

**South West of England Regional Development  
Agency**

**Report and Accounts  
for the period 1 April 2012 to 30 June 2012**

# **South West of England Regional Development Agency**

## **Report and Accounts for the period 1 April 2012 to 30 June 2012**

Presented to Parliament pursuant to sections 15 (2) and 17 (3)  
of the Regional Development Agencies Act 1998

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## **Introduction by the Accounting Officer**

These accounts cover the final three month period leading up to the abolition of the South West Regional Development Agency (“the Agency”) on 1 July 2012.

The Agency ceased operations on the transfer of all remaining operational activity to the Department for Business, Innovation and Skills (BIS) on 30 March 2012. The results for the last year of operations are set out in the Agency’s 2011/12 Annual Report and Accounts which were published in June 2012.

In the final three month period a small number of Agency staff remained in post to complete the Agency’s Report and Accounts for 2011/12, to prepare a draft Report and Accounts for the period 1 April to 30 June 2012 for completion by BIS after abolition, and to transfer to BIS all remaining records and residual rights and obligations. The Agency’s former Chief Executive and Accounting Officer, Jane Henderson, remained in post until 30 June 2012. I became the responsible Accounting Officer for the Agency when the Agency’s Chief Executive and Accounting Officer was made redundant and I take full responsibility for the Report and Accounts for the period to 30 June 2012.

At 00.01am on 1 July 2012, all of Agency’s residual rights and obligations were legally transferred to BIS. At 00.02am on 1 July 2012 the eight remaining Regional Development Agencies, including the Agency, were abolished by an Order commencing section 30(1) of the Public Bodies Act 2011. The appointments of the Agency’s Chair and the other Board members terminated on the Agency’s abolition.

On abolition, the Regional Development Act 1998 was repealed save for the provisions concerning the completion of a report and statement of accounts for the accounting period from 1 April 2012 to 30 June 2012.

After the abolition of the Agency, the Report and Accounts have been completed by my staff, using drafts provided by Agency and drawing on additional supporting evidence and information provided by the Agency. The draft Report and Accounts were reviewed and approved in draft by Agency’s Audit Committee on 12 June 2012 and Board on 12 June 2012. I have received assurances from the former Accounting Officer about the controls exercised by her, the officers and Board of the Agency during its existence to ensure compliance with the principles of *Managing Public Money* and in particular in relation to governance, decision-making and financial management. I am content that these assurances are sufficiently accurate and robust to allow me to place reliance on them to discharge my role as Accounting Officer and to sign the Report and Accounts for the period ending 30 June 2012.

The Report includes statements by the former Chairman and former Chief Executive to provide additional context. I would like to record my thanks to them and to the Board and staff of the Agency for their work in this final accounting period.

**Martin Donnelly**

**Permanent Secretary and Accounting Officer  
Department for Business, Innovation & Skills**

## **Statement by the former Chairman**

This is the final report of the South West Regional Development (“the Agency”) covering the final three months. The closedown, our final project, has been an exemplar of how a complex closure can be achieved.

While 1 July 2012 marks the end of the Agency itself much of our work will remain as a legacy and the work we initiated will continue to deliver economic benefit across the region. Many of the seeds we planted in our years of activity are coming to flower as we depart. One example, and furthest west in Cornwall, the Wave Hub has one berth sold and all others under negotiation including an innovative evaluation of moored offshore wind. The RIF funded work east of Exeter has come to fruition with the opening of Cranbrook as the first major new settlement in Devon since the Middle Ages. In the West of England, within a year of completion, the National Composite Centre is already at capacity with plans being developed for expansion. In the east of the region, the Sailing Academy in Weymouth is set to host the 2012 Olympics.

The team who have taken the Agency through to the end have worked with extraordinary dedication and expertise and I would like to thank them publicly for their hard work. Managing closure has not been our easiest piece of work. Finally I would like to thank all those who worked on the vast project of the Agency over the last 12 years: Board Members, Chief Executives, Directors, staff and stakeholders. Much was achieved, much was built, and much was learnt by working together. I am proud that it happened.

**Sir Harry Studholme**  
**Chairman (until 30<sup>th</sup> June 2012)**

## Statement by the former Chief Executive

In accordance with Government policy, the Agency ceased operations at the end of financial year 2011/12, and the Agency's formal abolition will be at the beginning of July 2012.

By the end of March 2012, we had closed, completed or transferred to successor bodies all operational business, projects and assets, save the essentials needed for the work to be completed in the final three months to the end of June 2012. All but a dozen or so staff had departed, some transferring with continuing work but most through redundancy.

Economic development activity - our *raison d'être* – had ended many months earlier, having been winding down since the Government announced its intention to abolish RDAs in June 2010. For those interested in what we did over the dozen years of our active existence, copies of our annual reviews, strategies and plans, evaluation reports and economic analyses can be found via the University of Bristol website at [www.bristol.ac.uk/red/about/swrda](http://www.bristol.ac.uk/red/about/swrda). Also, a selection of frozen pages from our former website can be found in the national archives government web archive at [http://webarchive.nationalarchives.gov.uk/\\*/http://www.southwestrda.org.uk/](http://webarchive.nationalarchives.gov.uk/*/http://www.southwestrda.org.uk/).

The work that remained to be done in the period 1 April to 30 June to complete an orderly closedown was essentially straightforward: to deliver a certified set of accounts for 2011/12, to hand over to BIS draft accounts for the three months to 30 June 2012 for BIS to complete after our abolition, and to transfer to BIS all remaining records and residual rights and obligations.

I would like to join the Chairman in thanking everyone who has worked for or with the Agency over the past dozen years, both for the remarkable things we achieved and learned together, and also for helping to make the Agency a uniquely exciting and fulfilling place to work. It has been a privilege to be part of this collective endeavour.

**Jane Henderson**  
**Chief Executive (until 30<sup>th</sup> June 2012)**

## Accounting Officer's Report

The Accounting Officer presents his Report and Accounts for the period 1 April 2012 to 30 June 2012.

### Former Non Executive Directors (The Board)

Board members were appointed by the Secretary of State for the Department of Business, Innovation and Skills (BIS). In the final three months, the Board was responsible for ensuring the orderly closure of the Agency. In particular, Board members had corporate responsibility for ensuring that:

- a) the Agency complied with any statutory or administrative requirements for the use of public funds;
- b) high standards of corporate governance were observed; and
- c) the Agency continued to meet its requirements for openness and responsiveness.

Section 2 of the RDA Act 1998 required that the Board be constituted of not less than eight or more than 15 members. Board members were contracted to carry out two days work per month on behalf the Agency (four days in the case of the Deputy Chair). The Chairman was contracted for three days per week. At the beginning of the period, the Agency had 11 Board members. The Board quorum was six.

A register of Board members' interests is available for inspection at BIS's offices at 1 Victoria Street, London SW1H 0ET by prior arrangement.

### Former Board sub-committees and meetings

The Agency had two formal sub-committees – an Audit and Risk Committee and a Remuneration Committee. One Board meeting, two Audit and Risk Committee meetings and two Remuneration Committee meetings were held during the period.

### Former Executive Directors

The following individuals served as Executive Directors during the period:

Name	Role	Departure Date
Jane Henderson	Chief Executive	30/06/2012
Nick Lewis	Deputy Chief Executive	30/04/2012 <sup>1</sup>

### Going Concern

The Public Bodies Act, which paved the way for the abolition of all Regional Development Agencies (RDAs), received Royal Assent on 14 December 2011.

In 2011/12 BIS issued two transfer schemes for each RDA under the Act. The first came into effect on 1 January 2012, transferring remaining projects and some staff to BIS, so that the remaining projects could be completed. A second transfer scheme was made on 30 March 2012 to take away most remaining assets and liabilities so the Agency achieved operational closure by 31 March 2012. A third transfer scheme

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<sup>1</sup>Nick Lewis remained available on an informal basis to provide advice and guidance to the closure team as required until 30 June 2012. He received no additional payments for this.



took effect on 1 July 2012, transferring the Agency's remaining assets and liabilities to BIS and the Agency was then abolished on 1 July 2012. Accordingly, I concluded that the Agency was no longer a going concern as at 30 June 2012, and these accounts have not therefore been prepared on a going concern basis.

### **Accountability and Financial Framework**

The RDAs' Accountability and Financial Framework issued by BIS sets the parameters for RDAs' governance. The Department issued a revised framework in October 2011 in recognition of the revised context for RDA business in light of abolition.

The revised framework sets out the financial and governance arrangements under which the Agency should operate and states that the RDAs' *"aim, in conjunction with their purposes, set out in the RDA Act 1998, will be to secure an orderly transition and closure"*. Section 5.5 of the framework states that the Department would "communicate with and instruct" the RDAs by way of "action notes". This system incorporated all formal directions, revocations and other types of instruction received by the Agency.

During the period 1 April 2012 to 30 June 2012, the Agency complied in all material respects with the terms of the framework and associated instructions.

### **Principal Activities**

The main tasks for the Agency between 1 April 2012 and 30 June 2012 were to:

- (a) prepare the Agency's 2011/12 Annual Report and Accounts for certification by the NAO;
- (b) prepare a draft Report and Accounts for the period 1 April to 30 June 2012, and hand these over to BIS for completion, with supporting documentation; and
- (c) prepare to transfer to BIS before abolition all remaining rights and obligations and residual assets and liabilities, so that BIS were in a position to complete any outstanding work.

A small team of 13 staff, reducing to nine in May, remained employed by the Agency in April 2012 to complete these closure tasks. All of the remaining staff were made redundant on 30 June 2012.

### **Financial Results and Review**

The results for the period ended 30 June 2012 are set out in the Accounts on pages 23 to 37.

The Statement of Comprehensive Net Expenditure shows net expenditure taken to Taxpayers' Equity amounting to £1.087million. During the year Taxpayers' Equity decreased from £6.302million to £0.965million.

### **Principal risks and uncertainties**

Detail on principal risks and uncertainties are set out in the 'Risk and Internal Control' section of the Governance Statement (pages 16 to 20).

## **Special Purpose Entities**

The Agency had no special purpose entities in the period.

## **Pension costs**

The treatment of pension liabilities and the relevant pension scheme details are set out in the accounting policies note on page 29 and in the Remuneration Report on pages 7 to 14.

## **Health & Safety policies**

The Agency's health and safety policy set out how the Agency fulfilled its health and safety responsibilities to staff, visitors, contractors and anyone affected by the Agency's activities. The policy remained in force during the period, and continued to be monitored by the Health and Safety Advisor under supervision by the former Director of Human Resources & Organisational Development operating under delegated authority from the former Chief Executive.

## **Prompt Payment of Supplier Invoices**

The Agency was committed to the Better Payment Practice Code (previously the CBI Prompt Payment Code) and aimed to pay undisputed invoices within 30 days and at least 90 per cent of invoices on time and within those terms. In the three months to 30 June 2012 the Agency paid 100% of invoices on time.

## **Freedom of Information**

No requests were received or actioned in the period ending 30 June 2012. With the cessation of operations at the end of March 2012, responsibility for handling requests under the Freedom of Information Act 2000 passed to BIS.

## **Political and charitable donations**

No political or charitable donations were made.

## **Sustainability Reporting**

The Agency has been granted an exemption from HM Treasury requirements on sustainability reporting because it now falls below the size threshold.

## **Auditors**

The Comptroller and Auditor General is appointed by statute to audit the Agency, and reports to Parliament on the truth and fairness of the 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 £13,000. The Comptroller and Auditor General has statutory powers to report on the economy, efficiency and effectiveness with which the Agency has used its resources.

As far as the Accounting Officer is aware, there is no relevant audit information of which the Agency'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 Agency's auditors are aware of that information.

## **Remuneration report**

This report deals with the remuneration of the former Chair, Chief Executive, Board members and Directors who had influence over the decisions of the Agency as a whole.

### **Remuneration Policy**

No pay increases were awarded to staff in the period. However, in accordance with the Agency's scheme approved by BIS in December 2010, a number of staff were eligible to receive retention payments, provided they remained with the Agency until their work was deemed complete and performed to the standard required. No other performance-related payments were made.

### **Remuneration Committee**

Three members of the former Board sat on the Agency's Remuneration Committee: the Committee was chaired by Ellen Winser, and the other members were Cathy Bakewell and Sir Harry Studholme. The Committee met twice during the period, April to June 2012. The Committee's main task in the period was to consider and, provided it was satisfied the conditions had been met, to approve the release of retention payments to those staff whose roles had been identified 18 months earlier as critical to an effective closure. In the case of the former Chief Executive and former Finance Director, retention payments were conditional on certification of the Agency's 2011/12 Annual Report and Accounts and were subject to additional approval by me.

### **Former Board members' remuneration**

Former Board members were appointed on fixed term contracts by the Secretary of State for Business, Innovation and Skills in accordance with the Commission of Public Appointments Code. All members except the Chairman and Deputy Chairman were contracted to carry out two days' work per month. The Chairman was contracted to carry out three days' work per week and the Deputy Chairman to carry out four days work per month. The remuneration of the former Board was set by BIS, and reviewed in line with the recommendations of the Senior Salaries Review Body. The following sections provide details of the remuneration and pension interests of the former Board members, Chief Executive and Executive Directors, and have been audited.

## Emoluments of the former Board members (Audited)

	Date of Appointment / Re-appointment	Term of Appointment	Date Term Expired	Emoluments to 30 June 2012	Pension contributions to 30 June 2012	Total to 30 June 2012	Total 2011/12
				£	£	£	£
Harry Studholme – Chair	30-Mar-09	to 13-Dec-12	30-June-12	20,430	4,964	25,394	101,575
Kelvyn Derrick - Deputy Chair	14-Dec-11	1 year	30-June-12	4,333	0	4,333	17,332
Catherine Bakewell	14-Dec-09	3 years	30-June-12	2,167	0	2,167	8,666
Ian Ducat	14-Dec-11	1 year	30-June-12	2,167	0	2,167	8,666
David Fursdon	14-Dec-09	3 years	30-June-12	2,167	0	2,167	8,666
Chris Lewis	14-Dec-09	3 years	30-June-12	2,167	0	2,167	8,666
Peter Moore	14-Dec-09	3 years	30-June-12	2,167	0	2,167	8,666
Brian Robinson	14-Dec-10	2 years	30-June-12	2,167	0	2,167	8,666
John Savage	14-Dec-09	3 years	30-June-12	2,167	0	2,167	8,666
Ellen Winser	14-Dec-10	2 years	30-June-12	2,167	0	2,167	8,666
Phil Young	14-Dec-09	3 years	30-June-12	2,167	0	2,167	8,666

The appointments of the Chair and the other Board members terminated on the Agency's abolition.

## Emoluments of the former Chief Executive and former Executive Directors (audited)

	Salary £	Car allowance £	PRP £	Contributions to Pension £	Compensation Costs £	Total £
Jane Henderson – Chief Executive						
To 30 June 2012	35,193	900	0	0	140,772	176,865
2011/12	140,772	3,600	14,250	31,493	70,386	260,501
Nick Lewis – Deputy Chief Executive						
To 30 April 2012	9,987	0	0	2,427	109,858	122,272
2011/12	119,845	0	0	29,122	129,832	278,799

Jane Henderson was a member of the PCSPS Classic Scheme until 31 March 2012.

The former Chief Executive and Executive Directors were employed under permanent employment contracts and worked for the Agency full time. For the Chief Executive and Executive Directors, early termination other than for misconduct came within the terms of the Principal Civil Service Pension Scheme (PCSPS). The terms of this scheme fall under the Civil Service Compensation Scheme.

### Non-Cash remuneration

No non-cash remuneration was received by Executive Directors or Board members during the period ended 30 June 2012.

### Compensation paid to the former Chief Executive & Deputy Chief Executive

During the period compensation for loss of office was paid to the Chief Executive & the Deputy Chief Executive and this was accrued in the 2011/12 accounts.

Nick Lewis (Deputy Chief Executive) left on 30 April 2012 and was paid £129,832 redundancy (accrued 2011/12) and received a £109,858 retention payment having satisfactorily met the required conditions.

On closure of the Agency, Jane Henderson (CEO) left on 30 June 2012 and was paid £70,386 redundancy (accrued 2011/12) and received a £140,772 retention payment having satisfactorily met the required conditions.

Redundancy payments are repayable, on a sliding scale, if within six months an individual takes up employment with another Civil Service employer.

### Amounts payable to third parties for services as an Executive Director

No amounts were payable to third parties for services as an Executive Director.

## Highest Paid Director to Median Staff Ratio

	Period to June 2012 (annualised)	Year to March 2012
Highest Paid Director's Total Remuneration (£)	285,144	249,677
Median Total Remuneration (£)	63,628	53,391
Ratio	4.5	4.7

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. For this purpose total remuneration is defined as including salary, non-consolidated performance-related pay, and benefits-in-kind and severance payments. It does not include employer pension contributions, the cash equivalent transfer value of pensions or employer national insurance. The remuneration costs are based on annualised, full-time equivalents. The banded remuneration of the highest-paid director in the Agency in the period was £285,000 - £290,000. This was 4.5 times the median remuneration of the workforce which, on an annualised basis, was £63,628. The difference in the pay differentials between periods is affected by compensation payments and the change in staff mix, with only a small number of relatively higher paid staff with mainly specialist skills remaining in employment between April and June 2012 to complete the closure of the Agency.

## **Pension benefits (Audited)**

### Pension benefits of former Board members

With the approval of BIS, a pension scheme was put in place for the former Chairman with contribution rates and benefits which are identical to those in the PCSPS funded directly by the Agency until 30 March 2012, when the liability transferred to BIS. The Agency was 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 BIS. No other Board Members are eligible for pension contributions, performance related pay or any other taxable benefit as a result of employment with the Agency. The additional disclosures below are provided to show the total value of the pension benefits arising from the period of service to the Agency, up to 30 June 2012.

	Real increase in pension £000	Pension at 30 June 2012 £000	CETV at 31/03/12 £000	CETV at 30/06/12 £000	Real increase in CETV £000
Sir Harry Studholme	0 - 5	0 - 5	75	74	-1

*These figures were provided by myCSP who administer pensions on behalf of BIS, except for the CETV figure at 31/3/12 which was provided by an independent actuary for disclosure in the Agency's 2011/12 Accounts.*

### Pension benefits of the former Chief Executive and former Executive Directors

Jane Henderson was a member of the PCSPS Classic Scheme until 31 March 2012. Nick Lewis is a member of the PCSPS Classic Scheme.

	Real increase in pension and related lump sum at age 60 (£000)	Total accrued pension at age 60 at 30/06/12 and related lump sum (£000)	CETV at 31/03/12 (£000)	CETV at 30/06/12 (£000)	Employee contributions and transfers in (£000)	Real increase in CETV after adjustment for inflation and changes in market investment factors (£000)
Jane Henderson	No increase	60 – 65 plus 190 – 195 lump sum	1,422	1,465	0 - 5	No increase
Nick Lewis	0 – 2.5 plus 2.5 – 5 lump sum	35 - 40 plus 115 - 120 lump sum	752	755	0 – 2.5	2

### Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants could be in one of four defined benefit schemes: either a final salary scheme (Classic, Premium, or Classic Plus), or a whole career scheme (Nuvos). These statutory arrangements 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 Pensions Increase Legislation. Members joining from October 2002 could opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at rates between 1.5% - 3.9% of pensionable earnings for classic and between 3.5% - 5.9% for Premium, Classic Plus and Nuvos. Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For Premium, 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. Classic Plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 worked out as in Premium. In Nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase Legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. 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 from a panel of three providers. 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).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)

#### 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 pension benefits they have 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.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional Scheme pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are taken.

#### Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or 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.

#### PCSPS

PCSPS is an unfunded multi-employer defined benefit scheme but the Agency is unable to identify its share of the 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.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For period ended 30 June 2012, employers' contributions of £26,553 were payable to the PCSPS (2011/12 £813,748) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during the period to be paid when the member retires and not the benefits paid during this period to existing pensioners. At the Statement of Financial Position date, outstanding contributions to the scheme were £9,847 (2011/12 £26,361).



### 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 initial pension is payable on retirement. In the period ended 30 June 2012 members paid contributions between 1.5% - 3.9% of pensionable earnings.

### 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 25% of the notional value of your pension benefits, subject to the lifetime allowance set by HMRC. 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 for the Classic Scheme.

### Nuvos Scheme

Benefits accrue at the rate of 2.3% of pensionable salary for each year of service. The maximum pension that Nuvos will provide is 75% of highest pensionable earnings. As with premium, there is no automatic lump sum, but members may commute part of their pension for a lump sum up to a maximum of 7/30<sup>th</sup> of their pension. Unlike the other PCSPS defined benefit schemes, Nuvos has a pension age of 65. Members pay contributions between 3.5% - 5.9% of pensionable earnings. 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 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 Pension Increases Legislation.

### Partnership Pension Scheme

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2011/12 £16,881) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil (2011/12 £902, 0.8% of pensionable pay), were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the statement of financial position were £nil (2011/12 £3,119). Contributions prepaid at that date were £nil (2011/12 £nil).

**Sickness absence**

No sickness absence was taken by staff during the period ending 30 June 2012.



**Martin Donnelly**  
**Permanent Secretary and Accounting Officer**  
**Department for Business, Innovation & Skills**

**Date** 5 December 2012

## Statement of Accounting Officer's Responsibilities

Under the Regional Development Agencies Act 1998, the Secretary of State with the consent of HM Treasury directed the Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The Accounts Direction for 2012/13 required the statement of accounts to cover the Agency's final accounting period from 1 April 2012 to 30 June 2012. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency and of its income and expenditure, changes in taxpayers' equity and cash flows for the period.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government's Financial Reporting Manual and in particular 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 judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government's Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis, unless it is no longer appropriate to do so.

HM Treasury has appointed the Permanent Secretary of BIS as the Principal Accounting Officer for BIS and, as such, for the Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in Managing Public Money, published by HM Treasury.

## **Governance Statement**

### **Context**

The RDAs were established under the Regional Development Agencies Act 1998. The Government's decision to abolish RDAs, announced in June 2010, was enshrined in statute with the enactment of the Public Bodies Act in December 2011.

Governance of the Agency during the period has been informed by the RDA Accountability and Financial Framework, by Action Notes issued by BIS, and by Managing Public Money.

The former Board kept the Agency's governance arrangements under review during the period ended 30 June 2012 to ensure they remained fit for purpose. As the responsible Accounting Officer I have received robust assurances from the former Chief Executive and Accounting Officer about the governance, risk management and internal control in the period ending 30 June 2012.

After the transfer of all of the Agency's remaining rights and obligations to BIS and its abolition on 1 July 2012, the conclusion of the Agency's remaining business was handled by BIS and was subject to BIS's governance framework and systems of risk management and internal control.

### **Scope and purpose of the statement**

This Governance Statement sets out the governance structures, risk management and internal control procedures that have operated in the Agency and within BIS during the period from 1 April 2012 to the date of the approval of the Report and Accounts.

### **Governance Structure in the period to 30 June 2012**

#### The former Board

An overview of the Agency Board arrangements and its sub-committees is provided in the Accounting Officer's report.

The former Board met once during the period, on 12 June 2012, for the principal purpose of approving the statutory accounts for 2011/12 and reviewing the draft Report and Accounts for the period covered by this report. The following table lists which Board members attended. Those unable to attend also received key papers and were given the opportunity to feed in their views.

Board Members in post for the period 1 April 2012 to 30 June 2012	
Name	Attendance on 12 June 2012
Sir Harry Studholme (Chairman)	Yes
Kelvyn Derrick (Deputy Chairman)	Yes
Catherine Bakewell	No
Ian Ducat	Yes
David Fursdon	Yes
Chris Lewis	Yes
Peter Moore	No
Brian Robinson	Yes
John Savage	No
Ellen Winser	Yes
Phil Young	Yes

### The former Audit and Risk Committee

The Agency's former Audit Committee provided independent scrutiny of Agency activity. This includes reviewing evidence that:

- a) Government guidance and other external requirements were being observed;
- b) applicable standards were being used;
- c) internal and external communications were working effectively;
- d) the governance and audit arrangements for transition and closure Programme were appropriate and being adhered to; and
- e) risks and issues were being managed appropriately by the Agency.

The Committee met twice between April and June 2012. Attendance by members was as follows:

Audit and Risk Committee	
Name	Attendance
Sir Harry Studholme (Chair)	2
Peter Moore (Deputy Chair)	1
Brian Robinson	2
Phil Young	1
Ian Ducat	2
Stella Pirie (External member)	2

At its meeting on 14 May 2012 the Committee discussed the annual assurance report for the previous financial year from the Agency's internal auditors (KPMG) and considered whether the Agency should maintain an internal audit programme during the period to 30 June. Noting that the internal auditors' assurance report for the year ending 31 March 2012 had made no recommendations for changes in procedures,

and given the very low level of transactions and the likelihood that these would be subject to a virtually 100% transactional audit by NAO, the Committee agreed that continuing internal audit work would be of limited value, but asked that KPMG hold themselves on standby in case needed. BIS and NAO confirmed that they were content with this decision.

The former Remuneration Committee

The former Remuneration Committee was chaired by Ellen Winser, and the other members were Cathy Bakewell and Sir Harry Studholme. The Committee met twice during the period, on 23 April and 12 June 2012. While its “normal” role within the organisation was active, it would have been to advise the Chairman on the remuneration of the Chief Executive and to advise the Chief Executive on Executive Directors' remuneration, the Committee’s main task in the period was to consider and, provided it was satisfied the conditions had been met, approve the release of retention payments to those staff whose roles had been identified 18 months earlier as critical to an effective closure. In the case of the Chief Executive and Finance Director, retention payments were also conditional on certification of the Agency’s 2011/12 Report and Accounts and were subject to additional approval by me.

Remuneration Committee	
Name	Attendance
Ellen Winser	2
Harry Studholme	2
Catherine Bakewell (unable to attend either meeting, but received and commented on papers)	0

Major issues considered by the former Board

The former Board’s essential role during the period was to oversee the handover of residual business and transfer of outstanding rights and obligations to BIS, to review and approve the statutory accounts for 2011/12, and to review the draft Report and Accounts for the period 1 April to 30 June and approve these for handover to BIS to complete. No new business was transacted.

In addition to the meeting on 12 June, the Board received two written updates on progress with the Agency’s closure plan from the Chief Executive, on 4 April and 16 May 2012. Responding to the former, and as required by a BIS Action Note, Board members formally agreed that operational closure of the Agency had been achieved on 31 March 2012.

Compliance with the Corporate Governance Code of Good Practice

The Agency complied with the Cabinet Office’s Code of Good Practice (July 2011) on corporate governance as far as it is relevant to a NDPB and an organisation nearing closure. In particular, the Agency maintained an appropriate Board composition, in line with statutory obligations.

**Risk and Internal Control**

The Agency’s systems of internal control were designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives. The aim was to provide reasonable, rather than absolute, assurance of effectiveness.

It was recognised early in the transition and closure process that the changed environment in which the Agency was operating increased the level of risk and uncertainty.

Internal controls during the period were tailored and targeted for an environment where minimal transactions were taking place, where staffing levels on a day to day basis were in single figures, and where the main risk exposure in financial terms was likely to be in relation to payroll payments. Delegations and authorisation levels were adjusted accordingly, with the approval of the former Board.

Risks relating to transition and closure continued to be monitored based on Agency's Transition and Closure Risk Register. The most salient risks identified for this period, both difficult to mitigate entirely, were:

- The unexpected loss (through sickness, accident or other unforeseeable event) of one or more key members of staff, whose personal knowledge could not be replicated or replaced in the time remaining. Concern for staff welfare during this period was a high priority.
- Non-Agency dependencies - the impact on the timetable for completion and certification of the 2011/12 accounts, and for closure, of late additions of unexpected/new requirements from BIS and/or delays or slippage. This type of risk was mitigated by discussion and negotiation with BIS and NAO over the detailed timetabling of closure actions, coupled with a decision to bring forward the Agency's final Board meeting by one week.

#### Internal Audit

With the agreement of the Audit Committee (see above) no internal audit activity was commissioned during the period.

#### **Governance in the period after 30 June 2012**

All the Agency's rights and obligations transferred to BIS on 1 July 2012. The conclusion of the Agency's remaining business after this date was handled by BIS and was subject to BIS's governance framework and systems of internal control.

A key risk in this period concerned the satisfactory completion of the Agency's accounts. The risk of delay or other obstacles has been mitigated by:

- a) the transfer of most of the Agency's assets, liabilities and activities to BIS and other bodies during 2011/12;
- b) the production, audit and approval of a draft Report and Accounts for the period, for handover to BIS, with the supporting documents and accounting records; and
- c) the close partnership working between staff at BIS and the Agency to achieve an effective handover, including attendance by BIS staff at Agency Board and Audit Committee meetings.

The final adjustments to the Agency's Accounts were made by staff in BIS. The BIS Audit and Risk Committee (ARC) met on 3 December 2012 to review and recommend the approval of the final Report and Accounts. The members of the BIS ARC, and their attendance at that meeting, are as follows:

BIS Audit and Risk Committee members	
Name	Attendance
Alan Aubrey (chair)	Yes
Grenville Hodge	Yes
Nigel Johnson	Yes

The governance structures in BIS are set out in more detail in the BIS Group Annual Report and Accounts 2011-12.

### Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the governance, risk management and internal control systems in the Agency and in BIS for the period from 1 April 2012 to the date of the approval of the Report and Accounts. This review is informed by the work of senior managers within the Agency, by the internal control frameworks in place, by the past work of the internal auditors and by comments made by the external auditors in their management letter and other reports. The former Chief Executive and Accounting Officer of the Agency has provided me with formal assurances about the effectiveness of systems of governance, risk management and control for the period up to the abolition date. My review also takes account of the governance, risk management and internal control systems within BIS. This Governance Statement represents the end product of the review.

### Conclusion

I have considered the evidence provided regarding the production of this Governance Statement, including the assurances provided by the Agency's former Board and former Accounting Officer, BIS Audit and Risk Committee and others, and I conclude that both organisations' overall governance and internal control structures have been effective. There are no significant control issues to report.



**Martin Donnelly**  
**Permanent Secretary and Accounting Officer**  
**Department for Business, Innovation & Skills**

**Date** 5 December 2012



## **THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT**

I have audited the financial statements of the South West of England Regional Development Agency for the period ending 30 June 2012 under the Regional Development Agencies Act 1998. The financial statements comprise: the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the 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 and express an opinion on the financial statements in accordance with the Regional Development Agencies Act 1998. I conducted my audit in accordance with 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 evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the South West of England Regional Development Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the South West of England Regional Development Agency; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

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

### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements 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 South West of England Regional Development Agency's affairs as at 30 June 2012 and of the net expenditure after tax for the period then ended; and
- the financial statements have been properly prepared in accordance with the Regional Development Agencies Act 1998 and Secretary of State directions issued thereunder.

## **Emphasis of Matter – Preparation on a basis other than Going Concern**

Without qualifying my opinion, I draw attention to note 1.2 to the financial statements which discloses that the financial statements have been prepared on a basis other than going concern as the South West of England Regional Development Agency was abolished on 1 July 2012.

## **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Regional Development Agencies Act 1998; and
- the information given in the Accounting Officer's Report and Remuneration Report for the period 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Amyas C E Morse  
Comptroller and Auditor General

Date 7 December 2012

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# South West of England Regional Development Agency

## Financial Statements

### Statement of Comprehensive Net Expenditure

For the period ended 30 June 2012

	Note	Period to 30 June 2012 £000	Year to 31 March 2012 £000
<b>Expenditure</b>			
Programme expenditure	2	-	15,077
European funded programme expenditure	3	-	(48)
Staff costs	4	1,078	10,911
Depreciation	11	-	71
Other administrative expenditure	5	23	2,090
Book value of inventories sold	14	-	3,835
Other losses	6	4	5,741
Loss on transfers associated with abolition	7	-	1,147
<b>Total Expenditure</b>		<b>1,105</b>	<b>38,824</b>
<b>Income</b>			
European funded income	8	-	205
Other income	9	4	910
Profit on disposal of property, plant and equipment		-	1,559
Proceeds from sale of inventories		-	4,787
<b>Total income</b>		<b>4</b>	<b>7,461</b>
<b>Net expenditure</b>		<b>1,101</b>	<b>31,363</b>
Interest receivable	10	14	406
<b>Net expenditure before tax</b>		<b>1,087</b>	<b>30,957</b>
Taxation	23	-	(838)
<b>Net expenditure after tax</b>		<b>1,087</b>	<b>30,119</b>
<b>Other Comprehensive Expenditure</b>			
<b>Credited/(released from) revaluation reserve:</b>			
Net (gain)/loss on revaluation of Property, Plant and Equipment	11	-	-
Net (gain)/loss on revaluation of Non-Current Assets Held For Sale	13	-	-
Transfer from revaluation reserve		-	281
<b>Total Comprehensive Expenditure for the period ended 30 June 2012</b>		<b>1,087</b>	<b>30,400</b>

All activities are discontinued.

The notes on pages 27 to 37 form part of these accounts.

# South West of England Regional Development Agency Financial Statements

## Statement of Financial Position

As at 30 June 2012

	Note	As at 30/06/2012 £000	As at 31/03/2012 £000
<b>Non Current Assets</b>			
Property, plant & equipment	11	-	-
Total Non Current Assets		-	-
<b>Current Assets</b>			
Non current assets held for sale	13	-	4
Inventories	14	-	-
Trade and other receivables	15	246	382
Cash and cash equivalents	16	1,396	7,588
Total Current Assets		1,642	7,974
<b>Total Assets</b>		<b>1,642</b>	<b>7,974</b>
<b>Current Liabilities</b>			
Trade payables and other current liabilities	17	677	1,672
Total Current Liabilities		677	1,672
<b>Non Current Assets Plus Net Current Assets</b>		<b>965</b>	<b>6,302</b>
<b>Total Non Current Liabilities</b>		-	-
<b>Assets Less Liabilities</b>		<b>965</b>	<b>6,302</b>
<b>Taxpayers' Equity</b>			
Grant-in-Aid reserve		965	6,302
<b>Total Taxpayers' Equity</b>		<b>965</b>	<b>6,302</b>

The notes on pages 27 to 37 form part of these accounts.



**Martin Donnelly**  
Accounting Officer

**Date** 5 December 2012

# South West of England Regional Development Agency

## Financial Statements

### Statement of Cash Flows

for the period ended 30 June 2012

	Note	Period to 30 June 2012 £000	Year to 31 March 2012 £000
<b>Net Expenditure before tax</b>		<b>(1,087)</b>	<b>(30,957)</b>
Depreciation	11	-	71
Profit on sale of property plant and equipment		-	(1,559)
Loss on sale of non-current assets held for sale	6	4	-
Decrease in inventories	14	-	10,684
Decrease in trade and other receivables	15	136	40,828
Decrease in trade and other payables	17	(995)	(85,358)
Decrease in other liabilities	17	-	-
Decrease in provisions	18	-	(2,888)
Transfer from revaluation reserve on revaluation of inventory		-	(281)
Loss on transfer of assets & liabilities to BIS		-	333
<b>Net Cash Outflow From Operating Activities</b>		<b>(1,942)</b>	<b>(69,127)</b>
<b>Cash Flows From Investing Activities</b>			
Purchase of property, plant and equipment	11	-	-
<b>Net Cash Outflow From Investing Activities</b>		<b>-</b>	<b>-</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds from sale of property, plant and equipment		-	9,325
Grant in Aid received from/(returned to) BIS		(4,250)	17,450
<b>Net Cash Inflow from Financing</b>		<b>(4,250)</b>	<b>26,775</b>
<b>Net Decrease In Cash and Cash Equivalents In The Period</b>		<b>(6,192)</b>	<b>(42,352)</b>
<b>Cash and Cash Equivalents At The Beginning Of The Period</b>	16	7,588	49,940
<b>Cash And Cash Equivalents At The End Of The Period</b>	16	<b>1,396</b>	<b>7,588</b>

# South West of England Regional Development Agency

## Financial Statements

### Statement of Changes in Taxpayers' Equity for the period ended 30 June 2012

	Grant in Aid Reserve £000	Revaluation Reserve £000	General Reserve £000	Total Reserves £000
<b>Changes in Taxpayers' Equity 2011/12</b>				
Balance at 1 April 2011	17,938	1,519	(205)	19,252
<b>Changes in reserves for 2011/12</b>				
Total Comprehensive Expenditure				
Net loss on revaluation of inventory	-	(281)	-	(281)
Net expenditure after tax	(30,119)	-	-	(30,119)
<b>Total Comprehensive Net Expenditure</b>	<b>(30,119)</b>	<b>(281)</b>	<b>-</b>	<b>(30,400)</b>
By Analogy Pension Scheme transfer	(205)	-	205	-
Disposal transfer	1,238	(1,238)	-	-
Grant in Aid received	17,450	-	-	17,450
<b>Balance at 31 March 2012</b>	<b>6,302</b>	<b>-</b>	<b>-</b>	<b>6,302</b>
<b>Changes In Taxpayers' Equity to 30 June 2012</b>				
Balance at 1 April 2012	6,302	-	-	6,302
<b>Changes in reserves period ending 30 June 2012</b>				
Total Comprehensive Expenditure				
Net expenditure after tax	(1,087)	-	-	(1,087)
<b>Total Comprehensive Net Expenditure</b>	<b>(1,087)</b>	<b>-</b>	<b>-</b>	<b>(1,087)</b>
Grant in Aid returned to BIS	(4,250)	-	-	(4,250)
<b>Balance at 30 June 2012</b>	<b>965</b>	<b>-</b>	<b>-</b>	<b>965</b>

## **1 Statement of Accounting Policies**

### **1.1 Basis of Accounting**

These financial statements are for the period from 1 April 2012 to 30 June 2012. The comparative figures are for the year from 1 April 2011 to 31 March 2012.

These financial statements have been prepared in accordance with the 2012/13 Government Financial Reporting Manual (FReM) issued by HM Treasury and in a form directed by the Secretary of State for Business Innovation and Skills, with approval of HM Treasury, in accordance with the Regional Development Agencies Act 1998.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted 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 South West Regional Development Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by Agency for the reportable activity in the current and prior periods are detailed below. They have been applied consistently in dealing with items that are considered material to the accounts.

As explained in note 1.2, the Agency was abolished on 1 July 2012.

### **1.2 Going Concern**

The Public Bodies Act, which paved the way for the abolition of all Regional Development Agencies received Royal Assent on 14 December 2011.

In 2011/12 BIS issued two transfer schemes for each RDA under the Act. The first came into effect on 1 January 2012, transferring remaining projects and some staff to BIS, so that the remaining projects could be completed. A second transfer scheme was made on 30 March 2012 to take away most remaining assets and liabilities so the Agency achieved operational closure by 31 March 2012.

A third transfer scheme took effect on 1 July 2012, transferring the Agency's remaining assets and liabilities to BIS and the Agency was then abolished on 1 July 2012. Accordingly, the Agency was no longer a going concern as at 30 June 2012, and these accounts have therefore been prepared on a basis other than going concern.

### **1.3 Accounting Convention**

The information contained in the financial statements relating to the prior accounting period is prepared on a basis other than going concern. The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

### **1.4 Grant-in-Aid**

The Agency's activities were funded primarily by grant in aid provided by the Department for Business, Innovation and Skills for specified types of expenditure. Government grants received to finance activities and expenditure which supported the statutory and other objectives of the entity are treated as financing, credited to the Grant-In-Aid Reserve, because they were regarded as contributions from a controlling party.

The Agency's activities were funded primarily by grant in aid provided by the Department for Business, Innovation and Skills for specified types of expenditure. Government grants received to finance activities and expenditure which supported the statutory and other objectives of the entity are treated as financing, credited to the Grant-In-Aid Reserve, because they were regarded as contributions from a controlling party.

### **1.5 Income**

Income consisted of European funded income, other grants, proceeds from sale of inventories and other income. The Agency's activities were funded in part by European funding for specified types of expenditure. European funding receivable of a revenue nature was credited to the Statement of Comprehensive Net Expenditure in the year to which it relates. Other grant income was recognised based on the terms of the relevant agreement. Proceeds from the sale of inventories were recognised upon completion. Other income was recognised on an accruals basis in accordance with the substance of the relevant agreement.

## 1. Statement of Accounting Policies (continued)

### 1.6 Property, Plant and Equipment

Depreciated historical cost was used as a proxy for fair value for leasehold improvements, information technology and furniture and fittings, as these classes of assets had short useful lives.

The capitalisation thresholds were £10,000 for individual items and £30,000 for pooled items. Intangible operating assets consisting of software licences were charged direct to the Statement of Comprehensive Net Expenditure.

### 1.7 Non-current assets held for sale

Non-current assets were classified as assets held for sale when their carrying amount was to be recovered principally through a sale transaction and a sale within twelve months of the reporting date was considered to be highly probable.

### 1.8 Depreciation

Depreciation was provided to write off the cost of tangible non-current assets (property, plant and equipment) over their anticipated useful lives on a straight line basis at the following annual rates:

Improvements to leasehold buildings with less than 25 years to run	Period of lease
Furniture and fittings	4 years
Information technology	3 years

### 1.9 Inventories

Inventories, consisting of development land and buildings, were shown at the lower of replacement cost, taking into account the full costs and restrictions associated with regeneration, and net realisable value.

### 1.10 Financial Instruments

The Agency had no borrowings and relied primarily on Grant-in-Aid from its sponsor Department and was therefore not exposed to liquidity risks. All material assets and liabilities were denominated in sterling, so there was no exposure to interest rate risk or currency risk.

#### Recognition

Financial assets and financial liabilities which arose from contracts for the purchase or sale of non-financial items, were entered into in accordance with the entity's normal purchase, sale or usage requirements were recognised when, and to the extent which, performance occurred. All other financial assets and financial liabilities were recognised when the entity became a party to the contractual provisions of the instrument.

#### De-recognition

All financial assets were de-recognised when the rights to receive cashflows from the assets have expired or the entity had transferred substantially all of the risks and rewards of ownership. Financial liabilities were de-recognised when the obligation was discharged, cancelled or expired.

#### Receivables

Receivables included trade receivables, loans, other receivables and cash that have fixed or determinable payments that were not quoted in an active market. Subsequent to initial recognition at fair value plus transaction costs, loans and receivables were measured at amortised cost using the effective interest method, less impairment. Interest income from these financial assets was calculated on an effective yield basis and was recognised in the Statement of Comprehensive Net Expenditure, except for short-term receivables and cash when the recognition of interest would be immaterial.

#### Financial Liabilities

Financial liabilities included trade payables, borrowings and other payables. Other financial liabilities were initially measured at fair value, net of transaction costs, and then subsequently measured at amortised cost using the effective interest method. The Agency only had short-term liabilities and therefore the recognition of interest expense would be immaterial.



## 1. Statement of Accounting Policies (continued)

### 1.11 Pension Costs

The Agency's employees were predominantly members of the Principal Civil Service Pension Scheme (PCSPS) which is a non contributory defined benefit scheme and is unfunded, or the Partnership Pension Scheme, which is a stakeholder pension scheme. The Agency recognised the expected cost of providing pensions on a systematic and rational basis over the period during which it benefited from employee services by payment to the scheme of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the scheme.

The By-Analogy Scheme was for the former Chairs with rules equivalent to those of PCSPS. The arrangement is unfunded and the liability transferred to BIS on 30 March 2012 who will pay benefits as when they arise. Further details are provided in the Remuneration Report.

### 1.12 Foreign Currency Transactions

Transactions in foreign currency were recorded in sterling at the rates prevailing at the date of the transaction. There are no monetary assets and liabilities in foreign currency at the Statement of Financial Position date.

### 1.13 Leases

Operating lease rentals were charged to the Statement of Comprehensive Net Expenditure over the period of the lease.

The Agency did not hold any finance leases

### 1.14 VAT

The Agency was registered for VAT and operated within a Non Business Apportionment methodology agreed with HM Revenue & Custom, any irrecoverable VAT is written off to the Statement of Comprehensive Net Expenditure. The Agency deregistered for VAT in June 2012.

### 1.15 Reserves

Grant-in-aid

Grant-in-aid is treated as financing and credited to the Grant-in-aid reserve because it was regarded as a contribution from a controlling party which gave rise to a financial interest in the residual interest of the Agency. Grant-in-aid was used in part to fund the activities of the Agency.

### 1.16 Adoption of new IFRS standards

The Agency is governed by the Financial Reporting Manual (FRoM) issued by HM Treasury. The adoption of any new IFRS is governed by their adoption into the FRoM. There are no changes to the FRoM for the period beginning 1 April 2012 identified as having an impact on the financial statements for the period. There has been no early adoption of IFRS changes.

## 2 Programme expenditure

	Total Period ended 30/06/12 £000	Total Year ended 31/03/12 £000
Low Carbon	-	3,875
Successful Businesses	-	10,252
Prosperous Places	-	296
Leadership & Advocacy	-	173
Former Programmes - Exits	-	481
	<u>-</u>	<u>15,077</u>

Analysis of programme expenditure by key theme was reported to the Board on a quarterly basis. Discrete financial information regarding assets and liabilities was not reported in such a way.

### 3 European funded programme expenditure

	Total programme expenditure	Total programme expenditure
	Period ended 30/06/12 £000	Year ended 31/03/12 £000
Low Carbon	-	(509)
Successful Businesses	-	282
Prosperous Places	-	(254)
Leadership & Advocacy	-	433
	<u>-</u>	<u>(48)</u>

Analysis of programme expenditure by key theme was reported to the Board on a quarterly basis. Discrete financial information regarding assets and liabilities was not reported in such a way.

This negative expenditure in 2011/12 was the release to the SoCNE of 2010/11 programme accruals. Applicants have not claimed all the expenditure before the ERDF programmes were transferred to DCLG resulting in a negative expenditure figure. The claims were submitted to DCLG and the expenditure has been processed through their Accounts.

### 4 Staff Numbers and Related Costs

	Total Period ended 30/06/12 £000	Permanently employed staff Period ended 30/06/12 £000	Temporary staff Period ended 30/06/12 £000	Total Year ended 31/03/12 £000
Wages and salaries	928	916	12	6,068
Social security costs	118	118	-	608
Other pension costs	32	32	-	917
Exit costs	-	-	-	3,836
Sub Total	<u>1,078</u>	<u>1,066</u>	<u>12</u>	<u>11,429</u>
Less recoveries in respect of outward secondments	-	-	-	(518)
Total net costs	<u>1,078</u>	<u>1,066</u>	<u>12</u>	<u>10,911</u>

#### Average numbers of persons employed

The average number of whole-time equivalent persons during the year were as follows:

	Total Period ended 30/06/12 Numbers	Permanent staff Period ended 30/06/12 Numbers	Temporary staff Period ended 30/06/12 Numbers	Total Year ended 31/03/12 Numbers
Total	<u>11</u>	<u>11</u>	<u>-</u>	<u>112</u>

Temporary staff costs amounted to £11k. Based on the number of days worked the average number of temporary staff rounds down to zero.

#### 4.1 Reporting of Civil Service and other compensation schemes - exit packages

Exit package cost band	Period ended 30/06/12	Period ended 30/06/12	Period ended 30/06/12	Year ended 31/03/12	Year ended 31/03/12	Year ended 31/03/12
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	-	-	38	38
£10,000 - £24,999	1	3	4	1	43	44
£25,000 - £49,999	-	2	2	-	45	45
£50,000 - £99,999	-	4	4	-	11	11
£100,000 - £149,999	-	2	2	-	4	4
<b>Total Number of Exit Packages</b>	<b>1</b>	<b>11</b>	<b>12</b>	<b>1</b>	<b>141</b>	<b>142</b>
<b>Total Cost (£000's)</b>	<b>16</b>	<b>661</b>	<b>677</b>	<b>15</b>	<b>3,821</b>	<b>3,836</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the new Civil Service Compensation Scheme, a statutory scheme made under the terms of the Superannuation Act 2010. Redundancy costs were accounted for in full when agreement was reached on terms and on exit date, thus all redundancy costs paid in the period ending 30 June 2012 were accrued in the Accounts for the year ending 31 March 2012. The staff numbers and costs in the period ending 30 June 2012 are in respect of retention payments agreed and paid in that period (see note 21 for further details) and all of these staff are also included in the staff numbers for 2011/12 as their redundancies were agreed in that year.

Where staff were entitled to take early retirement, in accordance with the provision of the new Civil Service Compensation Scheme, the costs were initially met by the Agency and now by BIS. Ill-health retirement costs were met by the pension scheme and are not included in the table above. The redundancy costs of the staff who became redundant in the period ending 30 June 2012 were accrued in the year ending 31 March 2012.

#### 5 Other Administrative Expenditure

	Period ended 30/06/12	Year ended 31/03/12
	£000	£000
Running costs	10	1,475
Rentals under operating leases	-	539
Auditor's remuneration - statutory	13	76
<b>Total</b>	<b>23</b>	<b>2,090</b>

Running costs relate to office administration costs.

#### 6 Other Losses

	Period ended 30/06/12	Year ended 31/03/12
	£000	£000
Loss on disposal of Non-current assets held for sale	4	-
Bad debts written off and movements in provision for bad and doubtful debts	-	(75)
Inventories impairment	-	5,816
	<b>4</b>	<b>5,741</b>

## 7 Loss on transfer associated with abolition

	Period ended 30/06/12	Year ended 31/03/12
	£000	£000
Loss on transfer - payment of accrued interest to DCLG	-	1,372
Loss on transfer - transfer scheme one	-	258
Gain on transfer - transfer scheme two	-	(483)
	<u>-</u>	<u>1,147</u>

With effect from 1 July 2011, responsibility for managing the Competitiveness & Convergence ERDF programmes transferred to DCLG. Interest earned on funds advanced by the European Commission via DCLG in respect of these programmes was payable to DCLG to fund future ERDF programme expenditure. This payment was made during 2011/12 and was shown as the loss on transfer for the payment of accrued interest above. DCLG showed a compensating gain on their accounts, therefore there is no loss to the public purse.

Transfer scheme one was the transfer of the wavehub inventory asset to BIS on 1 January 2012. BIS showed a compensating gain on their accounts, therefore there is no loss to the public purse.

Transfer scheme two was the transfer of the two debtors and two pension provisions to BIS on 30 March 2012. BIS showed a compensating loss on their accounts, therefore there is no gain to the public purse.

## 8 European Funded Income

	Period ended 30/06/12	Year ended 31/03/12
	£000	£000
European Regional Development Fund	-	201
Direct EU Grants	-	4
	<u>-</u>	<u>205</u>

## 9 Other Income

	Period ended 30/06/12	Year ended 31/03/12
	£000	£000
Other Government Grants	-	223
Partner Contributions	-	178
Rental income	-	434
Sundry income	4	75
	<u>4</u>	<u>910</u>

## 10 Interest Receivable

	Period ended 30/06/12	Year ended 31/03/12
	£000	£000
Bank interest receivable	<u>14</u>	<u>406</u>

## 11 Property, Plant and Equipment

At 30 June 2012 there were no property, plant and equipment assets.

	Leasehold improvement at cost £000	Information Technology at cost £000	Furniture and fittings at cost £000	Total £000
<b>Cost or valuation</b>				
As at 1 April 2012	-	-	-	-
Additions in year	-	-	-	-
Revaluation taken to Revaluation Reserve	-	-	-	-
Impairment taken to SocNE	-	-	-	-
Disposals in year	-	-	-	-
As at 30 June 2012	-	-	-	-
<b>Depreciation</b>				
As at 1 April 2012	-	-	-	-
Charge for the year	-	-	-	-
Revaluation taken to Revaluation Reserve	-	-	-	-
Impairment in year	-	-	-	-
Disposals in year	-	-	-	-
As at 30 June 2012	-	-	-	-
<b>Net book value</b>				
<b>As at 30 June 2012</b>	-	-	-	-
<b>As at 1 April 2012</b>	-	-	-	-
<b>Asset financing</b>				
Owned (net book value)	-	-	-	-
<b>Cost or valuation</b>				
As at 1 April 2011	802	1,440	615	2,857
Additions in year	-	-	-	-
Revaluation taken to Revaluation Reserve	-	-	-	-
Impairment taken to SocNE	-	-	-	-
Disposals in year	(802)	(1,440)	(593)	(2,835)
Transfers to Non Current Assets Held For Sale	-	-	(22)	(22)
As at 31 March 2012	-	-	-	-
<b>Depreciation</b>				
As at 1 April 2011	802	1,372	589	2,763
Charge for the year	-	62	9	71
Revaluation taken to Revaluation Reserve	-	-	-	-
Impairment in year	-	-	-	-
Disposals in year	(802)	(1,434)	(580)	(2,816)
Transfers to Non Current Assets Held For Sale	-	-	(18)	(18)
As at 31 March 2012	-	-	-	-
<b>Net book value</b>				
<b>As at 31 March 2012</b>	-	-	-	-
<b>As at 1 April 2011</b>	-	68	26	94
<b>Asset financing</b>				
Owned (net book value)	-	-	-	-

## 12 Financial Instruments

As the cash requirements of the Agency were 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 have applied to a non public sector body. The majority of financial instruments related to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements and the Agency was therefore exposed to little credit, liquidity or market risk.

### Financial risk management

The Agency relied primarily on departmental grants for its cash requirements and was therefore not exposed to liquidity risks. It had no material deposits and all material assets and liabilities were denominated in sterling, so it was not exposed to interest rate risk or currency risk.

### Fair value estimation

The Agency considered that true carrying amounts of financial assets and financial liabilities recorded at amortised cost approximated their fair values.

## 13 Non Current Assets Held for Sale

The following assets relate to properties held for sale following the approval for sale by BIS.

	Land £000	Buildings £000	Furniture and fittings £000	Total £000
Opening balance at 1 April 12	-	-	4	4
Disposals	-	-	(4)	(4)
<b>Valuation as at 30 June 2012</b>	-	-	-	-
Opening balance at 1 April 11	206	7,540	-	7,746
Transfers in from Property, Plant & Equipment	-	-	4	4
Disposals	(206)	(7,540)	-	(7,746)
<b>Valuation as at 31 March 12</b>	-	-	4	4

## 14 Inventories

	Period ended 30/06/12 £000	Year ended 31/03/12 £000
Valuation at 1 April	-	10,684
Additions in year	-	131
Book value of inventories sold	-	(3,835)
Book value of inventories transferred	-	(258)
Impairment taken to SocNE	-	(5,816)
Transfers to/from environmental provision	-	(625)
Transfer from/to revaluation reserve	-	(281)
<b>Valuation as at period end</b>	-	-

Inventories related to development land and buildings.

## 15 Trade Receivables and Other Current Assets

	Period ended 30/06/12 £000	Year ended 31/03/12 £000
<b>Amounts falling due within one year:</b>		
Trade receivables	-	35
Current tax receivable	245	337
Prepayments and accrued income	-	4
VAT receivable	1	6
<b>Total</b>	<b>246</b>	<b>382</b>

There are no trade receivables which are past due at the reporting date.

	Period ended 30/06/12 £000	Year ended 31/03/12 £000
<b>Receivables - Intra-government balances</b>		
Balances with other central government bodies	246	343
Balances with bodies external to government	-	39
	<b>246</b>	<b>382</b>

## 16 Cash and Cash Equivalents

	Period ended 30/06/12 £000	Year ended 31/03/12 £000
Balance at 1 April	7,588	49,940
Net change in cash and cash equivalent balances	(6,192)	(42,352)
<b>Balance at end of period</b>	<b>1,396</b>	<b>7,588</b>

The balances were held at commercial banks and as cash in hand.

## 17 Trade Payables and Other Current Liabilities

	Period ended 30/06/12 £000	Year ended 31/03/12 £000
<b>Amounts falling due within one year</b>		
Trade payables	-	216
Other taxation and social security	291	220
Other payables	12	42
Accruals and deferred income	374	1,194
	<b>677</b>	<b>1,672</b>

	Period ended 30/06/12 £000	Year ended 31/03/12 £000
<b>Payables - Intra-government balances</b>		
Balances with other central government bodies	293	536
Balances with local authorities	-	-
Balances with public corporations and trading funds	-	-
Balances with bodies external to government	384	1,136
	<b>677</b>	<b>1,672</b>

## **18 Provisions for Liabilities and Charges**

At the 30 June 2012 (31 March 2012 - Nil) there were no provisions for liabilities and charges.

## **19 Commitments Under Leases**

At 30 June 2012 (31 March 2012 - Nil) there were no commitments under leases.

## **20 Contingent Liabilities**

At 30 June 2012 (31 March 2012 - Nil) there were no significant contingent liabilities.

## **21 Losses and Special Payments**

The Agency incurred no losses during the year requiring disclosure under the guidance contained in 'Managing Public Money'.

In order to ensure an effective closure of the Agency, a retention scheme was put in place that identified key individuals with the necessary skills and experience to close the Agency. This scheme was approved by The Department for Business, Innovation and Skills (BIS), in conjunction with HM Treasury on 30 December 2010. In the period ending 30 June 2012 12 (2011/12, 8) employees received retention payments, totalling to £677k (2011/12, £208k).

## **22 Related party transactions**

The South West RDA was an executive NDPB sponsored by BIS. During the period ending 30 June 2012, the Agency returned Grant in Aid to BIS. BIS was regarded as a related party. BIS was the sponsor body of the other Regional Development Agencies in England and therefore the other RDAs were regarded as related parties. There were no outstanding balances with the other RDAs at the year end.

The Board Handbook outlined the handling of conflicts of interest and required that the Chair and other Board Members should declare any personal or business interests. All declarations are recorded in the Board minutes, which are available from BIS. In addition, a register was maintained of financial and other interests of Board Members. There were no transactions with organisations in which Board Members and Executive Directors have declared an interest during the period ended 30 June 2012.



## 23 Taxation

The Agency taxation charge based on taxable profits for the year at 24% (2011/2012 - 26%) comprises

	Period ended 30/06/12 £000	Year ended 31/03/12 £000
Current Tax:		
Current Year	-	(244)
Prior Years - adjustments	-	(594)
Total Current Tax	<u>-</u>	<u>(838)</u>

The differences are explained below:

Income tax:		
Net expenditure before tax	1,087	30,957
Deficit before taxation at 24% (2011/2012 - 26%)	(261)	(8,049)
Effects of:		
Grant funding not taxed	-	6,256
Expenses not deductible for tax purposes	261	(347)
Depreciation in the year in excess of capital allowances	-	(110)
Prior year corporation charge - adjustments	-	(594)
Capital gains on investment property disposals	-	214
Grant in aid adjustment	-	1,792
<b>Income tax current year charge for the period</b>	<u><b>0</b></u>	<u><b>(838)</b></u>

## 24 Interest in Associates and Joint Ventures

At 30 June 2012 the Agency has no interest in associates or joint ventures.

## 25 Events After the Reporting Period

All remaining rights and obligations of the Agency transferred to BIS on 1 July 2012 by virtue of a transfer scheme ('transfer three') under the authority of the Public Bodies Act 2011. The net assets transferred totalled £965,000 as shown in the Statement of Financial Position. The Agency was abolished on 1 July 2012 by virtue of an Order commencing section 30(1) of the Public Bodies Act 2011.

The Agency's financial statements are laid before the Houses of Parliament by the Secretary of State for Business, Innovation and Skills (BIS). *IAS 10 - Events after the Reporting Period* requires the disclosure of the date on which the accounts are authorised for issue. The authorised date for issue is the date the audit report is signed by the Comptroller & Auditor General.



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