	(2)
Maryport Developments Limited				
(Loss) for the year after taxation	(190)	(39)	(681)	(139)
North West Business Finance Limited				
(Loss) for the year after taxation	(652)	(130)	-	-
Cumbria Vision Limited				
(Loss) for the year after taxation	(60)	(7)	(25)	(3)
Daresbury Science and Innovation Campus Limited				
Profit for the year after taxation	-	-	9	2
Hadrian's Wall Heritage Limited				
Profit for the year after taxation	2	1	2	-
Total Profit/(Loss) of Associates for the year after taxation	(695)	(107)	1,020	433

The Agency resigned its membership of Elevate East Lancashire Limited on 23 November 2009.

Investments in Net Assets of Associates

	2010 Total £000	2010 Agency share £000	2009 Total £000	2009 Agency share £000	2008 Total £000	2008 Agency Share £000
Gross Assets						
Liverpool Vision Limited	5,052	1,684	3,279	1,093	276	92
Furness West Cumbria New Vision Ltd	1,051	210	1,077	215	1,091	218
Maryport Developments Limited	3,169	647	3,163	645	3,952	806
North West Business Finance Limited	185,776	38,255	-	-	-	-
Elevate East Lancashire Limited	-	-	-	-	-	-
Cumbria Vision Limited	91	11	302	38	296	37
Daresbury Science and Innovation Campus Limited	1,131	189	447	75	364	61
Hadrian's Wall Heritage Limited	1,542	385	1,368	342	379	95
	197,812	41,381	9,636	2,408	6,358	1,309
Gross Liabilities						
Liverpool Vision Limited	3,543	1,181	1,557	519	172	57
Furness West Cumbria New Vision Ltd	968	193	959	192	944	189
Maryport Developments Limited	3,308	675	3,308	675	4,146	846
North West Business Finance Limited	186,428	37,285	-	-	-	-
Elevate East Lancashire Limited	-	-	-	-	-	-
Cumbria Vision Limited	280	35	302	38	272	34
Daresbury Science and Innovation Campus Limited	1,151	192	433	72	347	58
Hadrian's Wall Heritage Limited	1,499	375	1,328	332	340	85
	197,177	39,936	7,887	1,828	6,221	1,269
Net Assets						
Liverpool Vision Limited	1,509	503	1,722	574	104	35
Furness West Cumbria New Vision Ltd.	83	17	118	23	147	29
Maryport Developments Limited	(139)	(28)	(145)	(30)	(194)	(40)
North West Business Finance Limited	(652)	970	-	-	-	-
Elevate East Lancashire Limited	-	-	-	-	-	-
Cumbria Vision Limited	(189)	(24)	-	-	24	3
Daresbury Science and Innovation Campus Limited	(20)	(3)	14	3	17	3
Hadrian's Wall Heritage Limited	43	10	40	10	39	10
	635	1,445	1,749	580	137	40

Notes (continued)

14. Financial assets – long term loans

	Group 2010 £000	Agency 2010 £000
Cost:		
As at 1 April 2009	103,839	103,839
Amounts repaid in year	(8,000)	(8,000)
As at 31 March 2010	<u>95,839</u>	<u>95,839</u>
Repayable within 12 months – debtors	10,000	10,000
Repayable after more than one year	85,839	85,839
	Group 2009 £000	Agency 2009 £000
Cost:		
As at 1 April 2008	113,839	113,839
Amounts repaid in year	(10,000)	(10,000)
As at 31 March 2009	<u>103,839</u>	<u>103,839</u>
Repayable within 12 months – debtors	10,000	10,000
Repayable after more than one year	93,839	93,839
	Group 2008 £000	Agency 2008 £000
Cost:		
As at 1 April 2007	119,960	119,960
Arising in year-NorwePP Limited Partnership (See note 13)	5,879	5,879
Amounts repaid in year	(12,000)	(12,000)
As at 31 March 2008	<u>113,839</u>	<u>113,839</u>
Repayable within 12 months – debtors	10,000	10,000
Repayable after more than one year	103,839	103,839

Notes (continued)

14. Financial assets – long term loans (continued)

Amounts repaid in year

The Limited Partnership Agreement allows for the repayment of Loan Note B to be either 20% greater or 20% less than the relevant amount of £10 million for each accounting year as set out in the Schedule of Payments.

Public Private Partnership

On 8 December 2006 the Agency entered into a 10 year partnership with Ashtenne Industrial Fund Limited Partnership in relation to its property portfolio. All investment property assets and some of the development property assets were transferred to a 50:50 joint venture arrangement with Ashtenne Industrial Fund Limited for a consideration of £132,759,667.

Further development property assets were transferred during the previous year for a consideration of £5,879,428.

Consideration details

In return for transferring the properties the Agency received two loan notes to the value of the transfer payable over the duration of the partnership as follows:

	£
Loan Note A	34,159,774
Loan Note B	104,479,321

Loan Note B carries interest at 5% per annum and is repayable by instalments up to 31 March 2016.

Loan Note A carries interest of 5% on the excess of the loan over the amount of the Loan Note of Ashtenne Industrial Fund. Ashtenne had matched the value of the loan by 31 March 2010), so interest will not accrue on this Loan Note in future years.

Loan Note A is only repayable at the end of the partnership.

During the year the Agency received interest of £3,319,475 (2009 £4,106,387) on the Loan Notes.

The management of the properties is carried out by Ashtenne Asset Management Limited. The Agency is entitled to receive a share in rental income and any uplift in value of the properties.

During the year the Agency received a distribution of £120,906 (2009 £332,277) for its share of profits.

NWDA has first ranking security over the assets of the partnership to the value of any outstanding amount that has not been redeemed from Loan Note B. This security takes priority above that of any third party finance taken out by the partnership.

Notes (continued)

14. Financial assets – long term loans (continued)

Structure of the joint venture arrangement

NorwePP Limited Partnership is effectively the joint venture vehicle. NWDA owns 49.95%, Ashtenne Industrial Fund Limited owns 49.95%, and 0.1% is owned by NorwePP (General Partner) Limited.

NorwePP (General Partner) Limited is owned equally by NorwePP (NWDA Subsidiary) Limited and Ashtenne Industrial Fund Limited Partnership.

In turn NorwePP (NWDA Subsidiary) Limited is 100% owned by NWDA and Ashtenne Industrial Fund Limited Partnership is 100% owned by Ashtenne Industrial Fund General Partner Limited .

15. Financial instruments

As the cash requirements of the Agency are met through Grant -in- Aid provided by the Department for Business, Innovation and Skills, financial instruments play a more limited role in creating and managing risk than would apply to a non- public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity or market risk.

Categories of financial instruments (Group)	2010	2010	2009	2009	2008	2008
	Loans and receivables	Designated at Fair Value	Loans and receivables	Designated at Fair Value	Loans and receivables	Designated at Fair Value
Financial assets	£000	£000	£000	£000	£000	£000
Trades and other receivables	23,824	-	18,837	-	21,915	-
Investments	(17,734)	101,227	(19,051)	26,912	1,109	22,833
Long term loans	85,839	-	93,839	-	103,839	-
Short term loans	10,001	-	10,015	-	10,033	-
ERDF deposits received in advance	33,734	-	28,522	-	-	-
Cash at bank and in hand	51,385	-	58,705	-	73,578	-
	187,049	101,227	190,867	26,912	210,474	22,833
Financial liabilities	Other financial liabilities		Other financial liabilities		Other financial liabilities	
	£000		£000		£000	
Trade and other payables	231,065		211,457		205,706	
	231,065		211,547		205,706	

Notes (continued)

15. Financial instruments (continued)

Embedded derivatives

In accordance with IAS39, "Financial instruments: Recognition and Management", the Agency has reviewed material contracts for embedded derivatives that are required to be separately accounted for if they do not meet specific requirements set out in the standard. No instances were found that required embedded derivatives to be recognised at their fair value, separately from the non-derivative host contract. For the contracts reviewed, the economic characteristics and risks were closely related to those of the host contract.

16. Impairments

	2010	2009
	£000	£000
The total impairment charge for the year is made up as follows:		
Charged direct to Net Expenditure Account:		
Property, plant and equipment	169	994
Investments	1,279	1,950
Development property assets	8,688	14,113
Loss from share in joint ventures	-	20,699
	10,136	37,756
Charged to Revaluation Reserve:		
Property, plant and equipment	-	19
Development property assets	2,042	8,612
	2,042	8,631
Total charge	12,178	46,387

17. Inventories - Development assets

	Group	Agency	Group	Agency	Group	Agency
	2010	2010	2009	2009	2008	2008
	£000	£000	£000	£000	£000	£000
As at 1 April	62,740	62,740	84,384	84,384	88,034	88,034
Additions in year	9,364	9,364	4,435	4,435	6,119	6,119
Transfers to NorwePP Limited Partnership	-	-	-	-	(5,879)	(5,879)
Disposals	(4,681)	(4,681)	(3,354)	(3,354)	(8,302)	(8,302)
Amounts written down	(9,371)	(9,371)	(15,355)	(15,355)	(5,478)	(5,478)
Amounts written back	683	683	1,242	1,242	5,241	5,241
Transfers to/(from) revaluation reserve	(2,042)	(2,042)	(8,612)	(8,612)	4,649	4,649
	56,693	56,693	62,740	62,740	84,384	84,384
As at 31 March	56,693	56,693	62,740	62,740	84,384	84,384

Development assets of £28 million have been used to provide "in kind" match funding for the JESSICA programme. These properties cannot be disposed of until substitute cash match funding is provided by recipients of grant under the JESSICA programme.

Notes (continued)

18. Trade receivables and other current assets

	Group 2010 £000	Agency 2010 £000	Group 2009 £000	Agency 2009 £000	Group 2008 £000	Agency 2008 £000
Trade receivables	14,280	13,967	11,202	10,338	7,918	6,864
Other receivables	5,574	5,574	4,564	4,564	10,430	10,430
Prepayments and accrued income	3,269	1,315	2,977	1,504	2,036	1,427
Value Added Tax	351	345	94	93	20	-
European Regional Development Fund	325	325	-	-	1,511	1,143
Rural Loans	1	1	15	15	33	33
	23,800	21,527	18,852	16,514	21,948	19,897

Intra-government balance analysis:

	2010 £000	2010 £000	2009 £000	2009 £000	2008 £000	2008 £000
Balances with other central government bodies	11,797	11,492	4,485	5,289	9,020	8,213
Balances with local authorities	-	-	236	236	1,214	1,158
Balances with NHS trusts	22	22	-	-	46	46
Balances with bodies external to government	11,981	10,013	14,131	10,989	11,668	10,480
	23,800	21,527	18,852	16,514	21,948	19,897

Non-current assets

	2010 £000	2010 £000	2009 £000	2009 £000	2008 £000	2008 £000
Prepayments and accrued income	25	-	-	-	-	-

19. Cash and cash equivalents

	Group 2010 £000	Agency 2010 £000	Group 2009 £000	Agency 2009 £000	Group 2008 £000	Agency 2008 £000
Balance at 1 April	87,227	85,004	73,070	72,041	58,747	58,702
Net change in cash and cash equivalent balances	(2,108)	(18,870)	14,157	12,963	14,323	13,339
Balance at 31 March	85,119	66,134	87,227	85,004	73,070	72,041

The balances at 31 March 2010, 2009 and 2008 were all held at commercial banks and as cash in hand.

Group balances at 31 March 2008 and 1 April 2008 are made up as follows:

	£000
Cash at bank and in hand	73,578
Bank loans and overdrafts	(508)

Notes (continued)

20. Trade payables and other liabilities

	Group 2010 £000	Agency 2010 £000	Group 2009 £000	Agency 2009 £000	Group 2008 £000	Agency 2008 £000
Current liabilities:						
Bank loans and overdrafts	-	-	-	-	508	-
Corporation tax	1,996	1,996	285	279	-	-
Other taxation and social security	551	548	563	563	526	518
Trade payables	51,262	51,428	59,019	58,988	54,154	54,058
Other payables	969	953	1,438	1,991	1,861	1,736
Value Added Tax	-	-	-	-	523	523
Accruals and deferred income	156,848	156,510	131,773	130,956	116,385	117,989
	<u>211,626</u>	<u>211,435</u>	<u>193,078</u>	<u>192,777</u>	<u>173,957</u>	<u>174,824</u>

Intra-government balance analysis:

	2010 £000	2010 £000	2009 £000	2009 £000	2008 £000	2008 £000
Balance with other central government bodies	6,177	6,177	4,985	7,188	5,029	7,124
Balances with local authorities	69,796	69,796	64,250	64,250	82,854	82,854
Balances with NHS trusts	1,098	1,098	2,168	2,168	549	549
Balances with public corporations	800	800	-	-	-	-
Balances with bodies external to government	133,755	133,564	121,675	119,171	85,525	84,297
	<u>211,626</u>	<u>211,435</u>	<u>193,078</u>	<u>192,777</u>	<u>173,957</u>	<u>174,824</u>

Non-current liabilities:

	2010 £000	2010 £000	2009 £000	2009 £000	2008 £000	2008 £000
Deferred income- European capital grants	13,606	13,606	10,764	10,764	16,935	16,935
Deferred income – other	517	517	637	568	5,330	5,330
	<u>14,123</u>	<u>14,123</u>	<u>11,401</u>	<u>11,332</u>	<u>22,265</u>	<u>22,265</u>

Notes (continued)

21. Provisions for liabilities and charges

	Group 2010 £000	Agency 2010 £000	Group 2009 £000	Agency 2009 £000	Group 2008 £000	Agency 2008 £000
Compulsory Purchase Orders (CPOs):						
As at 1 April	5,988	5,988	9,322	9,322	12,718	12,718
Arising during the year	630	630	-	-	2,914	2,914
Released during the year	(1,793)	(1,793)	(3,334)	(3,334)	(6,310)	(6,310)
As at 31 March	<u>4,825</u>	<u>4,825</u>	<u>5,988</u>	<u>5,988</u>	<u>9,322</u>	<u>9,322</u>
Other provisions:						
As at 1 April	800	-	-	-	31	31
Charge / (credit) to the Net Expenditure Account	-	-	-	-	(22)	(22)
Arising during the year	-	-	800	-	-	-
Released during the year	(605)	-	-	-	(9)	(9)
As at 31 March	<u>195</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	5,020	4,825	6,788	5,988	9,322	9,322
Due within one year	195	-	800	-	-	-
Due after one year	4,825	4,825	5,988	5,988	9,322	9,322

CPOs:

Represent liabilities for compensation payments for land and buildings which have transferred to the Agency under CPOs. These should be settled within the next two years. The provision above has been valued by an independent chartered surveyor, but the final liability may be settled by arbitration.

Other provisions:

The provision arising in a subsidiary relates to performance payments payable to staff but awaiting board approval.

22. Capital commitments

Contracted capital commitments at the end of the financial year not otherwise included in these financial statements:

	Group 2010 £000	Agency 2010 £000	Group 2009 £000	Agency 2009 £000
Development assets	<u>23,338</u>	<u>23,338</u>	<u>16,860</u>	<u>16,860</u>

Notes (continued)

23. Commitments under operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	Group 2010 £000	Agency 2010 £000	Group 2009 £000	Agency 2009 £000
Buildings:				
Leases expiring:				
Not later than one year	1,567	1,163	1,644	1,221
Later than one year and not later than 5 years	5,643	4,220	6,106	4,413
Later than five years	8,496	7,793	10,480	8,763
	<u>15,706</u>	<u>13,176</u>	<u>18,230</u>	<u>14,397</u>
Other:				
Leases expiring:				
Not later than one year	252	240	298	296
Later than one year and not later than 5 years	129	111	266	265
Later than five years	-	-	-	-
	<u>381</u>	<u>351</u>	<u>564</u>	<u>561</u>
	<u>16,087</u>	<u>13,527</u>	<u>18,794</u>	<u>14,958</u>

Rental costs of operating leases are charged to the Net Expenditure Account on a straight line basis over the term of the leases.

24. Operating leases granted

The Agency earns rental income by leasing some of its development properties to tenants under operating leases. At the balance sheet date the Group had contracted with tenants to receive the following future minimum lease payments:

	Group 2010 £000	Agency 2010 £000	Group 2009 £000	Agency 2009 £000
Within 1 year	1,848	1,848	1,386	1,386
2- 5 years	4,207	4,207	2,783	2,783
Greater than 5 years	13,513	13,513	4,998	4,998
	<u>19,568</u>	<u>19,568</u>	<u>9,167</u>	<u>9,167</u>

Notes (continued)

25. Contingent liabilities

The regeneration of Ancoats as an urban village is a major project for the Agency and is anticipated to make a vital contribution to the regeneration of East Manchester and the growth of the region.

The project includes a programme of purchases under a Compulsory Purchase Order (CPO). Over the last five years the Agency has acquired nearly 200 plots of land and repackaged these into a smaller number of plots more suitable for redevelopment. The CPO process enables these acquisitions to take place without the price of each purchase needing to have been agreed with or paid to the former landowners.

Under CPO legislation, the former owners submit claims to the Agency for the compensation they believe is due. A period of negotiation then follows. If a valuation cannot be agreed through negotiation, the final settlement is ultimately resolved through a reference to and ruling of The Lands Tribunal. Over 95% of compensation due has already been paid.

Provision of £0.9 million has been made in the accounts for the compensation outstanding on the Ancoats project. This is based on both the judgement exercised by the management of the Agency and an independent valuation and assessment by GVA Grimley, the appointed Consultant Surveyors. This provision covers the most likely cost of the compensation not yet agreed or paid. The Agency believes that the valuation provided is sufficient in terms of market conditions at the date of vesting and capable of being successfully defended at a Tribunal if this proves necessary.

However there is a contingent liability of £0.75 million based upon the difference between the amounts of compensation which have been offered and provided for and the former land owners' views of the compensation amounts they are entitled to.

The balance in the CPO provision relates to the Rochdale Kingsway project and there is no contingent liability.

26. Related party transactions

The Northwest Regional Development Agency is a Non-Departmental Public Body sponsored by the Department for Business, Innovation and Skills ('BIS'). BIS is regarded as a related party with which, during the year, Northwest Regional Development Agency has had a significant number of material transactions.

In addition, the Agency has had various material transactions with other Government Departments and other central bodies. Most of these transactions have been with the Department for Communities and Local Government and the Homes and Communities Agency (HCA).

Other Regional Development Agencies are also sponsored by BIS and so are regarded as related parties. The Agency has had transactions with East of England Development Agency, East Midlands Development Agency, Advantage West Midlands, One North East, South East England Development Agency, South West of England Development Agency and Yorkshire Forward in the year.

Notes (continued)

26. Related party transactions (continued)

Board Members took no part in the discussions which concerned organisations that Board Members have connections with as reported in the Register of Members' Interests.

During the year none of the Board Members, key management staff or other related parties has undertaken any material transactions with the Northwest Regional Development Agency apart from those detailed below

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Name and Related Party	Position	Payments made to organisations	Income to the Agency	Year end balances
(a) Board Members				
Robert Hough DL				
Business in the Community (represents NWDA)	Board Member	692,933		110,345
Northwest Business Link	Board Member	23,048,636		229,550
Learning & Skills Council (represented NWDA)	Board Member (to 31/03/2010)	3,330,727	7,875	703,248
New East Manchester Limited	Chair (to 03/02/2010)	9,119,318		
North West Vision and Media (represents NWDA)	Board Member	7,356,934		
The North West Business Leadership Team	Board Member (to 17/08/2009)	10,000		
University of Manchester	Governor	18,504,837		144,151
Vanda Murray OBE				
Northwest Business Link	Chair	23,048,636		229,550
Peter Allen MBE				
Natural England	Board Member	309,944		
John Brooks				
Daresbury Science and Innovation Campus (represents NWDA)	Chair	263,409		
Manchester Knowledge Capital Ltd.	Board Member	127,064		
Manchester Metropolitan University	Vice Chancellor	1,154,605	50,806	68,577
Joe Dwek CBE				
Northwest Business Link	Board Member	23,048,636		229,550
Forestry Commission	Member	6,085,720		1,203,322
University of Manchester	Assembly Member	18,504,837		144,151
Susan Williams				
Central Salford URC Ltd (represents NWDA)	Board Member	510,000		
Manchester Enterprises Ltd (now New Economy)	Board Member (to 15 May 2009)	86,193		
New Economy (formerly Manchester Enterprises Ltd)	Board Member (to 15 May 2009)	20,417		
Manchester Knowledge Capital Ltd (formerly Manchester Enterprises Ltd)	Board Member (to 15 May 2009)	41,057		
Peter Hensman DL				
Northwest Business Link	Non-Executive Director	23,048,636		229,550
Lancaster University	Wife –Member of Court	2,024,975	8,059	1,029,472

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Churches Trust in Cumbria	Wife - Director	75,155		
Councillor Tony McDermott MBE				
Halton Borough Council	Leader	1,198,640		298,407
Councillor John Merry CBE				
Central Salford URC Ltd.	Director	510,000		
Learning & Skills Council	Board Member (to 31/03/2010)	3,330,727	7,875	703,248
Manchester Enterprises Ltd. (now New Economy)	Director	5,014,284	67,068	
New Economy (formerly Manchester Enterprises Ltd)	Director	1,369,778		
Manchester Knowledge Capital Ltd (formerly Manchester Enterprises Ltd)	Director	127,064		
Marketing Manchester	Director	705,464		732,601
Midas	Director	1,246,997		856,465
New East Manchester Limited (represents NWDA)	Director	9,899,320		7,112,001
Salford City Council	Leader	23,041,904	245,000	6,192,313
Anne Selby				
Myerscough College	Honorary Fellowship	18,739		
Lord Peter Smith				
Wigan MBC	Leader	2,115,096		
Manchester Enterprises Ltd. (now New Economy)	Member	5,014,284	67,068	
New Economy (formerly Manchester Enterprises Ltd)	Member	1,369,778		
Manchester Knowledge Capital Ltd (formerly Manchester Enterprises Ltd)	Member	127,064		
Bryan Gray CBE, DL (to August 2009)				
Lake District National Park Authority	Member	77,232		
Lancaster University	Pro Chancellor	361,866		
Learning & Skills Council	Board Member	342,729		
Lowther Castle and Gardens Trust	Trustee	158,243		
National Museums Liverpool	Trustee	2,476,641		
Peel Holdings (Media) Ltd	Chairman	2,017,963		
The Churches Trust in Cumbria	Director	49,274		
Dave McCall (to December 2009)				
Migrant Workers North West	Chairman	75,088		
Brenda Smith (to December 2009)				
Central Manchester Healthcare NHS Trust	Non Executive Director	591,494		

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(b) Executive Management Board & Board Members				
Steven Broomhead				
Campaign for Learning	Patron	10,000		
Chartered Management Institute	Member	3,000		38,000
Liverpool Vision Limited	Board Member	1,754,412		
Skelmersdale Ormskirk College	Chairman of Advisory Committee	1,000		
The Mersey Partnership	Board Member	4,340,485		531,256
University of Central Lancashire	Board Member	1,487,506	469,493	61,000
Warrington Chamber of Commerce & Industry	Director	5,530		
Wirral Metropolitan College	Chair of Strategic Options Group	31,252		147,260
Ian Haythornthwaite				
The National Football Museum	Non-Executive Director of Finance	257,676		
Peter Mearns				
Arts Council England North West	Non-Executive Council Member	12,210		2,500
North West Vision and Media	Non-Executive Board Member	7,356,934		

27. Third Party Assets

The Agency holds a third party asset of £74,383 relating to the Train to Gain programme. The funds are held on behalf of the Learning and Skills Council for subsequent distribution to Northwest Business Link.

28. Events After the Reporting Period

The Northwest Regional Development Agency's financial statements are laid before the Houses of Parliament by the Secretary of State for the Department for Business, Innovation and Skills. FRS 21 requires the Northwest Regional Development Agency to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are dispatched by the Agency to the Secretary of State for The Department for Business, Innovation and Skills. The authorised date for issue is 14 July 2010.

Following the general election on 6 May 2010, the new coalition Government outlined a series of proposed changes to how local economic development will be delivered, including the creation of Local Enterprise Partnerships to replace Regional Development Agencies. The June 2010 budget confirmed that the Government intends to abolish Regional Development Agencies through the Public Bodies Bill, and that it will issue a White Paper in summer 2010, which will set out details of these proposals. In light of this event management have reviewed the appropriateness of the preparation of the financial statements on a "going concern basis".

The Agency notes that Parliament will need to enact the legislation necessary to abolish Regional Development Agencies, and that the timing and eventual decision of Parliament on this matter is currently uncertain. Consequently, management have concluded that there exists a material uncertainty that casts doubt upon the Agency's ability to continue as a going concern.

Nevertheless, after making enquiries and discussing the situation with the Department, management are satisfied that sufficient funding is in place to enable the Agency to continue in operation and meet its obligations as they fall due. Ministers have confirmed that there will be an orderly transition to any new arrangements, and there is no reason to believe that funding will not be forthcoming to meet the Agency's obligations as they fall due. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact on the future operation of the pension schemes that the Agency provides to employees.

Notes (continued)

29. Explanation of transition to IFRS

This is the first year that the Agency has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under GAAP were for the year ended 31 March 2009 and the date of transition to IFRS was 1 April 2008.

Reconciliation of reserves at 1 April 2008 and 31 March 2009

	As at 1 April 2008		As at 31 March 2009	
	UK		UK	
	GAAP £000	IFRS £000	GAAP £000	IFRS £000
Non-current assets				
Property, plant and equipment	4,040	4,040	4,463	4,463
Intangible assets	823	823	728	728
Financial assets:				
Investments	22,833	22,833	26,912	26,912
Investments in joint ventures:				
Share of gross assets	79,040	79,040	51,228	51,228
Share of gross liabilities	(77,971)	(77,971)	(70,859)	(70,859)
Investments in associates	40	40	580	580
Long term loans	103,839	103,839	93,839	93,839
Total non-current assets	132,644	132,644	106,891	106,891
Current assets				
Inventories - development assets	84,384	84,384	62,740	62,740
Trade and other receivables	21,948	21,948	18,852	18,852
Long term loans repayable within 12 months	10,000	10,000	10,000	10,000
Cash and cash equivalents	73,578	73,578	87,227	87,227
Total current assets	189,910	189,910	178,819	178,819
Current liabilities				
Trade and other payables	(173,957)	(173,957)	(193,078)	(193,078)
Non-current assets less net current assets/liabilities	148,597	148,597	92,632	92,632
Non-current liabilities				
Provisions	(9,322)	(9,322)	(6,788)	(6,788)
Pension liabilities	(162)	(162)	(190)	(190)
Other payables	(22,265)	(22,265)	(11,401)	(11,401)
Total non-current liabilities	(31,749)	(31,749)	(18,379)	(18,379)
Assets less liabilities	116,848	116,848	74,253	74,253
Reserves				
General Reserve	31,143	31,143	9,518	9,518
Revaluation Reserve	65,653	65,653	57,022	57,022
Grant in Aid Reserve	20,052	20,052	7,713	7,713
	116,848	116,848	74,253	74,253



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