North West Development Agency

Report and Financial Statements

for the period 1 April 2012 to 30 June 2012

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North West Development Agency

Report and Financial Statements

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Introduction by the Accounting Officer

These accounts cover the final three month period leading up to the abolition of the North West Development Agency ("the Agency") on 1 July 2012.

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

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

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

On abolition, the Regional Development Act 1998 was repealed save for the provisions concerning the completion of a Report and Accounts for the accounting period from 1 April 2012 to 30 June 2012.

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

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

Martin Donnelly

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

Former Chairman's Statement

On 31 March 2012 the Agency ceased operations and it was abolished on 1 July 2012 under Commencement Order (No 2) 2012 of the Public Bodies Act 2011.

Over the years the North West region has faced some tough challenges. Businesses create jobs and prosperity and our unique position meant that we were able to identify short, medium and long term priorities and manage a portfolio of projects – some large, some small – that tackled economic problems head on. By robustly evaluating the impact of our interventions, we were able to gain a unique understanding of what worked and why. Our many achievements have been reflected in our 2011/12 Annual Report and Financial Statements. We hope that many of the new Local Enterprise Partnerships (LEPs) will learn from and continue our strategic approach.

It has been a pleasure to serve the region in my time as Chairman. Mark Hughes and his team have tackled the challenges facing the Agency and the region head on, in a professional and exemplary manner, meaning that the Agency leaves behind a strong and robust legacy.

Robert Hough
Chairman (until 30 June 2012)

Accounting Officer's Report

Statutory background

The North West Development Agency ("the Agency") was established under the provisions of the Regional Development Agencies Act 1998. It was a Non-Departmental Public Body (NDPB) sponsored by the Department for Business, Innovation and Skills (BIS). The Agency was abolished on 1 July 2012.

Former Board Meetings and Committees

The Agency's Board met three times during the period ending 30 June 2012. There were two formal committees to the Board as follows:

- Remuneration and Appointments Committee which met once during the period to 30 June 2012, and
- Audit Committee, which met on two occasions.

The former Executive Management Board

The Executive Management Board was made up of Executive Directors from the Agency and was chaired by the Chief Executive Officer. It was responsible for the day-to-day management of the Agency including closure and transfer of activities. Further information about the Board and Board members is given in the Governance Statement.

Going Concern

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

In 2011/12 BIS issued two transfer schemes for each RDA under the Act. The first came into effect on 1 January 2012, transferring remaining projects and some staff to BIS, so that the remaining projects could be completed. A second transfer scheme was made on 30 March 2012 to take away most remaining assets and liabilities so the Agency achieved operational closure by 31 March 2012. A third transfer scheme took effect on 1 July 2012, transferring the Agency's remaining assets and liabilities to BIS and the Agency was then abolished on 1 July 2012. Accordingly, I concluded that the Agency was no longer a going concern as at 30 June 2012, and these accounts have therefore been prepared on a basis other than that of a going concern.

Principal Activities

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

a) Prepare the Agency's 2011/12 Annual Report and Accounts for certification by the NAO.

b) Prepare a draft Report and Accounts for the period 1 April to 30 June 2012, and hand these over to BIS for completion, with supporting documentation.

c) Prepare to transfer to BIS before abolition all remaining rights and obligations and residual assets and liabilities, so that BIS were in a position to complete any outstanding work.

A small team of staff remained employed by the Agency from April 2012 to complete these closure tasks. All of the remaining staff were made redundant on 30 June 2012.

Accountability and Financial Framework
The Secretary of State for BIS issued the Agency with an Accountability and Financial Framework document, which was updated and re-issued in October 2011, setting out the financial framework under which the Agency should operate. The Agency complied in all material respects with the terms of this document during the period to 30 June 2012.

Results for the period and review of activities
The net expenditure for the period to 30 June 2012 taken to reserves was £0.603million (Year to 31 March 2012: £148.1million). The full results for the period are contained in the Agency's Financial Statements set out on pages 21 to 40.

The Agency managed its financial affairs in accordance with the requirements laid down by its sponsor Department and the Agency Board and all financial targets have been met.

Environmental Policy
Since 1999, the Agency has contributed toward the delivery of sustainable economic development in the region, ensuring that environmental objectives have been integrated into our business objectives and those of our partners and suppliers. During this time, the Agency was committed to reducing its environmental footprint.

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

Equality and Diversity
The Agency was committed to providing equal opportunities for all and made reasonable adjustments to working arrangements to meet all needs and requirements. The Agency worked continuously towards an environment and culture where everyone was encouraged and supported to develop their full potential regardless of individual characteristics, which may limit a person's opportunities in life.

Provision of information to and consultation with employees
The Agency communicated and consulted with its employees in a variety of ways including through a Staff Consultative and Negotiation Committee involving the Public and Commercial Services and Prospect Trade Unions together with staff representatives, through a Health and Safety Committee and through staff events to communicate key issues and receive feedback.

Better payment practice code

Prompt payment of invoices was an important objective of the Agency to help alleviate pressure on cash flow for suppliers of goods and services. Although the Agency endeavoured to pay suppliers promptly, and had measured and reported its performance in previous years, the circumstances in the final three months leading up to its abolition on 1 July 2012 meant that prompt payment performance could not be measured reliably. In particular, the Agency did not record the date on which invoices were cleared for payment, including those which had previously been disputed. The Agency is therefore unable to disclose the proportion of invoices paid within 30 calendar days in the three month period from 1 April 2012 to 30 June 2012, as required by the FReM. The Agency paid 97% of invoices within 30 calendar days in 2011/12 and 98% in 2010/11.

Principal risks and uncertainties
Detail on principal risks and uncertainties are set out in the Governance Statement on pages 13 to 17.

Pension costs
The treatment of pension liabilities and the relevant pension scheme details are set out in the accounting policies note on page 27 and in the Remuneration Report on pages 6 to 11.

Political and charitable donations
No political or charitable donations were made.

Sickness absence
Information about sickness absence is given in Note 4 to the financial statements.

Events after the reporting period
Information about events after the report period is given in Note 16 to the financial statements.

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

Audit Services - £13,500

The Comptroller and Auditor General also has statutory powers to report on the economy, efficiency and effectiveness with which the Agency has used its resources.

Declaration to the Auditor
So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditor is unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditor is aware of that information.

Remuneration Report

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

Remuneration and Appointments Committee
The Remuneration and Appointments Committee, which comprised of four Members of the Board, met twice during the period.

The Committee's main task in the period was to consider and, provided it was satisfied the conditions had been met, to recommend to the Agency Board the release of retention payments to those staff whose roles had been identified 18 months earlier as critical to an effective closure. In the case of the former Chief Executive, the retention payment was conditional on certification of the Agency's 2011/12 Annual Report and Accounts and was subject to additional approval by me.

Remuneration Policy
The remuneration of the Board, including that of the Chairman, was set by BIS and was reviewed every year in line with the recommendations of the Senior Salaries Review Board.

In light of the closure of the Agency and the current economic climate, the former Chief Executive Officer and the former senior management team waived their right to consideration for a bonus for the period ending 30 June 2012.

Service contracts
All Board Members were appointed on fixed term contracts and were contracted to carry out two days' work per month on behalf of the Agency, except for the Chairman who was contracted for three days per week and Deputy Chairs who were contracted for four days per month.

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report held appointments which were open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The appointments of Board Members terminated on 1 July 2012 on the abolition of the Agency.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

The former Chief Executive Officer, Mark Hughes, and all other members of the senior management team were employed under permanent employment contracts (with the exception of Duncan Gray who was appointed after the announcement of closure and was employed under a fixed term employment contract). The former Chief Executive Officer and senior managers worked for the Agency full time.

Audited Part of the Remuneration Report

Emoluments of former Board Members

The emoluments of former Board Members are as follows:

Name	Period of Appointment[1]		Salary	Expenses	Pension	Period to 30 June 2012 Total	Year to 31 March 2012 Total
	From	To	£	£	£	£	£
Robert Hough DL (Chairman)	Dec 2007	Dec 2012	20,430	871	4,964	26,265	101,575
Vanda Murray OBE (Deputy Chair)	Apr 2006	Dec 2012	4,333	99	-	4,432	17,332
Peter Hensman DL (Second Deputy Chair)	Dec 2004	Dec 2012	4,333	251	-	4,584	17,332
Joe Dwek CBE	Dec 2003	Dec 2012	2,167	109	-	2,276	8,666
Cllr John Merry CBE	Dec 2004	Dec 2012	2,167	-	-	2,167	8,666
Cllr Tony McDermott MBE	Dec 2007	Dec 2012	2,167	-	-	2,167	8,666
Frank Hont MBE	Mar 2010	Dec 2012	2,167	142	-	2,309	8,666
Peter Allen MBE	Dec 2007	Dec 2012	2,167	674	-	2,841	8,666
Lord Peter Smith	Dec 2008	Dec 2012	2,167	-	-	2,167	8,666
Dr John Stageman OBE	Dec 2008	Dec 2012	2,167	141	-	2,308	8,666

[1] The appointments terminated on the abolition of the Agency.

The full year equivalent salaries of the former Board members are as follows:

Name	Full Year Equivalent Salary
	£
Robert Hough DL	81,718
Vanda Murray OBE	17,332
Peter Hensman DL	17,332
Joe Dwek CBE	8,666
Cllr John Merry CBE	8,666
Cllr Tony McDermott MBE	8,666
Frank Hont MBE	8,666
Peter Allen MBE	8,666
Lord Peter Smith	8,666
Dr John Stageman OBE	8,666

Emoluments of the former Chief Executive Officer and former senior managers

Name	Salary	Compensation Costs	Benefits in kind	Period to 30 June 2012 Total	Year to 31 March 2012 Total
	£000	£000	to nearest £100	£000	£000
Mark Hughes Chief Executive Officer	**45-50 (125-130) FYE**	**125-130**	**1,400**	**175-180**	**225-230**
Diane Summers Executive Director of Corporate & Employment Services	**25-30 (100-105) FYE**	**100-105**	**-**	**125-130**	**225-230**
Duncan Gray Executive Director of Resources	**30-35 (125-130) FYE**	**-**	**-**	**30-35**	**130-135**
Annualised remuneration of highest paid Director, comprising annualised salary, including benefits in kind, and non-consolidated performance related pay (including retention pay). Excludes employer pension contributions and the cash equivalent transfer value of pensions.				**255-260**	**145-150**
Median total remuneration				**94,886**	**40,917**
Ratio				**2.7**	**3.6**

FYE - full year equivalent.

Compensation costs relate to retention costs for senior officers. (See note 15 to the Financial Statements for further detail).

<u>Compensation paid to former Chief Executive & senior managers</u>

During the period compensation for loss of office was paid as follows:

Mark Hughes left on 30 June 2012 and was paid £78,223 redundancy (accrued 2011/12) and received a £128,997 retention payment having satisfactorily met the required conditions.

Diane Summers left on 31 May 2012 and was paid £108,112 redundancy (accrued 2011/12) and received a £102,010 retention payment having satisfactorily met the required conditions.

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

Benefits in kind
Benefits in kind for the Senior Managers consisted of lease cars provided by the Agency. There were no loans made to Directors. Board Members received no benefits in kind.

Pension benefits

Pension benefits of former Board Members
No Board Members were eligible for a pension, performance related pay or any other taxable benefit as a result of employment with the Agency with the exception of the Chairman who has a pension benefit as set out below.

Pension benefits of the former Chairman
With the approval of the Department for Business Innovation and Skills (BIS), a 'by analogy' pension scheme was put in place for the Chairman with contribution rates and benefits which were identical to the Principal Civil Service Pension Scheme (PCSPS) but which were funded directly by the Agency until 30 March 2012, when the liability transferred to BIS. The Agency was not permitted to pay these contributions to a personal pension scheme or other pension plan provider. On retirement, payment of the Chairman's pension will be the responsibility of BIS. The additional disclosures below are provided to show the total value of the pension benefits arising from the period of service to the Agency, up to 30 June 2012.

	Real increase in pension £000	Real increase in lump sum £000	Pension at 30 June 2012 £000	Lump sum at 30 June 2012 £000	CETV at 31 March 2012 £000	CETV at 30 June 2012 £000	Real increase in CETV as funded by employer £000
Robert Hough	0-2.5	-	5-10	-	94	102	2

** Robert Hough's pension is analogous to the PCSPS Nuvos scheme. Because Nuvos is a 'whole career' scheme the opening figures are subject to change. The CETV figure disclosed in the Agency's 2011/12 accounts was £88k.*

Pension benefits of Chief Executive Officer and senior managers

Civil Service Pensions
Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a "money purchase" stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at rates between 1.5% - 3.9% of pensionable earnings for classic and 3.5% - 5.9% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of $1/80^{th}$ of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of $1/60^{th}$ of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/my-civil-service/pensions/index.aspx.

Mark Hughes is a member of the PCSPS Premium Scheme. Diane Summers is a member of the PCSPS Classic Scheme.

	Real increase in pension £000	Real increase in lump sum £000	Total accrued pension at retirement age at 30 June 2012 £000	Total accrued lump sum at retirement age at 30 June 2012 £000	CETV at 31 March 2012 £000	CETV at 30 June 2012 £000	Real increase in CETV as funded by employer £000
Mark Hughes	0-2.5	-	15-20	-	199	206	5
Diane Summers	0-2.5	0-2.5	15-20	55-60	372	387	4

Cash Equivalent Transfer Values

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

The figures would include the value of any pension benefit and any contingent spouse's pension payable from the scheme (if applicable). They would also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Non Cash remuneration

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

Compensation payments

Compensation payments of £0.688million (2011/12 £6.137million) were paid during the period, details of which are shown in note 4 and note 15 to the Financial Statements.

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

Date 5 December 2012

Statement of Accounting Officer's responsibilities

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

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and, in particular, to:

- observe the Accounts Direction issued by the Secretary of State for Business, Innovation and Skills, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on the going concern basis, unless it is no longer appropriate to do so.

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

Governance Statement

Context

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

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

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

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

Scope and purpose of the statement

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

Governance in the period up to 30 June 2012

The former Board

An overview of the Agency's Board arrangements and its sub committees is provided in the Accounting Officer's report. The Board set the objectives of the Agency, monitored performance against those objectives and determined corrective action where the objectives were not being met. Day-to-day management of the Agency was overseen by the Executive Management Board led by the Chief Executive Officer.

The Board met three times during the period and received reports from the Chief Executive Officer and the Executive Director of Resources and the Chair of the Audit Committee. The Board delegated certain levels of authority to the Chief Executive Officer and senior directors and reserved certain powers for it to ensure proper control was exercised over the Agency's resources. Attendance at these meetings was recorded and absences were reported.

Former Board Members

The former Board Members were appointed by the Secretary of State for BIS. They included business representatives, local authority, trade union, community and other representatives. Their corporate responsibilities were detailed in the Code of Best Practice for the Board of the Agency.

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

Members of the Board during the period to 30 June 2012 were:

Member	Date of Appointment	Maximum no. of Board meetings	No. of Board meetings attended
Robert Hough DL, Chairman	December 2007	3	3
Vanda Murray OBE, Deputy Chair	April 2006	3	2
Peter Hensman DL, Second Deputy Chair	December 2004	3	3
Joe Dwek CBE	December 2003	3	3
Cllr John Merry CBE	December 2004	3	2
Cllr Tony McDermott MBE	December 2007	3	2
Peter Allen MBE	December 2007	3	2
Lord Peter Smith	December 2008	3	2
Dr John Stageman OBE	December 2008	3	3
Frank Hont MBE	March 2010	3	3

The former Audit Committee

The Audit Committee's role was to provide the Board with advice and information to undertake the governance and supervisory role required in accordance with *Corporate Governance Best Practice*. The Audit Committee reviewed the control environment within the Agency and ensured that corrective measures were taken to address any identified weaknesses.

The Audit Committee met twice during the period to receive assurance on the Agency's systems of corporate governance, risk management and internal control.

The Committee reviewed the final Risk Register and the Annual Report and Financial Statements for 2011/12 and received the Audit Completion Report from the National Audit Office. It issued a report to the Board recommending approval of the Annual Report and Financial Statements for 2011/12. The Committee also reviewed the draft Report and Accounts for the period to 30 June 2012 and recommended their approval to the Board.

Members of the Committee during the period were:

Member	Maximum no of Committee meetings	No of Committee meetings attended
Dr John Stageman OBE (Chair)	2	2
Peter Hensman DL	2	2
Frank Hont MBE	2	2
Peter Allen MBE	2	2

The former Remuneration and Appointments Committee
The work of the Remuneration and Appointments Committee is detailed in the Remuneration Report.

Members of the Committee during the period were:

Member	Maximum no of Committee meetings	No of Committee meetings attended
Robert Hough DL (Chair)	2	2
Vanda Murray OBE	2	1
Dr John Stageman OBE	2	2
Frank Hont MBE	2	2

Management of the Agency
The Agency's Executive Management Board (EMB) met regularly to make key decisions, agree actions and specific initiatives and to review financial and operational performance. The EMB reviewed progress on the closure plan and the risk register.

The relationship between the Agency and BIS was codified in formal documents issued by BIS, such as the *Accountability & Financial Framework*. The Agency also ensured compliance with *Managing Public Money* and relevant guidelines issued by HM Treasury, in addition to the *Government Financial Reporting Manual (FReM)*.

Board Members were governed by a Code of Best Practice, which amongst other things outlined:

- the Board's requirement to demonstrate Public Service Values and their accountability for public funds;
- the relationship with Central Government;
- the role of the Chairman and Chief Executive Officer;
- the corporate and individual responsibilities of Board Members; and
- how to handle conflicts of interest.

The Agency ensured adherence to the Code through the robust and thorough monitoring and recording systems that were in place. Board Members declared interests at particular Board discussions as appropriate.

The Risk and Internal Control Framework
The Agency had a continuous process for identifying, assessing, evaluating and managing significant risks, which was in place and operating for the period to 30 June 2012.

The Board set the Agency's policy and attitude towards risk. The Audit Committee, on behalf of the Board, determined the effectiveness of those policies and procedures, basing its assurance on the reports it received from management as well as from External and Internal Audit. The Executive Management Board (EMB), led by the former Chief Executive Officer, was responsible for the operation of the Agency's corporate risk management process.

The Agency's Corporate Risk Management and Assurance Framework was reviewed in June 2009 and approved by the Audit Committee. The Agency continued to apply that framework. The Board and the Audit Committee put in place controls to minimise the new risks arising from the transfer of the Agency's activities to others and from closure.

Personal data related incidents
There were no significant personal data incidents during the period, and as such no reports to the Information Commissioner's Office (ICO) have been made in this respect.

Fraud Incidents
There were no identified incidents of fraud during the period to 30 June 2012.

Internal audit
PricewaterhouseCoopers (PwC) provided the Agency with Internal Audit services and carried out a full programme of work in 2011/12. Given that in the final three months the overarching task was to complete the Annual Report and Financial Statements for 2011/12, and PwC had recently carried out a review of financial controls, the Agency did not require a programme of internal audit work during the period. PwC continued to attend Audit Committee meetings and to offer advice and assistance to the Agency.

Governance in the period after 30 June 2012

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

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

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

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

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

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

As set out in Note 15 to the financial statements, the Agency paid £115,695 to HMRC on 6 June 2012, based on an estimate of the interest due on overdue Corporation Tax. This arose because the Agency underestimated the amount payable on an instalment payment. As the Agency did not derive any benefit from the payment, it is classed as a fruitless payment. As the payment is to another Government body, there is no loss to the public purse. This estimate was subsequently revised down to £57,430 and this amount is included in interest payable in the Statement of Comprehensive Net Expenditure. The difference of £58,265 is considered to be recoverable from HMRC.

Review of Effectiveness

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

Conclusion

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

Martin Donnelly

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

Date 5 December 2012

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

I have audited the financial statements of the North West Development Agency for the period ending 30 June 2012 under the Regional Development Agencies Act 1998. The financial statements comprise: the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with the Regional Development Agencies Act 1998. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the North West Development Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the North West Development Agency; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the North West Development Agency's affairs as at 30 June 2012 and of the net expenditure after tax for the period then ended; and
- the financial statements have been properly prepared in accordance with the Regional Development Agencies Act 1998 and Secretary of State directions issued thereunder.

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

Without qualifying my opinion, I draw attention to note 1.1 to the financial statements which discloses that the financial statements have been prepared on a basis other than going concern as the North West Development Agency was abolished on 1 July 2012.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Regional Development Agencies Act 1998; and
- the information given in the Former Chairman's Statement, Accounting Officer's Report and Remuneration Report for the period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Amyas C E Morse
Comptroller and Auditor General

Date 7 December 2012

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

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure
For the period ended 30 June 2012

	Note	Period to 30 June 2012 £000	Year to 31 March 2012 £000
Expenditure			
Programme expenditure	3	-	74,226
European funding expenditure	3	-	7,188
Staff costs	4	**1,051**	15,532
Loss on transfer to other Government bodies		-	40,167
Depreciation and amortisation	6	-	561
Other administration expenditure	6	**91**	4,730
Other losses	6	-	4,508
Total expenditure		**1,142**	146,912
Income			
European funding	7	-	(5,047)
Other income	7	-	(2,336)
Gain on transfer to other Government bodies		-	(181)
Gain on disposal of assets	7	**(15)**	(2,849)
Surplus from shares in subsidiaries, joint ventures and associates	7	-	(1,509)
Other gains	7	-	(181)
Total income		**(15)**	(12,103)
Net expenditure		**1,127**	134,809
Interest payable	8	**58**	39
Interest receivable and similar income	8	**(11)**	(450)
Net expenditure after interest		**1,174**	134,398
Taxation	9	**(571)**	13,722
Net expenditure taken to Grant in Aid Reserve		**603**	148,120
Net expenditure relating to continuing activities	2	-	33,117
Net expenditure relating to discontinued activities	2	**603**	115,003
		603	148,120

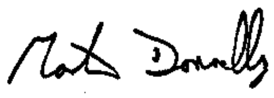
Net expenditure is financed by Grant in Aid as explained in accounting policy note 1.7
The notes on pages 26 to 40 form part of these accounts.

Statement of Financial Position
As at 30 June 2012

	Note	**As at 30 June 2012 £000**	As at 31 March 2012 £000
Current Assets			
Trade receivables and other current assets	*11*	**296**	1,186
Cash and cash equivalents	*12*	**1,186**	8,063
Total current assets		**1,482**	9,249
Current Liabilities			
Trade payables and other current liabilities	*13*	**(841)**	(16,100)
Current assets less current liabilities		**641**	(6,851)
Reserves			
General reserve		**641**	(6,851)
		641	(6,851)

The notes on pages 26 to 40 form part of these accounts.

These financial statements were approved and signed by



Martin Donnelly
Accounting Officer

Date 5 December 2012

Statement of Cash Flows
For the period ending 30 June 2012

	Note	**Period to 30 June 2012**	Year to 31 March 2012
		£000	£000
Cash outflows from operating activities			
Net expenditure after interest		**(1,174)**	(134,398)
Adjustments for:			
Loss on transfer to other Government bodies		**-**	40,167
Gain on transfer to other Government bodies		**-**	(181)
Depreciation and amortisation	6	**-**	561
(Gain)/Loss on disposal of property, plant and equipment	7	**(15)**	60
Reduction in value of associates	7	**-**	691
Profit on disposal of inventories	7	**-**	(3,600)
Property, plant and equipment valuation write down	6	**-**	712
Investment in subsidiary write down	6	**-**	416
Investments valuation write-down	6	**-**	3,380
Investments valuation write-back	7	**-**	(123)
Inventories valuation write-back	7	**-**	(58)
Profit from share in subsidiaries	7	**-**	(1,062)
Profit from share in associates	7	**-**	(447)
Non cash pension cost		**-**	22
		(1,189)	(93,860)
Decrease in trade and other receivables	11	**890**	8,229
Decrease in trade and other payables	13	**(15,259)**	(100,207)
Decrease in provisions		**-**	-
		(15,558)	(185,838)
Taxation		**571**	(2,294)
Net cash outflow from operating activities		**(14,987)**	(188,132)
Cash flow from investing activities			
Purchase of investments		**-**	(128)
Return of un-invested funds		**-**	7,180
Proceeds from disposal of property, plant and		**15**	64
Proceeds from disposal of investments		**-**	748
Proceeds from disposal of inventories		**-**	6,100
Transfer of inventories		**-**	4,004
Issue of Daresbury SIC Loan Note B		**-**	(3,601)
Net cash inflow from investing activities		**15**	14,367

	Period to 30 June 2012	Year to 31 March 2012
	£000	£000
Cash flows from financing activities		
Grant in Aid received from BIS	**8,095**	101,713
EU financing for assets	**-**	122
	8,095	101,835
Net financing		
Net decrease in cash and cash equivalents in the period	**(6,877)**	(71,930)
Cash and cash equivalents – start of period		
Cash at bank and in hand	**8,063**	81,206
Cash transferred to other Government bodies	**-**	(1,213)
Cash and cash equivalents – end of period	**1,186**	8,063

The notes on pages 26 to 40 form part of these accounts.

Statement of Changes in Taxpayers' Equity
For the period ending 30 June 2012

	General Reserve £000	Grant in Aid Reserve £000	Total Reserves £000
Balance at 1 April 2011	39,447	-	39,447
Changes in Taxpayers' Equity for 2011/12			
Release from deferred income	122	-	122
Actuarial loss	(13)	-	(13)
Transfers between reserves	(46,407)	46,407	-
Retained deficit	-	(148,120)	(148,120)
Total recognised income and expense for 2011/12	(46,298)	(101,713)	(148,011)
Grant in Aid from BIS	-	101,713	101,713
Balance at 31 March 2012	(6,851)	-	(6,851)
Balance at 1 April 2012	(6,851)	-	(6,851)
Changes in Taxpayers' Equity for period to June 2012			
Transfers between reserves	7,492	(7,492)	-
Retained deficit	-	(603)	(603)
Total recognised income and expense for period to June 2012	641	(8,095)	(7,454)
Grant in Aid from BIS	-	8,095	8,095
Balance at 30 June 2012	641	-	641

Notes to the financial statements

1. Statement of accounting policies

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

These financial statements have been prepared in accordance with the 2011/12 Government Financial Reporting Manual (FReM) issued by HM Treasury and in a form directed by the Secretary of State for Business Innovation and Skills, with the approval of HM Treasury, in accordance with the Regional Development Agencies Act 1998. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The Agency was issued with a new Accounts Direction on 29 May 2012 which is effective for the period ending 30 June 2012.

1.1 Going concern

The Public Bodies Act, which paved the way for the abolition of all Regional Development Agencies (RDAs), received Royal Assent on 14 December 2011. In 2011/12 the Department for Business, Innovation and Skills issued two transfer schemes for each RDA under the Act. The first came into effect on 1 January 2012, transferring the majority of the remaining projects and some staff to BIS, so that the remaining projects could be completed. A second transfer scheme was made on 30 March 2012 to take away most of the remaining assets and liabilities so the Agency achieved operational closure by 31 March 2012. A third transfer scheme took effect on 1 July 2012, transferring the Agency’s remaining assets and liabilities to BIS and the Agency was then abolished on 1 July 2012.

Accordingly, the Agency was no longer a going concern as at 30 June 2012, and these accounts have therefore been prepared on a basis other than that of a going concern.

1.2 Accounting convention

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

1.3 Presentation currency policy

The accounts are presented wholly in Pounds Sterling and, unless specifically stated otherwise, all figures have been rounded to the nearest thousand Pounds Sterling.

Notes (continued)

1. Statement of accounting policies (continued)

1.4 Accounting estimates policy

The preparation of Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of income and expenditure. All estimates are based on knowledge of current facts and circumstances, assumptions concerning past events and forecasts of future events and actions. Actual results may differ from these estimates.

1.5 Depreciation and amortisation

Due to the operational closure of the Agency on 31 March 2012 the book value of all operational assets was written down to recoverable amounts.

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

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

1.6 Pension Costs

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

The ‘by analogy’ scheme is for Chairs past and present with rules equivalent to those of the PCSPS. Liabilities under this scheme transferred to BIS on 30 March 2012.

Notes (continued)

1. Statement of accounting policies (continued)

1.7 Government grants

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

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

1.8 Financial instruments

The Agency has no borrowings and relies primarily on departmental Grant in Aid for its cash requirements and is, therefore, not exposed to liquidity risks. It has no material deposits and all material assets and liabilities are denominated in sterling, so there is no exposure to interest rate risk or currency risk.

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

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

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

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

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

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

Short-term loans and receivables are initially measured at original invoice amount and subsequently measured after deducting any provision for impairment. Any impairment is charged to the Statement of Comprehensive Net Expenditure as it arises.

The Agency's loans and receivables comprise: trade and other receivables and cash and cash equivalents.

Notes (continued)

1. Statement of accounting policies (continued)

1.8 Financial instruments (continued)

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

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

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

For financial assets carried at amortised cost, the charge to the Statement of Comprehensive Net Expenditure reflects the movement in the level of provisions made, together with amounts written off in the period.

1.9 Operating Income

Income related to the Agency's role as the managing authority for ERDF (in the prior period) was recognised when the validity and correctness of the claim was assured, as required by Government guidance. Other grant income and European funding is recognised when the funding becomes due in accordance with the Agency's contractual rights.

Rental income and income from loan investments are recognised in accordance with the timing as set out in the relevant contracts, and other income is recognised when it is due under contractual rights or when it has been earned according to agreement, is reliably measurable and receipt is reasonably assured.

1.10 Grants payable

Grants payable (in the prior period) were recognised in the period in which the underlying event or activity giving entitlement to the grant occurs.

1.11 Grant repayments

Grant repayments were recognised as income on a receivable basis. The Agency's entitlements to grant repayment in the event of any breach of grant conditions transferred to BIS in the previous accounting period.

Notes (continued)

1. Statement of accounting policies (continued)

1.12 VAT

Expenditure is stated net of Value Added Tax. Irrecoverable VAT is written off to the Statement of Comprehensive Net Expenditure.

1.13 Adoption of new IFRS standards

As mentioned in 1 above, the Agency is governed by the Financial Reporting Manual (FReM) as issued by HM Treasury. As such the adoption of any new IFRS is governed by their adoption into the FReM.

There are no changes to the FReM effective for the period beginning 1 April 2012 identified as having an impact on the Agency's financial statements for the period. There has been no early adoption of IFRS changes.

2. Discontinued operations

All of the Agency's activities are now discontinued.

Notes (continued)

3. Analysis of expenditure by segment

	Period to 30 June 2012 £000	Year to 31 March 2012 £000
Programme expenditure analysis by objective:		
Internationally competitive sectors	-	19,691
Enterprise	-	17,738
Innovation	-	8,024
Internationalisation	-	1,581
Leadership	-	2,090
Higher level skills	-	413
Size of the workforce	-	127
Employment sites	-	2,215
Creating conditions for private sector investment	-	12,157
Climate change and sustainable consumption	-	3,071
Marketing the region	-	1,108
	-	68,215
Other	-	5,981
Total programme expenditure	-	74,196
European funding expenditure	-	7,188
	-	81,384
Other expenditure not classified by reporting segment	1,142	60,720
	1,142	142,104

Expenditure contained in:		
Statement of Comprehensive Net Expenditure:		
Grants paid to private sector	-	53,033
Grants paid to public sector	-	12,441
Non-grant programme expenditure	-	8,752
Programme expenditure	-	74,226
European funding expenditure	-	7,188
Statement of Financial Position:		
Investments	-	122
Inventories – development assets	-	(152)
	-	81,384
Other expenditure not classified by reporting segment	1,142	60,720
Total expenditure	1,142	142,104

All of the Agency's expenditure in the period to 30 June 2012 was for administration.

Notes (continued)

4. Staff numbers and related costs

	Period to 30 June 2012 £000	Year to 31 March 2012 £000
Board Members		
Board Members' salaries	**44**	209
Chair's pension contributions	**5**	28
Social security costs	**4**	16
	53	253
Staff		
Salaries and wages	**175**	5,858
Pension costs	**35**	1,311
Social security costs	**122**	598
Retention costs	**688**	47
Compensation costs	**(22)**	7,461
	998	15,275
Temporary staff		
Seconded staff salary costs	**-**	4
	-	4
Total salaries and wages	**1,051**	15,532

The average number of staff employed by the Agency during the period was 10 (2011/12: 156) comprised of 10 permanent and no contractors (2011/12: 156, comprised of 155 permanent and 1 contractor).

Staff sickness absence data

	Period to 30 June 2012	Year to 31 March 2012
Total number of sick absence days	**nil**	227
Sick absence days attributable to long term sickness (included in above)	**nil**	66
Average sick absence days (excluding long term sick)	**nil**	2.6

Notes (continued)

4. Staff numbers and related costs (continued)

Reporting of Civil Service and other compensation schemes – exit packages

	Period ending 30 June 2012	Period ending 30 June 2012	Period ending 30 June 2012	Year ending 31 March 2012
Exit package cost band	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	Total number of exit packages by cost band
< £10,000	**-**	**-**	**-**	49
£ 10,000 - £ 25,000	**1**	**1**	**2**	77
£ 25,001 - £ 50,000	**1**	**2**	**3**	36
£ 50,001 - £100,000	**2**	**2**	**4**	13
£ 100,001 - £150,000	**1**	**1**	**2**	5
£ 150,001 - £200,000	**-**	**-**	**-**	8
Total number of exit packages	**5**	**6**	**11**	188
Total resource cost / £000	**343**	**345**	**688**	6,137

Compulsory redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. All redundancy costs were accounted for in full in 2011/12. The staff numbers and costs in the period ended 30 June 2012 are in respect of retention payments agreed and paid in that period (see note 15 for further details) and all of these staff are also included in the staff numbers for 2011/12 as their redundancies were agreed in that year.

5. Pensions

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS scheme is an unfunded multi-employer defined benefit scheme but NWDA is unable to identify its share of underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). For the period ending 30 June 2012, employer's contributions of £39,955 (2011/12 1,184,563) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they accrue, not the costs as they are actually incurred, and reflect past experience of the scheme.

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

Notes (continued)

5. Pensions (continued)

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

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

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

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

Pensions payable under classic, premium, classic plus and nuvos are increased in line with the Consumer Prices Index. Further details about the Civil Service Pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

Notes (continued)

5. Pensions (continued)

Partnership Pension Scheme
Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement). In the period ending 30 June 2012 employer's contributions of £nil (2011/12 £30,562) were paid to one or more of a panel of three appointed stakeholder pension providers, with £nil (2011/12 £1,792) being the cost of risk benefit cover.

Homes and Communities Agency Pension Scheme
Liabilities to this scheme arising on the closure of the Agency were transferred to BIS on 30 March 2012 under the North West Development Agency Transfer Scheme (No 2) 2012.

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

Pension benefits of the Chairman
Liabilities under the 'by-analogy' scheme were transferred to BIS on 30 March 2012 under the North West Development Agency Transfer Scheme (No 2) 2012.

6. Other expenditure

	Period to 30 June 2012	Year to 31 March 2012
	£000	£000
Marketing and PR	**-**	99
Office costs	**1**	1,462
IT and communication	**(13)**	467
Rentals under operating leases	**-**	1,174
Other staff costs	**6**	197
Travel and subsistence	**9**	204
Professional costs	**51**	573
External auditors' remuneration (National Audit Office)	**13**	96
Estate management	**28**	(67)
Bad and doubtful debts	**-**	4
Irrecoverable VAT	**(4)**	521
Depreciation of property, plant and equipment	**-**	538
Amortisation of intangible assets	**-**	23
Property, plant and equipment write downs	**-**	712
Investments write downs	**-**	3,796
	91	9,799

Notes (continued)

7 Income

	Period to 30 June 2012	Year to 31 March 2012
	£000	£000
Activity based income:		
European funding	**-**	5,047
Other activity based income:		
Other government grants	**-**	490
Self –generated income:		
Rents and maintenance charges	**-**	135
Other Income	**-**	1,711
	-	2,336
Gain/(loss) on disposal of assets:		
Property, plant and equipment	**15**	(60)
Inventories - development assets	**-**	3,600
Investments	**-**	(691)
	15	2,849
Other gains:		
Asset valuation write-backs :		
Inventories - development assets	**-**	58
Investments	**-**	123
	-	181
Surplus from shares in:		
Subsidiaries	**-**	1,062
Associates	**-**	447
	-	1,509
Total income	**15**	11,922

8. Interest

	Period to 30 June 2012	Year to 31 March 2012
	£000	£000
Interest payable		
Other	**58**	39
Interest receivable and similar income		
Interest on Loan Notes	**-**	(138)
Bank interest receivable	(7)	(312)
Other interest	(4)	-
Total income	**(11)**	(450)

Notes (continued)

9. Taxation

a) Analysis of the tax charge:

	Period to 30 June 2012	Year to 31 March 2012
	£000	£000
Current taxation		
UK Corporation Tax	19	13,122
Adjustments in respect of prior years	(590)	600
	(571)	13,722

b) Factors affecting the tax charge for the period:

The effective rate of tax for the period is more than the standard rate of Corporation Tax in the UK of 24% (2011/12 26%).
The differences are explained below

Net expenditure on ordinary activities	(1,174)	(134,398)
Net expenditure on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 24% (2011/12 26%)	(282)	(35,007)
Effect of:		
Income and expenditure not subject to Corporation Tax	-	(212)
Non taxable grant funding	-	(1,861)
Non relievable grant funded expenditure	262	26,700
Expenses not deductible for tax purposes	-	10,828
Depreciation for the year in excess of capital allowances	-	135
Utilisation/creation of Self Generated Funds deficit	21	10,367
Other timing differences	(1)	(1)
Creation/utilisation of tax losses	-	(2,860)
Results of NorwePP LP	-	(25)
Results of Rising Stars	-	(20)
Results of North West Seed Fund	-	63
Results of North West BIS	-	73
Results of NW VCLF HF LLP	-	20
Adjustments in respect of prior years	(590)	600
Adjustments in respect of interest held on Statement of Financial Position (current year)	19	84
Chargeable gain on disposal of subsidiaries, joint ventures and associates	-	4,845
Income tax withheld from interest (North West BIS)	-	(7)
	(571)	13,722

Notes (continued)

10. Financial instruments

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

	30 June 2012	31 March 2012
Loans and Receivables		
Categories of Financial Instruments		
Financial Assets	**£000**	£000
Trade and other receivables	**296**	1,186
Cash and cash equivalents	**1,186**	8,063
	1,482	9,249
Financial Liabilities	**£000**	£000
Trade and other payables	**841**	14,199

Embedded derivatives

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

11. Trade receivables and other current assets

	30 June 2012 £000	31 March 2012 £000
Trade receivables	**59**	107
Other receivables	**237**	86
Corporation Tax	**-**	993
	296	1,186
Intra-government balance analysis:		
	£000	£000
Balances with other Central Government bodies	**1**	1,056
Balances with Local Authorities	**58**	-
Balances with bodies external to Government	**237**	130
	296	1,186

Notes (continued)

12. Cash and cash equivalents

	30 June 2012	31 March 2012
	£000	£000
Balance at 1 April	**8,063**	81,206
Net change in cash and cash equivalent balances	**(6,877)**	(71,930)
Cash transferred to other Government bodies	**-**	(1,213)
Balance at 30 June 2012 / 31 March 2012	**1,186**	8,063

The balances at 30 June 2012 and 31 March 2012 were all held at commercial banks and as cash in hand.

13. Trade payables and other liabilities

Current liabilities:	Period ending 30 June 2012 £000	Year ending 31 March £000
Corporation Tax	**163**	**13,913**
Value Added Tax	**3**	**-**
Other taxation and social security	**-**	**182**
Trade payables	**-**	**53**
Other payables	**32**	**51**
Accruals and deferred income	**643**	**1,901**
	841	**16,100**

Intra-government balance analysis:

Balance with other Central Government bodies	**198**	**14,118**
Balances with bodies external to Government	**643**	**1,982**
	841	**16,100**

14. Related party transactions

The Agency is a Non-Departmental Public Body sponsored by the Department for Business, Innovation and Skills (BIS). BIS is regarded as a related party with which, during the period, the Agency had a number of material transactions. BIS was the sponsor body of the other Regional Development Agencies in England and, therefore, the other RDAs were regarded as related parties. There were no outstanding balances with related parties at the Statement of Financial Position date.

During the period none of the Board Members, key management staff or other related parties has undertaken any material transactions with the Agency.The following key members of staff purchased surplus computer equipment from the Agency at market value:

Robert Hough	£130
Mark Hughes	£134
Diane Summers	£20

Notes (continued)

15. Special Payments, Losses and Other Payments

Special Payments

In order to ensure the effective closure of the Agency, a retention scheme was put in place that identified key individuals with the necessary skills and experience to close the Agency. This scheme was approved by the Department for Business, Innovation and Skills (BIS), in conjunction with HM Treasury, in December 2010. The purpose of the scheme was to safeguard the taxpayers' interest by achieving value for money, to protect taxpayers' equity in the significant public assets the RDA owned and to secure an orderly closure. In the period to 30 June 2012 11 employees (2011/12 - 3) duly completed their closure tasks and received a total of £687.6k (2011/12 - £45.7k). These payments fall under the definition of special payments as set out in Annex 4.1 of Managing Public Money.

Other payments

The Agency paid interest of £115,695 to HMRC on 6 June, based on an estimate of the interest due on overdue Corporation Tax. This arose because the Agency underestimated the amount payable on an instalment payment. As the Agency did not derive any benefit from the payment, it is classed as a fruitless payment. As the payment is to another Government body, there is no loss to the public purse. This estimate was subsequently revised down to £57,430 and this amount is included in interest payable in the Statement of Comprehensive Net Expenditure. The difference of £58,265 is considered to be recoverable from HMRC.

Losses

The Agency did not incur any other losses during the period which require to be disclosed under the guidance contained in *Managing Public Money* (2011/12 – none).

16. Events after the Reporting Period

All remaining rights and obligations of the Agency transferred to BIS on 1 July 2012 by virtue of a transfer scheme under the authority of the Public Bodies Act 2011. The net assets transferred totalled £0.641million as shown in the Statement of Financial Position. The Agency was abolished on 1 July 2012 by virtue of an Order commencing section 30(1) of the Public Bodies Act 2011.

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

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