REPORT AND ACCOUNTS

The East of England Development Agency Annual Report and Accounts – 2011/12

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ANNUAL
REPORT

Chair's statement and Annual Review:

As I outlined in my statement last year, 2011 /12 has been the last operational year for the East of England Development Agency, much of which has been focused on achieving operational closure by the end of March 2012. It is with much sadness that we saw EEDA achieve final operational closure putting an end to 12 years of hard work during which we transformed the business support landscape; increased higher education provision; led the response to economic shocks; regenerated towns and cities; and laid the foundations of world–leading innovation, within the East of England.

But, I am also pleased to report that over the last financial year, EEDA has delivered a comprehensive closure and transition programme. Our strategy for closure has served us well and I have no doubt that our strong performance, even during these challenging times for staff, results from the fundamental strength of our organisation and the actions that we have taken in preparation for closure. As a result, I am confident that we have left an enduring legacy of economic development in the East of England on which others to come should seek to develop.

Impact Across Our Programmes

Although during 2011/12 we were implementing the core of our closure and transition programme, we also continued to deliver in a number of critical existing programme commitments with a sharp focus on supporting businesses to the time specific functions transferred or closed.

As a result, in 2011/12 EEDA has delivered:

- £1.7m investment in the redevelopment of the National Construction College at Bircham Newton, Kings Lynn in partnership with the Construction Industry Training Board (CITB) and the Skills Funding Agency (SFA)
- An additional £1.3m investment in major capital projects including final grant payments for new builds at GSK Stevenage BioScience Park, to provide a Higher Education offer at Harlow, and Firstsite New Visual Arts Facility
- Continuing to offer access to finance grants for businesses worth in excess of £700,000 and an Understanding Finance for Business programme for small to medium business enterprises (SMEs)
- A comprehensive business support programme, including a regional Business Link Advisory service, Manufacturing Advisory Service, High Growth Mentoring service and Inward Investment support and advice; the package altogether worth £14m and delivering to challenging output targets right through to closure and transfer to new national provision for business support
- European Social Fund projects, including a regional Response to Redundancy (R2R) skills training offer to businesses and individuals facing redundancy and a Legacy Trust project to support first steps into volunteering; these ESF projects worth around £4.5m

Performance in Closure and Transition

During 2011/12 EEDA has:

Transferred a number of economic development functions to other Government Departments or organisation, namely:

Function	Receiving Body	Date of Transfer
Inward Investment	Department for Business, Innovation & Skills (delivered by PA Consulting Ltd)	1 May 2011
Rural Development Programme for England	Department for Environment, Food & Rural Affairs	1 July 2011
European Regional Development Fund	Department for Communities and Local Government (CLG)	1 July 2011
Land and Property Portfolio	Home and Communities Agency	19 September 2011
Grants for Business Investment	Technology Strategy Board	1 September 2011
Grants for Research & Development	Technology Strategy Board	1 November 2011
Venture Capital and Loan Funds	Department for Business, Innovation & Skills	30 September 2011
Business Link	Department for Business, Innovation & Skills	25 November 2011
Manufacturing Advisory Service	Department for Business, Innovation & Skills	1 January 2012
Projects & activity	Department for Business Innovation & Skills	1 January 2012 30 March 2012

- **Successfully sold a number of land and property assets on the open market and transferred the remaining assets to the Homes and Communities Agencies**

- **Supported the closure of the regional Business Link advisory service and participated in the steps required to effect the solvent liquidation of the BL East provider, EEIDB Ltd.**

- **Closed 350 projects and transferred in excess of 3000 project files**

- **Sold or transferred our interest in two companies:**

  1) Centre for Integrated Photonics
  2) Bedfordshire Consortium Limited

- **Facilitated the transfer of 31 staff members to other organisations and the exit of 259 members of staff** with a comprehensive programme of support set in place to assist them during their career transition out of EEDA

- **Delivered all strands of the closure programme plan to timescales and within budget allocations**

- **Developed a number of legacy documents** capturing EEDA's main 'lessons learnt' which other public sector organisations charged to promoting economic development can use as building blocks for their own future business plans.

Corporate Governance

While the Board of any organisation must ensure that a robust governance structure is in place, we have been equally committed to fostering a culture throughout the organisation that values exemplary ethical standards, personal and corporate identity, teamwork, taking personal responsibility and respect for others.

In December we said good bye to our previous Chief Executive, Deborah Cadman, as she moved to pastures new, and I should like to thank Deborah for her great contribution to EEDA and the East of England during her time as CEO. We announced the appointment of David Hipple as the new Chief Executive with effect from 19th December 2011. David was previously our Director of Finance and brought to the role a wealth of knowledge and experience to ensure EEDA's successful closure.

During the period under review, we made important revisions to simplify our governance arrangements by closing the Closure and Transition Committee in July 2011 with the Board picking up single responsibility for operations and closure, while our Audit Committee continued to play a key role in ensuring we had the appropriate risk and compliance controls in place.

I would like to thank Marco Cereste who stepped down from EEDA's Board in December 2011 after ten years dedicated service to promoting and supporting economic development in the East of England. Marco played a pivotal role as Deputy Chair and has served as the Chair of EEDA's Performance and Resources Committee, as well as co-chairing the Europe and International Affairs Panel. We are extremely fortunate to have had the benefit of his vast experience of both UK and international business and I would like to thank him for the valuable contributions he has made to the work of the Board and wish him the very best for the future.

As Chairman of EEDA's Board, I wish to also personally thank all our Board Members for their hard work and continued commitment during this difficult year. Their leadership, support, and professionalism throughout the closure and transition process has been especially appreciated and contributed to our outstanding performance and achievements in delivering the closure programme.

In closing, I would like to take this opportunity to also thank all members of our staff for their continued service, support, and loyalty right through to final closure. It has always been my belief that the most important investment that an organisation makes is the one that it makes in its people. I have never ceased to be impressed by the enthusiasm, professionalism and dedication of EEDA's employees at all levels of the organisation. I would like to thank all of them for their contribution to the success of EEDA during the past 12 years and the success of our closure programme.

Professor William Pope
Chair, EEDA.

Board Members Biographies

Professor William Pope - Chair

Will Pope is currently engaged in a number of businesses in the East and South East of England, in health, safety and environmental markets and is currently CEO of Microbial Solutions, Oxford.

He also has his own business developing health, safety and environmental technologies, advising those in the process of developing companies in these and other industrial sectors including communications, media, manufacturing, distribution and retail. His most recent investment is in a low carbon company in St Albans.

He won an Engineering Excellence Award from Ford Motor Company and an Innovation Award from BAE Systems in 2008, and was also Business Innovation Support Team Person of the year, 2008, for the SPARC Technology Network. In 2009 with Microbial Solutions, he was awarded the M+AW / Oxford Innovation Manufacturing Excellence prize, and won the Oxford Bioscience Network "best early stage "biotech" award in 2010. In 2011 he won a national Edie Award for Environmental Excellence.

He was formerly Chief Executive Officer of Bedford-based Casella Group Limited, a post which he held for ten years from 1995-2005, developing the company into a high level health, safety and environmental consulting company, and a high technology research and development, software and electronics manufacturing and laboratory business, operating with bases in the UK, USA and Europe.

For four consecutive years, between 1998 and 2002, he was a winner of the Deloitte & Touche NatWest "Technology Fast 50" award for the fastest growing business in the East of England. In 2003, Casella became the UK market leader in its field. Prior to Casella, he was executive director of environment worldwide at Inspectorate plc, Witham, Essex (1991-95).

Will is a founder director of The Society for the Environment, incorporated by Royal Charter, became the Society's first Chairman (2001-05), and remains a director today. He is vice president of the charity The Institution of Environmental Sciences, having been a council member and trustee and chairman (1999-2002). He is a former member of the board of the Science Council (2000-2003), and of the DEFRA/DTI Environmental Innovations Advisory Group (2003-2008). A member of SEEDA's MK Enterprise Hub board (2005-2008), he is also a SEEDA Merlin Mentor, and was chairman of the MSc ECSC at the University of the West of England (2004-2008). He has lectured in many countries around the world and has appeared as an expert witness in the High Court and at public enquiry.

Sheila Childerhouse – Deputy Chair

Sheila Childerhouse has a wide breadth of experience within the public, voluntary and community sector as well as the business sector. Her original background is in education. She was local councillor for over 20 years and chaired a number of senior committees.

She brings well established networks in the Health Service and has served for various regional Health bodies for over 25 years in a number of non executive roles. She is currently chair of NHS Norfolk having previously chaired West Norfolk PCT for over 5years and been seconded to chair the Queen Elizabeth Hospital King's Lynn board during a particularly challenging period for that trust. At national level she has chaired the PCT chairs rural forum advising on some of the rural proofing tools developed by the Department of Health.

Sheila is chair of the regional migrant workers steering group and leads on the economic participation agenda. She has chaired significant regeneration organizations including Keystone Development Trust, one of the largest trusts of its kind nationally. Sheila also chairs the national stakeholder forum for the Asset Transfer Unit.

Shelia was chair of EEDA's Strategy Committee and a member of the Closure & Transition Committee.

Professor Colin Riordan

Colin was appointed Vice-Chancellor of the University of Essex in October 2007. He came to Essex from Newcastle University, where he had been Pro-Vice-Chancellor and Provost of the Faculty of Humanities and Social Sciences since August 2005. Before joining Newcastle University, he taught at the University of Wales, Swansea, and Julius-Maximillians Universität – Würzburg in Germany.

Colin is a Board member of the South East Local Enterprise Partnership, of the Haven Gateway Partnership, Equality Challenge Unit, Edge Foundation and UK NARIC. He is chair of the International Policy Network of Universities UK. In 2009 he chaired the Higher Education Funding Council for England's enquiry into teaching quality. He was chair of the Board of University Campus Suffolk from February 2009 to October 2011, and remains a Board member.

On 1 September 2012 he will take up a new position as Vice-Chancellor, Cardiff University. Colin is a member of EEDA's Audit Committee.

Dr Robert Swann

Robert Swann joined the EEDA board on 1 May 2009. Robert is an entrepreneur specialising in early stage technology companies. He is the Chairman of Audio Analytic Ltd, an audio processing company; a director of N++, a software company; a board member of the GCGP Local Enterprise Partnership; and a board member of Cambridge Angels.

He was the Chairman of Green Parrot Pictures Ltd, a video processing company sold to Google in 2011; a non-executive director of Dexela Ltd, a medical image processing company sold to Perkin Elmer in 2011; and a non-executive director of Im-Sense Ltd, an image processing company sold to a major US technology company in 2010.

He was one of the two co-founders of innovative Cambridge semiconductor company Alphamosaic. Its multimedia products achieved sales of more than 25 million devices worldwide and can be found in mobile phones and media players. It was acquired by Broadcom Corporation in 2004 where Robert held senior positions until leaving for the next venture in 2007.

Robert graduated from Trinity College, Cambridge, in Electrical and Information Sciences and gained a PhD in video processing at Cambridge University Engineering Department. He has also published more than 15 patents. Robert lives in Cambridge. He is a member of EEDA's audit committee.

Stuart Evans

Stuart has been an entrepreneurial business leader in Cambridge since 1983, having been founding CEO at Plastic Logic (2000-06) and Cotag International (1983-98).

He now follows a portfolio career across several businesses in cleantech and ICT. He is also Chair of Trustees at the Arthur Rank Hospice Charity in Cambridge.

His professional life has been international from the beginning, with a Harvard MBA and early career with IBM and McKinsey & Co. He has a Cambridge BA/MA; is a Chartered Director of the Institute of Directors; and has twice been a Technology Pioneer at the World Economic Forum in Davos. Stuart takes a special interest in innovation, enterprise and entrepreneurship from a global perspective.

Stuart was chair of the Remuneration and Selection Committee, vice chair of EEDA's Closure and Transition Committee and a member of the Performance and Resources Committee.

Paul Burall

Paul was a member of King's Lynn and West Norfolk Borough Council from 1991 to 2011.

He was a member of the East of England Regional Assembly (EERA) from 2001 to 2004 and of the Executive Committee of the assembly and the Regional Planning Panel from 2003 to 2004. Paul chaired the Liberal Democrat party's Environmental Assessment Group from 1991 until 2006 and chaired the party working group that produced a policy paper on the natural environment that was approved at the Party's 2009 autumn conference.

He is a policy council member and former vice chair of the Town and Country Planning Association.

Paul is a freelance writer and lecturer specialising in environmental, design and industrial and management issues. He was a visiting professor in the Faculty of Engineering at the University of Ulster - advising on environmental issues - from 1997 to 1999.

Paul was a member of EEDA's Performance & Resources Committee as of the Closure and Transition Committee.

Karen Livingstone

Karen Livingstone is director of strategic partnerships at the NHS east of England, the region's Strategic Health Authority. Her role is to support the NHS in its relations with partner organisations, local government and business in particular. She joined the board of EEIDB in May 2010 as an unremunerated non-executive board member. EEIDB delivered the Business Link contract for the east of England and was wound up as a company in the Autumn of 2011 when the regional business link service was dissolved. A former Company director for Anglian GoWarm, a community interest company, the company was wound up in January of 2010.

Formerly, Karen worked as a political and communications adviser to senior political and trades union leaders. Most recently she was special advisor to the Secretary of State for Health, Patricia Hewitt. She has over 20 years of experience in communications and stakeholder management having worked as director of communications and marketing at the Chartered

Society of Physiotherapy, director of campaigns at the Transport and General Workers' Union and for a range public sector organisations and campaigning bodies.

Karen is Chair of EEDA’s Audit Committee.

Shona Johnstone

Shona has been a County Councillor in Cambridgeshire for 19 years. During that time she has held a wide range of roles in local government in Cambridgeshire, including lead member for environment and transport, the first lead member for children and young people and leader of the council. She led the development of the Cambridgeshire Guided Busway scheme which is the longest in the world. She was at the forefront of the campaign to upgrade the A14 in Cambridgeshire, persuading the Department of Transport to make the Cambridge-Huntingdon Multi Modal Study the first of the government’s multi-modal studies. She currently chairs the Children and Young People’s Overview and Scrutiny Committee.

Shona has been a member of the LGA’s Economy and Transport Programme Board since its inception and is now its Vice-Chair and regularly contributes to the work of the Board, particularly on sustainable and public transport issues. Her expertise led to invitations to join both the National Cycling Strategy Board and the Board of the Low Carbon Vehicle Partnership. She was also invited to be part of the Quality of Life Commission, set up by David Cameron to develop Conservative policy on transport and climate change. She was a member of the Commission for Integrated Transport until its abolition in 2010 and a Non Executive Director at Addenbrookes Hospital between 2002 and 2009.

Shona is a member of EEDA’s Audit Committee and was EEDA’s sustainable development and skills champion.

Lord Edward Iveagh

Edward Iveagh has been chairman of Elveden Farms Ltd since 1992 and has transformed the 22,500 acre Suffolk estate into a multi-faceted, diverse and profitable business.

He is a non-executive director of Burhill Estates, a leading operator of a members-only golfing and land management company that has developed the concept of exclusive pay and play golf courses across England.

Edward is Chairman of Iveagh Ltd a London-based wealth management business and is a founding partner of Capital I, an asset finance vehicle. He is chairman of the Brecks Tourism Partnership and has been involved in a broad range of charitable initiatives including chairman of Chadacre Agricultural Trust and trustee and chairman of the investment committee of East Anglian Air Ambulance.

Between 1996 and 1999 he was an active crossbench member of the House of Lords.

Edward was a member of EEDA’s Performance and Resources Committee and of the Closure and Transition Committee.

Madeline Russell

Madeline was first elected to Bedfordshire County Council in June 2001 to represent Biggleswade. Within a year, she had become Cabinet Member for Community Development and became Cabinet Member for Children's Services in December 2003 at a time when children's social care was in special measures. With Children's Services improving fast, she was elected Leader of the Council in May 2005 and led the Council to CPA three stars and improving strongly. When the decision was taken to close the County Council in favour of unitaries, she led the Council through the closure and handover process.

A trained linguist and Fellow of the Chartered Management Institute, Madeline had a career in London working in management in SMEs, latterly in the legal world. She has been involved in a number of voluntary organisations and has been a school governor for 22 years, of which 12 years as Chairman including overseeing the conversion to academy status and hard federation with another school. She has lived in Bedfordshire all her life.

Madeline was a member of EEDA's Closure and Transition Committee, a member of the Remuneration and Selection Committee and the Performance and Resources Committee.

Peter McCarthy-Ward

Peter is an independent consultant specialising in telecommunications strategies and regulation. He is currently working for an European incumbent operator. Recent clients include the Australian Government and telecommunications companies in the Far East, Central America and Africa. He lectures occasionally on telecommunications issues at University College, London.

responsible for ensuring BT is alert and responsive to the regional agenda and for maintaining good relationships with key regional opinion formers.

Peter joined BT in 1983 as marketing and product manager for residential apparatus. His responsibilities covered market analysis, product management, development and procurement for BT's range of cordless telephones, answering machines and accessories.

During the 1990s Peter held a range of roles centered on the development of UK regulatory policy, including leading the BT teams responding to regulatory initiatives such as accounting separation, universal service and number portability. Peter was BT's project director for the 1996 retail price control review.

From October 2000 until 2004 Peter was strategy director for BT's retail line of business, where he was responsible for development and communication of the BT retail strategy and for retail pricing. From 2004 to 2008 Peter was BT's director, equivalence, responsible for BT's response to its regulators strategic review and for developing and implementing the undertakings which resulted. Peter retired from his full time role in BT in autumn 2008.

Peter is vice-chair of EEDA's Audit Committee.

ACCOUNTS SECTION

MANAGEMENT COMMENTARY AND DIRECTORS' REPORT

The Directors present their Report and Accounts for the year ended 31 March 2012.

Principal Activities

EEDA was established under the provisions of the Regional Development Agencies Act 1998 ('the Act'). It came into existence on 14 December 1998, following Parliamentary approval of the Act and the appointment of Board Members.

The Agency became fully operational on 1 April 1999 when it was launched with the name EEDA and took over the regional activities of English Partnerships, the Rural Development Commission and the SRB Challenge Fund, formerly administered by the Government Office for the East of England.

EEDA has the following purposes:

a) to further economic development and regeneration;

b) to promote business efficiency, investment and competitiveness;

c) to promote employment;

d) to enhance the development and application of skills relevant to employment;

e) to contribute to the achievement of sustainable development in the United Kingdom.

The Agency was a Non Departmental Public Body (NDPB) sponsored by the Department for Business, Innovation and Skills (BIS). The Agency drew up a Corporate Plan every three years to cover a period that coincided with government public expenditure reviews. The last Corporate Plan covered the period 2008-11.

It is expected that the Agency will be abolished on 1 July 2012 by virtue of a Commencement Order that will commence section 30(1) of the Public Bodies Act 2011. The Order also repealed the Regional Development Agencies Act 1998 on the same day.

Non-Executive Directors (the Board)

The Board Members appointed by the Secretary of State for Business, Innovation & Skills included local authority and private sector representatives. The terms of employment and remuneration are set out in the Remuneration Report. EEDA maintained a Register of Board Members' interests. Members declared their interests to the Board in any transaction involving relevant organisations and did not participate in any debate or vote on related matters. The register of interests is available on request from BIS at the address given below.

Board Members had corporate responsibility for ensuring that the Agency complied with any statutory or administrative requirements for the use of public funds. Other corporate responsibilities included ensuring provision of the overall strategic direction of the Agency and monitoring performance.

Like others who serve the public, Board Members were required to follow the seven principles of public life set out by the Nolan Committee. They were also required to follow all procedures set out in the Code of Practice and EEDA policies (including Access to Information, Gifts and Hospitality) and not to misuse their position, or any information gained through their position on the Board, for personal gain or political purposes.

Board Members during the year are set out on page 18. The Board itself met on 11 occasions during the year. The Board operated with three sub-committees in the reporting period - Audit, Closure & Transition and Remuneration & Selection.

Executive directors

The Board appointed an Executive Team to manage the activities of the Agency. Individuals who served on the executive team during the year are shown in the Remuneration Report below.

Accountability and Financial Framework

The Secretary of State issued EEDA with an Accountability and Financial Framework in October 2008 and updated this in October 2011. This sets out the financial guidelines under which EEDA should operate. Other than the one significant internal control weakness referred to in paragraphs 5.21 to 5.23 of the Governance Statement (see page 37), EEDA complied with the Accountability and Financial Framework in all material respects during the course of 2011/12.

Financial Results and Review

Grant-In-Aid funding from BIS is treated as financing and taken to Taxpayers' Equity rather than as income for the year. This is because the funding is regarded as contributions from a controlling party which gives rise to a financial interest in the residual assets of the Agency. As a result, the Statement of Comprehensive Net Expenditure shows gross expenditure net of income from all other sources.

For 2011/12, net expenditure fell significantly from the prior year due to reduced funding allocations following the announcement of the intention to close RDAs. Net expenditure was in 2011-12 compared to £82.3m in 2010-11 and consisted only of existing commitments the Agency had entering the financial year. In the Statement of Financial Position, both trade receivables and payables fell over the year due to the reduced levels of activity, the latter by a larger margin as many programmes were being wound up or transferred by 31 March 2012. Responsibility for a number of activities was transferred to other parts of government including all remaining land and property to the Homes & Communities Agency. There is, therefore, no longer a stock of inventories. Also in the reporting period, EEDA sold its entire interest in its subsidiary, the Centre for Integrated Photonics Ltd.

Going Concern

The Public Bodies Act, which paves the way for the abolition of all RDAs, received Royal Assent on 14th December 2011. BIS issued two individual Transfer Schemes for each RDA under the Act, the first came in to effect on 1st January 2012, transferring remaining projects and some staff to BIS so that the projects can be completed. A second Transfer Scheme was made on 30th March to transfer any remaining assets and liabilities to BIS so that RDAs achieved operational closure by 31st March 2012. BIS is currently drafting the formal Abolition Order which is expected to take effect on 1st July 2012.

Based on this knowledge, and the fact that the majority of the Agency's functions ceased in year, with the remainder transferred to other parts of government, it the Board's view that the accounts for 2011/12 should be prepared on a basis other than that of a going concern.

We have reviewed the impact of this on the accounting policies. Given the transfer or cessation of all functions during the year (see paragraph below), little remains on the Agency's Statement of Financial Position. For those current assets and liabilities remaining, we have reviewed the accounting policies and we are content these continue to be appropriate.

A small team of people will remain employed after 31st March 2012 with the purpose of concluding the 2011/12 Annual Report and Accounts and preparing draft accounts for the final period until abolition.

Transfer of functions

In preparing for abolition, the Agency transferred a number of functions to other government bodies over the reporting period either for continuing activity or for final closure of activity which couldn't occur prior to the closure of the Agency.

On 1 May, Inward Investment activity transferred to PA Consulting Services Ltd. This resulted in the transfer of one member of staff. No assets or liabilities transferred with this service which is classified as a discontinuing service by virtue of delivery now being by a private sector provider.

On 1 July, The European Regional Development Fund (ERDF) programme transferred to the Department of Communities and Local Government. This resulted in the transfer of 14 staff. The programme runs until 2013 and is thus classified as a continuing activity in the analysis of EEDA's accounts. The only asset transferred was the repayment of cash by the Agency for advanced funds received on the programme. This amounted to £3m and was matched by the release of deferred income of the same amount. Note 2 provides further details.

On 1 July, the administration of the Rural Development Programme for England (RDPE) transferred to the Department for the Environment, Food and Rural Affairs. As the Agency acted as management agent only and made no payments on behalf of the programme, no assets or liabilities were transferred. Twelve staff transferred with this service. This activity is also classified as a continuing in the analysis of EEDA's accounts.

On 1 September, the regional delivery of Grants for Business and Industry was transferred to BIS. No assets, liabilities or staff transferred with this programme which is being discontinued.

On 19 September, the Agency transferred interest in land and property assets along with responsibility for a number of individual grant projects where payments or monitoring of grant conditions were required to the Homes and Communities Agency (HCA). Two members of staff also transferred to HCA as a result. This transfer has been treated as a Machinery of Government transfer and therefore merger accounting has been applied. Note 26 provides further details.

On 1 November, the Grants for Research and Development programme transferred to the Technology Strategy Board. No assets, liabilities or staff transferred with this programme which is being discontinued.

On 1 January 2012, a first transfer order under the Public Bodies Act 2011 passed responsibility for a number of individual projects from EEDA to BIS. These included both projects where final payments were to be made after 31 March 2012, totalling £2.8m, and those where further monitoring is required beyond the Agency's abolition date. No assets, liabilities or staff transferred with this individual projects which are being discontinued.

On 30 March, the Agency transferred to BIS, under a second transfer order, its remaining interests in grants, projects, contracts, office leases and the joint venture company Bedfordshire Consortium Ltd. The programme elements of this transfer are classified as discontinuing in EEDA's accounts. In addition, all pension and employment claims and liabilities transferred on the same day.

Note 1iii to the accounts describes the accounting treatment for these transfers.

Principal Risks and Uncertainties

The Agency's key risks are set out in its Risk Management Strategy and described in detail in section 5 of the Annual Governance Statement below.

Special Purpose Entities

The Agency had received Section 5 (2) consent from BIS to participate in the following corporate bodies but exited both by 31 March 2012.:

- Centre for Integrated Photonics Ltd (CIP Ltd) (sold July 2011).
- Bedfordshire Consortium Ltd (transferred to BIS on 30 March 2012)

Pension Costs
Pension costs are set out as part of note 3 to the financial statements and the treatment of pension liabilities and the relevant pension scheme details are set out in the Remuneration Report on pages 17 to 22.

Employment, Health & Safety and Environment Policies

Health and Safety
EEDA's Health & Safety policy statement sets out how it fulfilled its health and safety responsibilities. It applied to staff, visitors, contractors and anyone who might have been affected by activities related to offices, commercial and industrial properties and projects.

Employee Information and Consultation
EEDA aimed to be an equal opportunities employer. All job applicants were given full and fair consideration and were judged on the merit of their skills, qualifications and experience in relation to the particular demands of the post.

EEDA sought to promote and maintain good relations with its staff and considerable emphasis was placed on frequent formal and informal consultation at working level.

A Joint Staff Council provided a mechanism for management and staff to discuss pay, conditions of service and other matters of concern. Through this procedure, the management process and by the use of EEDA's intranet, all employees were advised on a regular basis of EEDA's performance.

Employment of disabled persons
The Agency recognised that functional limitations arising from disabled people's impairments do not inevitably restrict their ability to perform effectively in a job. The Agency selected applicants for interview after giving full and fair consideration to their skills and abilities. The Agency made reasonable adjustments to enable applicants with a disability to perform to the best of their ability throughout the recruitment process.

Should any employees have become disabled while employed by the Agency, reasonable adjustments were made and wherever possible appropriate training arranged with a view to continued employment.

Sickness absence data
A total of 160 days were lost to sickness absence in the year 2011/12 (730 days in 2010/11). which equates to 1.98 days (4.1 days in 2010/11) for each member of staff

Green housekeeping
EEDA had a statutory duty to contribute towards sustainable development. Ensuring that its own environmental performance was based on the principles of sustainability was recognised as a priority in the Regional Economic Strategy. The Agency had a green travel plan which limits CO2 emissions for its leased car fleet. All office power was procured on green tariffs and within the offices there were facilities to recycle a full range of materials including paper, cans and plastic.

EEDA received from BIS an exemption from all sustainability reporting.

Service First
EEDA was committed to the principles of Service First, including those on service standards, customer service, information provision and value for money. The standards adopted by EEDA were based upon best practice and support the concept of continuous improvement of the organisation. Details of the Service First standard can be obtained from the BIS website www.bis.gov.uk.

Political and Charitable Donations
No political or charitable donations were made during the year.

Committees
During 2010/11, EEDA created a Closure & Transition Committee to oversee the activities required as the Agency prepared for abolition. The role of this Committee was subsumed back into the full Board during the summer of 2011. The Audit Committee continued its role in reviewing assurance reports but increased the meeting frequency to consider the appropriateness of key issues relating to transition and closure. Other committees (as set out below) met on an "as required" basis.

Closure and Transition Committee
The Committee met to enable the Agency to progress its closure and transition plan. This provided the Executive, and particularly the Accounting Officer, with a forum for members to consider and make decisions on transition issues. Up until the summer of 2011, the Closure and Transition Committee oversaw arrangements for the Agency's interface with the National Transition Board and picked up the human resources elements previously included within the terms of reference of Performance and Resources Committee as this was part of the day to day business of closure and transition management.

The Committee met three times during 2011/12 and was chaired by Will Pope.

Other members were:
Sheila Childerhouse
Paul Burall
Stuart Evans
Madeline Russell
Earl of Iveagh Edward Guinness

Remuneration and Selection Committee

The Committee approved remuneration, terms and conditions and the job descriptions of the Chief Executive and Executive Directors, considered their performance targets and annual performance appraisals, approved their performance related pay recommendations and agreed arrangements for appointments panels to these posts. The Committee also agreed arrangements for appointments panels for Directorships of subsidiary companies owned by EEDA.

The Committee met four times during 2011/12 and was chaired by Stuart Evans.

Other members were:
William Pope
Sheila Childerhouse
Madeline Russell
Shona Johnstone

Audit Committee

The Committee considered and reviewed a wide range of assurance reports on behalf of the Board. The scope included the risk management process, the annual audit plan, follow-up to all internal audit reports, review of EEDA's internal control systems and Annual Governance Statement, the annual Management Letter from the Comptroller and Auditor General, the Code of Conduct, corporate governance requirements for the organisation, the procurement framework and practice and the complaints procedure.

The Committee met six times during 2011/12 and was chaired by Karen Livingstone.

Other members were:
Peter McCarthy-Ward
Shona Johnstone
Robert Swann
Colin Riordan
Marco Cereste
Ken Barnes (an independent, co-opted member).

Audit Services

The Comptroller and Auditor General is appointed by statute to audit the East of England 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 were incurred in relation to services provided by the Comptroller and Auditor General:

Statutory Audit Services £ 79K

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.

As far as the Chief Executive is aware, there is no relevant audit information of which the entity's auditors are unaware, and he has taken all the steps the 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."

REMUNERATION REPORT

This report, for the year ended 31 March 2012, deals with the remuneration of the Chair, Chief Executive, Board Members and Executive Directors who had influence over the decisions of the Agency as a whole.

Remuneration Committee

The remuneration of Board Members was set by the Secretary of State and was reviewed every year by BIS in line with the recommendations of the Senior Salaries Review Board.

The Remuneration Committee met during the course of the year to consider the remuneration of the Chief Executive Officer (CEO) and to advise the CEO on directors' remuneration. The members of this Committee are shown on the previous page.

The responsibilities of the Committee included:

- approval of the remuneration, terms and conditions and job description of the Chief Executive and directors
- considering the performance targets and outcomes of the annual performance appraisal of the Chief Executive and directors
- sitting as a panel for the appointment of the Chief Executive
- agreeing arrangements for appropriate panels for director level jobs

Remuneration Policy

The Remuneration Committee intended that the remuneration of the Chief Executive and Executive Directors, both in terms of base salary and total package, should be competitive taking into account the individual's performance, experience and the role fulfilled. This was designed to promote the Agency's short and long-term success by securing high calibre executives. For the Chief Executive, basic salary on recruitment was determined by national guidelines based on the Senior Salaries Review Board which recommend the Chief Executive's salary scale. The Committee determined final levels of remuneration within this scale taking account of experience, responsibilities and achievement of agreed performance criteria. No pay increase was awarded with effect from 1 April 2011 for RDA chief executives. Non-consolidated performance pay for the Chief Executive could have been up to a maximum of 20 per cent of salary and was based on achievement of performance objectives agreed by the Board. Consolidated increases up the salary scale were also performance related.

For all staff, and in accordance with government pay guidelines, a pay freeze was introduced with effect from 1 July 2010. The exception related to staff earning less than £21,000 who were awarded an increase of £500. The Agency maintained a performance related bonus scheme up until 2011-12. The Agency believed that this was a suitable way of promoting continued excellence by combining required targets with appropriate rewards. Performance related incentives were structured to offer a suitable level of remuneration for exceptional performance by a senior executive.

Service Contracts

Board Members were appointed on fixed term contracts of three years and were contracted to carry out two days work per month (three days per week for chair and one day per week for Deputy Chair) on behalf of EEDA. They had been re-appointed on fixed term contracts up to a maximum of ten years. Board Members' appointments were made in accordance with the Commission of Public Appointments code by the Secretary of State.

Board Member contracts may be terminated early in certain, defined circumstances including the closure and dissolution of EEDA.

Audited part of the Remuneration Report

Board Members

	Date of Appointment	Expiry of Tenure	Salary 2011-2012 £	Salary 2010-2011 £
William Pope (Chair)	14/12/2006	13/12/2012	81,718	81,718
Paul Burrall	14/12/2004	13/12/2012	8,666	8,666
Marco Cereste (Deputy Chair)	14/12/2001	13/12/2011	12,160	17,332
Sheila Childerhouse (Deputy Chair)	14/12/2004	13/12/2012	17,332	17,332
Nitin Dahad (resigned 31 March 2011)	14/12/2008	31/03/2011	-	8,666
Stuart Evans	14/12/2007	13/12/2012	8,666	8,666
Earl of Iveagh Edward Guinness	19/03/2007	13/12/2012	8,666	8,666
Beverly Hurley (resigned 25 August 2010)	14/12/2007	25/08/2010	-	3,611
Shona Johnstone	14/12/2008	13/12/2012	8,666	8,666
Karen Livingstone	14/12/2003	13/12/2012	-	2,889
Peter McCarthy-Ward	14/12/2006	13/12/2012	8,666	8,666
Professor Colin Riordon	14/12/2009	13/12/2012	8,666	8,666
Madeline Russell	14/12/2008	13/12/2012	8,666	8,666
Robert Swann	01/05/2009	13/12/2012	8,666	8,666

By agreement with her employer, Karen Livingstone did not receive any remuneration from EEDA for her Board Member duties after June 2010. During the year, the Agency paid expenses of £2,485 to Ken Barnes as a co-opted member of the Audit Committee.

Pension benefits of Board Members

With the approval of BIS, pension schemes were put in place for the out-going and former Chairs with contribution rates and benefits which were identical to the Principal Civil Service Pension Scheme but which were funded directly by the Agency. The Agency was not permitted to pay these contributions to a personal pension scheme or other pension plan provider. Responsibility for these schemes was transferred to BIS on 30 March under Transfer Order 2.

Emoluments of Chief Executive and Directors

Remuneration details

	Salary £'000	Bonus/ PRP £'000	Redundancy, Retention & Compensation £'000	Other Benefits £'000	Pension Contribution £'000	Total 2011-2012 £'000	Total 2010-2011 £'000
Deborah Cadman *Chief Executive (until 18 December 2011)*	105	14	-	2	24	145	188
David Hipple *Executive Director, Corporate Services and then Chief Executive (from 19 December 2011)*	106	10	42	1	26	185	131
Rachel Bosworth *Executive Director, Communications & External Relations and Deputy Chief Executive (until 19 June 2011)*	19	6	-	-	5	30	114
Steve Cox *Executive Director, Spatial Economy until 26 October 2011)*	57	7	123	3	13	203	131
Alison Webster *Executive Director, Enterprise and Skills (until 31 March 2012)*	94	7	94	1	23	219	122
Jamie Merrick *Executive Director, Strategy and Intelligence (until 15 April 2011)*	6	-	102	1	1	110	110
Paul May *Executive Director, Innovation (until 31 March 2011)*	1	-	48	-	-	49	134

Bonus & PRP payments relate to 2010-11 performance but were paid in 2011-12. Alison Webster left office on 31 March 2012 and received a retention payment of £93,888 in April.

A redundancy payment has been accrued for David Hipple of £41,850 which is expected to be paid in June on the termination of his contract. He will also receive a retention payment of £115,941, to be included in the 2012-13 accounts, dependent upon the successful closure of the Agency in accordance with BIS requirements.

The business interests of the Chief Executive and executive directors are shown in note 22 on page 70.

The Chief Executive and other senior level staff were appointed on permanent contracts of employment which could have been terminated by giving written notice to EEDA of 6 months and 3 months respectively.

For the Chief Executive and senior management team, early termination, other than for misconduct or on the grounds of capability, was under the terms of the PCSPS. The terms of the scheme come under the terms of the Civil Service Compensation Scheme. All are members of the Principal Civil Service Pension Scheme.

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. This is the first year of disclosure and EEDA had only a small closure team left at the reporting date making a meaningful prior-year comparison impossible.

The banded remuneration of the highest-paid director in EEDA in the financial year 2011-12 was £115K - £120K. This was 2.6 times the median remuneration of the workforce, which was £45,519. In 2011-12, no employees received remuneration in excess of the highest-paid director. Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance and retention payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Benefits in kind

Additional benefits included the use of company cars and the payment of an essential car user allowance.

Non-cash remuneration

There were no forms of non cash remuneration made in the year except for the benefits in kind of senior managers disclosed above.

Compensation paid, significant awards to former senior managers

There were no significant awards or compensation paid to former senior managers in the Agency in this financial year other than those shown in the table above.

Details of fixed term contracts

Apart from the Board Members detailed earlier, there were no senior managers appointed on fixed term contracts.

Pension entitlement details

Name	Salaries and other allowances for period ending 31/03/12	Salaries and other allowances for year ending 31/03/2011	Accrued benefits at pension age as at 31/03/12		Real increase in benefits at pension age		CETV at 31/03/12	CETV at 31/03/11	Real increase in CETV
	(in bands of £5k)	(in bands of £5k)	(in bands of £5k)		(in bands of £2.5k)		(nearest £1k)	(nearest £1k)	(nearest £1k)
			Pension	Lump Sum	Pension	Lump Sum			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Deborah Cadman	105-110	140-145	10-15	-	0.0-2.5	-	130	100	24
David Hipple	105-110	100-105	5-10	-	0.0-2.5	-	84	48	29
Rachel Bosworth	15-20	85-90	25-30	90-55	0.0-2.5	0.00-2.5	286	282	1
Steve Cox	55-60	95-100	25-30	85-90	0.0-2.5	0.0-2.5	427	411	4
Alison Webster	90-95	90-95	30-35	90.-95	0.0-2.5	0.0-2.5	573	523	7
Jamie Merrick	5-10	80-85	10-15	35-40	0.0-2.5	0.0-2.5	148	147	1

A 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 the former scheme. The pension figures shown relate to the benefits that the individual had 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 and the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed.

The columns "CETV at 31/03/12 and "CETV at 31/03/11" of the above table show the member's cash equivalent transfer value accrued at the beginning and the end of the reporting period. The final column reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation and 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. The factors used to calculate the CETV were revised on 1 April 2005 on the advice of the scheme actuary.

Pension schemes

EEDA employees were members of one of the following schemes

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but EEDA is unable to identify its share of the underlying assets and liabilities. It is therefore not possible to apply the requirements of IAS19 in these circumstances. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office Civil Superannuation (www.civilservice.gov.uk/pensions). For 2011/12, employers' contributions of £ 582k were payable to the PCSPS (2010/11 £1.7 million) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. Employer contributions are reviewed every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

From 30 July 2007, civil servants may be in one of four statutory based final salary defined benefit scheme (classic, premium, classic plus and nuvos). The scheme they were in is dependant on the date they joined EEDA. New entrants after 30 July 2007 may choose between membership of nuvos or joining a good quality money purchase stakeholder based arrangement with a significant employer contribution (Partnership Pension Account).

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 3/80^{ths} 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 3/8^{ths} of 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
On 30 July 2007 the government introduced a new pension scheme called nuvos for new entrants to the Civil Service. Under this scheme benefits accrue at the rate of 2.3% of pensionable earnings for each year of service with the amount increasing by CPI every April. Members will pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 37.5% of the member's pension to date. Children's pension are payable to members' children and any other dependent children up to the age of 18 or up to the age of 23 if they are in full time education. On death in service the scheme pays a lump sum benefit of twice pensionable earnings.

Partnership Pension Account

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. 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).

Signed: 18 June 2012

Will Pope
Chair

Signed: 18 June 2012

David Hipple
Chief Executive and Accounting Officer

Statement of Board and Accounting Officer's Responsibilities

Under the Regional Development Agencies Act 1998, the Secretary of State has directed the East of England Development 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 are prepared on an accruals basis and must give a true and fair view of the state of affairs of the East of England Development Agency and of its total comprehensive expenditure, financial position, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Board and Accounting Officer are required to comply with the requirements of the Government 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 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 inappropriate to assume that the functions of East of England Development Agency will continue.

The Accounting Officer of the Department for Business, Innovation and Skills has designated the Chief Executive as Accounting Officer of the East of England Development 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 East of England Development Agency's assets, are set out in Managing Public Money published by HM Treasury.

ANNUAL GOVERNANCE STATEMENT 2011/12

1. Scope of Responsibility and Context

1.1 East of England Development Agency ('the Agency') is a Regional Development Agency (RDA), 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.

1.2 The Agency was created under the Regional Development Agencies Act 1998 and will be abolished under the Public Bodies Act 2011 which received Royal Assent on 14 December 2011. The Agency was operationally closed on 31 March 2012 and is expected to be abolished on 1 July 2012.

1.3 As Accounting Officer, I have responsibility for ensuring that there is a sound system of governance and internal control structures, and that the Agency conducts its business in accordance with *Managing Public Money* and the Government's *Financial Reporting Manual* to ensure public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

1.4 I share responsibility with the Board for ensuring that the Agency operates within the *RDA Accountability and Financial Framework* issued by BIS. This has included ensuring compliance with the revised framework effective from 1 October 2011, the purpose of which was to reflect accountability and governance in the changed circumstances of RDAs during transition to final closure.

1.4.1 On 22 June 2010 the Coalition Government confirmed its intention to abolish the RDAs. Since then, the Agency's emphasis has been on ensuring an orderly transition and closure, including appropriate transfer of functions, activities, programmes and projects, assets and liabilities, and knowledge to other organisation within and external to the public sector.

1.4.2 The Agency has faced a number of atypical risks relating to transition and closure, which have required effective management alongside those relating to 'business as usual' activities. The Agency has continued to deliver a number of programmes and projects during 2011/12, as well as meeting its responsibilities to monitor and make payments in respect of programmes and projects previously funded.

1.4.3 The requirements for transfers of functions, projects and knowledge evolved over the year and, within the context of the reducing numbers of staff, to ensure a continuing effective governance and internal control environment required regular review of the Agency's structures and processes.

2. Purpose of the Governance Statement

2.1 The Governance Statement, for which I, as Accounting Officer and the Agency's Chief Executive, take personal responsibility, outlines how I have discharged my responsibility to manage and control the Agency's resources. The Statement is intended to give a clear understanding of the dynamics of the Agency and its control structure, its stewardship and performance and how successfully it has coped with the challenges faced. It provides an insight into the business of the Agency and its use of resources which have allowed me and my senior management team to make informed decisions regarding progress against our objectives and to ensure that we have kept on track. The Statement explains how the Agency has complied with the principles of good governance and documents the review of the effectiveness of these arrangements.

2.2 This statement notes a significant internal control weakness was identified by the NAO audit. Details are set out in paragraphs 5.21 to 5.23 below.

3. The Agency's Governance Framework

3.1 The Agency's Board 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 resources. The Agency is committed to this and has sought to adopt good practice and incorporate value for money principles in all of its activities.

3.2 Throughout 2011/12 the Agency continued to deliver its Closure and Transition Plan, such that the objectives agreed with Government for an orderly closure of the Agency could be met within the timeframes set. I have advised the Board on the Agency's performance against the Closure and Transition Plan through regular reporting.

3.3 The Agency has comprehensive policies and procedures in place covering financial, legal, human resources, information security management and project governance. The Agency learns from best practice in relation to governance arrangements through close working with other RDAs, the National Audit Office (NAO) and Internal Audit.

3.4 The Agency's Scheme of Delegation has been kept under review to ensure that decision-making on final programme – related expenditure, transfers and disposals have been made at the appropriate senior level and meet the standards expected in the revised RDA Accountability and Financial Framework. The Action Notes protocol has formally defined requests for information and provided guidance and instruction from BIS to enable clarity and consistency across RDAs in closure and transition. The Agency's timely and complete implementation of Action Notes has been formally monitored through the year by the senior management team.

3.5 The Agency has acted in a transparent and open manner in the spirit of Freedom of Information by publishing all non-confidential or restricted agendas, papers and minutes for the Board and its Committees on its website. Following the closure of the Agency these records will continue to be available via the websites of BIS and the National Archives Office.

The Board

3.6 The Board includes some of the East of England's leading business people and representatives from trade unions, local government, higher education and the voluntary sector, who have brought a wealth of experience and expertise from across the region.

3.7 The Board's roles and responsibilities and expected code of conduct are set out in the RDA Accountability and Financial Framework and the Agency's Code of Best Practice (the latter was last updated in November 2011).

3.8 The Board convened every month during 2011/12 (with the exception of August 2011), to provide oversight and responsibility for all major decisions arising from the delivery of the Closure and Transition Plan, particularly with regard to its overall direction and performance.

3.9 Board governance and committee structures have been kept under review through the year and the Board resolved to amend these on two specific occasions in response to the business to be covered. During 2011/12, three of five committees have been active: Closure and Transition Committee, Remuneration and Selection Committee, and Audit Committee. Terms of reference for each Committee have been approved by the Board, and those of the Audit Committee were formally updated in October 2011 to reflect new closure and transition responsibilities and to amend the quoracy requirements. The Board has stood down the Strategy Committee, the Performance and Resources Committee and the Closure and Transition Committee during the year (the former two not having met during 2011/12).

3.10 Each Committee routinely reports back to the Board on its activities and decisions and agreed minutes are shared with the Board.

3.11 Attendance, absences and declarations of interest are minuted for all Board and Committee meetings. A conflicts of interest policy is included as part of the Board code of practice and a register of interests maintained.

Closure and Transition Committee

3.12 The Closure and Transition Committee was constituted in October 2010 and in operation until July 2011, meeting on a monthly basis. The Committee's primary duties were to:

- Consider and agree on the overall transition strategy.
- Determine and oversee transition actions and agree the project plan.
- Approve the Agency's input into the Regional Transition Board, a body formed by EEDA, local authorities and business representatives to oversee the transition of activities to Local Economic Partnerships
- Ensure that the Agency carries out the transition in an orderly way, which is fair and equitable to all its staff and stakeholders.
- Consider and make recommendations to the Board on HR policy issues, including the broad organisational structure and terms and conditions of service for all staff, including pay and grading structures and the annual pay remit.

Highlights of Board and Closure and Transition Committee Reports

3.13 The Board and Closure and Transition Committee have been primarily concerned during the year with the Agency's implementation plans and the risks to the successful smooth closure of the Agency within the timeframes set. Standing agenda items included reports on performance against the Closure and Transition Plan and the associated key performance indicators, the financial position and forecast outturn for the year and consideration of the Agency's Corporate Risk Register.

3.14 In particular, the capacity requirements through the transition and closure period have been discussed at most meetings alongside the effectiveness of the voluntary redundancy programme. The final meeting of the Closure and Transition Committee in July 2011 expressed thanks to senior management for their effective leadership during the difficult period and for the ongoing commitment and productivity of staff. The Board has considered capacity in some form at all of its meetings along with the support that they can provide to the leadership team and staff.

3.15 Another key area of importance to the Board has been ensuring positive relationships and good communications between the Agency and Government bodies, particularly BIS and the HCA. The Agency's plans in a number of areas were dependent upon timely and clear communication of expectations and processes for transfer of staff, land and property and knowledge assets.

3.16 Significant time was dedicated to considering the results of the BIS led peer reviews in May and November 2011, a process used to assess the adequacy of the RDA's Closure and Transition Plans and the associated governance arrangements. In response to concerns raised by BIS, at the Closure and Transition Committee meeting in May 2011 the Board members expressed a collective view that risk management across the Agency was comprehensive and that the governance arrangements were considered appropriate for the circumstances. The Board was pleased to note the results in November 2011 that the Agency was considered by BIS to be a low risk RDA.

Audit Committee

3.17 The Audit Committee has met every two months during 2011/12, increased from quarterly, to reflect the changing and unique risk environment of the Agency and additional business requirements for the Committee, including sometimes complex governance and reporting requirements, such as Machinery of Government accounting and assurance requirements, and the preparation and audit of interim financial statements for the year.

3.18 The Audit Committee's primary duties are to:

- Report to the Board on the adequacy of the Agency's risk management process, and that risks associated with transition and closure of the Agency are managed effectively.
- Challenge and scrutinise the decisions that are made during transition and closure.
- Consider the internal audit and external audit strategies, plans and reports arising from audits and investigations and ensure appropriate and timely action is taken.
- Consider the annual risk management strategy and review the corporate risk register.
- Review the Agency's Governance Statement and supporting evidence.
- Review the Annual Report and Accounts before submission to the Board.
- Monitor and ensure compliance with the Accountability and Financial Framework.
- Advise the Accounting Officer and Board on assurances relating to governance.

Highlights of Audit Committee Reports

3.19 The Audit Committee has sought assurance on the governance, risk management and internal control framework through the key sources of the corporate risk register and internal audit updates, which include summaries of assurance provided by third parties such as the NAO and the auditing authorities for EU funded programmes.

3.20 In respect of the transition and closure of the Agency, specific issues raised through the year have included ensuring that value for money is obtained for the public purse in respect of the disposal of land and property and other assets, and the need to continue to provide oversight of the Agency's procurement activities. The implications of reduced staffing on the financial control environment have also been considered and the challenge of ensuring that key controls are still carried out to mitigate the risk of financial loss, error and fraud. The implications on the control environment and the risk of the loss of key knowledge when the Agency's Accounting Officer and Chief Executive resigned to take up a new position in December 2011, were also considered by the Audit Committee and assurance sought that adequate hand over and transition arrangements were put in place.

3.21 During the year a number of challenges have arisen in respect of the accounting, audit and assurance requirements for 2011/12 and 2012/13. These have included the implications presented by the transfer of functions to other Government departments (Machinery of Government changes) for the preparation of the financial statements. The Audit Committee considered several papers on these matters and has sought the view of the NAO at regular intervals.

3.22 The Governance arrangements for the review and approval of the financial statements for 2011/12 and 2012/13 have also been a point of discussion. The requirements of the new Governance Statement have also been discussed by the Committee and new arrangements introduced, particularly around the review of effectiveness of the Board and Audit Committee.

Remuneration and Selection Committee

3.23 The Remuneration and Selection Committee has met on four occasions during 2011/12. The Committee approves remuneration, terms and conditions and job descriptions of the Chief Executive and Executive Directors, considers their performance targets and annual performance appraisals, approves their performance related pay recommendations and agrees arrangements for appointments panels to these posts. The committee also agreed arrangements for appointments panels for Directorships of subsidiary companies owned by the Agency.

Highlights of Remuneration and Selection Committee Reports

3.24 The Committee managed the exit of the former Chief Executive and the appointment of her successor.

Board Performance and Effectiveness

3.25 The Board and Audit Committee carried out formal reviews of their performance and effectiveness during the transition and closure period of the Agency. The performance reviews were undertaken through workshops facilitated by the Head of Internal Audit at the scheduled Audit Committee and Board meetings in January 2012. Performance was assessed by reference to best practice guidance from the National Audit Office. For the Board, the NAO's *Board Evaluation Questionnaire* was used, supplemented with the requirements – where considered applicable to the Agency in its final year of operation – of the *Corporate Governance Code for Central Government Departments – Code of Good Practice* 2011. For the Audit Committee, the NAO's *Audit Committee Self-Assessment Checklist* was used. Both assessments also made reference to the relevant sections of the *RDA Audit and Accountability Framework.*

3.26 In reviewing its performance and effectiveness, the Board concluded that it had in all key areas met accepted good practice in respect of good governance during 2011/12. The Board was satisfied that it had complied with the *Corporate Governance Code* as far as it applied to the Agency in its last year of operation and that the corporate responsibilities of the Board as set out in the *RDA Accountability and Financial Framework* had been met. The Chair of the Board concluded was content that he had fulfilled his specific personal responsibilities under the *Framework* during 2011/12.

3.27 The Audit Committee concluded that it had, in all key areas, met accepted best practice in respect of good governance and its scrutiny arrangements during 2011/12. The Audit Committee was likewise satisfied that it had met the expectations set out in the *RDA Accountability and Financial Framework*, in particular in considering the new requirements relating to assurance over the transition and closure arrangements of the Agency.

3.28 The Board was constituted to reflect an appropriate degree of diversity. The loss of two board members during 2011/12, who could not be replaced in the period leading to closure, inevitably led to some loss of diversity. The board has remained able to provide expertise, advice and oversight with regards to closure and transition.

3.29 The Board and Audit Committee were also confident that they could continue to operate effectively and in accordance with good governance principles to the final closure date of the Agency.

3.30 A risk was recognised on the Corporate Risk Register that potential disengagement and loss of Board members could impact upon the effectiveness of decision-making and governance in the Agency. However this risk was removed from the register as it has not materialised and commitment to the Agency by Board members has remained strong, as supported by the attendance records for 2011/12 shown in table 1:

Table 1: Attendance Records for Board and Committee Meetings in 2011/12

Board / Committee	Attendance Record (%)	
	Board Members	**Executive & Externals**
The Board	86%	88%
Closure and Transition Committee	89%	95%
Audit Committee	85%	88%
Remuneration and Select Committee	100%	100%

Governance of Partnership Arrangements and Subsidiaries

3.31 Several delivery programmes have continued during 2011, and the governance and control arrangements previously in place have continued:

- formal contractual arrangements/ grant offer letters, which set out respective roles and responsibilities as well as conditions of funding
- supporting business plans and KPIs which are monitored by designated 'project sponsors'
- attendance at partner board and management team meetings for significant projects
- expenditure and output monitoring prior to payment by the Programme Management and Monitoring Team.
- consideration of key risks as part of the Corporate Risk Register and supporting operational risk registers where appropriate.

3.32 The Agency has not waived grant conditions in light of its closure, rather it has continued to pursue information and evidence prior to releasing funds and ensuring that good stewardship of public funds allocated continues through to the final date of closure.

3.33 During 2011/12, the Agency sold its share in its sole subsidiary, Centre for Integrated Photonics (CIP). This was undertaken in accordance with the principles set out in *Managing Public Money*, particularly in striving to achieve best value for money for the public purse. Consultation and approval were attained from BIS as required and the Chair and a sub-committee of the Board were directly involved with the sale to provide oversight. The full Board was also provided with regular briefings and risks to the successful sale of CIP were captured on the Corporate Risk Register, which is routinely reviewed by the Board and Audit Committee.

3.34 The Agency also put in place arrangements for the liquidation and transfer of its 50% interest in Bedfordshire Consortium Limited to BIS. Board members and staff resigned from their directorships in this and other enterprises in the region where these were performed in the name of the Agency.

4. Risk and Internal Control Framework

Risk Management Framework

4.1 A Risk Management Strategy for the Agency for 2011/12 was formulated in outline at the annual risk workshop with the Board and CET in February 2011, at which the risk appetite of the Agency was set, roles and responsibilities defined and reporting and escalation procedures agreed. The Agency's approach to the management of risk closely follows the guidance set out in the HM Treasury's *Orange Book*. The documented strategy was approved by the Audit Committee.

4.2 The Agency recognises that in order to achieve its objectives it must manage risk within its risk appetite. Where risks lie beyond the risk appetite, the Board ensures that appropriate risk management and escalation action is taken. To achieve a consistent approach to risk appetite to be taken, a consistent approach to the scoring of impact and likelihood of risks to Closure and Transition has been agreed by the Audit Committee and Board.

4.3 The Agency had in place a continuous process for identifying, assessing, evaluating and managing significant risks. A Corporate Risk Register was maintained throughout the year, structured around the workstreams set out in the Closure and Transition Plan.

4.4 The updated risk register was discussed by the Closure and Transition Committee until July 2011, since then the risk register has been discussed by the full Board and Audit Committee at every meeting.

4.5 The Board has considered the wider context of closure and transition and the implications for the Agency of the risks captured on the BIS Risk Log. An update on risk management activities and the latest version of the corporate risk register are also presented to the Audit Committee at every meeting, to facilitate its oversight and scrutiny role with regard to risk management arrangements.

4.6 The Chair of the Board, Audit Committee and members of staff have attended meetings with their RDA peers, and BIS representatives, to share best practice and discuss common issues. This has ensured that the Agency has taken a wide ranging view of closure risks and issues arising as a result of closure planning activity. The Agency's Relationship Manager from BIS has also attended every Board meeting and Closure and Transition Committee meeting and all Audit Committee meetings since July 2011, enabling the timely flagging and discussion of emergent risks and potential issues.

4.7 For significant programmes of activity that have continued into 2011/12, the Corporate Risk register has been underpinned by detailed operational risk logs; for example Business Link, which have been reported as part of Board papers. The Agency was also kept informed of the risks facing key partners through attendance at Board meetings, regular review meetings and review of finance and performance reports. Board and Committee papers include a section to highlight the key risks associated with a decision presented for approval.

4.8 A fraud risk register has been maintained to ensure that controls in place to prevent and detect financial loss, fraud and corruption remain strong. The Agency included the risk of non-compliance with the new UK Bribery Act, introduced in July 2011, on the Corporate Risk Register, and reviewed and updated its policies and procedures, supplemented by briefings to the Board, Audit Committee and staff. There were regular reviews of authority levels and related controls by the Audit Committee and Board.

Key Risks 2011/12 and Key Mitigating Actions

4.9 The Agency has faced a number of risks during the year as a consequence of transition and closure activities, which are summarised below, along with the key mitigating actions taken by the Agency to ensure that the impact of the risks on the Agency's closure and transition plan was minimised.

4.10 Governance Risks to the successful fulfilment of statutory duties, including the preparation and audit of financial statements, as resources reduce and in response to potential disengagement by Board members.

Mitigation: Keeping the governance framework under review through the year and having access to in-house legal advice supported by a legal panel and the RDA legal network, plus ongoing engagement with the NAO helped the Agency manage these risks.

4.11 People-related Risks concerning the capacity of the organisation to respond to requirements from Government, particularly BIS Action Notes. The change in Accounting Officer presented challenges to the Agency in ensuring an ongoing robust framework of control.

Mitigation: The latter was addressed through formal handover arrangements agreed with BIS. The Agency's adoption of a single Voluntary Redundancy scheme meant that every employee had signed up to a leaving date that enabled us to manage resources in line with workload and transfers, also giving employees the opportunity to transfer under TUPE or COSOP if the opportunity was presented.

4.12 Financial Management Risks around continuing to achieve value for money, certainty of funding, and minimising exposure to fraud and corruption.

Mitigation: To address these risks the financial control environment has been kept under review, and agreement sought by the Audit Committee for changes to arrangements. Internal audit undertook two reviews of the Agency's financial control environment, and provided reasonable assurance that the adequate controls remained in place during the Agency's closure.

4.13 Risks relating to Programmes, Projects, Assets, Liabilities and Functions, which concerned the quality of continuing activities and a well-controlled transfer of functions and projects to other bodies. The lack of clarity on the requirements of receiving bodies and Government was a particular challenge for the Agency, and the need to continue to respond to requirements as resources became increasingly limited.

Mitigation: During 2011/12, the Agency has dealt with the specific areas of transferring activity summarised in table 2. In all of these areas, as Accounting Officer, I have ensured that the Agency has maintained control of the projects, assets and liabilities involved until the point of transfer.

Table 2: Functions and programmes transferred to other bodies during 2011/12

Function / Programme	*Receiving Body*	*Transfer Mechanism (including revocation of delegations)*	*Date of Transfer*
Inward Investment	Department for Business, Innovation and Skills	Section 6 and Schedule 3 of the RDA Act 1998	1 May 2011
Rural Development Programme for England	Department for Environment, Food and Rural Affairs	Statutory Instrument 1433/2011 – The Rural Development Programme (Transfer and Appeals) (England) Regulations 2011	1 July 2011
European Regional Development Fund	Department for Communities and Local Government (CLG)	Statutory Instrument 1398/2011 - The European Regional Development Fund (Operational Programmes) Regulations 2011	1 July 2011
Stewardship (Land and Property Portfolio and projects)	Home and Communities Agency	Section 51 of the Housing and Regeneration Act 2008	19 September 2011
Grants for Business Investment	Technology Strategy Board	Section 6 and Schedule 3 of the RDA Act 1998	1 September 2011

Function / Programme	*Receiving Body*	*Transfer Mechanism (including revocation of delegations)*	*Date of Transfer*
Venture Capital and Loan Funds	Department for Business, Innovation and Skills	Novation	30 September 2011
Grants for Research and Development	Technology Strategy Board	Section 6 and Schedule 3 of the RDA Act 1998	1 November 2011
Projects in monitoring and activities requiring action post-EEDA's abolition	Portfolio Management Office, BIS	BIS PMO Transfer Order 1	1 January 2012
		BIS PMO Transfer Order 2	30 March 2012

4.14 **Knowledge Management and ICT Risks** pertaining to the secure and complete transfer of records to third parties within and outside Government, and the continuity of required ICT provision and support to the final closure date of the Agency.

Mitigation: The Agency continued to recognise the need for robust Information management systems and security over the data held on the Agency's IT systems. The consideration of information risks is an integral part of the Agency's risk management framework.

The Agency was keen to ensure that 13 years of expertise and learning was maintained for use in the region and more broadly by organisations and individuals who may find it of benefit. To this end receiving bodies have taken on the role of Insight East, and legacy documents have been lodged, along with other key strategy, investment and decision-making documents, with The National Archives and at the local archives office in Norwich.

The Chief Executive is the Agency's Senior Information Risk Owner (SIRO). A workshop was facilitated by the Agency's Information Security Officer with the Agency's designated Information Asset Owners to confirm that controls remain adequate to protect the confidentiality, integrity and availability of the Agency's data. A particular challenge in 2011/12 has been to ensure the secure transfer of data to other bodies as part of the closure and transition arrangements. The Information Security Leaders Group met periodically to review the information security control environment. As part of its response to information risk, the Agency has continued to be certified to the international Information Security Management Standard ISO27001. A Business Continuity Plan is in place incorporating the critical areas of the business.

As Senior Information Risk Owner, I confirm that:

"The East of England Development Agency continues to be committed to ensuring that robust information management systems are in place across the Agency and at our key partners, and that the risks to information security are appropriately managed. There have been no significant control weaknesses during the year with regards to information security.

During 2011/12, there was continued focus on knowledge and records management, as the Agency moved towards closure, in particular on ensuring the safe transfer of records to successor organisations. The activities of the knowledge management workstream within the Agency's Closure and Transition Plan continue to be implemented and the Agency has responded in a positive and timely basis to the Action Notes relating to Knowledge Management. A detailed project plan for data transfer is in place, which is kept under regular review at a senior management level. Key risks to the successful implementation of the knowledge management workstream were included in the Agency's corporate closure and transition risk register.

The management of the risks relating to knowledge management were to some extent outside of the Agency's control and for a proportion of the year clear plans were awaited from BIS. However after the autumn in 2011 additional resources were made available in BIS and increased clarity of expectation relating to knowledge management was received. This assisted the Agency in ensuring that sufficient capacity was available to achieve the activities within the timescales set.

The Agency did not suffer any key data losses during the year."

Ministerial Directions

4.15 No Ministerial Directions have been issued in 2011/12.

The Audit Committee's Views on the Agency's Assurance Arrangements and Risk Profile

4.16 The Audit Committee produced a report on its activities for 2011/12 which was presented to the Board meeting on 21 March 2012 for consideration. The conclusions in the report were:

"The Audit Committee believes it has taken all reasonable steps to perform fully its duties as delegated by the EEDA Board and mandated in its Terms of Reference and in accordance with good governance arrangements. The range of Audit Committee activity carried out and the assurances received during 2011/12 has enabled it to take a fair and measured view of the quality of the systems of governance, risk management and control within the Agency.

It is the opinion of the Audit Committee that the assurances received were comprehensive and sufficient in meeting the Board and Accounting Officer's needs and in supporting their decision taking and accountability obligations. The assurances are considered reliable and delivered with integrity.

The overall management of risk by the Agency met good practice and has enabled the Agency to deliver successfully against its Closure and Transition Plan.

The Agency's financial reporting mechanisms are considered adequate to ensure that the Agency meets its statutory obligations.

The Committee is satisfied with the quality and approach to the work delivered by the internal and external auditor. It recognises however that the timeframes are extremely tight for the completion of the audit of the accounts and that this is an area that needs to be closely monitored by the Board and Audit Committee.

Following the presentation of the NAO's Interim Management Letter on 21 March 2012, the Audit Committee was made aware of a possible breach of the pay remit. This was raised with BIS who confirmed on 17 April 2012 that there had been a breach.

With this one exception, the Audit Committee does not consider there to be any issues pertinent to the Governance Statement for 2011/12 and it supports the Accounting Officer in signing a satisfactory Governance Statement for the year".

Internal Audit Opinion on the Quality of the systems of governance, management and risk assessment and control

4.17 The Agency had an in-house internal audit function until 31 March 2012 which provided assurance over the governance, risk management and the internal control framework. For 2011/12, an initial Internal Audit Plan was approved by the Audit Committee in March 2011 and an updated plan signed off in September 2011. Internal Audit complied with *Government Internal Audit Standards*.

4.18 Each year, the Head of Internal Audit produces an Annual Report which summarises the Internal Audit work completed during the year and in which the Head of Internal Audit provides an overall opinion on the adequacy and effectiveness of the Agency's framework for risk management, control and governance.

4.19 An opinion has been provided to cover the year to 31 March 2012, after which internal audit provision at the Agency ceased. Note this opinion was provided before the identification of the significant internal control weakness described in paragraphs 5.21 to 5.23.

"The Head of Internal Audit's opinion is that during 2011/12 the Agency has maintained a framework of governance, risk management and internal control that has enabled the Agency to meets its primary objectives of delivering its Closure and Transition Implementation Plan and ensuring the smooth transfer of functions, assets and liabilities, programmes and projects, staff and knowledge to successor bodies.

The Agency has had in place an effective process for the consideration of significant corporate risks at management, risk owner and Board level. Recommendations for improvements that have arisen from internal audit activities, the work of the NAO and other assurance providers have been addressed promptly.

The governance arrangements and the framework of internal control has been appropriately reviewed and amended through the year to reflect the changing operating environment and governance requirements as the Agency moved further towards closure.

The Head of Internal Audit's assessment of the overall quality of the Agency's governance, risk management and internal control environment during 2011/12 has been informed by the following key sources of evidence:

- *Internal audit provides either limited or reasonable assurance when reporting, to reflect the adequacy and effectiveness of controls in operation to manage the risks to transition and closure. In 2011/12 I was able to provide an opinion of reasonable assurance for all activities audited; that is: The arrangements for risk management, control and governance provide reasonable assurance that material risks, which might threaten the achievement of the objectives relating to EEDA's transition and closure, are identified and managed effectively".*
- *The prompt implementation of internal audit recommendations made during the year to improve the control environment during transition and closure of the Agency.*
- *The BIS-led peer review of the Agency's transition and closure arrangements, which included an assessment of the adequacy of the governance, risk management and performance management arrangements. EEDA was rated as low-risk.*
- *Retention of the Agency's certification to the international standard for information security, ISO27001, during a time when the completeness, integrity and accessibility of data for transfer to receiving bodies was of paramount importance.*
- *The Agency's proactive response to a number of audits relating to the administration of European funded programmes".*

5. Review of Effectiveness

5.1 As Accounting Officer, I have responsibility for conducting an annual review of the effectiveness of the Agency's system of governance, risk management and internal control. The review is informed by the work of executive managers within the Agency who have responsibility for the development and maintenance of the governance structures, internal control framework, the work of internal audit as an independent assurance provider, the results and recommendations arising from the work of the NAO as the Agency's external auditors, contained within management letters and other reports, and assurances provided by other external sources of assurance. The Governance Statement represents the end product of the review of effectiveness of the governance, risk management and internal control framework.

5.2 The Agency's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all 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 upon an ongoing and embedded 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 the impact should they be realised, and to manage them efficiently, effectively and economically.

5.3 When the Government confirmed its intention to abolish Regional Development Agencies, the Agency immediately took action and put plans in place to manage the impact of Agency closure, whilst ensuring the effective delivery of its remaining economic development activity. This approach continued throughout 2011/12 as the Agency continued to implement its Closure and Transition Plan. As part of closure and transition activities, the Agency continued to review and enhance its system of internal control in response to the new operational context.

Management Reviews

5.4 The Scheme of Delegation has been kept under review to ensure that decision making on final programme investments, transfers and disposals were made at the appropriate senior level.

5.5 A review of the revised Accountability and Financial Framework (October 2011) was presented to the Audit Committee in November 2011 to provide assurance that the Agency was complying with the new requirements relating to transition and closure.

5.6 Two management reviews of the adequacy of the internal financial control framework were presented to the Audit Committee to highlight the new risks in light of reduced staffing resource and the changes to the roles and responsibilities, particularly in the finance team, and controls in place.

5.7 In December 2011, the former Chief Executive and Accounting Officer left the Agency to take up new employment. A workshop was held with the outgoing Accounting Officer and members of the Chief Executive's Team, the output being a documented assessment of the Agency's corporate governance, risk management and internal control arrangements for the period 1 April to 13 December 2011 (essentially capturing the fulfilment of the Accounting Officer's responsibilities as set out in *Managing Public Money*). This document was formally passed from the outgoing Accounting Officer to the designated replacement Accounting Officer and copied to the Chair of the Board. The impact of this departure and appointment of the former Deputy Accounting Officer and Finance Director to the Chief Executive and Accounting Officer position was included in the second management review of the internal control environment referred to above.

5.8 From December 2011, cross-directorate project groups and senior management team meetings have been introduced, to enable an Agency-wide communication and consideration of priorities and resourcing requirements to ensure the final closure activities were completed on time.

5.9 The Agency provided (in the past) granted funding for economic development activities to a wide range of organisations in the region, including local authorities, local delivery partnerships and businesses. During 2011/12, ongoing programmes included the Business Link service, Manufacturing Advisory Service, some research and development funding streams and EU-funded programmes. A key assurance mechanism on the eligibility of payments made in respect of funding granted by the Agency and the delivery of expected outputs are the detailed checks on grant claims undertaken by Programme, Management and Monitoring Team. For projects receiving more than £100,000 an independent accountant's report or audited statement of grant usage has been required. I received regular updates on the status of claims and issues identified. For 2011/12, updates included the status of the transfer of 'live' projects to successor bodies at the cross-directorate project groups. Evaluations were also undertaken on significant areas of expenditure to provide assurance that programmes have delivered value for money and delivered the expected outputs and outcomes.

Independent Sources of Assurance

5.10 I draw on a number of independent sources of assurance to support my assertion that the Agency's governance, risk management and internal control framework is fit for purpose and in line with Government guidance and best practice.

5.11 The Closure and Transition Plan, and progress against it, along with the governance and management arrangements in place, have been reviewed by BIS, who have considered our approach to provide an appropriate framework for the closure process. This view has been confirmed through the results of the two BIS-led peer reviews in April and November 2011, which concluded that the Agency was a low-risk RDA.

5.12 Internal Audit provided independent assurance to the Board that the closure and transition arrangements in place are in line with good practice, as set out in the Cabinet Office's *Public Bodies Reform – Checklist for Departments*, as well as in reviews of key risks, systems and controls in delivering the internal audit plan for 2011/12.

5.13 Internal Audit's programme of work included a review of the key corporate risks and the adequacy and effectiveness of the controls in operation, plus an assessment of the risk management arrangements in place. The Agency is clear that responsibility for managing risk lies with the Board, Directors and staff of the Agency. However, Internal Audit also plays an important role in the risk management process by: focusing audit activity on areas linked with key business risks, facilitating directors in identifying and defining corporate risks and routinely reviewing the Agency's risk management process and its application.

5.14 Internal Audit submits regular reports on the adequacy and effectiveness of the Agency's systems of internal control and the management of key business risks together with recommendations for improvement. The status of Internal Audit recommendations and the implementation of agreed management actions are reported to each meeting of the Audit Committee. Throughout the year recommendations were accepted by management and were implemented in accordance with agreed timetables.

5.15 The NAO has raised one significant internal control issue relating to 2011/12 which is referred to in paragraphs 5.21 to 5.23 below. Matters raised in the management letter for 2010/11 have all been addressed in compiling the Annual Report and Accounts for 2011/12.

5.16 Assurances are provided in respect of the adequacy of systems of internal control and compliance with the regulations relating to EU funded programmes of activity. During 2011/12 a number of audits conducted over the ERDF and ESF programmes by the designated auditing authorities, and no significant internal control issues were raised.

5.17 Specific assurances were required for 2011/12 with regards to functions transferred to other bodies part way through the year for which I remained accountable as the Agency's Accounting Officer until the associated supplementary estimates were agreed.

5.18 With regards to the transfers relating to Grants for Research & Development, Grants for Business Investment and Venture Capital and Loan Funds, I received a letter from the BIS Permanent Secretary stating that as Principal Accounting Officer for BIS, from the dates of transfer he will take on the Accounting Officer role for these funds.

5.19 With regards to the Land and Property Portfolio transfers to HCA, as these are subject to merger accounting treatment, I retained formal Accounting Officer responsibilities until the date when the Supplementary Estimate for 2011/12 was passed by Parliament. However, I received a letter from the CLG Permanent Secretary stating that he accepted responsibility for ensuring regularity, propriety and value for money, as if he was the responsible Principal Accounting Officer for these resources from transfer dates until the Supplementary Estimate was passed by Parliament and that he would provide the assurances in respect of decisions relating to these funds.

5.20 The Agency's governance framework and structure and an effective system of internal control was in place in the Agency for the year ended 31 March 2012 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Significant Internal Control Weaknesses

5.21 In June and July 2011, EEDA's Board recognised that additional work of staff members above and beyond contractual obligations was assisting in delivery of closure significantly below budget. The Board was concerned to ensure that the progress made towards an efficient closure would be continued into the autumn and beyond. It recognised, however, there was a potential risk in respect of completing the efficient closure of the organisation, and, to manage that risk, it sought to compensate staff for the additional responsibilities they had taken on and the additional time they were committing as the organisation closed down. On the 21 July 2011 the Remuneration and Selection Committee agreed to make payments of £500 each to 66 members of staff on 31 August. A further payment of £500 was made to 36 members of staff on 30 December. These payments excluded the Executive Directors in both instances. The total cost was £51k – with a net cost to the taxpayer, after tax and national insurance is removed of c. £30k.

5.22 The Committee made this decision believing that the Agency had the authority to do so. The Committee and EEDA Board took account of and were guided by the Accountability and Financial Framework that stated "The approval of the Department will be required for changes to the Agency's pay, grading and organisational structures with significant financial or political implications. The Agency's pay and grading systems need to match the task to hand and its suitability will be judged against the criteria of value for money, flexibility, financial control and linking pay to performance" and saw that in making this decision it was achieving value for money in maximising the capacity of the existing staff rather than seeking to recruit agency or contract staff. In particular, the Committee made this decision on the basis of value for money to the Agency, believing that a saving to the tax payer in the region of £1m would be generated from staff reductions ahead of plan. This relied upon the additional work and flexibility of remaining staff members.

5.23 The NAO's audit queried whether these payments required BIS approval. The Agency immediately asked BIS. The Department confirmed that these payments did require their approval and noted that they would not provide retrospective approval because these payments, in BIS's view, fall outside EEDA's pay remit. As a consequence, the NAO have qualified their regularity opinion on the grounds that these payments were not in conformity with the authorities which governed them, and were, therefore, irregular and "material by nature", although "not material in value".

5.24 Once this information was known to the Board, it recognised it had unwittingly breached the pay remit and took advice on options for mitigation. The Board acknowledged it would not have wished to breach the pay remit and regretted the situation.

5.25 Other than this matter, there are no significant control issues to report.

6. Conclusion

6.1 As Accounting Officer, I have had responsibility for maintaining a sound governance framework, including systems of internal control, that support the achievement of the East of England Development Agency's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

6.2 As Accounting Officer, I also have responsibility for reviewing the effectiveness of the systems of governance, management and risk control. My review is informed by the work of Internal Audit and other assurance providers, the Executive Directors and the senior management team, who have responsibility for the development, maintenance and operation of the internal control framework, and comments made by the National Audit Office in their management letter and other reports.

6.3 The NAO has raised one significant internal control issue relating to 2011-12 which is described in paragraphs 5.21 to 5.23 above.

6.4 As Accounting Officer, on the basis of the information provided in this statement, I conclude that, other than the matter referred to in paragraphs 5.21 to 5.23, the Agency has had a satisfactory system of governance, supported by sound risk management and internal controls, in operation for the year ending 31 March 2012.

David Hipple
Chief Executive and Accounting Officer
East of England Development Agency Date: 18 June 2012

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

I have audited the financial statements of the East of England Development Agency for the year ended 31 March 2012 under the Regional Development Agencies Act 1998. The financial statements comprise: the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated and Agency Statements of Financial Position, the Consolidated and Agency Statements of Cash Flows and the Consolidated 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 Board, Accounting Officer and auditor
As explained more fully in the Statement of Board and Accounting Officer's Responsibilities, the Board and the Accounting Officer are 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 group's and the East of England Development Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the East of England Development Agency; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual 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.

Basis for qualified opinion on regularity
The East of England Development Agency is required to comply with the authorities laid out for it in statute and other regulations, including the requirements of 'Managing Public Money'. When expenditure is not in accordance with these authorities I consider it to be irregular. As detailed in my accompanying report, the East of England Development Agency has incurred expenditure in respect of pay costs (£51,000) which I have concluded are not in conformity with the authorities which govern them, and are, therefore, irregular.

Qualified opinion on regularity
In my opinion, except for the matter referred to in the basis for qualified opinion paragraph, in all other material respects the expenditure and income recorded 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 financial statements
In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the East of England Development Agency's affairs as at 31 March 2012 and of the group's and the parent's net expenditure after tax for the year 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 have considered the adequacy of the disclosures made in note 1ii concerning the management's decision to apply a basis other than going concern in the preparation of the financial statements. This was made following Royal Assent to the Public Bodies Act 2011 which contains provision for the abolition of all Regional Development Agencies.

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 Management Commentary and Directors' Report, and 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 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
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date 22 June 2012

Qualified Opinion Report

Introduction

1. The Regional Development Agencies Act 1998 established the East of England Development Agency (the Agency), a non-departmental public body, sponsored by the Department for Business, Innovation and Skills (the Department). Under the Act, Regional Development Agencies (RDAs) are empowered to:

   • further the economic development and regeneration of their area;
   • promote business efficiency, investment and competitiveness in their area;
   • promote employment in their area;
   • enhance the development and application of skills relevant to employment in their area; and
   • contribute to the achievement of sustainable development in the United Kingdom where it is relevant to their area to do so.

2. The Public Bodies Act 2011 includes provisions for the abolition of the RDAs. A Commencement Order is expected to be issued under this Act and signed by the Secretary of State, setting an abolition date of 1 July 2012.

Qualified Opinion on Regularity

3. I have qualified my regularity opinion for the year ended 31 March 2012 because the Agency incurred expenditure in respect of ex gratia payments to staff (£51,000) which I concluded were not in conformity with the authorities which governed them, and were, therefore, irregular.

Purpose of Report

4. The purpose of this Report is to explain the background to the qualification of my audit opinion on regularity.

Audit Opinion

Qualified opinion on regularity as a result of a breach of pay remit

5. At the Emergency Budget in June 2010, the Government set out plans for a significant acceleration in the reduction of the structural current budget deficit over the course of the Parliament. These included a two year pay freeze for public sector workforces, from 2011-12, for those earning above the full-time equivalent of £21,000 per annum.

6. The Agency is required to agree annual pay remits with its sponsor Department and HM Treasury which set out the maximum level of pay increases for permanent employees. For 2011-12, this also had to comply with the pay freeze instruction.

7. Notwithstanding the environment of pay constraint, the Department wished to achieve a smooth and efficient closure of the Regional Development Agency network. Following consultation with HM Treasury, in February 2011 the Department approved retention payments of up to 12 months' salary for nominated key staff in each RDA who were considered essential to the delivery of this objective.

8. The Agency agreed its pay remit with the Department on 24 May 2011. The remit included a clause that EEDA was not proposing to pay any other increases or non-consolidated bonuses to any staff.

9. On 21 July 2011, and despite the pay freeze and retention scheme outlined above, the Board decided that they would like to make ex-gratia payments to staff in recognition of the additional responsibilities they had taken on and their continued hard work as the organisation closed down.

10. Following discussion, the Remuneration and Selection Committee agreed to make two separate ex gratia payments of £500 each to almost all members of staff barring the Executive Directors. These payments totalled £51,000; the individual payments were made on 31 August and 30 December 2011 and were paid to a total of 66 staff, although not all staff received both payments.

11. These payments were identified through audit as having breached the Agency's pay remit and, consequently, the Agency sought retrospective approval for these from the Department. In response, the

Department declined to provide retrospective approval because “these payments, in BIS’s view, fall outside EEDA’s pay remit and appear to be special payments for which BIS and HMT would have needed to give approval. We are declining to give this.”

Conclusion

12. I have concluded that these payments are not in conformity with the authorities that govern them and are, therefore, irregular. While I recognise that, in total, the sums involved here are not substantial, the wider considerations of public sector pay restraint and the specific initiative already in place to recognise and reward those individuals considered key to delivering closure of the Agency have led me to consider that my opinion should be qualified in this regard.

13. As the Agency is expected to be abolished shortly, I have not made any recommendations.

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

Date 22 June 2012

Consolidated Statement of Comprehensive Net Expenditure
for the period ending 31 March 2012

	Notes	2011-2012 £'000	Restated 2010-2011 £'000
Expenditure			
Programme expenditure	2	(21,852)	(77,229)
Staff Costs	3	(7,893)	(14,328)
Depreciation and amortisation	6/7	(1,583)	(2,018)
Book value of investments sold	20	2,349	-
Book value of inventory sold	10	(1,487)	(615)
Other expenditure	4	(3,592)	(7,499)
Loss on disposal from Transfer Order 2	27	(344)	-
Total expenditure		**(34,402)**	**(101,689)**
Income			
European funding	5	5,660	10,712
Self-generated income	5	3,727	3,575
Other Income	5	1,277	5,070
Profit on disposal from Transfer Order 1	27	2,182	-
Total income		**12,846**	**19,357**
Net Expenditure		**(21,556)**	**(82,332)**
Interest receivable	5	191	538
Net expenditure after interest		**(21,365)**	**(81,794)**
Taxation		(88)	382
Net expenditure after tax		**(21,453)**	**(81,412)**
Results of discontinued operations	2	(15,633)	(60,769)
Other comprehensive expenditure			
Net gain/(loss) on revaluation of:inventory		-	-
Actuarial (gain)/loss on pension scheme	14	-	11
Total Comprehensive Expenditure for the year ended 31 March 2012		**(21,453)**	**(81,401)**

Not all activities are continuing operations - see note 2 to the accounts
Restatement for 2010-11 is due to the use of merger accounting - see notes 1iii and 26 to the accounts
The notes on pages 49 to 80 form part of these accounts.

Consolidated Statement of Financial Position
as at 31 March 2011

As the Agency is no longer a group, this statement is provided for comparative purposes only.

Restatement for 2010-11 is due to the use of merger accounting - see notes 1iii and 27 to the accounts

The notes on pages 49 to 80 form part of these accounts

	Note	Restated Group 31/03/2011	Restated Group 01/04/2010
Non-current assets		**£'000**	**£'000**
Intangible Assets	6	876	991
Property, Plant and Equipment	7	1,587	3,046
Other financial assets	8	200	223
Total non-current assets		**2,663**	**4,260**
Current assets:			
Inventories	10	2,048	3,076
Trade and other receivables	11	12,632	19,521
Cash and cash equivalents	12	14,535	19,212
Total current assets		**29,215**	**41,809**
Total Assets		**31,878**	**46,069**
Current liabilities			
Trade and other payables	13	30,538	64,709
Total current liabilities		**30,538**	**64,709**
Non-current assets plus/less net Current assets liabilities		**1,340**	**(18,640)**
Non-current liabilities			
Provisions	14	1,376	1,173
Total non-current liabilities		**1,376**	**1,173**
Assets less liabilities		**(36)**	**(19,813)**
Taxpayers' equity			
Grant-in-Aid Reserve		1,670	(20,090)
Revaluation Reserve		43	245
General Reserve	15	(1,749)	32
		(36)	**(19,813)**

Agency Statement of Financial Position
as at 31 March 2012

	Note	Agency 31/03/2012	Restated Agency 31/03/2011	Restated Agency 01/04/2010
Non-current assets		**£'000**	**£'000**	**£'000**
Intangible Assets	6	-	876	991
Property, Plant and Equipment	7	-	608	1,225
Other financial assets	8	-	200	223
Total non-current assets		**-**	**1,684**	**2,439**
Current assets:				
Inventories	10	-	1,487	2,502
Trade and other receivables	11	1,175	14,286	20,833
Cash and cash equivalents	12	3,365	14,316	19,112
Total current assets		**4,540**	**30,089**	**42,447**
Total Assets		**4,540**	**31,773**	**44,886**
Current liabilities				
Trade and other payables	13	1,252	28,915	63,890
Total current liabilities		**1,252**	**28,915**	**63,890**
Non-current assets plus/less net Current assets / liabilities		**3,288**	**2,858**	**(19,004)**
Non-current liabilities				
Provisions	14	-	1,364	1,086
Total non-current liabilities		**-**	**1,364**	**1,086**
Long term liabilities				
Investment in Subsidiary	20	-	1,530	(277)
Total long term liabilities		**-**	**1,530**	**(277)**
Assets less liabilities		**3,288**	**(36)**	**(19,813)**
Reserves				
Grant-in-Aid Reserve	15	3,288	1,670	(20,090)
Revaluation Reserve	15	-	43	245
General Reserve	15	-	(1,749)	32
		3,288	**(36)**	**(19,813)**

Approved by the Board on

David Hipple
Chief Executive and Accounting Officer
Date 18 June 2012

William Pope
Chair
Date 18 June 2012

The restatement is due to the use of merger accounting - see notes 1iii and 26 to the accounts

Consolidated Statement of Cash Flows
for the period ending 31 March 2012

	Note	2011-2012 £'000	Restated Group 2010-2011 £'000
Cash flows from operating activities			
Net deficit after tax		(21,453)	(81,412)
Depreciation/Amortisation	6,7	1,583	2,018
(Increase)/Decrease in trade and other receivables	11	11,456	6,888
less movements in receivables relating to items not passing through the consolidated statement of net expenditure		(54)	-
(Increase)/Decrease in inventory	10	2,048	1,028
Increase/(Decrease) in trade and other payables	13	(29,286)	(34,171)
Use of Provisions	14	(431)	64
Profit on disposal from Transfer Order 2	27	(2,182)	-
Loss on disposal from Transfer Order 1	27	344	-
NBV on sale of subsidiary	20	(2,349)	-
less adjustment for other non-cash items		2,969	2,027
Repayment of bad debts	4	(76)	(1,433)
Net cash outflow from operating activities		**(37,431)**	**(104,991)**
Cash flows from Investing activities			
Purchase of property, plant and equipment	7	-	(196)
Purchase of intangible assets	6	-	(249)
Purchase of Inventory asset		-	(268)
Sale of equipment		-	30
Interest received		-	9
Proceeds of disposal of inventory	5	1,553	618
Loans to other bodies	25	(178)	(667)
Net cash outflow from investing activities		**1,375**	**(723)**
TOTAL NET CASH OUTLFOW		**(36,056)**	**(105,714)**
Cash flows from financing activities			
Grants from parent department		24,886	101,037
Net financing		**(11,170)**	**(4,677)**
Net increase/(decrease) in cash and cash equivalents in the period		**(11,170)**	**(4,677)**
Cash and cash equivalents at the beginning of the period	12	14,535	19,212
Cash and cash equivalents at the end of the period	12	3,365	14,535

Agency Statement of Cash Flows

for the period ending 31 March 2012

	Note	Agency 2011-2012 £'000	Restated Agency 2010-2011 £'000
Cash flows from operating activities			
Net deficit after tax		(20,725)	(79,474)
Depreciation	6,7	1,484	1,049
(Increase)/Decrease in trade and other receivables	11	13,111	6,547
(Increase)/Decrease in Inventories	10	1,487	1,016
less movements in receivables relating to items not passing through the consolidated statement of financial position		(54)	
Increase/(Decrease) in trade and other payables	13	(27,664)	(34,975)
Use of Provisions	14	(431)	64
Profit on disposal from Transfer Order 2	27	(2,182)	-
Loss on disposal from Transfer Order 1	27	344	-
NBV on sale of subsidiary	20	(2,349)	-
less adjustment for other non-cash items		(157)	2,000
Less repayment of bad debt	4	(76)	(1,433)
Net cash outflow from operating activities		**(37,212)**	**(105,206)**
Cash flows from Investing activities			
Purchase of property, plant and equipment	7	-	(70)
Purchase of intangible assets	6	-	(249)
Purchase of Inventory asset		-	(268)
Interest received		-	9
Proceeds of disposal of inventory	5	1,553	618
Loans to other bodies	25	(178)	(667)
Net cash outflow from investing activities		**1,375**	**(627)**
TOTAL NET CASH OUTFLOW		**(35,837)**	**(105,833)**
Cash flows from financing activities			
Grants from parent company		24,886	101,037
Net financing		**(10,951)**	**(4,796)**
Net increase/(decrease) in cash and cash equivalents in the period		**(10,951)**	**(4,796)**
Cash and cash equivalents at the beginning of the period	12	14,316	19,112
Cash and cash equivalents at the end of the period	12	3,365	14,316

Consolidated Statement of Changes in Taxpayers' Equity
as at 31st March 2012

	Grant in Aid Reserve £'000	Revaluation Reserve £'000	General Reserves £'000	Total Reserves £'000
Balance at 31 March 2010	**(14,950)**	**1,507**	**32**	**(13,411)**
Transfer under Machinery of Government	(5,140)	(1,262)	-	(6,402)
Restated Balance at 1 April 2010	**(20,090)**	**245**	**32**	**(19,813)**
Changes in taxpayers' equity for 2010-2011				
Grant-in-aid from sponsoring department	101,038	-	-	101,038
Transfers between reserves	187	(202)	15	-
Total Comprehensive Net Expenditure for the year	(81,412)		11	(81,401)
Net gain/(loss) on by analogy pension	11	-	-	11
Net gain/(loss) on subsidiary	1,936	-	(1,807)	129
Restated Balance at 1 April 2011	**1,670**	**43**	**(1,749)**	**(36)**
Changes in taxpayers' equity for 2011-2012				
Grant-in-aid from sponsoring department	24,886	-	-	24,886
Total Comprehensive Net Expenditure for the year	(21,453)	-	-	(21,453)
Movements in reserves	(2,543)	(43)	2,586	-
Movements in by-Analogy Pension	-	-	(18)	(18)
Adjustment for reduction in subsidary net assets	728	-	(819)	(91)
Balance at 31 March 2012	**3,288**	**-**	**-**	**3,288**

The Grant-in-Aid Reserve shows the balance of funding from BIS, as a controlling party, provided as a contribution towards EEDA's programmes and activities. The Revaluation Reserve was used to hold increases in market value of development and investment properties until such time as these were realised or decreased. The General Reserve comprised balances relating to EDDA's subsidiary (see note 20) and for the Chair's pension (see the Remuneration Report page 18).

Notes to the Financial Statements for the Year Ended 31 March 2012

1: Accounting policies

i: Basis of accounting

The financial statements of EEDA have been prepared in a form directed by the Secretary of State for the Department for Business Innovation and Skills (BIS) with the approval of HM Treasury, in accordance with the Regional Development Agencies Act 1998. Without limiting the information given, these financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by HM Treasury. 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 EEDA for the purpose of giving a true and fair view has been selected. The particular policies adopted by EEDA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The Agency was issued with an Accounts Direction on 24 February 2011.

EEDA has considered, in accordance with IAS 8, whether there have been any changes to accounting policies (either voluntary or arising from IFRS and the FReM) which have an impact on the current or prior period, or may have an effect on future periods. EEDA has also reviewed new or amended standards issued by the IASB but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRS's that are or will be applicable (references to 'new IFRS's' includes new interpretations and any new amendments to IFRS's and Interpretations). As a result, changes have been made to the policy on treatment of capital grants (see xiii below) although this has no impact on the figures presented here.

ii: Going concern

The Public Bodies Act, which paves the way for the abolition of all RDAs, received Royal Assent on 14th December 2011. BIS issued two individual Transfer Schemes for each RDA under the Act, the first came in to effect on 1st January 2012, transferring remaining projects and some staff to BIS so that they can be completed. A second Transfer Scheme was made on 30th March to take away any remaining assets and liabilities so that RDAs achieved operational closure by 31st March 2012. BIS is currently drafting the formal Abolition Order which is expected to take effect on 1st July 2012.

Based on this knowledge, and the fact that the majority of the Agency's functions ceased in year, with the remainder transferred to other parts of government, it the Board's view that the accounts for 2011/12 should be prepared on a basis other than that of a going concern.

We have reviewed the impact of this on the accounting policies. Given the transfer or cessation of all functions during the year, little remains on the Agency's Statement of Financial Position. For those current assets and liabilities remaining, we have reviewed the accounting policies and we are content these continue to be appropriate.

A small team of people will remain employed after 31st March 2012 with the purpose of concluding the 2011/12 Annual Report and Accounts and preparing draft accounts for the final period until abolition.

iii: Merger and acquisition accounting

The transfers of activities described in the Management Commentary and Directors' Report (page 13) have been accounted for using either merger accounting or acquisition accounting.

Merger accounting has been applied to the transfer of interest in land & property assets and specific grant projects to the HCA. Accordingly the transactions and balances relating to these properties and projects have been removed from the accounts for the period to 31 March 2012 and from prior year comparatives. Note 26 provides details of how this affects the main financial statements.

Acquisition accounting has been applied to all the other transfers. As such, the Agency's financial statements include all income, expenditure and cash flows for these activities to the date of transfer. There were no fair value adjustments required at the date of transfer for any of the assets or liabilities which transferred and some profit and losses are recorded. Note 27 provides further details.

All transferring activities are considered to be discontinuing with the exception of the ERDF programme, RDPE administration and Olympic Business Support which will continue to be run in government departments.

iv: Non current assets- property, plant & equipment

Under IAS 39, Partnership Workspace (property owned and managed by local authorities but where EEDA held an interest through entitlement to share of disposal proceeds or annual profits) is classified as a non-current asset. This interest is now assessed as having expired.

Non current assets are valued at depreciated historic costs. The Agency applied the following threshold for capitalisation:

IT Hardware	£ 500
Workstations	£ 350
Other Furniture & Equipment	£ 750

Depreciation was provided to write off the depreciated historic cost of current assets over their anticipated useful lives on a straight line basis at the following annual rates:

Equipment	5 years
IT hardware	3 years

As the accounts are no longer being prepared on a going-concern basis, all operational assets values have been written-down to recoverable amounts.

v: Intangible Assets

Intangible assets include acquired software, software licences and website costs which fall under IAS 38 recognition criteria. They were accounted for using the cost model whereby capitalised costs are amortised on a straight line basis over 3 years as these assets were considered finite. In addition they were subject to annual impairment testing. As the accounts are no longer being prepared on a going-concern basis, all operational assets values have been written-down to recoverable amounts.

vi: Leased assets

Costs in respect of operating leases were charged on a straight line basis over the lease term. The Agency holds no finance leases.

vii: Impairment

The Agency reviewed the inventory of development assets by means of an independent valuation of the whole portfolio on an annual basis. Any impairment charge was recognised in the Statement of Comprehensive Net Expenditure in the year in which it occurred to the extent that it exceeded previous upward revaluations.

viii: Inventories

Development assets, consisting of land and buildings, were shown at open market value which was the lower of current replacement cost and net realisable value. In accordance with IAS 2, the Agency treated valuations of development assets individually with increases in value being credited to the Revaluation Reserve and reductions in value being charged to the Statement of Comprehensive Net Expenditure (to the extent that there is no credit on the Revaluation Reserve against which such a reduction could be charged). Acquisitions and disposals of development assets were accounted for on the date of legal completion.

ix: Loans

Loans were shown net of provision for amounts considered doubtful and net of write-offs for amounts considered irrecoverable. Provision was made for all loans where recovery appears doubtful. No loan was written off until the impossibility of recovery is beyond doubt. Approval from BIS was obtained for any write-off in excess of £250,000. Outstanding loans were transferred to BIS on 30 March 2012 under the second Transfer Order.

x: Employee Benefits

Under IAS 19, EEDA includes an accrual for holiday pay which is inclusive of employer’s national insurance and pension contributions and is reviewed and amended annually.

xi: Pension costs

Employees of EEDA participate in the Principal Civil Service Pension Scheme (PCSPS), a defined benefit scheme. The PCSPS is a non-contributory scheme for employees. The Board Members are not members of this or any other pension scheme of EEDA. The Chair has a pension arrangement that is analogous to PCSPS and the liability for this transferred to BIS on 30th March 2012. CIP Ltd operated a pension scheme on behalf of its employees.

xii: Government grants and Grant-in-Aid

EEDA's activities are funded primarily by Grant-in-Aid provided by the Department for Business Innovation & Skills for specified types of expenditure. Grant-in-Aid is used to finance activities and expenditure which supports the statutory and other objectives of the Agency. Grant-in-Aid is treated as financing and is credited to the Grant-in-Aid reserve as it is regarded as a contribution from a controlling party.

xiii: European and Capital Grants

The Agency's activities were funded in part by European funding for specified types of expenditure. European funding grants of a revenue nature are credited to the Statement of Comprehensive Net Expenditure in the year to which they relate. European funding and other grants in respect of capital expenditure are also credited to the Statement of Comprehensive Net Expenditure in the year expenditure is first incurred unless there is unmet condition of funding in which case an appropriate proportion is allocated to the General Reserve and only released when the condition is met.

xiv: Deferred taxation

Deferred tax was recognised in respect of all timing differences that originated (but not reversed) at the Statement of Financial Position date where transactions or events had occurred at that date that would have resulted either in an obligation to pay more tax, or a right to pay less, with the following exception:

Deferred tax assets were recognised only to the extent that the Board consider that it was more likely than not that there would be suitable taxable profits from which the future reversal of the underlying timing differences could have been deducted.

Deferred tax was measured on an undiscounted basis at the tax rates that were expected to apply in the periods in which timing differences reversed, based on tax rates and laws enacted or substantively enacted at the financial position date.

Deferred tax is no longer recognised as there will be no future tax gains against which to offset the provision.

xv: Operating Income

Revenue consists of grants, proceeds from sale of development assets and other income. Grant revenue is recognised immediately as income unless there were specific repayment conditions. Proceeds from the sale of development assets are recognised upon completion. Other income is recognised on an accruals base in accordance with the substance of the relevant agreement.

2: Analysis of Programme expenditure by segments

	2011-2012 £'000	Restated 2010-2011 £'000
Grants paid for programme expenditure - public sector	3,071	21,280
Grants paid for programme expenditure - private sector	15,887	47,925
Non-grant programme expenditure	2,894	8,024
	21,852	77,229

The following tables present expenditure and income analysed by EEDA's operating segments.

EEDA Programme	**Gross Expenditure £'000**	**Income £'000**	**Net Expenditure £'000**
Business Support	15,745	(3,935)	11,810
Science, Innovation & High Level Skills	4,347	(719)	3,628
Economic Participation	740	(939)	-199
Regional Infrastructure	261	47	308
Sustainable Economy	269	-	269
Strategy & Intelligence	111	-	111
EEDA Programme Total	**21,473**	**(5,546)**	**15,927**
ERDF Programme	379	(400)	(21)
Agency Total 2011-2012	**21,852**	**(5,946)**	**15,906**

The following table analyses gross expenditure for 2011-12 between continuing and discontinued activities as described on page 13.

Continuing Activities	**Gross Expenditure £'000**	**Income £'000**	**Net Expenditure £'000**
ERDF Programme	379	(400)	(21)
RDPE Administration	266	-	266
Olympic Business Support	42	(14)	28
Total Continuing Activities	**687**	**(414)**	**273**
Discontinued Activities	21,165	(5,532)	15,633
Agency Total 2011-2012	**21,852**	**(5,946)**	**15,906**

Restated expenditure and Income information on EEDA's operating segments for 2010-11.

	Restated Gross Expenditure £'000	Restated Income £'000	Restated Net Expenditure £'000
Business Support	31,583	(6,976)	24,607
Science, Innovation & High Level Skills	16,916	(558)	16,358
Economic Participation	10,038	(1,497)	8,541
Regional Infrastructure	10,067	(1,687)	8,380
Sustainable Economy	2,481	(66)	2,415
Partnerships, advocacy and communications	664	(4)	660
Strategy & Intelligence	788	(59)	729
EEDA Programme Total	**72,537**	**(10,847)**	**61,690**
ERDF Programme	4,692	(4,775)	(83)
Agency Total 2010-2011	**77,229**	**(15,622)**	**61,607**

Continuing Activities	Restated Gross Expenditure £'000	Restated Income £'000	Restated Net Expenditure £'000
ERDF Programme	4,692	(4,775)	(83)
RDPE Administration	595	-	595
Olympic Business Support	326	-	326
Total Continuing Activities	**5,613**	**(4,775)**	**838**
Discontinued Activities	71,616	(10,847)	60,769
Agency Total 2010-2011	**77,229**	**(15,622)**	**61,607**

Segment information

For management purposes, EEDA had five delivery programmes, two foundation programmes and a European Regional Development Fund programme. Management monitored the operating results of its programmes for the purpose of making decisions about resource allocation and performance assessment. Segment performance was evaluated based on operating net expenditure. No segment information is provided of assets or liabilities as EEDA managed these on a group basis and they were not allocated to operating segments.

3: Staff numbers and related costs

Staff costs comprises

	Group 2011-2012			Group 2010-2011		
	Permanently employed staff £'000	Others £'000	Total £'000	Permanently employed staff £'000	Others £'000	Total £'000
Board Members						
Board Members fees	332	-	332	409	-	409
Pension costs	174	-	174	68	-	68
Social security costs	14	-	14	15	-	15
Compensation for loss of office	-	-	-	10	-	10
Staff						
Wages and Salaries	3,131	-	3,131	9,171	-	9,171
Pension costs	504	-	504	1,730	-	1,730
Social Security costs	430	-	430	1,007	-	1,007
Other						
Temporary Staff costs	-	23	23	-	298	298
Other staff costs	-	17	17	-	16	16
Secondment Staff	-	45	45	-	213	213
Redundancy, retention and early retirement costs	3,293	-	3,293	1,525	-	1,525
Sub-Total	**7,878**	**85**	**7,963**	**13,935**	**527**	**14,462**
Less recovery in respect of outward secondment	-	(70)	(70)	-	(134)	(134)
Total net costs	**7,878**	**15**	**7,893**	**13,935**	**393**	**14,328**

	Agency 2011-2012			Agency 2010-2011		
	Permanently employed staff	**Others**	**Total**	**Permanently employed staff**	**Others**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Board Members						
Board Members fees	179	-	179	201	-	201
Pension costs	24	-	24	23	-	23
Social security costs	14	-	14	15	-	15
Staff						
Wages and Salaries	2,813	-	2,813	7,588	-	7,588
Pension costs	582	-	582	1,616	-	1,616
Social Security costs	387	-	387	822	-	822
Other						
Temporary Staff cost	-	23	23	-	298	298
Other staff costs	-	17	17	-	16	16
Secondment Staff	-	45	45	-	213	213
Redundancy, retention and early retirement costs	3,293	-	3,293	1,525	-	1,525
Sub-Total	**7,292**	**85**	**7,377**	**11,790**	**527**	**12,317**
Less recovery in respect of outward secondment	-	(70)	(70)	-	(134)	(134)
Total net costs	**7,292**	**15**	**7,307**	**11,790**	**393**	**12,183**

Wages and salaries costs for the Agency included retention payments made to a small number of staff as agreed by BIS to ensure effective closure of the Agency. A handful of further payments will be made in 2012-13 conditional upon satisfactory completion of agreed closure tasks.

The pension details are laid out in the Remuneration Report on pages 17-22.

Reporting of Civil Service and other compensation schemes – exit packages

2011-2012

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total cost of exit packages by band £000
<£10,000	3	7	52
£10,000 - £25,000	9	28	610
£25,000 - £50,000	6	38	1,410
£50,000 - £100,000	3	11	826
£100,000 - £150,000	-	3	362
>£150,000	-	1	247
Total number of exit packages by type	21	88	109
Total resource cost £000	554	2,953	3,507

2010-2011

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total cost of exit packages by band £000
<£10,000	4	9	66
£10,000 - £25,000	1	25	441
£25,000 - £50,000	-	19	666
£50,000 - £100,000	-	3	159
£100,000 - £150,000	-	1	102
>£150,000	-	-	-
Total number of exit packages by type	5	57	62
Total resource cost £000	20	1,414	1,434

Exit package costs include retention payments as described in note 24. Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Redundancy and retention costs were accounted in the year of departure or, where a signed agreement with the employee is in place for departure within three months of the year-end, within the prior period. This results in some accruals being made. Where early retirements were agreed, the additional costs were met by the employer and not the Civil Service Pension Scheme. Any ill health retirement costs were met by the pension scheme and are not included in the table.

Average staff numbers of persons employed

The average number of whole-time equivalent persons employed during the year was as follows.

	Group 2011-2012			Group 2010-2011		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
Senior Managers	5	-	5	12	-	12
Staff	79	-	79	248	-	248
Secondee's	-	1	1	-	5	5
Temporary Staff	-	1	1	-	5	5
Total	**84**	**2**	**86**	**260**	**10**	**270**

	Agency 2011-2012			Agency 2010-2011		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
Senior Managers	4	-	4	7	-	7
Staff	68	-	68	203	-	203
Secondee's	-	1	1	-	5	5
Temporary Staff	-	1	1	-	5	5
Total	**72**	**2**	**74**	**210**	**10**	**220**

Seconded staff
One member of staff was seconded from Social Enterprise People during the year.

Loans to employees
There were no loans outstanding to employees at 31 March 2012.

4. Other Expenditure

Administration costs	Group 2011-2012 £'000	Agency 2011-2012 £'000	Restated Group 2010-2011 £'000	Restated Agency 2010-2011 £'000
Travel and subsistence	196	191	526	476
Other Staff Costs	100	92	390	348
Office Costs	1,491	1,300	1,906	1,206
Estate management	202	202	193	193
Marketing and PR	12	6	301	237
Professional costs	233	215	525	398
IT and communication	386	376	142	89
Irrecoverable VAT	432	432	514	514
Research costs	-	-	12	-
Cost of Sales	416	-	1,094	-
Profit on disposal of non current asset	-	-	(30)	-
Bad and Doubtful debts movement	(76)	(76)	1,503	1,433
Other financial assets revaluation	-	-	23	23
Impairment of partnership workspace	200	200	400	400
Other expenditure	**3,592**	**2,938**	**7,499**	**5,317**

Auditors' remuneration (part of Professional costs)				
Statutory Accounts	79	79	72	58

Included in the office costs are those in respect of EEDA's accommodation, a head office at Histon near Cambridge. Office costs in respect of CIP Ltd were the premises at Adastral Park, Martlesham Heath near Ipswich.

5. Income

	Group 2011-2012 £'000	Agency 2011-2012 £'000	Restated Group 2010-2011 £'000	Restated Agency 2010-2011 £'000
European funding	5,660	5,660	10,712	10,712
Proceeds from Disposal of Assets				
Disposal of inventory	**1,553**	**1,553**	**618**	**618**
Disposal of investment in subsidary	**1,454**	**1,454**	**-**	**-**
Release from Revaluation Reserve	**-**	**-**	-	**-**
	3,007	**3,007**	**618**	**618**
Rental Income	30	30	96	96
Subsidiary Turnover	690	-	2,861	-
Self generated Income	**3,727**	**3,037**	**3,575**	**714**
Other Grants	1,043	1,043	1,528	1,528
Other Income	234	234	3,542	3,404
Other Income	**1,277**	**1,277**	**5,070**	**4,932**
Profit on disposal in Transfer Order 1	**2,182**	**2,182**	**-**	**-**
Total Income	**12,846**	**12,156**	**19,357**	**16,358**
Interest receivable				
Bank Deposit	13	13	9	9
Other	178	178	529	529
	191	**191**	**538**	**538**

6. Intangible Assets

	Agency 31/03/2012 £'000	Agency 31/03/2011 £'000
Cost or valuation		
At 1 April 2011	3,247	**3,337**
Additions	-	249
Transfer from tangible asset	-	201
Disposals	-	(540)
At 31 March 2012	**3,247**	**3,247**
Amortisation		
At 1 April 2011	2,371	**2,346**
Charged in year	876	495
Transfer from tangible asset	-	67
Disposal	-	(537)
At 31 March 2012	**3,247**	**2,371**
Net book value at 31 March 2011	**876**	**991**
Net book value at 31 March 2012	**-**	**876**
Asset financing		
Owned	**-**	**876**
Net book value at 31 March 2012	**-**	**876**

	Group 31/03/2011 £'000
Cost or valuation	
At 1 April 2010	**3,337**
Additions	249
Transfer from tangible asset	201
Disposals	(540)
At 31 March 2011	**3,247**
Amortisation	
At 1 April 2010	**2,346**
Charged in year	495
Transfer from tangible asset	67
Disposal	(537)
At 31 March 2011	**2,371**
Net book value at 31 March 2010	**991**
Net book value at 31 March 2011	**876**
Asset financing	
Owned	**876**
Net book value at 31 March 2011	**876**

Intangible assets comprised software licences, computer software and website costs, the latter only to the extent where they delivered future service potential.

7. Property, plant and equipment

Agency 31/03/2012	Information Technology £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation			
At 1 April 2011	**1,112**	**1,321**	**2,433**
Additions	**-**	**-**	**-**
Disposals	-	-	-
At 31 March 2012	**1,112**	**1,321**	**2,433**
Depreciation			
At 1 April 2011	**689**	**1,136**	**1,825**
Charged in year	423	185	608
Disposals	-	-	-
At 31 March 2012	**1,112**	**1,321**	**2,433**
Net book value at 31 March 2011	**423**	**185**	**608**
Net book value at 31 March 2012	**-**	**-**	**-**
Asset financing	-	-	-
Owned	-	-	-
Net book value at 31 March 2012	**-**	**-**	**-**

Agency 31/03/2011	Information Technology £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation			
At 1 April 2010	1,739	1,460	3,199
Additions	62	7	69
Transfer to intangible asset	(200)	-	(200)
Disposals	(489)	(146)	(635)
At 31 March 2011	**1,112**	**1,321**	**2,433**
Depreciation			
At 1 April 2010	801	1,173	1,974
Charged in year	444	110	554
Transfer to intangible asset	(67)		(67)
Disposals	(489)	(147)	(636)
At 31 March 2011	**689**	**1,136**	**1,825**
Net book value at 31 March 2010	**938**	**287**	**1,225**
Net book value at 31 March 2011	**423**	**185**	**608**
Asset financing	-	-	-
Owned	423	185	608
Net book value at 31 March 2011	**423**	**185**	**608**

Group 31/03/2011	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation				
At 1 April 2010	**1,739**	**2,860**	**1,459**	**6,058**
Additions	63	127	7	197
Transfer to intangible asset	(200)	-		(200)
Disposals	(489)	-	(147)	(636)
At 31 March 2011	**1,113**	**2,987**	**1,319**	**5,419**
Depreciation				
At 1 April 2010	**801**	**1,038**	**1,173**	**3,012**
Charged in year	444	969	110	1,523
Transfer to intangible asset	(67)	-	-	(67)
Disposals	(489)	-	(147)	(636)
At 31 March 2011	**689**	**2,007**	**1,136**	**3,832**
Net book value at 31 March 2010	**938**	**1,822**	**286**	**3,046**
Net book value at 31 March 2011	**424**	**980**	**183**	**1,587**
Asset financing	-	-	-	-
Owned	424	980	183	1,587
Net book value at 31 March 2011	**424**	**980**	**183**	**1,587**

Computer software costs and website costs were reclassified under IAS 38 and transferred to intangible assets in the year-ended 31 March 2011.

8. Other Financial Assets

	Agency Partnership workspace 31/03/2012 £'000	Group Partnership workspace 31/03/2011 £'000	Agency Partnership workspace 31/03/2011 £'000	Group Partnership workspace 31/03/2010 £'000	Agency Partnership workspace 31/03/2010 £'000
Cost or valuation					
At 1 April	200	223	223	221	221
Impairment	(200)	(23)	(23)	2	2
At 31 March	-	200	200	223	223

A review of EEDA interests in partnership workspace projects during the year revealed no material value likely to be realisable and therefore the assets were revalued to nil. Residual interest in these assets was included in BIS's Transfer Order 2.

9. Impairment

Impairment losses were recognised in the 2011-12 Statement of Comprehensive Net Expenditure in respect of other financial assets of £200,000 (2010-11 £400,000; 2009-10 £Nil, both restated).

10. Inventories

Development Assets	**Agency 31/03/2012 £'000**	**Agency 31/03/2011 £'000**	**Agency 01/04/2010 £'000**
At 1 April	1,487	2,502	11,219
Additions in period	-	-	(7)
Book value of disposals	(1,487)	(615)	-
Net revaluation taken to reserve	-		72
Transfer under Machinery of Government	-	-	(8,782)
Downward revaluation taken to SOCNE		(50)	
Write down in period	-	(350)	-
Balance at 31 March	**-**	**1,487**	**2,502**

	Restated Group 31/03/2011 £'000	**Restated Group 01/04/2010 £'000**
Raw materials	296	138
Work in progress	-	54
Finished goods	265	382
Development Assets	1,487	2,502
Total Inventories	**2,048**	**3,076**

Development Assets
As part of the closure of the Agency, assets were transferred to the Homes and Communities Agency (HCA) in September 2011 and accounted for under Machinery of Government changes. Note 26 provides a full analysis of the impact of this transfer.

11. Trade receivables and other current assets due within one year

Amounts falling due within one year	Agency 31/03/2012 £'000	Restated Agency 31/03/2011 £'000	Restated Agency 01/04/2010 £'000
Trade receivables	1,128	2,724	1,327
Prepayments	-	227	320
EC and other grants	-	3,366	15,417
Accrued Income	4	5,153	593
Other trade receivables	-	2,376	2,648
Value added tax	-	47	154
Interest receivable	-	1	2
Corporation tax	43	392	372
	1,175	**14,286**	**20,833**

Trade receivables – Analysis of balances	**Agency 31/03/2012 £'000**	**Restated Agency 31/03/2011 £'000**	**Restated Agency 01/04/2010 £'000**
Balances with other central government bodies	1,106	6,252	18,284
Balances with local authorities	34	118	138
Sub total – intra government balances	1,140	6,370	18,422
Balances with bodies external to government	35	7,916	2,411
	1,175	**14,286**	**20,833**

Amounts falling due within one year	Restated Group 31/03/2011 £'000	Restated Group 01/04/2010 £'000
Trade receivables	3,251	2,440
Prepayments	323	400
EC and other grants	3,366	15,417
Accrued Income	5,154	593
Other trade receivables	81	85
Value added tax	64	206
Interest receivable	1	2
Corporation tax	392	378
	12,632	**19,521**

12. Cash and cash equivalents

	Agency 31/03/2012 £'000	Agency 31/03/2011 £'000	Group 31/03/2011 £'000
Balance at 1 April	14,316	19,112	19,212
Net changes in cash and cash equivalent balances	(10,951)	(4,796)	(4,677)
Balance at 31 March	**3,365**	**14,316**	**14,535**
The following balances at 31 March were held at:			
Commercial banks and cash in hand	3,365	14,316	14,535
Balance at 31 March	**3,365**	**14,316**	**14,535**

13. Trade payables and other current liabilities due within one year

Amounts falling due within one year	Agency 31/03/2012 £'000	Restated Agency 31/03/2011 £'000	Restated Agency 01/04/2010 £'000
Payments received on account	-	-	207
Trade payables	28	4,451	9,762
Accruals	1,069	24,041	39,888
Tax and social security	155	423	455
ERDF Grant Advance	-	-	13,578
	1,252	**28,915**	**63,890**

Trade payables – Analysis of balances	31/03/2012 £'000	Restated Agency 31/03/2011 £'000	Restated Agency 01/04/2010 £'000
Balances with other central government bodies	328	12	11,413
Balances with local authorities	-	1,613	1,813
Sub total - intra-government balances	328	1,625	13,226
Balances with bodies external to government	924	27,290	50,664
	1,252	**28,915**	**63,890**

	Restated Group 31/03/2011	**Restated Group 01/04/2010**
Amounts falling due within one year	£'000	£'000
Payments received on account	-	399
Trade payables	4,680	9,983
Accruals	25,308	40,085
Other payables	76	74
Tax and social security	474	573
	30,538	64,709

14. Provision for liabilities and charges

Summary	**Agency 31/03/2012 £'000**	**Agency 31/03/2011 £'000**	**Agency 31/03/2010 £'000**
Balance at 1 April	1,364	1,086	903
Provided in the year	273	355	202
Past Service costs	-	(24)	-
Actuarial loss/(gain)	-	11	-
Provisions utilised in the year	(431)	(64)	(19)
Transfer of Liabilities	(1,206)	-	-
Balance at 31 March	**-**	**1,364**	**1,086**

	Agency 31/03/2012 £'000	**Agency 31/03/2011 £'000**	**Agency 31/03/2010 £'000**
Deferred taxation			
At 1 April	(10)	(8)	(15)
Provided in the year	10	(2)	7
Balance at 31 March	**-**	**(10)**	**(8)**
Early retirement			
At 1 April	1,155	849	723
Provided in the year	228	332	145
Transfer of liabilities to parent organisation	(957)		
Utilised in year	(426)	(26)	(19)
Balance at 31 March	**-**	**1,155**	**849**
By Analogy Pension Provision			
At 1 April	219	245	195
Provided in the year	35	25	50
Transfer of liabilities to parent organisation	(249)		
Past Service costs		(24)	-
Actuarial loss/(gain)		11	-
Utilised in year	(5)	(38)	-
Balance at 31 March	**-**	**219**	**245**
Total provisions	**-**	**1,364**	**1,086**

Summary	Group 31/03/2011 £'000	Group 31/03/2010 £'000
Balance at 1 April	1,173	1,604
Provided in the year	280	232
Past Service costs	(24)	-
Actuarial loss/(gain)	11	-
Change to release on sale of subsidiary	-	-
Transfer of Liabilities		
Provisions utilised in the year	(64)	(663)
Balance 31 March 2012	**1,376**	**1,173**

	Group 31/03/2011 £'000	Group 31/03/2010 £'000
Deferred taxation		
At 1 April	22	(14)
Provided in the year	(84)	36
At 31 March	**(62)**	**22**
Early retirement		
At 1 April	849	723
Provided in the year	332	146
Transfer of Liabilities		
Utilised in year	(26)	(20)
At 31 March	**1,155**	**849**
By Analogy Pension Provision		
At 1 April	245	195
Provided in the year	25	50
Past Service costs	(24)	-
Transfer of Liabilities		
Actuarial loss/(gain)	11	-
Utilised in year	(38)	-
At 31 March	**219**	**245**
Decommissioning cost (see note below)		
At 1 April	57	700
Provided in the year	7	
Change to release on sale of subsidiary	-	
Utilised in year	-	(643)
At 31 March	**64**	**57**
Total provisions	**1,376**	**1,173**

Deferred taxation
Provision for deferred taxation was in respect of accelerated capital allowances which are fully provided for at a corporation tax rate of 20% (2010-11 20%). No provision has been made in 2011-12 as there will be no future tax gains against which to offset the provision.

Early retirement
Provision had been made for early retirement costs relating to specific staff who have left the Agency following either organisation review or voluntary exit schemes in anticipation of closure. These liabilities transferred to BIS on 30 March 2012.

By Analogy Pension
With the approval of the Department for Business Innovation & Skills, pension schemes were put in place for the outgoing and former Chairs with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme but which were funded directly by the Agency. On retirement, payment of the Chair's pension will be the responsibility of BIS following transfer of these liabilities on 30 March 2012.

Decommissioning cost
The decommissioning provision was calculated by the subsidiary company based on latest estimates of the actual decommissioning costs that might be incurred on the assumption that the company will occupy their current property for the full terms of the lease.

The provision recognised represents what the directors believe to be the cost of decommissioning at a discount rate of 8.75%.

15: Analysis of Agency Reserves

	Grant-in-aid Reserve £'000	Revaluation Reserve £'000	General Reserve £'000	Total Reserves £'000
Balance at 31 March 2010	**(14,950)**	**1,507**	**32**	**(13,411)**
Transfer under Machinary of Governmant	(5,140)	(1,262)	-	(6,402)
Restated Balance at 1 April 2010	**(20,090)**	**245**	**32**	**(19,813)**
Movements in 2010-11				
Grant-in-aid from sponsoring department	101,038	-	-	101,038
Comprehensive Net Expenditure for the year	(81,287)			(81,287)
Movements between reserves	2,009	(202)	(1,807)	-
Movements in by-analogy pension			26	26
Restated Balance at 1 April 2011	**1,670**	**43**	**(1,749)**	**(36)**
Movements in 2011-12				
Grant-in-aid from sponsoring department	24,886			24,886
Comprehensive Net Expenditure for the year	(21,544)			(21,544)
Movements between reserves	(1,724)	(43)	1,767	-
Movements in by-analogy pension			(18)	(18)
Balance at 31 March 2012	**3,288**	**-**	**-**	**3,288**

16. Commitment under leases

As at 31 March 2012 EEDA had no commitments under operating leases. For the prior-year, these were as follows:

	Group 31/03/2011 Buildings	Group 31/03/2011 Other	Agency 31/03/2011 Buildings	Agency 31/03/2011 Other
Leases Expiring:-	£'000	£'000	£'000	£'000
- within one year	-	109	-	109
- between one and five years	360	33	360	32
- over 5 years	598	-	192	-
	958	**142**	**552**	**141**

Rental costs of operating leases were charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease.

17. Other financial commitments

Expenditure authorised by the Board and contracted	Agency 31/03/2012 £'000	Group 31/03/2011 £'000	Agency 31/03/2011 £'000
Let contracts	-	6,636	6,836
Grant Offers	-	20,053	20,053
Financial Commitments at 31 March	**-**	**26,689**	**26,889**

18. Contingent liabilities disclosed under IAS 37

There are no contingent liabilities to be disclosed.

19. Financial Instruments

EEDA had no borrowings and drew down cash as needed from BIS to meet its requirement and was therefore not exposed to liquidity risks. It had no material deposits and all material liabilities are denominated in sterling, so it was not exposed to interest rate risk, currency or market risk.

20. Interest in subsidiaries and joint ventures

Subsidiary – Company limited by guarantee

Name of undertaking	***Interest***	***Sold***	***Nature of business***
Centre for Integrated Photonics Ltd (CIP Ltd)	100%	6 July 2011	Promotion, research, development and exploitation in the fields of photonics, nanotechnology and optics.

EEDA sold its interest in CIP Ltd to Huawei Technologies Co for £1.45m on 6 July 2011. The accounts of CIP Ltd were consolidated with those of the Agency up to that date.

Key financial results

	CIP		Agency Share	
	to 06/07/2011 £'000	2010-2011 £'000	to 06/07/2011 £'000	2010-2011 £'000
Gross operating income	690	2,999	690	2,999
Gross operating expenditure	(1,337)	(5,295)	(1,337)	(5,295)
Taxation	(81)	360	(81)	360
Profit/(Loss) for the year after taxation	**(728)**	**(1,936)**	**(728)**	**(1,936)**
Consolidation adjustments	728	406	728	406
Consolidated (loss)/profit for the year	**-**	**(1,530)**	**-**	**(1,530)**
Net assets at 31 March	**-**	**(1,530)**	**-**	**(1,530)**

Sale of Investment in subsidiary (CIP Ltd) as at 6 July 2011.

Activities in relation to subsidiary	
Balance as at 1 April 2011	(1,530)
Loss taken to SOCNE	(728)
Movements in balance sheet	(89)
NBV of Investment at point of sale	**(2,347)**
Proceeds of sale	(1,454)
Profit on sale	**3,801**

Joint ventures – Company limited by shares

Name of undertaking	***Interest***	***Year end***	***Nature of business***
Bedfordshire Consortium Ltd	50%	30th April	Facilitation and management of the joint investment of funds into a major project delivery company, NIRAH Holdings Ltd.

During 2005-06, the Agency gained Section 5(2)(c) consents from the Department for Business Innovation & Skills to form the above company and make it a loan. Total loans of £2m were advanced in 2005-06 and 2006-07, the repayment of which was, and still is, considered doubtful. These advances were fully provided for during 2006-07. Since then, interest of £1,307,885 has accrued on the loan, including £177,578 in 2011-12 (£161,345 in 2010-11), which was also fully provided for each year.

The total outstanding loan at 30 March 2012 was £3,307,885 (£3,130,308 at 31 March 2011) and this balance, as well as the associated provision, transferred to BIS on 30 March 2012 along with EEDA's 50% share in the company.

21. Events after the Reporting Period

It is expected that the Agency will be abolished on 1 July 2012 by virtue of a Commencement Order that will commence section 30(1) of the Public Bodies Act 2011. The Order also repealed the Regional Development Agencies Act 1998 on the same day.

A third transfer order under the Public Bodies Act 2011 will transfer all remaining rights, obligations, liabilities and claims of the Agency to BIS on 30 June.

EEDA'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 EEDA to disclose 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.

22. Chief Executive and Executive Director's business interests

There were no Chief Executive or Executive Director interests at the end of the reporting period.

23. Related party transactions

EEDA was an executive NDPB of Department for Business Innovation & Skills. During the year, EEDA had significant transactions with this department and with other entities for which the Department for Business Innovation & Skills is regarded as the parent and in particular with other RDAs. EEDA has also had a number of transactions with other Government departments and other Central Government bodies, including the Homes & Communities Agency and the Department for Communities and Local Government. In addition, the Agency was involved in the following related party transactions and proposals during the period which are considered material:

Board Members related party transactions

Related party	Board Member	Position in party	Payments to related party 2011-2012 £	Receipts 2011-2012 £	Amounts due at 31 March 2012	Nature of payment/ receipt
British Telecom PLC	Peter McCarthy-Ward	ex Director, East of England / contractor	816		-	Services
Cambridgeshire County Council	Shona Johnstone	Member	230,160		-	Grants
East of England IDB	Karen Livingstone	Non-executive Director	13,938,973	-	-	Grants
Opportunity Peterborough	Marco Cereste	Director	68,378		-	Grants
Peterborough City	Marco Cereste	Member	180,000	-	-	Grants
University Campus Suffolk	Professor Colin Bryan Riordan	Chair	268,071		-	Grants
		Total	**14,686,398**	**-**	**-**	

24. Losses and special payments

In accordance with the provisions of the Accounts Direction, the Agency must summarise all losses and special payments made during the year. These are set out below:

2011-12	Type of expense	Number of instances	Value £'000	Comment
Losses	Bad debts	16	706	Includes £420,000 for one write-off approved by BIS. Of the £706K, £538K had been provided for in prior years.
Special payments	Retention payments	11	381	In order to ensure effective closure of the Agency, a retention scheme was put in place that identified key individuals with the necessary skills and experience to remain with the Agency through the process. This scheme was approved by BIS in conjunction with HM Treasury on 15 December 2010. There were no such payments made in prior years

In 2010-11, there were two instances of losses and in 2009-10 there were four instances, each under £1,000.

25. Long term loans

	31/03/2012	Group 31/03/2011	Agency 31/03/2011
	£'000	£'000	£'000
At 1 April	3,130	2,463	2,463
Additions (Interest)	178	667	667
Transfer to BIS 30 March 2012	(3,308)		
	-	3,130	3,130
Less provision for doubtful debts	-	(3,130)	(3,130)
At 31 March	-	-	-

Note 26. Merger accounting - restatement as a result of Machinery of Government (MOG) changes

The Agency's transferred to the Homes and Communities Agency (HCA) on 19 September 2011 its interest in land and property assets along with responsibility for a number of individual grant projects where payments or monitoring of grant conditions were required. The transfer is considered by management to have taken place under MOG arrangements and therefore merger accounting has applied. Accordingly the transactions and balances relating to these properties and projects have been removed from the accounts for the period up to the transfer date and from prior year comparatives. The statements that follow show how the restated figures have been derived by applying merger accounting treatment at 1 April 2010 and for each of the years 2010-11 and 2011-12.

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2011

	Published 2010-11 £'000	MOG transfer to HCA £'000	Restated 2010-11 £'000
Expenditure			
Programme expenditure			
continuing operations	(5,613)	-	(5,613)
discontinued operations	(72,262)	(646)	(71,616)
Total programme expenditure	(77,875)	(646)	(77,229)
Staff Costs	(14,526)	(198)	(14,328)
Depreciation	(2,018)		(2,018)
Book value of inventory sold	(2,383)	(1,768)	(615)
Other expenditure	(8,504)	(1,005)	(7,499)
	(105,306)	**(3,617)**	**(101,689)**
Income			
European funding	10,712	-	10,712
Self-generated income	3,822	247	3,575
Other Income	5,127	57	5,070
Total income	**19,661**	**304**	**19,357**
Net Expenditure	**(85,645)**	**(3,313)**	**(82,332)**
Interest receivable	538	-	538
Net expenditure after interest	**(85,107)**	**(3,313)**	**(81,794)**
Taxation	382	-	382
Net expenditure after tax	**(84,725)**	**(3,313)**	**(81,412)**
Other comprehensive expenditure			
Net gain/(loss) on revaluation of inventory	278	(278)	-
Actuarial (gain) / loss on pension scheme	11	-	11
Total Comprehensive Expenditure for the year ended 31 March 2012	**(84,436)**	**(3,591)**	**(81,401)**

Statement of Comprehensive Net Expenditure

HCA related transactions for the period ended 18 September 2011

	MOG transfer to HCA period to 18/09/2011 £'000
Expenditure	
Programme expenditure	
continuing operations	-
discontinued operations	(585)
Total programme expenditure	(585)
Staff Costs	(104)
Depreciation	-
Book value of investment in subsidiary sold	-
Book value of inventory sold	(1,795)
Other expenditure	(8)
	(2,492)
Income	
European funding	-
Self-generated income	1,852
Other Income	-
Total income	**1,852**
Net Expenditure	**(640)**
Interest receivable	-
Net expenditure after interest	**(640)**
Taxation	-
Net expenditure after tax	**(640)**
Other comprehensive expenditure	
Net gain / (loss) on revaluation of inventory	-
Total Comprehensive Expenditure for the period ended 18 September 2011	**(640)**

Consolidated Statement of Financial Position
as at 1 April 2010

	Published 01/04/2010	MOG transfer to HCA	Restated 01/04/2010
Non-current assets	**£'000**	**£'000**	**£'000**
Intangible Asset	991	-	991
Property, Plant and Equipment	3,046	-	3,046
Other financial asset	223	-	223
Total non-current assets	**4,260**	**-**	**4,260**
Current assets:			
Inventories	11,889	(8,813)	3,076
Other current assets			0
Trade and other receivables	19,540	(19)	19,521
Cash and cash equivalents	19,212		19,212
Total current assets	**50,641**	**(8,832)**	**41,809**
Total Assets	**54,901**	**(8,832)**	**46,069**
Current liabilities			
Trade and other payables	67,139	(2,430)	64,709
Total current liabilities	**67,139**	**(2,430)**	**64,709**
Non-current assets plus/less net current assets / liabilities	**(12,238)**	**(6,402)**	**(18,640)**
Non-current liabilities			
Provisions	1,173	-	1,173
Total non-current liabilities	**1,173**	**-**	**1,173**
Assets less liabilities	**(13,411)**	**(6,402)**	**(19,813)**
Taxpayers' equity			
Grant-in-Aid Reserve	(14,950)	(5,140)	(20,090)
Revaluation Reserve	1,507	(1,262)	245
General Reserve	32	-	32
	(13,411)	**(6,402)**	**(19,813)**

Agency Statement of Financial Position
as at 1 April 2010

	Published 01/04/2010	MOG transfer to HCA	Restated 01/04/2010
Non-current assets	**£'000**	**£'000**	**£'000**
Intangible Asset	991	-	991
Property, Plant and Equipment	1,225	-	1,225
Other financial asset	223	-	223
Total non-current assets	**2,439**	**-**	**2,439**
Current assets:			
Inventories	11,315	(8,813)	2,502
Other current assets			
Trade and other receivables	20,852	(19)	20,833
Cash and cash equivalents	19,112		19,112
Total current assets	**51,279**	**(8,832)**	**42,447**
Total Assets	**53,718**	**(8,832)**	**44,886**
Current liabilities			
Trade and other payables	66,320	(2,430)	63,890
Total current liabilities	**66,320**	**(2,430)**	**63,890**
Non-current assets plus/less net current assets / liabilities	**(12,602)**	**(6,402)**	**(19,004)**
Non-current liabilities			
Provisions	1,086	-	1,086
Total non-current liabilities	**1,086**	**-**	**1,086**
Long-term liabilities			
Investment in subsidiary	(277)		(277)
Total long-term liabilities	**(277)**	**-**	**(277)**
Assets less liabilities	**(13,411)**	**(6,402)**	**(19,813)**
Taxpayers' equity			
Grant-in-Aid Reserve	(14,950)	(5,140)	(20,090)
Revaluation Reserve	1,507	(1,262)	245
General Reserve	32	-	32
	(13,411)	**(6,402)**	**(19,813)**

Consolidated Statement of Financial Position

as at 31 March 2011

	Published 31/03/2011	MOG transfer to HCA	Restated 31/03/2011
Non-current assets	**£'000**	**£'000**	**£'000**
Intangible Asset	876	-	876
Property, Plant and Equipment	1,587	-	1,587
Other financial asset	200	-	200
Total non-current assets	**2,663**	**-**	**2,663**
Current assets:			
Inventories	8,633	(6,585)	2,048
Other current assets			
Trade and other receivables	12,639	(7)	12,632
Cash and cash equivalents	14,535		14,535
Total current assets	**35,807**	**(6,592)**	**29,215**
Total Assets	**38,470**	**(6,592)**	**31,878**
Current liabilities			
Trade and other payables	31,014	(476)	30,538
Total current liabilities	**31,014**	**(476)**	**30,538**
Non-current assets plus/less net current assets / liabilities	**7,456**	**(6,116)**	**1,340**
Non-current liabilities			
Provisions	1,376	-	1,376
Total non-current liabilities	**1,376**	**-**	**1,376**
Assets less liabilities	**6,080**	**(6,116)**	**(36)**
Taxpayers' equity			
Grant-in-Aid Reserve	6,247	(4,577)	1,670
Revaluation Reserve	1,582	(1,539)	43
General Reserve	(1,749)	-	(1,749)
	6,080	**(6,116)**	**(36)**

Agency Statement of Financial Position

as at 31 March 2011

Non-current assets	Published 31/03/2011 £'000	MOG transfer to HCA £'000	Restated 31/03/2011 £'000
Intangible Asset	876	-	876
Property, Plant and Equipment	608	-	608
Other financial asset	200	-	200
Total non-current assets	**1,684**	**-**	**1,684**
Current assets:			
Inventories	8,072	(6,585)	1,487
Other current assets			
Trade and other receivables	14,294	(8)	14,286
Cash and cash equivalents	14,316		14,316
Total current assets	**36,682**	**(6,593)**	**30,089**
Total Assets	**38,366**	**(6,593)**	**31,773**
Current liabilities			
Trade and other payables	29,391	(476)	28,915
Total current liabilities	**29,391**	**(476)**	**28,915**
Non-current assets plus/less net current assets / liabilities	**8,975**	**(6,117)**	**2,858**
Non-current liabilities			
Provisions	1,365	(1)	1,364
Total non-current liabilities	**1,365**	**(1)**	**1,364**
Long-term liabilities			
Investment in subsidary	1,530		1,530
Total long-term liabilities	**1,530**	**-**	**1,530**
Assets less liabilities	**6,080**	**(6,116)**	**(36)**
Taxpayers' equity			
Grant-in-Aid Reserve	6,247	(4,577)	1,670
Revaluation Reserve	1,582	(1,539)	43
General Reserve	(1,749)	-	(1,749)
	6,080	**(6,116)**	**(36)**

Agency Statement of Financial Position

HCA related transactions as at 18 September 2011

	MOG transfer to HCA as at 18/09/2011
Non-current assets	**£'000**
Intangible Asset	-
Property, Plant and Equipment	-
Other financial asset	-
Total non-current assets	**-**
Current assets:	
Inventories	4,790
Other current assets	
Trade and other receivables	54
Cash and cash equivalents	
Total current assets	**4,844**
Total Assets	**4,844**
Current liabilities	
Trade and other payables	9
Total current liabilities	**9**
Non-current assets plus/less net current assets / liabilities	**4,835**
Non-current liabilities	
Provisions	
Total non-current liabilities	**-**
Assets less liabilities	**4,835**
Taxpayers' equity	
Grant-in-Aid Reserve	(3,691)
Revaluation Reserve	(1,144)
General Reserve	
	(4,835)

27. Acquisition Accounting

A number of activities were transferred to other government departments under acquisition accounting during the period. The solely affected the figures shown under programme expenditure, not on the Statement of Financial Position. Details of these transfers are shown below.

Name of programme transferred	ERDF	Grant for Business	Grant for Research &
Recipient organisation	DCLG	BIS	TSB
Date of transfer	1 July 2011	1 September 2011	1 November 2011
Expenditure 2011-12 to transfer date £000	379	207	497
Expenditure 2010-11 £000	4,692	1,647	3,155

In addition, two transfer orders, dated 1 January and 30 March 2012, passed responsibility for remaining interests in individual grants, projects, contracts and assets & liabilities to BIS (as described in the Directors' Report on page 14). In applying acquisition accounting to these transfers, some profits and some losses were recorded. A summary is given in the table below.

	Transfer Order 1 £000	**Transfer Order 2 £000**	**Total £000**
Profit on disposal - transfer of creditors (TO1) and early retirement and by-analogy pensions (TO2)	2,182	1,210	3,392
Loss on disposal - transfer of debtors	-	(1,554)	(1,554)
Total	**2,182**	**(344)**	**1,838**

In addition to these transfers, acquisition accounting was also applied to the sale of the EEDA's subsidiary company, CIP Ltd. Details of both the in-year results and sale transactions are shown in note 20.

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