# NORTHWEST BUSINESS LINK

## REPORT OF THE DIRECTORS AND

## FINANCIAL STATEMENTS

## FOR THE PERIOD 1 APRIL 2011 TO 27 NOVEMBER 2011

**NORTHWEST BUSINESS LINK**

**REPORT OF THE DIRECTORS AND**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD 1 APRIL 2011 TO 27 NOVEMBER 2011**

Presented to Parliament Pursuant to Paragraph 6 of the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009

Ordered by the House of Commons to be printed on 15th March 2012

HC1880 London: The Stationery Office £10.25

This publication is also available for download at www.official-documents.gov.uk

ISBN: 9780102976144

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2481350 03/12 19536 19585

Printed on paper containing 75% recycled fibre content minimum

## CONTENTS OF THE FINANCIAL STATEMENTS
## FOR THE PERIOD 1 APRIL 2011 TO 27 NOVEMBER 2011

**NORTHWEST BUSINESS LINK**

**COMPANY INFORMATION**
**FOR THE PERIOD 1 APRIL 2011 TO 27 NOVEMBER 2011**

| | |
|---|---|
| **DIRECTORS:** | V Murray OBE (Chair)<br>D E Edwards (Managing Director)<br>M Hughes<br>P R W Hensman<br>M Blakemore |
| **REGISTERED OFFICE:** | Brian Johnson Way<br>Preston<br>Lancashire<br>PR2 5PE |
| **REGISTERED NUMBER:** | 06060925 |
| **AUDITORS:** | Comptroller and Auditor General<br>National Audit Office<br>157-197 Buckingham Palace Road<br>Victoria<br>London<br>SW1W 9SP |

**NORTHWEST BUSINESS LINK**

**REPORT OF THE DIRECTORS**
**FOR THE PERIOD 1 APRIL 2011 TO 27 NOVEMBER 2011**

The Directors present their report with the financial statements of the Company for the period 1 April 2011 to 27 November 2011.

Northwest Business Link is a company limited by guarantee and is incorporated and domiciled in the UK. The address of its registered office is Brian Johnson Way, Preston, Lancashire, PR2 5PE.

**PRINCIPAL ACTIVITY**
Northwest Business Link was an impartial business support and information service, available to businesses and individuals in the Northwest of England. The service was completely free to use and could be accessed via the telephone, online, or face-to-face for more in-depth support. Northwest Business Link provided relevant up-to-date information on business issues such as starting or expanding a business, managing people, marketing, finance, technology and exporting. The Company ceased to deliver services on 25 November 2011 and entered into a solvent Member's Voluntary Liquidation on 28 November 2011.

**REVIEW OF BUSINESS**
During the reporting period 1 April 2011 to 27 November 2011, Northwest Business Link operated on a substantially reduced budget, following the previous year's budget reductions and the decision to close the Northwest Business Link service on 25 November 2011, which was announced by the Coalition Government in January 2011. Operational performance was also significantly reduced.

Much non-service delivery activity focused on the closure of the business and preparation for the Solvent Member's Voluntary Liquidation, which commenced on 28 November 2011, following the closure of the service on 25 November 2011. During the reporting period 111 staff were made redundant (a further 7 resigned) and 22 staff transferred under the TUPE regulations. There were 12 staff still in post on 27 November 2011; all will have been made redundant by 31 March 2012.

The Board agreed to move to a Solvent Member's Voluntary Liquidation on 28 November 2011 and our sole member, the Northwest Development Agency (NWDA), appointed Lindsey Cooper and Donald Bailey of Baker Tilly Restructuring and Recovery LLP as joint liquidators on that day.

Baker Tilly Restructuring and Recovery LLP worked with the Board and the Management at Northwest Business Link from June 2011 to review and monitor our closure plans. This enabled us to complete an efficient and timely transition to formal solvent liquidation.

Despite the budget cuts, Northwest Business Link continued to deliver a valuable service for North West businesses, with a clear and consistent offering across the region. 25,499 businesses used the service in the reporting period. These businesses have benefited from a wide and varied array of business support ranging from simple one-to-one telephone advice to intensive face-to-face assistance addressing complex business issues. Over 75% of Northwest Business Link activity has been with companies that employ less than 50 people placing the service at the heart of the SME economy of the North West.

One significant feature of the reporting period results was that we delivered intensive, tailored, one-to-one support to 2,038 companies, keeping our resources focused on this high value adding service, with an average Gross Value Added of £80,000 per company assisted. The support has contributed to the economic recovery of the North West by enabling businesses to identify areas for improvement, develop an action plan and work with specialist suppliers from the region to source relevant and effective solutions, helping these businesses to survive and thrive.

This performance has been achieved against a backdrop of 96% customer satisfaction for the period.

**GOING CONCERN**
In accordance with their responsibilities, the Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements. The closure date for the Northwest Business Link service having been confirmed as 25 November 2011, the Directors have determined that the financial statements should be prepared on other than a going concern basis (i.e. break up basis).

# REPORT OF THE DIRECTORS
# FOR THE PERIOD 1 APRIL 2011 TO 27 NOVEMBER 2011

## RISK REVIEW
The Company created a Transition Risk Register as it moved to closure and recognised the fact that the two biggest risks to the business were potential TUPE arrangements and retaining key staff. The Company has therefore taken actions to mitigate these risks to the best of its ability.

## DIVIDENDS
No dividends will be distributed for the period 1 April to 27 November 2011.

## DIRECTORS
The Directors shown below have held office during the whole of the period from 1 April 2011 to the date of this report.

V Murray OBE (Chair)
M Hughes
P R W Hensman
M Blakemore
D E Edwards (Managing Director)

Changes in other Directors who held office on 1 April 2011 but resigned on 10 November 2011 are as follows:

D N Roberts - resigned 10 November 2011
J C Dwek CBE - resigned 10 November 2011
C A Gaskell - resigned 10 November 2011
I Hakim - resigned 10 November 2011
R E Hough - resigned 10 November 2011

## COMPANY'S POLICY ON PAYMENT OF CREDITORS
The Company pays its creditors within the designated credit terms.

## ENVIRONMENTAL STATEMENT
Northwest Business Link took steps to reduce its impact on the environment by improving the environmental performance of its operations and endeavoured to ensure that such improvement was continuous and sustainable. Northwest Business Link continued to focus on the following items to improve its environmental impact:

- Reduced paper waste by paper recycling and the use of technology.
- Minimised all non essential travel by encouraging mileage reduction schemes, car pooling and increased use of technology.
- Educated our employees about the environment and gained their commitment to reduce their individual carbon footprint.
- Ensured that, where possible, our suppliers have a pro-active environmental policy.
- Encouraged the use of environmentally sustainable vehicles.

## FINANCIAL RESULTS
There was a surplus for the period after taxation of £1,062,658 (Year to March 2011 - Deficit £588,516) arising from a turnover of £8,197,226 (Year to March 2011 - £24,486,372) administrative costs of £7,137,258 (Year to March 2011 - £25,076,480) and Interest (net of tax) received of £2,690 (Year to March 2011 - £1,592).

## INTERNAL CONTROLS
During the period the Northwest Development Agency carried out regular, independent checks on the operation of the Company’s internal controls in the areas of:

- Adviser Intensive Assists & Customer Relationship Management system
- Purchase Orders
- Gifts and Hospitality returns log
- NWBL staff sales of non-asset tagged items

There were no significant internal control issues identified.

## STAFF

The Company employed 12 people on the 27 November 2011. The average number of people employed in the year was 123. The Company had an established Employee Forum at which all staff were represented. The Employee Forum played a significant role in the redundancy consultations conducted in 2011 to affect an orderly wind down of the regional Business Link service by 25 November 2011.

There was a company-wide intranet which, together with a weekly communication bulletin, provided staff with regular updates on company performance and other matters of interest.

All employees undertook regular performance reviews which were central to the achievement of our vision to improve prosperity.

## DISABILITY

The Company had a Diversity and Equal Opportunity Policy, which included provisions to consider employment applications from people with disabilities and to match vacancies with an individual's particular aptitude, knowledge and skills. Additionally, it produced bespoke disability guidance in the staff handbook, which outlined its responsibilities with respect to the employment of people with disabilities. Further guidance and information for staff on disability issues was available through Human Resources and on the staff intranet. The Company recognised its responsibility for making 'reasonable adjustments' for new staff with disabilities and for those individuals who developed disabilities whilst in employment.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**AUDITORS**
The Comptroller and Auditor General is appointed by statute to audit Northwest Business Link and reports on the truth and fairness of the annual financial statements and regularity of income and expenditure.

**ON BEHALF OF THE BOARD:**

.........................................................................
D E Edwards – Managing Director

Date: .............................................

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL**

**TO THE MEMBERS OF NORTHWEST BUSINESS LINK**

I certify that I have audited the financial statements of Northwest Business Link for the reporting period 1 April 2011 to 27 November 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

**Respective responsibilities of the directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities, the Directors 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, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Report of the Directors 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 certificate.

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

**Opinion on Regularity**

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

**Opinion on Financial Statements**

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 27 November 2011 and of its profit for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL**

**TO THE MEMBERS OF NORTHWEST BUSINESS LINK**

**Emphasis of Matter – Going Concern**

In forming my opinion, which is not qualified, I have considered the adequacy of the disclosures in Note 1 to the financial statements in respect of the application of the going concern basis of accounting. The Directors were formally notified by the Northwest Development Agency (sole member and principal founder of Northwest Business Link) on 5 May that grant funding would not continue beyond 2011-12 as a result of the Department for Business, Innovation and Skills announcement on 4 January 2011 that the regional Business Link advisory service will close from 25 November 2011. Northwest Business Link ceased operating on 25 November 2011 and entered into a Member's Voluntary Liquidation arrangement on 28 November 2011. As a consequence, the Directors do not consider Northwest Business Link to be a going concern and the financial statements have been prepared on a basis other than that of a going concern. Details of the impact of this are disclosed in Note 1 to the financial statements.

**Opinion on other matters**

In my opinion:

- the information given in the Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Matters for 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;
- the financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit;

**Report**

I have no observations to make on these financial statements.

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

**NORTHWEST BUSINESS LINK**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1 APRIL 2011 TO 27 NOVEMBER 2011**

| | Notes | Period 1.4.11 to 27.11.11 £ | Year Ended 31.3.11 £ |
|---|---|---|---|
| Revenue | 2 | 8,197,226 | 24,486,372 |
| Administrative expenses | | (7,137,258) | (25,076,480) |
| **OPERATING PROFIT/(LOSS)** | | 1,059,968 | (590,108) |
| Finance income | 4 | 3,362 | 2,015 |
| **PROFIT/(LOSS) BEFORE INCOME TAX** | 5 | 1,063,330 | (588,093) |
| Income tax | 6 | (672) | (423) |
| **PROFIT/(LOSS) FOR THE PERIOD** | | 1,062,658 | (588,516) |
| **OTHER COMPREHENSIVE INCOME** | | - | - |
| **TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE PERIOD** | | 1,062,658 | (588,516) |

The profit in the period is all derived from discontinued operations

**NORTHWEST BUSINESS LINK (Registered NO. 06060925)**

**STATEMENT OF FINANCIAL POSITION**
**AS AT 27 NOVEMBER 2011**

| | Notes | 27.11.11 | 31.3.11 |
|---|---|---|---|
| | | £ | £ |
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Intangible assets | 7 | - | 81,089 |
| Property, plant and equipment | 8 | 51,158 | 230,800 |
| Trade and other receivables | 9 | 411,508 | 3,043,072 |
| Cash and cash equivalents | 10 | 5,126,568 | 1,455,116 |
| **CURRENT AND TOTAL ASSETS** | | 5,589,234 | 4,810,077 |
| **EQUITY** | | | |
| **SHAREHOLDERS' EQUITY** | | | |
| Retained earnings | 11 | 4,626,098 | 3,563,440 |
| **TOTAL EQUITY** | | 4,626,098 | 3,563,440 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 12 | 928,515 | 375,664 |
| Tax payable | | - | 423 |
| Provisions | 15 | 34,621 | 870,550 |
| **CURRENT AND TOTAL LIABILITIES** | | 963,136 | 1,246,637 |
| **TOTAL EQUITY AND LIABILITIES** | | 5,589,234 | 4,810,077 |

The financial statements were approved and authorised for issue by the Board of Directors on ............................................ and were signed on its behalf by:

.........................................................................
D E Edwards – Managing Director

The notes form part of these financial statements

**NORTHWEST BUSINESS LINK**

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 APRIL 2011 TO 27 NOVEMBER 2011**

| | Retained earnings £ | Total equity £ |
|---|---|---|
| **Balance at 1 April 2010** | 4,151,956 | 4,151,956 |
| **Changes in equity** | | |
| Loss for the financial year and total comprehensive expenditure | (588,516) | (588,516) |
| **Balance at 31 March 2011** | 3,563,440 | 3,563,440 |
| **Changes in equity** | | |
| Profit for the financial period and total comprehensive income | 1,062,658 | 1,062,658 |
| **Balance at 27 November 2011** | 4,626,098 | 4,626,098 |

The notes form part of these financial statements

**NORTHWEST BUSINESS LINK**

**STATEMENT OF CASH FLOWS**
**FOR THE PERIOD 1 APRIL 2011 TO 27 NOVEMBER 2011**

| | Notes | Period 1.4.11 to 27.11.11 £ | Year Ended 31.3.11 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 1 | 3,620,242 | 264,627 |
| Net cash from operating activities | | 3,620,242 | 264,627 |
| **Cash flows from investing activities** | | | |
| Purchase of intangible assets | | - | (63,144) |
| Purchase of property, plant and equipment | | - | (32,302) |
| Sale of property, plant and equipment | | 48,943 | - |
| Tax paid | | (1,095) | (454) |
| Interest received | | 3,362 | 2,015 |
| Net cash from / (used in) investing activities | | 51,210 | (93,885) |
| **Increase in cash and cash equivalents** | 2 | 3,671,452 | 170,742 |
| **Cash and cash equivalents at beginning of period** | 2 | 1,455,116 | 1,284,374 |
| **Cash and cash equivalents at end of period** | | 5,126,568 | 1,455,116 |

The notes form part of these financial statements

## NOTES TO THE STATEMENT OF CASH FLOWS
## FOR THE PERIOD 1 APRIL 2011 TO 27 NOVEMBER 2011

### 1. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

| | Period 1.4.11 to 27.11.11 £ | Year Ended 31.3.11 £ |
|---|---|---|
| Profit/(Loss) before income tax | 1,063,330 | (588,093) |
| Depreciation on property, plant and equipment | 158,188 | 494,785 |
| Amortisation of intangible assets | 81,089 | 194,043 |
| Profit on disposal of fixed assets | (27,489) | - |
| (Decrease)/Increase in provisions | (835,929) | 675,300 |
| Finance income | (3,362) | (2,015) |
| | 435,827 | 774,020 |
| Decrease/(Increase) in trade and other receivables | 2,631,564 | (380,191) |
| Increase/(Decrease) in trade and other payables | 552,851 | (129,202) |
| **Cash generated from operations** | 3,620,242 | 264,627 |

### 2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flow in respect of cash and cash equivalents are in respect of the following amounts included in the Statement of Financial Position:

**Period ended 27 November 2011**

| | 27.11.11 £ | 1.4.11 £ |
|---|---|---|
| Cash and cash equivalents | 5,126,568 | 1,455,116 |

**Year ended 31 March 2011**

| | 31.3.11 £ | 1.4.10 £ |
|---|---|---|
| Cash and cash equivalents | 1,455,116 | 1,284,374 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE PERIOD 1 APRIL 2011 TO 27 NOVEMBER 2011

1. **ACCOUNTING POLICIES**

**Basis of preparation**
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU.

The financial statements have been prepared under the historical cost convention.

The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position are expressed in pounds sterling, which is the functional currency of the Company, and the presentational currency for the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

**Going Concern**
The Northwest Development Agency is the Company's parent organisation. It was also the majority funder of the Company's activities during the period. Following the May 2010 General Election, the Coalition Government outlined a series of proposed changes to how local economic development will be delivered, including its intention to abolish the Regional Development Agencies. The Public Bodies Act received Royal Assent on 15 December 2011 and provides legislative authority to abolish the Northwest Development Agency, with abolition expected to occur during 2012-13.

The Directors were formally notified by the Northwest Development Agency on 5 May 2011 that grant funding provided to the Company would not continue beyond 2011-12 as a result of the Department for Business, Innovation and Skills' announcement on 4 January 2011 that the regional Business Link advisory service will close from 25 November 2011. The operations of Northwest Business Link ceased on 25 November 2011, and the Company entered into a Member's Voluntary Liquidation arrangement on 28 November 2011.

In light of the closure announcement and the absence of future funding from the Northwest Development Agency, the Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements for the period to 27 November 2011. For the above reasons, the Directors have determined that the going concern basis is no longer appropriate and, the financial statements have been prepared on a basis other than that of a going concern.

The funding available to Northwest Business Link from the Northwest Development Agency is expected to be sufficient to meet all anticipated liabilities arising up to 27 November 2011, thereby allowing for an orderly winding down of the Company's activities.

The Company prepared financial forecasts for the period ending 27 November 2011. Based on these forecasts the Directors concluded that there was no significant financial impairment of the Company's assets as a result of adopting a break up basis of accounting. The expected useful lives of purchased intangible assets and property plant and equipment were reviewed following the closure announcement so as to ensure that their carrying values were written down to the expected residual amounts at 27 November 2011.

Provision has been made in the financial statements for all contractual and other commitments extending past 27 November 2011 which cannot be avoided by the Company. Further details are included in note 15 of the financial statements.

As a result of the closure of the Company financial statements have been prepared to 27 November 2011. Therefore, due to the change in reporting date, the prior period is not comparable to the period to 27 November 2011.

**Standards, interpretations and amendments adopted early by the Company**
The Company has chosen not to adopt any of these early.

**Standards issued but not yet effective**
As the Company has entered into liquidation immediately after the period end it is not considered that any standards issued but not yet effective will have any impact on the Company as no further financial statements will be produced.

**Revenue recognition**
The Company's revenue relates to funding received from the Government and the European Commission. The Company measures its revenue at the fair value of the consideration received and receivable. Revenue is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below:

**Government funding**
Northwest Business Link activities are funded primarily by funds provided by the Northwest Development Agency (NWDA) and grants from the Skills Funding Agency and European Regional Development Fund for specified types of expenditure. Revenue grants are brought into profit in the year in which the underlying event or activity giving entitlement to the grant occurs. Capital grants are amortised over the life of the asset to which they relate.

**Enterprise Europe Network**
Northwest Business Link activities are funded in part by The European Commission via a contract with the NWDA for specified types of activity. Funding of a revenue nature is credited to the statement of Comprehensive Income in the period to which it relates. Funding in respect of capital expenditure is credited to the capital account to which they relate and released to income over the expected useful life of the asset. Income is released as expenditure is incurred.

**Purchased intangible assets**
Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the licences over their estimated useful lives of up to 3 years.

**Impairment of assets**
Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**Property, plant and equipment**
All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Improvements to property - straight line over 5 years
Fixtures and fittings - straight line over 3 years
Computer equipment - straight line over 3 years

1. **ACCOUNTING POLICIES - continued**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. As a result of the cessation of service activity on 25 November 2011 the useful lives of all assets have been reviewed and adjusted to net realisable value as at that date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the Statement of Comprehensive Income.

At 27 November 2011 and 31 March 2011 property, plant and equipment have been included in current assets because of the cessation of service activity in November 2011.

**Financial instruments**

***Classification***
Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company has become a party to the contractual provisions of the instrument. Management determine the classification of its financial instruments at initial recognition. The Company's financial assets are classified as loans and receivables in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'. The classification depends on the purpose for which the financial assets were acquired. Financial liabilities are recognised when the Company has a contractual obligation to deliver cash or other financial assets to a third party. The Company has not designated any financial asset or liability to be measured at fair value through profit and loss.

***Trade receivables***
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'Administrative expenses'. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Administrative expenses' in the Statement of Comprehensive Income.

***Cash and cash equivalents***
Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

***Trade payables***
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Taxation**
Taxation expense includes the amount of current income tax payable.

The income tax payable is based on an estimation of the amount due on the taxable profit for the year. Taxable profit is different from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expenditure which are not taxable or deductible in the year as a result of either the nature of the item or the fact that it is taxable or deductible in another period. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantially enacted by the reporting date.

1. **ACCOUNTING POLICIES - continued**

**Leases**
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

**Employee benefit costs**
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

**Post closure costs**
Post closure costs have been included in provisions and accruals.

**Finance income**
Finance income relates to interest earned on cash and cash equivalents. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**Provisions**
Provisions are recognised when the entity has a present constructive or legal obligation, the transfer of future economic benefits is probable and the amount can be measured with sufficient reliability. They are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

**Critical accounting estimates and judgements**
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These critical accounting estimates and judgements were:

- The value for the realisation of assets
- The provision and accrual of future closure costs

2. **SEGMENTAL REPORTING**

Northwest Business Link had one business segment providing impartial business support and information services, available to businesses and individuals in the Northwest of England.

The Company had 2 (March 2011 - 3) customers that contribute more than 10% of the Company's revenue as follows:

| | Period 1.4.11 to 27.11.11 | Year Ended 31.3.11 |
|---|---|---|
| | £ | £ |
| Customer 1 | 7,298,400 | 18,000,000 |
| Customer 2 | 24,265 | 5,116,087 |
| Customer 3 | 802,661 | 1,036,945 |
| Others - individually less than 10% of total | 71,900 | 333,340 |
| | 8,197,226 | 24,486,372 |

## 3. EMPLOYEES AND DIRECTORS

| | Period 1.4.11 to 27.11.11 £ | Year Ended 31.3.11 £ |
|---|---|---|
| Wages and salaries | 3,166,735 | 10,799,166 |
| Termination costs | 1,651,453 | 2,310,834 |
| Social security costs | 460,133 | 1,282,716 |
| Other pension costs | 418,899 | 1,233,354 |
| | 5,697,220 | 15,626,070 |

The average monthly number of employees during the period was as follows:

| | Period 1.4.11 to 27.11.11 | Year Ended 31.3.11 |
|---|---|---|
| Management | 19 | 43 |
| Brokers | 92 | 199 |
| Administrative | 12 | 38 |
| | 123 | 280 |

| | Period 1.4.11 to 27.11.11 £ | Year Ended 31.3.11 £ |
|---|---|---|
| Directors' remuneration | 146,168 | 179,584 |
| Directors' pension contributions to money purchase schemes | 17,100 | 10,493 |
| Compensation to director for loss of office | 108,212 | - |

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|---|---|---|
| Money purchase schemes | 1 | 2 |

## 4. NET FINANCE INCOME

| | Period 1.4.11 to 27.11.11 £ | Year Ended 31.3.11 £ |
|---|---|---|
| Finance income: | | |
| Deposit account interest | 3,362 | 2,015 |

## 5. PROFIT/(LOSS) BEFORE INCOME TAX

The profit before income tax (31 March 2011 - loss before income tax) is stated after charging/(crediting):

| | Period 1.4.11 to 27.11.11 | Year Ended 31.3.11 |
|---|---|---|
| | £ | £ |
| Hire of plant and machinery | 384 | 30,832 |
| Other operating leases | 238,955 | 599,076 |
| Depreciation - owned assets | 158,188 | 494,785 |
| Profit on disposal of fixed assets | (27,489) | - |
| Computer software amortisation | 81,089 | 194,043 |
| Onerous contracts | - | 639,776 |
| Operating closure costs not provided for at 31 March 2011 | 126,410 | - |

**Auditor's remuneration**

| | Period 1.4.11 to 27.11.11 | Year Ended 31.3.11 |
|---|---|---|
| | £ | £ |
| Amounts payable to National Audit Office in respect of statutory audit services | 24,500 | 28,500 |

In the year to 31 March 2011 the other operating leases expense included £194,495 in relation to onerous contracts on leases for property from which the company would gain no economic benefit.

## 6. INCOME TAX

**Analysis of the tax charge**

| | Period 1.4.11 to 27.11.11 | Year Ended 31.3.11 |
|---|---|---|
| | £ | £ |
| Current tax: | | |
| Tax | 672 | 423 |
| Total tax charge in Statement of Comprehensive Income | 672 | 423 |

**Factors affecting the tax charge**
The tax assessed for the period is lower (2011 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

| | Period 1.4.11 to 27.11.11 | Year Ended 31.3.11 |
|---|---|---|
| | £ | £ |
| Profit/(loss) on ordinary activities before tax | 1,063,330 | (588,093) |
| Profit/(loss) on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 20% (2011 - 21%) | 212,666 | (123,500) |
| Effects of: | | |
| Income and expenditure not subject to Corporation Tax | (211,994) | 123,923 |
| Total income tax | 672 | 423 |

## 7. INTANGIBLE ASSETS

| | Computer software £ |
|---|---|
| **COST** | |
| At 1 April 2011 and 27 November 2011 | 369,683 |
| **AMORTISATION** | |
| At 1 April 2011 | 288,594 |
| Amortisation for period | 81,089 |
| At 27 November 2011 | 369,683 |
| **NET BOOK VALUE** | |
| At 27 November 2011 | - |

| | Computer software £ |
|---|---|
| **COST** | |
| At 1 April 2010 | 306,539 |
| Additions | 63,144 |
| At 31 March 2011 | 369,683 |
| **AMORTISATION** | |
| At 1 April 2010 | 94,551 |
| Amortisation for year | 194,043 |
| At 31 March 2011 | 288,594 |
| **NET BOOK VALUE** | |
| At 31 March 2011 | 81,089 |

The amortisation charge has been recognised within administrative expenses.

Additional amortisation of £70,926 was recognised in the prior year as a result of the change in accounting estimate relating to the useful life of the assets and their residual values. This was as a result of the closure in November 2011. There is no such additional amortisation charge in the period.

## 8. PROPERTY, PLANT AND EQUIPMENT

| | Improvements to property £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 April 2011 | 34,348 | 549,011 | 2,448,528 | 3,031,887 |
| Disposals | - | (115,482) | (358,783) | (474,265) |
| At 27 November 2011 | 34,348 | 433,529 | 2,089,745 | 2,557,622 |
| **DEPRECIATION** | | | | |
| At 1 April 2011 | 29,769 | 500,527 | 2,270,791 | 2,801,087 |
| Charge for period | 4,579 | 30,571 | 123,038 | 158,188 |
| Eliminated on disposal | - | (103,321) | (349,490) | (452,811) |
| At 27 November 2011 | 34,348 | 427,777 | 2,044,339 | 2,506,464 |
| **NET BOOK VALUE** | | | | |
| At 27 November 2011 | - | 5,752 | 45,406 | 51,158 |

| | Improvements to property £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 April 2010 | 34,348 | 544,797 | 2,420,440 | 2,999,585 |
| Additions | - | 4,214 | 28,088 | 32,302 |
| At 31 March 2011 | 34,348 | 549,011 | 2,448,528 | 3,031,887 |
| **DEPRECIATION** | | | | |
| At 1 April 2010 | 17,181 | 355,852 | 1,933,269 | 2,306,302 |
| Charge for year | 12,588 | 144,675 | 337,522 | 494,785 |
| At 31 March 2011 | 29,769 | 500,527 | 2,270,791 | 2,801,087 |
| **NET BOOK VALUE** | | | | |
| At 31 March 2011 | 4,579 | 48,484 | 177,737 | 230,800 |

The depreciation expense has been charged to administrative expenses.

Additional depreciation of £28,896 (March 2011: £75,507) has been recognised as a result of the change in accounting estimate relating to the useful life of the assets and their residual values. This is as a result of the closure of the business in November 2011.

## 9. TRADE AND OTHER RECEIVABLES

| | As at 27.11.11 £ | As at 31.3.11 £ |
|---|---|---|
| Current: | | |
| Trade receivables | 1,000 | 139,244 |
| Amounts owed by group undertakings | 392,047 | 1,996,254 |
| Prepayments and accrued income | 18,461 | 907,574 |
| | 411,508 | 3,043,072 |

## 9. TRADE AND OTHER RECEIVABLES - continued

The Directors are of the opinion that there are no significant concentrations of credit risk. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. All trade and other receivables are denominated in Sterling (£). The average credit period taken on sale of goods in the prior year was 26 days. No figure has been calculated for the period due to the closure of the business. The Company holds no collateral against these receivables at the reporting date. The Company has no allowance account for trade receivables. The trade receivables are made up of claims submitted, and as such do not have an overdue date and there is no average credit period.

## 10. CASH AND CASH EQUIVALENTS

| | As at 27.11.11 £ | As at 31.3.11 £ |
|---|---|---|
| Bank accounts | 5,126,568 | 1,455,116 |

## 11. RESERVES

| | Retained earnings £ |
|---|---|
| At 1 April 2011 | 3,563,440 |
| Profit for the period | 1,062,658 |
| At 27 November 2011 | 4,626,098 |

| | Retained earnings £ |
|---|---|
| At 1 April 2010 | 4,151,956 |
| Loss for the year | (588,516) |
| At 31 March 2011 | 3,563,440 |

## 12. TRADE AND OTHER PAYABLES

| | As at 27.11.11 £ | As at 31.3.11 £ |
|---|---|---|
| Current: | | |
| Amounts owed to group undertakings | 6,773 | - |
| Trade payables | - | 167,603 |
| Other payables | 15,517 | 16,356 |
| Accruals and deferred income | 906,225 | 191,705 |
| | 928,515 | 375,664 |

All trade and other payables are denominated in Sterling (£). Trade and other payables principally comprise amounts outstanding for trade purchases and post closure costs. The average credit period taken for trade purchases in the prior year was 3 days. No figure has been calculated for the period due to the closure of the business.

## 13. LEASING AGREEMENTS

Minimum lease payments under operating leases recognised as an expense in the period:

| | Period 1.4.11 to 27.11.11 | Year Ended 31.3.11 |
|---|---|---|
| | £ | £ |
| Plant and machinery | 384 | 30,832 |
| Land and buildings | 238,955 | 599,076 |

The amount recognised as an expense during the prior year included amounts relating to onerous contracts.

The minimum lease payments under non-cancellable operating lease rentals are in aggregate as follows: -

Land and buildings:

| | As at 27.11.11 | As at 31.3.11 |
|---|---|---|
| Amounts payable: | £ | £ |
| Within one year | - | 433,234 |
| Between one and five years | - | - |
| After five years | - | - |
| | - | 433,234 |

Other:

| | As at 27.11.11 | As at 31.3.11 |
|---|---|---|
| Amounts payable: | £ | £ |
| Within one year | - | 28,915 |
| Between one and five years | - | - |
| After five years | - | - |
| | - | 28,915 |

It was the Company's policy to acquire the use of a number of assets under operating leases. Land and buildings lease payments represent rentals payable by the Company for its office properties. Other lease payments represent rentals payable by the Company for office equipment. The lease commitments in the prior year have all been settled during the period and therefore there is no outstanding commitment at the period end.

## 14. FINANCIAL INSTRUMENTS

| | As at 27.11.11 £ | As at 31.3.11 £ |
|---|---|---|
| Financial assets: | | |
| Trade and other receivables | 411,508 | 2,550,592 |
| Cash and cash equivalents | 5,126,568 | 1,455,116 |
| | 5,538,076 | 4,005,708 |

| | As at 27.11.11 £ | As at 31.3.11 £ |
|---|---|---|
| Financial liabilities: | | |
| Trade and other payables | 22,290 | 183,959 |
| | 22,290 | 183,959 |

Given their short term nature, the carrying value of the above financial assets and liabilities are assumed to approximate their fair values.

**FINANCIAL RISK MANAGEMENT**

**Financial risk factors**
The Company's activities exposed it to a variety of financial risks, including credit risk and liquidity risk. The Company's overall risk management programme focused on the unpredictability of financial markets and sought to minimise potential adverse effects on the Company's financial performance.

Under policies approved by the Directors, the Company Accountant identified and evaluated financial risk with the Company's operating units and the NWDA.

**Credit risk**
Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, including outstanding receivables and committed transactions. As the Company banks with authorised institutions and does not generally use an overdraft this risk is deemed to be minimal.

**Liquidity risk**
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Management monitored rolling forecasts of the Company's liquidity reserve. In addition, the Company's liquidity management policy involved projecting cashflows and considered the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

**Market risk**
Market risk is not deemed to be significant. There is no currency risk as there are no foreign currency balances or transactions. Price risk is not considered to be relevant as all income is received in the form of Government grants.

**CAPITAL RISK MANAGEMENT**

The primary objective of the Company's capital management policy was to ensure the Company retained a strong credit rating and maintained liquidity. The Company had no borrowings and ensured that grant income was available in the form of liquid funds held in the Company's current account to procure the goods and services required to deliver the service.

The Company maintained a strong working relationship with its bankers and was proactive in drawing down grant income sufficient to pay its creditors; Cash flow modelling techniques were used to do this, and the resulting forecasts were presented monthly to Northwest Development Agency.

15. **PROVISIONS**

The provisions relate to the following:

| | Redundancy Costs | Onerous Contracts | Total |
|---|---|---|---|
| | £ | £ | £ |
| Balance brought forward as at 31.3.11 | 36,279 | 834,271 | 870,550 |
| Charge to Statement of Comprehensive Income | - | 16,120 | 16,120 |
| Utilisation | (36,279) | (776,149) | (812,428) |
| Amount written back | - | (39,621) | (39,621) |
| Balance carried forward as at 27.11.11 | - | 34,621 | 34,621 |

The provision for onerous contracts relates to payments for leases for property and software support contracts which extend beyond the closure date of November 2011.

16. **PENSION COMMITMENTS**

The Company operates a defined contribution pension scheme, the assets of which are held in the funds administered by Friends Provident Limited. During the period Company contributions of £380,125 (Year to March 2011 - £1,233,354) were made which together with an accrual of £38,774 was charged in the financial statements. At 27 November 2011 and 31 March 2011 there were no pension contributions due by the Company.

17. **TRANSACTIONS WITH DIRECTORS**

None of the Directors had any transactions with Northwest Business Link during the reporting period, save as disclosed in note 18.

## 18. RELATED PARTY DISCLOSURES

During the period the Company had the following transactions with its guarantor, the Northwest Development Agency:-

| | Period 1.4.11 to 27.11.11 £ | Year ended 31.3.11 £ |
|---|---|---|
| Transactions during the period:- | | |
| Grant funding received | 7,298,400 | 18,000,000 |
| Receipts for sale of assets | 1,600 | - |
| | 7,300,000 | 18,000,000 |

| | As at 27.11.11 £ | As at 31.3.11 £ |
|---|---|---|
| Amounts due from the Northwest Development Agency | 385,274 | 1,996,254 |
| Amounts owed to the Department for Business, Innovation and Skills | 6,773 | - |

Remuneration of key management personnel (including Directors):-

| | Period 1.4.11 to 27.11.11 £ | Year ended 31.3.11 £ |
|---|---|---|
| Wages and salaries | 207,293 | 403,533 |
| Compensation for loss of office | 193,385 | - |
| Benefits in kind | 1,248 | 2,909 |
| Employer's NI | 34,647 | 43,790 |
| Short-term employee benefits | 436,573 | 450,232 |
| Post-employment benefits | 28,736 | 36,045 |
| | 465,309 | 486,277 |

18. **RELATED PARTY DISCLOSURES – continued**

The Directors are connected to various organisations which have transactions with the Company. The total value of these transactions during the period and the balance receivable or payable at the period end are as follows:

| Director | Income | Purchases | Balance Receivable/(Payable) |
|---|---|---|---|
| | £ | £ | £ |
| **Period Ended 27 November 2011** | | | |
| P R W Hensman* | | 117 | |
| R E Hough* | | | |
| J C Dwek CBE* | | | |
| D N Roberts | | | |
| I Hakim | | | |
| V Murray OBE* | | | |
| C A Gaskell | | | |
| M Blakemore | | 26,767 | (2,000) |

| Director | Income | Purchases | Balance Receivable/(Payable) |
|---|---|---|---|
| | £ | £ | £ |
| **Year Ended 31 March 2011** | | | |
| P R W Hensman* | | 20,965 | |
| R E Hough* | | 7,195 | |
| J C Dwek CBE* | | 1,670 | |
| D N Roberts | | 1,000 | |
| I Hakim | | 1,670 | |
| V Murray OBE* | | | |
| C A Gaskell | | | |
| M Blakemore | | 27,609 | (18,300) |

*Are also Board members of the NWDA.

Some of the above transactions are duplicated where more than one director is connected to the same organisation.

The purchases are in respect of services provided by, or grants awarded to the various connected organisations.

The balance represents amounts included in the Statement of Financial Position as receivable (owed to the Company), or payable (owed to the various connected organisations).

In addition to the above transactions there were further contacts with entities connected to the Directors, which were made in the normal course of Business Link activities. These ranged from appointments to standard e-mails via mail merge. As these services are free and impartial no value can be assigned to them.

M Blakemore is a member of Baker Tilly Restructuring and Recovery LLP, Lindsey Cooper and Donald Bailey of Baker Tilly Reconstruction and Recovery were appointed as joint liquidators of the Company on 28 November 2011.

19. **ULTIMATE CONTROLLING PARTY**

The immediate and ultimate parent and controlling party of the Company is considered to be the Northwest Development Agency.

20. **STRUCTURE OF THE COMPANY**

Northwest Business Link is a company which is limited by guarantee. The guarantor is the Northwest Development Agency.

## 21. EVENTS AFTER THE REPORTING PERIOD

As a result of the proposed closure of the Northwest Development Agency, and the announcement of the cessation of the regional Business Link advisory service from 25 November 2011 described in note 1 of the financial statements, ongoing funding for Northwest Business Link ended on 25 November 2011.

The Board decided that it would cease the operations of Northwest Business Link in an orderly manner with a date for closure of 25 November 2011. Therefore these financial statements have been prepared on the break up basis. On 28 November 2011 the Company entered into a solvent Member's Voluntary Liquidation.

Lindsey Cooper and Donald Bailey of Baker Tilly Restructuring and Recovery LLP were appointed as joint liquidators on 28 November 2011.

The Northwest Development Agency interest in the Company will transfer to the Department for Business, Innovation and Skills (BIS) on 30 March 2012.

All remaining cash balances will ultimately be remitted to BIS.

information & publishing solutions

Published by TSO (The Stationery Office) and available from:

**Online**
**www.tsoshop.co.uk**

**Mail, Telephone, Fax & E-mail**
TSO
PO Box 29, Norwich, NR3 1GN
Telephone orders/General enquiries: 0870 600 5522
Order through the Parliamentary Hotline Lo-Call 0845 7 023474
Fax orders: 0870 600 5533
E-mail: customer.services@tso.co.uk
Textphone: 0870 240 3701

**The Parliamentary Bookshop**
12 Bridge Street, Parliament Square
London SW1A 2JX
Telephone orders/General enquiries: 020 7219 3890
Fax orders: 020 7219 3866
Email: bookshop@parliament.uk
Internet: http://www.bookshop.parliament.uk

**TSO@Blackwell and other Accredited Agents**

ISBN 978-0-10-297614-4