

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010
FOR
NORTHWEST BUSINESS LINK**

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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 26th July 2010

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NORTHWEST BUSINESS LINK

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FOR THE YEAR ENDED 31 MARCH 2010**

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NORTHWEST BUSINESS LINK

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2010**

DIRECTORS:

V Murray OBE (Chair)
P Watson (Managing Director)
M Blakemore
J C Dwek CBE
C A Gaskell
I Hakim
P R W Hensman
R E Hough
M Hughes
D N Roberts

SECRETARY:

A Wetton

REGISTERED OFFICE:

Brian Johnson Way
Preston
Lancashire
PR2 5PE

REGISTERED NUMBER:

06060925

AUDITOR:

Comptroller and Auditor General
National Audit Office
157 Buckingham Palace Road
Victoria
London
SW1W 9SP

NORTHWEST BUSINESS LINK

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010

The Directors present their report with the Financial Statements of the Company for the year ended 31 March 2010.

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 is an impartial business support and information service, available to businesses and individuals in the Northwest of England. The service is completely free to use and can be accessed via the telephone, online, or face-to-face for more in-depth support. Northwest Business Link provides relevant up-to-date information on business issues such as starting or expanding a business, managing people, marketing, finance, technology and exporting.

REVIEW OF BUSINESS

Northwest Business link is a non-profit making company that was created on 1st April 2007 after the five sub-regional Business Link operations were amalgamated into one. The new streamlined organisation has cut down on administrative overheads and has focused on providing a greater level of local face-to-face support to help businesses thrive.

Northwest Business Link has continued to deliver a more cohesive service for North West businesses, with a clear and consistent offering across the region. 117,000 businesses used the service in 2009/10, a 14% increase on the previous year. These businesses have benefited from a wide and varied array of business support ranging from simple one-to-one telephone advice to intensive assisted businesses with complex business issues. 91% of 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 2009/10 results was that we delivered intensive, tailored, one to one support to 9,847 companies, a 26% increase on 2008/9. The companies that received this assistance employ 89,000 people and have turnover of £9.3 billion. This highlights the importance of Northwest Business Link to the economic well being of the region. The support has enabled 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 businesses to survive and thrive.

This performance has been achieved against a backdrop of 92% customer satisfaction and a growing recognition of the service amongst businesses, with 72% of the region's firms now aware of the service.

RISK REVIEW

The Company has a Risk Register in place and recognises the fact that the two biggest risks to the business are reputational damage and political/funding pressures. The Company has therefore taken actions to mitigate these risks to the best of its ability.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2010.

DIRECTORS

The Directors shown below have held office during the whole of the period from 1 April 2009 to the date of this report.

M Hughes
P Watson
V Murray OBE

Other changes in Directors holding office are as follows:

J C Dwek CBE - appointed 1 April 2009
C A Gaskell - appointed 1 April 2009
I Hakim - appointed 1 April 2009
P R W Hensman - appointed 1 April 2009
R E Hough - appointed 1 April 2009
D N Roberts - appointed 1 April 2009
M Blakemore - appointed 1 April 2009

NORTHWEST BUSINESS LINK

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010

COMPANY'S POLICY ON PAYMENT OF CREDITORS

The Company pays its creditors within the designated credit terms.

ENVIRONMENTAL STATEMENT

Northwest Business Link is committed to reducing its impact on the environment by improving the environmental performance of its operations and will endeavour to ensure that such improvement is continuous and sustainable. Northwest Business Link will focus on the following items to improve its environmental impact:

- Reduce paper waste by paper recycling and the use of technology.
- Minimise all non essential travel by encouraging mileage reduction schemes, car pooling and increased use of technology.
- Educate our employees about the environment and gain their commitment to reduce their individual carbon footprint.
- Ensure that, where possible, our suppliers have a pro-active environmental policy.
- Encourage the use of environmentally sustainable vehicles.

FINANCIAL RESULTS

There was a surplus for the year after taxation of £173,918 (2009 - Deficit £215,260) arising from a turnover of £30,494,163 (2009 - £26,681,012) administrative costs of £30,321,953 (2009 - £26,918,061) and interest (net of tax) received of £1,708 (2009 - £21,789).

INTERNAL CONTROLS

During the period the Directors commissioned 49 days of internal audit work in the areas of:

- Corporate Governance
- Information Governance and Data protection
- Performance Management Framework
- Procurement
- Access to Finance Project

These audits did not identify any significant control weaknesses that were considered to be pervasive in their effect on the system of internal control. However there were a number of high and medium priority items, the importance of which has been acknowledged by management. These have been added to the internal audit action list and are currently under review.

STAFF

The Company employed 357 persons on the 15 March 2010. The average number of people employed in the year was 346. The Company has established an employee forum at which all staff are represented. It also consults all staff through an annual "Best Companies" survey where it was awarded a one star rating in February 2010.

There is a company wide intranet which, together with a weekly communication bulletin and the quarterly reviews by the Managing Director, provides staff with regular updates on company performance and other matters of interest.

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

DISABILITY

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

NORTHWEST BUSINESS LINK

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010

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 as adopted for use in 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;
- 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 auditors are 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 auditors are 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:

.....
P Watson - Director

Date: 15th July 2010

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 year ended 31 March 2010 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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining 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 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 31st March 2010 and of its profit for the period then ended;

the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and

the financial statements have been prepared in accordance with the Companies Act 2006.

Emphasis of Matter – Going Concern

In forming my opinion, which is not qualified, I have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the application of the going concern principle. The Company is affected by the Government's announcement that it intends to abolish the Northwest Regional Development Agency (the principal funder of Northwest Business link) along with the other Regional Development Agencies, and replace it with a Local Enterprise Partnership. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the ability of Northwest Business Link to continue as a going concern. The financial statements do not include the adjustments that would result if Northwest Business Link was unable to continue as a going concern.

Opinion on other matters

In my opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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; or
- 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
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria, London, SW1W 9SP

Date 16th July 2010

NORTHWEST BUSINESS LINK

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 £	2009 £
CONTINUING OPERATIONS			
Revenue	2	30,494,163	26,681,012
Administrative expenses		<u>(30,321,953)</u>	<u>(26,918,061)</u>
OPERATING PROFIT/(LOSS)		172,210	(237,049)
Finance income	4	<u>2,162</u>	<u>27,581</u>
PROFIT/(LOSS) BEFORE INCOME TAX 5		174,372	(209,468)
Income tax	6	<u>(454)</u>	<u>(5,792)</u>
PROFIT/(LOSS) FOR THE YEAR		173,918	(215,260)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>173,918</u></u>	<u><u>(215,260)</u></u>

The notes form part of these Financial Statements

NORTHWEST BUSINESS LINK

STATEMENT OF FINANCIAL POSITION
31 MARCH 2010

	Notes	2010 £	2009 £	2008 £
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	7	211,988	197,252	-
Property, plant and equipment	8	693,283	1,130,014	1,636,827
Trade and other receivables	9	<u>25,469</u>	-	-
		<u>930,740</u>	<u>1,327,266</u>	<u>1,636,827</u>
CURRENT ASSETS				
Trade and other receivables	9	2,637,412	3,098,637	4,277,993
Cash and cash equivalents	10	<u>1,284,374</u>	<u>2,131,774</u>	<u>1,485,701</u>
		<u>3,921,786</u>	<u>5,230,411</u>	<u>5,763,694</u>
TOTAL ASSETS		<u>4,852,526</u>	<u>6,557,677</u>	<u>7,400,521</u>
LIABILITIES				
NON-CURRENT LIABILITIES				
Trade and other payables	12	-	69,680	675,208
CURRENT LIABILITIES				
Trade and other payables	12	504,866	1,704,167	2,016,610
Financial liabilities - borrowings				
Bank overdrafts		-	-	508,194
Tax payable		454	5,792	7,211
Provisions	15	<u>195,250</u>	<u>800,000</u>	-
		<u>700,570</u>	<u>2,509,959</u>	<u>2,532,015</u>
TOTAL LIABILITIES		<u>700,570</u>	<u>2,579,639</u>	<u>3,207,223</u>
EQUITY				
SHAREHOLDERS' EQUITY				
Retained earnings	11	<u>4,151,956</u>	<u>3,978,038</u>	<u>4,193,298</u>
TOTAL EQUITY		<u>4,151,956</u>	<u>3,978,038</u>	<u>4,193,298</u>
TOTAL EQUITY AND LIABILITIES		<u>4,852,526</u>	<u>6,557,677</u>	<u>7,400,521</u>

The Financial Statements were approved and authorised for issue by the Board of Directors on 15th July 2010 and were signed on its behalf by:

.....
P Watson - Director

NORTHWEST BUSINESS LINK

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2010**

	Retained earnings £	Total equity £
Balance at 1 April 2008	4,193,298	4,193,298
Changes in equity		
Profit/(loss) for the year	(215,260)	(215,260)
Other comprehensive income	-	-
Total comprehensive income	(215,260)	(215,260)
Balance at 31 March 2009	<u>3,978,038</u>	<u>3,978,038</u>
Changes in equity		
Profit/(loss) for the year	173,918	173,918
Other comprehensive income	-	-
Total comprehensive income	173,918	173,918
Balance at 31 March 2010	<u>4,151,956</u>	<u>4,151,956</u>

The notes form part of these Financial Statements

NORTHWEST BUSINESS LINK

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2010**

	2010 £	2009 £
Cash flows from operating activities		
Cash (used in)/generated from operations 1	<u>(266,480)</u>	<u>1,634,768</u>
Net cash (outflow)/inflow from operating activities	<u>(266,480)</u>	<u>1,634,768</u>
 Cash flows from investing activities		
Purchase of intangible assets	(97,119)	(209,420)
Purchase of property ,plant and equipment	(480,171)	(292,701)
Sale of property, plant and equipment	-	1,250
Tax paid	(5,792)	(7,211)
Interest received	<u>2,162</u>	<u>27,581</u>
Net cash from investing activities	<u>(580,920)</u>	<u>(480,501)</u>
 (Decrease)/Increase in cash and cash equivalents	 (847,400)	 1,154,267
Cash and cash equivalents at beginning of year	2	<u>2,131,774</u>
Cash and cash equivalents at end of year	2	<u>1,284,374</u>
		<u>2,131,774</u>

The notes form part of these Financial Statements

NORTHWEST BUSINESS LINK

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2010**

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

	2010	2009
	£	£
Profit/(loss) before income tax	174,372	(209,468)
Depreciation and amortisation charges	998,677	810,432
Loss on disposal of fixed assets	607	-
Movement in provisions	(604,750)	800,000
Finance income	<u>(2,162)</u>	<u>(27,581)</u>
Decrease in trade and other receivables	566,744	1,373,383
Decrease in trade and other payables	<u>435,757</u>	<u>1,179,356</u>
Cash (used in)/generated from operations	<u>(266,480)</u>	<u>1,634,768</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flows in respect of cash and cash equivalents include cash and cash equivalents, as reported in the statement of financial position, net of bank overdrafts which are repayable on demand when they form an integral part of the entity's cash management.:.

Year ended 31 March 2010

	31.3.10	1.4.09
	£	£
Cash and cash equivalents	<u>1,284,374</u>	<u>2,131,774</u>

Year ended 31 March 2009

	31.3.09	1.4.08
	£	£
Cash and cash equivalents	2,131,774	1,485,701
Bank overdrafts	<u>-</u>	<u>(508,194)</u>
	<u>2,131,774</u>	<u>977,507</u>

NORTHWEST BUSINESS LINK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

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 Company has therefore adopted IFRS 1 'First time adoption of International Financial Reporting Standards'.

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 it operates (its functional currency). For the purpose of the Financial Statements, the results and financial position are expressed in pounds sterling, which are 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.

The Northwest Regional Development Agency is the Company's parent organisation. It is also currently the majority funder of the Company's activities. Following the General Election on 6 May 2010, the June 2010 budget confirmed that the Government intends to abolish Regional Development Agencies, and that it will issue a White Paper in summer 2010, which will set out details of these proposals. In light of this event, and the implications it has for the Company's future funding, the Directors have reviewed the appropriateness of the preparation of the Company's Financial Statements on a "going concern basis".

The Directors consider that the withdrawal of funding from the Northwest Regional Development Agency would mean the Company was no longer a going concern. Given the changes announced by the Government, it is unclear as to whether the Agency will be able to provide funding in the medium term or whether funding will be made available from other parts of Government. The Directors have concluded that these circumstances mean there exists a material uncertainty that casts doubt upon Northwest Business Link's ability to continue as a going concern.

Nevertheless, after making enquiries and discussing the situation with the Northwest Regional Development Agency, the Directors of the Company are satisfied that sufficient funding is in place to enable the Company to continue in operation for the foreseeable future and to meet its obligations as they fall due. The Northwest Regional Development Agency has confirmed that it intends to organize an orderly transition to any new arrangements and that at present, there is no reason to believe that future funding will not be forthcoming for the foreseeable future. For these reasons, management continues to adopt the going concern basis in preparing the annual report and financial statements.

The Company has prepared forward forecasts for the next three years, in line with the three year operating contract recently awarded by the NWDA.

Standards adopted early by the Company

There have been no standards adopted early by the Company.

Standards issued but not yet effective

The following standards have been issued but have not been adopted by the Company in these Financial Statements as they are not yet effective:

- a. Interpretations that are not predicted to have an impact on the Company:
 - o IFRIC 9 'Reassessment of embedded derivatives' - Amendment
 - o IFRIC 13 'Customer loyalty programmes'
 - o IFRIC 15 'Agreements for the construction of real estate'
 - o IFRIC 16 'Hedges of a net investment in a foreign operation'
 - o IFRIC 17 'Distributions of non-cash assets to owners'

NORTHWEST BUSINESS LINK

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES - continued

- o IFRIC 18 'Transfers of assets from customers'
- b. IFRS 1 'First time adoption of IFRS' - Revision and amendments. As the Company has adopted IFRS in the period to 31 March 2010 these revisions and amendments are not predicted to have any impact on the Company.
- c. IFRS 3 'Business combinations' - Revision. The revision is part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The main changes include the scope, accounting for acquisition costs and post acquisition changes to contingent consideration, accounting for goodwill and accounting for business combinations achieved in stages. There is additional guidance on recognition and measurement of fair values and on determining what is part of the business combination transaction. There are also a number of changes to disclosure requirements. The revision is effective for periods commencing on or after 1 July 2009. The Directors will consider the requirements of the revision on any future business acquisitions. As the Company does not have any business combinations these amendments are not predicted to have any impact on the Company.
- d. IAS 27 'Consolidated and separate Financial Statements' - Amendment. The amendment is part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The main amendment relates to the accounting for minority interests and the loss of control of a subsidiary. The amendment is effective for periods commencing on or after 1 January 2009 and 1 July 2009. The Directors do not believe the adoption of this standard will have a significant impact on the Company.
- e. IAS 28 'Investments in associates' - Amendment. The amendment is part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The amendment is effective for periods commencing on or after 1 July 2009. As the Company has no investments in associates the adoption of this standard is not predicted to have any impact on the Company.
- f. IAS 31 'Investments in joint ventures - Amendment. The amendment is part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The amendment is effective for periods commencing on or after 1 July 2009. As the Company has no investments in joint ventures the adoption of this standard is not predicted to have any impact on the Company.
- g. IAS 39 'Financial Instruments: Recognition and measurement - Amendment. This amendment relates to eligible hedged items and embedded derivatives. The amendment is effective for periods commencing on or after 1 July 2009. The Directors do not believe the adoption of this standard will have a significant impact on the Company.

Revenue recognition

The Company's revenue relates to funding received from the Government. Revenue is recognised when the amount can be reliably measured, when 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 Regional Development Agency (NWDA) and grants from The Learning Skills Council 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.

Funding in respect of capital expenditure is credited to the capital account to which it relates and is released to income over the expected useful life of the asset.

NORTHWEST BUSINESS LINK

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES - continued

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 year to which they relate. 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.

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 non-financial 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). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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 3 years

Fixtures and fittings - straight line over 3 years

Computer equipment - straight line over 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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.

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. Financial assets are classified as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Management determines the classification of its financial instruments at initial recognition.

NORTHWEST BUSINESS LINK

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES - continued

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 'administration expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administration 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. Bank overdrafts are shown within borrowings in current liabilities.

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 and the charge for the year in respect of deferred taxation.

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.

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.

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 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 judgments

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.

NORTHWEST BUSINESS LINK

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES - continued

Critical accounting estimates and assumptions

There are no critical accounting estimates or assumptions.

2. SEGMENTAL REPORTING

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

The Company has 2 (2009 - 3) customers that contribute more than 10% of The Company's revenue as follows:

	Year Ended 2010 £	Year Ended 2009 £
Customer 1	22,348,800	17,269,804
Customer 2	7,623,653	5,784,093
Customer 3	-	3,627,115
Others - individually less than 10% of total	521,710	-
	<u>30,494,163</u>	<u>26,681,012</u>

3. EMPLOYEES AND DIRECTORS

	2010 £	2009 £
Wages and salaries	13,297,577	12,892,869
Social security costs	1,365,887	1,265,496
Other pension costs	<u>1,244,161</u>	<u>1,010,754</u>
	<u>15,907,625</u>	<u>15,169,119</u>

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

	2010	2009
Management	51	51
Brokers	246	196
Administrative	<u>49</u>	<u>37</u>
	<u>346</u>	<u>284</u>

	2010 £	2009 £
Directors' remuneration	173,244	108,283
Directors' pension contributions to money purchase schemes	11,458	11,124

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

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

NORTHWEST BUSINESS LINK

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2010**

4. NET FINANCE INCOME

	2010	2009
	£	£
Finance income:		
Deposit account interest	<u>2,162</u>	<u>27,581</u>

5. PROFIT/(LOSS) BEFORE INCOME TAX

The profit before income tax (2009 - loss before income tax) is stated after charging:

	2010	2009
	£	£
Hire of plant and machinery	13,192	1,494
Other operating leases	417,529	438,060
Depreciation - owned assets	916,294	798,264
Loss on disposal of fixed assets	607	-
Computer software amortisation	82,383	12,168
Auditors' remuneration	27,500	25,000
Previous Auditors' remuneration for non audit work	<u>-</u>	<u>14,850</u>

Auditors' remuneration

	2010	2009
	£	£
Amounts payable to National Audit Office in respect of statutory audit services	<u>27,500</u>	<u>25,000</u>

	2010	2009
	£	£
Amounts payable to previous auditors, Baker Tilly UK Audit LLP, and its associates in respect of non-audit services supplied prior to resignation:		
- Services supplied in relation to government grants	-	10,100
- Taxation services	-	2,500
- All other services	<u>-</u>	<u>2,250</u>
	<u>-</u>	<u>14,850</u>

NORTHWEST BUSINESS LINK

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2010**

6. INCOME TAX

Analysis of the tax charge

	2010 £	2009 £
Current tax:		
Tax	<u>454</u>	<u>5,792</u>
Total tax charge in statement of comprehensive income	<u>454</u>	<u>5,792</u>

Factors affecting the tax charge

The tax assessed for the year is lower (2009 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2010 £	2009 £
Profit/(loss) on ordinary activities before tax	<u>174,372</u>	<u>(209,468)</u>
Profit/(loss) on ordinary activities multiplied by the small companies rate of corporation tax in the UK of 21% (2009 - 21%)	36,618	(43,988)
Effects of: Income and expenditure not subject to Corporation Tax	<u>(36,164)</u>	<u>49,780</u>
Total income tax	<u>454</u>	<u>5,792</u>

NORTHWEST BUSINESS LINK

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2010**

7. INTANGIBLE ASSETS

	Computer software £
COST	
At 1 April 2009	209,420
Additions	<u>97,119</u>
At 31 March 2010	<u>306,539</u>
AMORTISATION	
At 1 April 2009	12,168
Amortisation for year	82,383
At 31 March 2010	<u>94,551</u>
NET BOOK VALUE	
At 31 March 2010	<u>211,988</u>
COST	Computer software £
At 1 April 2008	-
Additions	<u>209,420</u>
At 31 March 2009	<u>209,420</u>
AMORTISATION	
At 1 April 2008	-
Amortisation for year	12,168
At 31 March 2009	<u>12,168</u>
NET BOOK VALUE	
At 31 March 2009	<u>197,252</u>

The amortisation charge has been recognised within administrative expenses. The remaining amortisation period of the software licenses is 1.8 years (2009: 2.8 years). There were no intangible assets for the year ended 31st March 2008.

NORTHWEST BUSINESS LINK

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2010

8. PROPERTY, PLANT AND EQUIPMENT

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 April 2009	27,723	397,427	2,095,105	2,520,255
Additions	6,625	147,370	326,176	480,171
Disposals	-	-	(841)	(841)
At 31 March 2010	<u>34,348</u>	<u>544,797</u>	<u>2,420,440</u>	<u>2,999,585</u>
DEPRECIATION				
At 1 April 2009	10,989	212,623	1,166,630	1,390,242
Charge for year	6,192	143,229	766,873	916,294
Eliminated on disposal	-	-	(234)	(234)
At 31 March 2010	<u>17,181</u>	<u>355,852</u>	<u>1,933,269</u>	<u>2,306,302</u>
NET BOOK VALUE				
At 31 March 2010	<u>17,167</u>	<u>188,945</u>	<u>487,171</u>	<u>693,283</u>

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 April 2008	27,723	320,808	1,880,524	2,229,055
Additions	-	76,619	216,082	292,701
Disposals	-	-	(1,500)	(1,500)
At 31 March 2009	<u>27,723</u>	<u>397,427</u>	<u>2,095,106</u>	<u>2,520,256</u>
DEPRECIATION				
At 1 April 2008	9,241	93,335	489,652	592,228
Charge for year	1,748	119,288	677,228	798,264
Eliminated on disposal	-	-	(250)	(250)
At 31 March 2009	<u>10,989</u>	<u>212,623</u>	<u>1,166,630</u>	<u>1,390,242</u>
NET BOOK VALUE				
At 31 March 2009	<u>16,734</u>	<u>184,804</u>	<u>928,476</u>	<u>1,130,014</u>

NORTHWEST BUSINESS LINK

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2010**

8. PROPERTY, PLANT AND EQUIPMENT - continued

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 22 January 2007	-	-	-	-
Additions	<u>27,723</u>	<u>320,808</u>	<u>1,880,524</u>	<u>2,229,055</u>
At 31 March 2008	<u>27,723</u>	<u>320,808</u>	<u>1,880,524</u>	<u>2,229,055</u>
DEPRECIATION				
At 22 January 2007	-	-	-	-
Charge for the period	<u>9,241</u>	<u>93,335</u>	<u>489,652</u>	<u>592,228</u>
At 31 March 2008	<u>9,241</u>	<u>93,335</u>	<u>489,652</u>	<u>592,228</u>
NET BOOK VALUE				
At 31 March 2008	<u><u>18,482</u></u>	<u><u>227,473</u></u>	<u><u>1,390,872</u></u>	<u><u>1,636,827</u></u>

The depreciation expense has been charged to administrative expenses.

NORTHWEST BUSINESS LINK

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2010**

9. TRADE AND OTHER RECEIVABLES

	2010 £	2009 £	2008 £
Current:			
Trade receivables	326,534	823,105	1,393,811
Amounts owed by group undertakings	226,520	803,787	2,278,734
Prepayments and accrued income	<u>2,084,358</u>	<u>1,471,745</u>	<u>605,448</u>
	<u>2,637,412</u>	<u>3,098,637</u>	<u>4,277,993</u>
Non-current:			
Prepayments and accrued income	<u>25,469</u>	<u>-</u>	<u>-</u>

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 is 18 days (2009: 32 days and 2008: 18 days). 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

	2010 £	2009 £	2008 £
Bank accounts	<u>1,284,374</u>	<u>2,131,774</u>	<u>1,485,701</u>

11. RESERVES

	Retained earnings £
At 1 April 2009	3,978,038
Profit for the year	<u>173,918</u>
At 31 March 2010	<u>4,151,956</u>
At 1 April 2008	4,193,298
Deficit for the year	<u>(215,260)</u>
At 31 March 2009	<u>3,978,038</u>

NORTHWEST BUSINESS LINK

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2010**

12. TRADE AND OTHER PAYABLES

	2010 £	2009 £	2008 £
Current:			
Trade payables	10,177	31,763	85,188
Social security and other taxes	2,404	-	-
Other payables	16,356	16,356	26,406
Accruals and deferred income	<u>475,929</u>	<u>1,656,048</u>	<u>1,905,016</u>
	<u>504,866</u>	<u>1,704,167</u>	<u>2,016,610</u>
Non-current:			
Accruals and deferred income	<u>-</u>	<u>69,680</u>	<u>675,208</u>

All trade and other payables are denominated in Sterling (£). Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 1 day (2009: 5 days and 2008: 1 day). The Directors consider that the carrying amount of trade payables approximates to their fair value as all balances are current.

13. LEASING AGREEMENTS

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

	Year ended 31.3.10 £	Year ended 31.3.09 £
Plant and machinery	13,192	1,494
Land and buildings	<u>417,529</u>	<u>438,060</u>

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

Land and buildings:

	2010 £	2009 £
Amounts payable:		
Within one year	403,880	423,215
Between one and five years	368,880	1,692,860
After five years	<u>-</u>	<u>1,717,213</u>
	<u>772,760</u>	<u>3,833,288</u>

Other:

	2010 £	2009 £
Amounts payable:		
Within one year	11,804	1,500
Between one and five years	18,108	919
After five years	<u>-</u>	<u>-</u>
	<u>29,912</u>	<u>2,419</u>

It is 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. One of the leases has been negotiated for a term of ten years, expiring in March 2017. There is a review date of 1 April 2012, at which point the Company has the option to terminate the lease, having given six months notice to the Landlord. The other property lease has a negotiated term of five years, expiring in August 2012. Other lease payments represent rentals payable by the Company for office equipment. These leases are negotiated for a term of three years.

NORTHWEST BUSINESS LINK

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2010

14. FINANCIAL INSTRUMENTS

	2010 £	2009 £	2008 £
Financial assets:			
Trade and other receivables	1,858,548	1,773,483	3,672,545
Cash and cash equivalents	<u>1,284,374</u>	<u>2,131,774</u>	<u>1,485,701</u>
	<u>3,142,922</u>	<u>3,905,257</u>	<u>5,158,246</u>
 Financial liabilities:			
Trade and other payables	383,930	651,903	698,324
Borrowings	<u>-</u>	<u>-</u>	<u>508,194</u>
	<u>383,930</u>	<u>651,903</u>	<u>1,206,518</u>

FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: including credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Under policies approved by the Directors the Accountant identifies and evaluates 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 monitors rolling forecasts of the Company's liquidity reserve. In addition, the Company's liquidity management policy involves projecting cashflows and considering 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.

NORTHWEST BUSINESS LINK

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2010

CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management policy is to ensure the Company retains a strong credit rating and maintains liquidity. The Company has no borrowings and ensures that grant income is 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 maintains strong working relationship with its bankers and is proactive in drawing down grant income sufficient to pay its creditors; cash flow modelling techniques are used to do this and these are presented monthly to NWDA.

15. PROVISIONS

	2010 £	2009 £	2008 £
Other provisions	<u>195,250</u>	<u>800,000</u>	<u>-</u>
Analysed as follows:			
Current	<u>195,250</u>	<u>800,000</u>	<u>-</u>
Balance b/fwd	2010 £	2009 £	2008 £
Charged/(credited) to the statement of comprehensive income	<u>800,000</u>	<u>-</u>	<u>-</u>
Balance c/fwd	<u>(604,750)</u>	<u>800,000</u>	<u>-</u>
	<u>195,250</u>	<u>800,000</u>	<u>-</u>

The provisions at 31 March 2009 and 31 March 2010 relate to performance bonuses payable to staff, awaiting board approval. It is expected that these will be paid over during the second quarter of the following financial year. There was no provision at 31 March 2008.

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 year company contributions of £1,244,161 (2009 - £1,010,754) were made and charged in the Financial Statements. At 31 March 2010, 31 March 2009 and 31 March 2008 there were no pension contributions owed by the Company.

17. TRANSACTIONS WITH DIRECTORS

None of the Directors had any transactions with Northwest Business Link during the year.

NORTHWEST BUSINESS LINK

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2010

18. RELATED PARTY DISCLOSURES

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

	Year ended 31.3.10 £	Year ended 31.3.09 £	
	2010 £	2009 £	2008 £
Transactions during the period:-			
Grant funding received	22,348,800	17,269,804	
Other recharged expenses	-	21,865	
Bad debts written off	-	5,136	
 Balances owed to the Company by the Northwest Regional Development Agency -	<u>226,520</u>	<u>803,787</u>	<u>2,278,734</u>
 Remuneration of key management personnel (including Directors): -			
	Year ended 31.3.10 £	Year ended 31.3.09 £	
Wages and salaries	559,060	607,345	
Compensation for loss of office	29,588	-	
Benefits in kind	4,896	6,771	
Employer's NI	<u>63,569</u>	<u>63,441</u>	
 Short-term employee benefits	657,113	677,557	
Post-employment benefits	<u>53,008</u>	<u>53,116</u>	
 	<u>710,121</u>	<u>730,673</u>	

The Directors are connected to the following organisations which have transactions with the Company:

Director	Company	Interest	Income	Purchases
P R W Hensman*	Furness Building Society Lancaster University	Vice Chairman Member of Court		£7,000 £19,360
R E Hough*	Learning Skills Council University of Manchester	Board Member Governor	£6,488,241	£2,545
V Murray* OBE	Eazyfone Group Ltd Recycling	Non Exec Chair	£7,000	
J C Dwek* CBE	University of Manchester	Board Member		£2,545
D N Roberts	Lanway CBS Business in the Community Winning Pitch	Non Exec Director Ambassador Advisor		£1,000 £9,650 £36,408
I Hakim	HO2 Management Ltd	Director		£28,750
C A Gaskell	Learning Skills Council	Council Member	£6,488,241	
M Blakemore	Baker Tilly Tax and Accounting Services Limited Pro Manchester Ltd University of Manchester	Member of General Assembly		£25,852 £1,000 £2,545

* Are also Board members of the NWDA.

NORTHWEST BUSINESS LINK

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2010

18. RELATED PARTY DISCLOSURES – continued

In addition to the above transactions there were a further 506 contacts with companies 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.

19. ULTIMATE CONTROLLING PARTY

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

20. STRUCTURE OF THE COMPANY

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

21. TRANSITION TO IFRS

This is the first year that the Company has presented its Financial Statements under IFRS. The last Financial Statements under UK GAAP were for the year ended 31 March 2009 and the date of transition to IFRS was therefore 1 April 2008.

In preparing these Financial Statements, the Company has started from an opening balance sheet as at 1 April 2008, the transition date to IFRS, and made those changes in accounting policies and other restatements as required by IFRS 1 for the first time adoption of IFRS.

The Company is required to include in these Financial Statements a reconciliation between UK GAAP and IFRS of its equity as at 1 April 2008 and 31 March 2009 and of its total comprehensive income for the year ended 31 March 2009. The review of accounting policies on transition to IFRS did not result in the restatement of any balances under IFRS. The reported profit and equity under IFRS therefore match those reported under UK GAAP. As such, no reconciliations are disclosed.

The cashflow for the year ended 31 March 2009 was also reviewed on transition to IFRS. The only amendment related to the income tax payable balance. Under UK GAAP tax payable was included in a separate category of cashflows but under IFRS it is classified as an investing cashflow.



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