North West Development Agency

Annual Report and Financial Statements

Year ended 31 March 2012

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Chairman's Statement

The last year was the first full year following the announcement in June 2010 that Regional Development Agencies were to be abolished. It was a year of significant transition and change in economic development and for the Agency itself. The Government set the RDAs the task of closing operations by the end of March 2012, and this was the overarching focus of North West Development Agency (NWDA) over the last year.

Over the past twelve months, the Agency completed its current year programme activity, transferred remaining programmes and associated staff to other Government bodies and closed its administration processes, including making arrangements for all remaining staff to be made redundant.

The NWDA Board and management worked tirelessly over the last twelve months to achieve all of this and did so successfully, exceeding the milestones required of them.

Although the focus was on achieving closure in an effective way, it did not mean that all the activities for which the NWDA was responsible came to an end. The Agency has transferred a significant amount of activity to other Government bodies, or bodies acting on behalf of Government, and that work will continue after the NWDA has ceased to exist.

The activities transferred to other Government bodies were:

- The management of the European Regional Development Fund (ERDF) to the Department for Communities and Local Government.
- The management of the Rural Development Programme for England (RDPE) to the Department for the Environment, Food and Rural Affairs (Defra).
- Inward investment activity to a private contractor working on behalf of Government.
- The NWDA coalfield sites and land and property interests to the Homes and Communities Agency (HCA), a Non Departmental Public Body sponsored by the Department for Communities and Local Government, to continue the NWDA's work in developing and investing in those sites for economic benefit.
- Grants for Business Investment (GBI) to the Department for Business Innovation and Skills (BIS), and Grants for Research and Development to the Technology Strategy Board (TSB), a Non Departmental Public Body sponsored by BIS.
- NWDA's interest in North West Business Finance Limited and eight venture capital funds, which provide finance to help North West businesses develop and grow, to BIS.
- NWDA's interests in Daresbury Science and Innovation Campus to the Science and Technology Facilities Council (STFC), a Non Departmental Public Body sponsored by BIS.
- NWDA's interest in North West Business Link to BIS.

The fact that the objectives of these programmes continue under new management illustrates the outstanding legacy that NWDA has left in the North West. Alongside the many projects in which NWDA was involved, the continuation of schemes such as the North West Fund, and the JESSICA Urban Investment Funds shows the value of the

NWDA contribution to not just the past economic development of the region, but also to the future creation of jobs and opportunities throughout its many communities. That legacy was detailed in 'Business, People & Places: Learning from the NWDA's Experience' published in June 2011 and also in 'Business, People & Places: The Record of NWDA Activity and Assets' published in March 2012. These two documents outline in some detail the Agency's contribution to supporting economic growth, creating jobs and developing communities, for which the Agency can take great pride. They also emphasised the importance of partnership working across the region and the beneficial impact of the Agency's work in the quality of people's lives in the North West.

I commend both documents to you, access to which can be found at:

http://webarchive.nationalarchives.gov.uk/20120325084815/http://www.nwda.co.uk/media-library/publications/corporate/business,-people--places-lea.aspx

The Agency entered the 2011/12 year with 1,057 open projects and by the end of the year all of these had either been completed or transferred. This was an exceptionally difficult exercise, not just for the Agency but also for our partners, and I would like to thank those partner bodies for their understanding and assistance in helping us to achieve a successful closure.

As part of its work, the Agency invested £81.4m in the financial year which resulted in 7,478 jobs being created or safeguarded; throughout its existence, the NWDA has taken pride in being a creator of opportunity within the region.

With the publication of this Report and the accompanying Financial Statements the Agency completes one of its final tasks. This work has been completed diligently and professionally in the manner of the other work of NWDA over the last thirteen years. The employees of the Agency have been at the heart of what has been achieved and they too will be remembered in many of the significant projects that will continue to benefit the region. The last eighteen months have been particularly challenging for many, but throughout the staff have been committed and are owed thanks for the successful delivery of the closure programme.

I would also like to extend my personal thanks to those who have served on the Board of the Agency over its life and given their time generously to make the NWDA the success that it has been. For me, it has been a great honour and privilege to have served as Chairman of the Agency and to have worked with such committed and dedicated colleagues.

For businesses, the economy and people of the North West, the last eighteen months have been a difficult time with the continued economic uncertainty. The NWDA's job over its life has been to put in place the long-term foundations for growth and through our close workings with partners we were successful. I remain convinced that our region has immense economic potential and that substantial building blocks for growth are in place. I am confident that our partners will benefit from what the NWDA has achieved and will build on those foundations, improving the lives of our people for many years to come.

Robert Hough
Chairman

Operating Review

This operating review provides a summary of the NWDA's activity over 2011/12 in delivery of its Corporate Plan and an overview of the achievements of the Agency over its lifetime.

During 2011/12 the Agency's operational focus was on achieving the timely closure of its investment programme to enable the Agency's operational closure on 31 March 2012.

On 1 April 2011, the NWDA had 1,057 open projects (excluding European Regional Development Fund and RDPE). The objective set by NWDA's Board and BIS was to reduce this to zero by 31 March 2012 by either the planned transfer of projects requiring activity post March 2012, or the completion and closure of projects by NWDA.

Throughout the year, NWDA has taken action to reduce expenditure and bring forward project completion dates where possible to enable their closure, secure the novation of on-going projects to successors and secure the transfer of other ongoing projects through statutory transfers.

The final outcome was as follows:

	No of projects
Statutory transfer of Land & Property projects to HCA	302
Statutory transfer of GBI projects to BIS	270
Statutory transfer of R&D projects to TSB	266
Statutory transfer of residual projects to BIS	49
Novation of Venture Capital portfolio to BIS	19
Other project novations	23
Projects closed by NWDA	128
Total	**1,057**

In parallel with its closure activities, the NWDA still needed to deliver an active programme at a cost of £81.4m (excluding projects transferred to HCA) and to achieve contracted outputs and other strategic impacts.

Internationally competitive sectors

During 2011/12, NWDA supported training programmes in key sectors which resulted in the up-skilling of staff and the retention of major national and international based corporations in the region. Companies supported include Sony Computer Entertainment Europe in Liverpool, Nike/Umbro in Cheadle, SPX in Manchester, United Kingdom Data Capture in Trafford and GM Vauxhall Motors in Ellesmere Port. Collectively these programmes, when fully complete, will have helped 4,938 people increase their skills and created 1,754 jobs.

NWDA has wound down activity through its cluster programmes during 2011 with each Regional Cluster Organisation looking to develop a sustainable business model to provide on-going support to their sector. North West Vision and Media and Food and Drink North West completed their contracted activity during the financial year.

The NWDA supported the North West aerospace sector during 2011/12 with projects such as the Centre of Excellence in Virtual Engineering which became fully operational in 2011. This provides a range of software and hardware capabilities which will significantly improve the overall business performance of the aerospace sector and strengthen the supply chain. The first phase of the Aerospace Supply Chain Excellence project was completed in December 2011, and has delivered a broad range of business support services required to build a world-competitive aerospace supply chain in the North West of England.

The development of the ASTRAEA programme, supporting BAE Systems to collaboratively develop autonomous unmanned systems, will continue to 2013 with the management of the programme transferring to the TSB. This programme has also attracted a Regional Growth Fund award to develop new autonomous technology opportunities in the North West.

Delivery of the regional Manufacturing Advisory Service under contract to NWDA came to an end in December 2011 when BIS implemented revised contractual arrangements. The impact on the manufacturing sector has been significant with the project delivering 286 new jobs and safeguarding 1,996 others.

2011/12 saw the conclusion of the NWDA's support of the infrastructure works at MediaCityUK with the completion of an award winning pedestrian bridge across the Manchester Ship Canal at Salford Quays - a stunning visual landmark and design statement for MediaCityUK, designed by Wilkinson Eyre. The BBC took up residence from May 2011, followed by the opening of seven broadcast studios and completion of over 150,000sq ft of office space. The Greenhouse and the new University of Salford building provide accommodation for an increasing number of digital and creative businesses. Amenities including a hotel, supermarket, residential blocks and various retail outlets mean that MediaCityUK is fast becoming the 24-hour vibrant business and visitor destination originally envisaged, and represents a lasting legacy from the NWDA’s investment.

The NWDA has also supported the development of the Media Enterprise Centre (MEC) at MediaCityUK. This will be operational during 2012 and will enable a variety of specialist support facilities to be offered to the Digital and Creative sector which will enhance the success of MediaCityUK. An MEC Director has been appointed and operators are being sourced to deliver services to fulfil the Strategic Framework Agreement between Peel Holdings, Salford City Council, NWDA and the BBC.

2011/12 was the final year of funding for the Manchester Biomedical Research Centre (BRC), which performs successfully in the key areas of research, particularly genetics, diabetes, respiratory diseases, women's health and oncology. The project has appointed 26 BRC fellows to develop their careers, an increase on the original target of 11, made possible by the additional external research funding secured by the quality of candidates. The legacy of the project has also been secured with a five year strategy and business plan and funding package being approved by the Central Manchester Hospital Trust. The implementation of the new business plan will re-launch the BRC to support the core functions of the research and innovation infrastructure, created with the support of NWDA funding. This will enable targeted investment in new research areas and facilitate applications for external funding to enable further expansion.

BioNow was spun out from the NWDA into a new company supported by business membership during 2011. BioNow continues to provide support to businesses in the biomedical sector to improve their global competitiveness.

Enterprise Support

Two major enterprise support programmes were completed during the year. Intensive Start Up Service (ISUS) has been delivered in partnership with local authorities and specialist start up providers. The project targeted specific areas and community groups (women, black and minority ethnic groups, disabled and unemployed people) which underperform in terms of enterprise. ISUS has helped 2,062 start-ups during 2011 and created 3,474 jobs. The High Growth Programme provided 1:1 coaching support to individuals and small and medium sized enterprises (SME) with significant growth potential. Completed in August 2011, the programme supported 400 SMEs and created 2,239 jobs over the last three years.

North West Business Link (NWBL) continued to deliver universal and intensive support through to its operational closure in November 2011. Despite preparing for its closure, NWBL delivered impressive results including 95.6% customer satisfaction ratings. In the period up to 25 November, NWBL exceeded all its targets apart from businesses engaged (due to a restriction on marketing). During the year to its closure NWBL engaged with 17,874 businesses and assisted 8,428 individuals of which 2,038 were intensive assists.

The Agency also worked with the Regional Leaders' Board to identify opportunities to transfer assets from Agency funded business support programmes to partners to act as a valuable legacy for the region. Opportunities were advertised in May and business support interests transferred included the network of Business Angels, NWBL's Access to Finance service, BioNow cluster organisation, intellectual property related to the LEAD leadership and management programme and the European Enterprise Network as well as associated data, marketing materials and websites.

Science and Innovation

A main focus has been the on-going development of the Daresbury Science & Innovation Campus (DSIC) through a public/private sector joint venture prior to the Agency's interests transferring to STFC on 10 October 2011. The site has proved to be a major success achieving full occupancy of its Innovation Centre. It is also home to the Cockcroft Institute and National Centre for Accelerator Science and is one of only two National Science and Innovation Campuses. At the start of the year a third building, Vanguard House, was opened and provides high quality accommodation to enable existing tenants to expand and to attract additional inward investment. DSIC was also successful in becoming a science and innovation based Enterprise Zone, which will underpin the future investment programme.

Internationalisation

The NWDA's successful inward investment activities ceased in May 2011, with the service transferring to UK Trade and Investment's contractors, PA Consulting. The NWDA continued to support two trade projects - International Trade: Developing Your Potential, which delivered a programme of international trade advice and created 515 jobs and safeguarded a further 2,722 and International Trade: Accessing Future Markets, which advised a total of 758 businesses to improve their trading performance.

Leadership and management, higher level skills and size of the workforce

NWDA played a major role in making sure training, education and skills development continues to serve the needs of employers and individuals across our region beyond the Agency's closure. During 2011/12, the delivery of key leadership and skills programmes, such as Business Mentoring, continued. These programmes successfully supported 1,168 clients with skills assistance and assisted 989 businesses. The LEAD the North West programme has successfully supported 533 individuals and their businesses.

Employment sites, premises and private sector investment

A large number of NWDA land and property funded projects were successfully completed within the last 12 months and many represented the last pieces of the jigsaw in much wider regeneration schemes. 302 projects were transferred to HCA in September 2011 for on-going delivery and monitoring.

The new £72m Museum of Liverpool, located on the River Mersey frontage in the city's UNESCO world heritage site, opened to the public and displays the city's history and culture. This completes the redevelopment of the Mann Island and Strand area of the city comprising residential, office and commercial premises. It also houses the NWDA funded Open Eye Gallery. Integrated into the Mann Island redevelopment is the newly constructed canal, which links the canal's previous termination point at the Eldonean Village to the Albert Dock. The link will allow visitors to cruise directly into the city centre.

In Blackpool, the recently completed Tower Festival Headland Enhancements, Seafront Parade 5 and Tower Festival Headland Building (TFH) projects were the final elements of the Blackpool Seafront programme, which has attracted £18m of NWDA funding. These schemes, in conjunction with the earlier Seafront Phase I and II Public Realm projects have, in total, delivered 3.2 km of high quality public open space between Blackpool's South and North piers and have complemented the new sea defence scheme funded by Defra. The TFH building project is located in front of Blackpool Tower and is an iconic structure sitting within the enhanced public realm and houses a tourist information centre, wedding chapel and beach café/restaurant.

The NWDA funded a large public infrastructure project, in order to facilitate a major mixed-use scheme in the Chapel Street area of Salford led by the English Cities Fund. The developments include a new commercial quarter opposite Spinningfields. A number of NWDA funded Creative Ropewalks projects located in the Bold Street/Duke Street area in Liverpool were short listed in the Georgian Group Architectural Awards and received a commendation in the "Restoring a Georgian Building in an Urban Setting" category. Creative Ropewalks was also used as an exemplar in English Heritage's publication, "Valuing Places: Good Practice in Conservation Areas". It was chosen to demonstrate how judicious use of Urgent Works Notices and grants can unlock heritage at risk and foster urban regeneration.

Good progress has been made with development work at Rochdale Kingsway. In July 2011 David Wilson Homes commenced a residential development of 168 homes and £2.5m of funding has been secured as part of the Metrolink extension for a dedicated station to serve the site. The construction of a 750,000 sq ft warehouse has been completed and will be occupied by JD Sports Limited which will ultimately create up to 200 jobs.

Commercial activity in Ancoats moved forward during 2011/12, including:

- work on the Ice Plant was completed which created 82 new apartments and 1500sq m of retail space;
- construction re-started on Sarah Point which is a 14 storey apartment block with 166 residential units;
- ING has invested an additional £250k at Royal Mills to upgrade reception facilities; and
- the Halle Orchestra has taken occupation of Grade II listed St Peters Church.

The NWDA also supported regeneration related to major new sports developments. A new Rugby League Stadium has been completed in St Helens which has been incorporated into a £76m Private Sector Land Remediation Scheme entitled "Destination St Helens" to which NWDA contributed £4.9m. The scheme cleared a derelict glass works and provided improved viewing access to an ancient monument. In Trafford the Lancashire Cricket Ground re-development began on site during 2011.

The Agency successfully set up the Joint European Support for Sustainable Investment in City Areas (JESSICA) which is an innovative way of investing existing European Regional Development Funds (ERDF) alongside NWDA and Local Authority resources and lending from the European Investment Bank. The main purpose of JESSICA is to use ERDF to invest in projects with the expectation of a return on the investment, rather than following the traditional grant approach. JESSICA allows ERDF to be used to provide risk capital (equity/quasi-equity/mezzanine) investments, loans or guarantees for projects in a way that creates a commercial return. This return will then be re-invested into new urban development projects that create further returns for additional new investments. This process will create an "evergreen" fund to support regeneration and economic development in the region beyond the end of the current ERDF Programme in 2015. The fund was transferred to HCA in September 2011.

Climate Change, sustainable consumption and production, energy

The NWDA continued to deliver activities to grow the North West's Low Carbon sector and support North West businesses to both adapt to and mitigate the effects of climate change and increase the sustainable use of resources across the region.

Most energy and environment projects have been brought to a close, with three live projects transferring to new sponsor bodies: the Enworks Resource Efficiency in Key Sectors; Power Technologies Innovation Centre; and Newlands 2 Land Regeneration Programmes. We have worked with existing project partners, particularly Enworks and Envirolink, to support the development of sustainable business models for their future operations.

NWDA continued to provide regional strategic leadership on climate change issues through leading the North West Climate Change Partnership until its transition to being led by the Environment Agency in October 2011. We have worked with partners to create a long-term legacy for the North West Climate Change Action Plan and to embed our approach on low carbon into sub-national policy development including: completion of the Low Carbon Market Development for Renewables project to support 84 businesses; completion of the GRABs Interreg project to support adaptation of the region's green and blue infrastructure and assisting Defra with regional aspects of the National Climate Change Risk Assessment. The Carbon Challenge Fund has also been completed, and has supported a range of innovative low carbon projects, including the Otterspool Community Hydro project and the Rochdale Low Carbon Interchange.

NWDA has undertaken many projects supporting our energy objectives; the Nuclear Advanced Manufacturing Research Centre and the Power Technologies Innovation Centre have led to the creation of four new businesses and assisted others to create innovative energy products and services, creating or safeguarding 60 jobs. Long-term support for the nuclear sector has been secured through the creation of Nuclear Network North, an industry body being led by the Confederation of British Industry.

Despite the reduction in available resources, NWDA continued to deliver elements of the Sustainable Consumption and Production Action Plan in 2011/12. Within our key sectors programme, 336 businesses have been supported to improve the impact and rate of adoption of resource efficiency technologies, systems and processes. A further 252 businesses have benefitted from our NW-ECONATE programme to improve their performance by better exploiting demand for products and services which reduce environmental impact. The Construction Knowledge Hub has supported 23 construction firms to integrate new construction technologies into their offer. The North West Waste Technologies programme has supported a further 153 businesses in the waste supply chain to create and safeguard over 30 jobs.

NWDA has also completed our commitments to land regeneration schemes, which aim to improve environmental, social and economic well-being across the region. In 2011/12, our programmes for delivering soft-end-use on brownfield sites via community woodland (Newlands, Revive and Remade) reclaimed/remediated 22 hectares. Work has now been completed on the Festival Gardens site in Liverpool, which will officially open in late Spring 2012. The Brockholes Visitor Centre, near Preston, officially opened in April 2011 with recognition as the UK's only bespoke Building Research Establishment Environmental Assessment Method 'Outstanding' building.

In February 2012, NWDA's long-term commitment to fund the management and maintenance of reclaimed sites across Lancashire, Cheshire and the Mersey Belt was transferred to the Land Restoration Trust.

Marketing the region

The NWDA continued to lead work in the North West to support the London 2012 Olympic and Paralympic Games, through management and co-ordination of the 2012 Steering Group. Major successes include overnight celebrations of the London 2012 Torch Relay in seven North West towns and cities and 250 Inspire Projects – non-commercial innovative and exceptional projects inspired by the 2012 Olympic and Paralympic Games - the highest number in any region outside London. The North West has welcomed many international teams and athletes into specialist training camps and, with other Pre-Games training camp agreements confirmed, there will be further athletes preparing for the London 2012 Games in the region. The NWDA has continued to lead work and organise events in the North West to highlight contract opportunities from London 2012 and this has resulted in over 270 companies winning 440 contracts.

Throughout the year the Agency continued to provide strategic leadership to the Visitor Economy Sector. It has now completed its commitment to provide transitional support to the five Tourist Boards and its funding arrangements with Chethams School of Music for a new visitor centre and Hadrian's Wall Heritage Limited for transitional support.

This financial year saw capital works start at Lowther Castle and the site opened to visitors for the first time. Substantial progress has been made with approximately £5m being spent in the year primarily on the structural restoration of the castle ruins and courtyard which will form the visitor facilities. Significant progress has also been made with the recreation of the ten acre South Lawns and the historic gardens. During the Summer and Autumn of 2011 13,000 people visited the site to view the restoration works and it is anticipated that 60,000 will visit in 2012, following the official opening in the Spring, to view the newly created visitor facilities, extensive gardens, the museum and café/restaurant.

NWDA Lifetime Achievements

A full account of the Agency's lifetime achievements is set out in two documents – 'Making Big Things Happen: The Economic Impact of the NWDA 1999-2009' (published in 2009) and 'Business, People and Places: Learning from the NWDA's Experience' (published in 2011). These documents can be found at the following:

http://webarchive.nationalarchives.gov.uk/20120325084815/http://www.nwda.co.uk/media-library/publications/corporate/business,-people--places-lea.aspx

http://webarchive.nationalarchives.gov.uk/20120312104050/http://www.nwda.co.uk/pdf/Legacy%20-%20Part%202.pdf

The Agency's investment programme reflected the priorities of successive Regional Economic Strategies. These focussed on spatially targeted economic development and regeneration in urban and rural areas, region wide business development through sector development, promotion of science and innovation and business support, attraction of inward investment, skills development, environmental sustainability, regional connectivity and promoting the North West. All of our investments were robustly tested to maximise positive equality and diversity outcomes and avoid negative impact.

Key achievements in these areas can be summarised as follows:

Urban Regeneration – The Agency focussed investment through five Urban Regeneration Companies in Liverpool, East Manchester, Central Salford, Blackpool and West Cumbria & Furness which delivered a series of high profile programmes and projects. These include the redevelopment of Liverpool City Centre and Waterfront, with new facilities such as the Liverpool Echo Arena, new Ferry Terminal, the Museum of Liverpool, the comprehensive regeneration of Ancoats where £70m of NWDA funding is set to secure a return of £320m from the private sector, the redevelopment of Central Park in East Manchester and the provision of a new 3km seafront in Blackpool together with the redevelopment of Blackpool Tower.

Rural Regeneration – The £100m Rural Renaissance programme, put in place in the aftermath of the 2001 Foot and Mouth outbreak, supported the recovery and growth of rural economies in Cumbria, Lancashire and Cheshire. Overall the programme created or safeguarded 9,000 jobs, created 1,800 new businesses and helped 17,000 existing businesses develop supply chains and enter new markets.

Sector Development – For each of the sectors prioritised in the Regional Economic Strategy the Agency supported Cluster Development Organisations and a range of projects to develop and grow the sector, including physical facilities, supply chain initiatives and skills development. Notable achievements included the first phase of Media City at Salford Quays where Peel Media's £700m investment was supported by NWDA investment of over £50m towards new transport infrastructure, public realm development, a Media Enterprise Centre and other business growth initiatives. With the BBC and University of Salford as anchor tenants, the first phase of Media City is set to create over 15,000 jobs and attract 1,000 businesses by 2015. Elsewhere, the region's biomedical sector grew by 66% (in terms of number of companies) as facilities such as the National Bio-manufacturing Centre (a £35m investment by NWDA) made the North West a very attractive location for new and growing businesses in this high value sector.

Science and Innovation – The formation of the North West Science Council in 2001 created the impetus for a range of initiatives and investments to grow the region's science base. The outstanding example is the creation of the Daresbury Science and Innovation Campus through a £65m investment from the Agency to create new facilities where science based companies can locate and grow alongside, and in collaboration with, the research base of the Daresbury Laboratories. The Campus now has a long-term vision to become a 600 acre development capable of hosting 400 businesses and employing 15,000 people.

Business Support – Amongst a very large portfolio of business support initiatives, grant schemes and venture capital funds promoted by the Agency, the creation of NWBL in 2007, following a two year pilot, was a notable achievement. Over its five year life, NWBL provided intensive assistance to 32,804 businesses which added £1.38 billion to the regional economy – a return of £22 for every £1 spent. Its Universal Service also responded to 343,082 requests for advice. Its Access to Finance scheme, launched in 2008, engaged around 3,000 businesses and helped SMEs access £72m of funding and, during the recession, the service delivered over 10,000 health checks which helped struggling firms survive and grow.

Inward Investment – Over the Agency's lifetime, over 900 investment projects from overseas companies have been secured, creating or safeguarding over 85,000 jobs. This record has made the North West the number one region in the UK outside of London and the South East for attracting foreign direct investment.

Skills – A large and varied programme aimed at improving the availability of skills to businesses in the region included the creation of two new universities in the North West, one in Cumbria and one in Manchester. Project Unity in Manchester represented a £34m investment, alongside funding from the Higher Education Funding Council for England, to support the merger of existing Universities to create the new University of Manchester. Other innovative skills programmes such as LEAD the North West Region, Business Mentoring and Higher Level Skills tackled head-on the major skills gaps in the region and their success led to replication in other parts of the country.

Environment – Over its lifetime the Agency's programmes resulted in over 5,000 hectares of brownfield land being redeveloped or regenerated. The two Newlands programmes alone, focussed on concentrations of derelict and under-used land in the Mersey Belt, saw 295 hectares of land reclaimed for public open space from an Agency investment of £30m. These programmes were followed by the £25m Climate Change Action Plan which was launched in 2006 and, through an engagement with 250,000 householders, businesses and organisations, secured over £100m in low carbon investment. Further information can be found at www.enviroeconomy.com.

Connectivity – Within the region, the problem of remote areas suffering from poor broadband connectivity was tackled through sub-regional digital development strategies. The £20m Project ACCESS provided residents and businesses across Cumbria and North Lancashire with affordable, high speed telecommunication services which increased broadband coverage from 30% to 99% and saw take up rates rise from 27% to over 75% - 12% higher than the UK average. Improving the region's transport connections with important overseas locations was addressed through the Air Services Development Fund which not only helped our airports add new routes to important overseas locations but also strengthened the links and relationships between the region's airports and sub-regional Inward Investment bodies.

Promoting the Region – Marketing the North West was an important element of the strategy in order to retain and attract new businesses and talented people and to grow the tourism economy. This activity was an important ingredient to our success in attracting the foreign direct investments referred to above. In addition, the attraction of major events and investments in new or improved tourism attractions such as Blackpool Tower, Museum of Liverpool, The Lowry in Salford and Lowther Castle and Gardens in Cumbria, attracted additional visitors to the region and added over £1 billion to the regional economy. The 2008 Liverpool Capital of Culture events programme alone generated over 3.5m first time visitors to the City and complementary events in other parts of the region, spearheaded by the Agency, ensured that the overall economic impact of Capital of Culture topped £800m. In the last months of the Agency's life, a great deal of work was undertaken to ensure that the North West benefits in similar fashion from the 2012 Olympics.

The lifetime (April 1999 to December 2011) gross outputs from the Agency's investment programme are as follows:

Output	No.
No. of jobs created or safeguarded	270,368
No. of new businesses created	34,737
No. of business assists*	328,380
Ha. of brownfield land remediated	5,160
£m of private and public secured	7,209

*Excludes NWBL Universal Service prior to 2009/10

This is a proud record of achievement over the 12 year life of the Agency and has contributed to improving the North West's infrastructure and competitive position. The region still faces major challenges to raise skill levels, improve prosperity and make it more resilient to economic downturns. The Board of the NWDA offers its best wishes to those who are charged with taking on these challenges in the future and trusts they can build on the firm foundations which have been laid.

Governance

The Board

Board Members, including their occupations, are listed below. The full register of Board Members' interests is available from the BIS website at **www.bis.gov.uk.** Details of transactions with relevant organisations in the financial year are set out in note 25.

Robert Hough DL (appointed December 2007)

Chairman of the North West Development Agency since August 2009 and formerly a Non-Executive Director of North West Business Link (NWBL).

Previously Deputy Chairman of Peel Holdings and an Executive Director for over 13 years and now a Non-Executive Director. Peel's businesses include ports, land use, planning, development, media, airports, waste, energy and the environment. Also a Non-Executive Director of a number of other companies, including Provident Financial plc and Styles & Wood Group plc.

Recently appointed the Chair of the Liverpool City Region Local Enterprise Partnership.

A Board Member of the University of Manchester and previously a member of the North West Regional Assembly Executive Board, he has also chaired New East Manchester Limited (one of the first Urban Regeneration Companies to be established) and was a member of the Learning & Skills National Council, and formerly a member and Chair of the North West Business Leadership Team.

Vanda Murray OBE (appointed April 2006)

Deputy Chair of the Agency and, until its closure, Chair of NWBL. Vanda has over 20 years' experience at a senior level across a range of industries in the UK, Europe, Asia and the USA.

Currently holds Non-Executive Directorships with Carillion plc, Chemring plc, Fenner plc, Microgen plc and Manchester Airport Group plc. She also Chairs VPhase plc and is a Governor of Manchester Metropolitan University.

Vanda was awarded an OBE for services to Industry and Export in 2002.

Joe Dwek CBE (appointed December 2003)

Executive Chairman and Chief Executive of Bodycote International plc from 1972 until his retirement in 1998. Formerly Chairman of the North West Confederation of British Industry, Mersey Basin Campaign, Envirolink, ENWORKS, and the Healthy Waterways Trust. A former member of the Board of the Department for Business, Innovation & Skills Environmental Innovation Advisory Group. Formerly a member of the Assembly of Manchester University.

Director of Penmarric Ltd and Opal Property Group Ltd. Also past Chairman and Chief Executive of Worthington Group Plc. In 2008 was awarded the prestigious

Environment Leadership award at the annual Business in the Environment Conference and formerly a Non–Executive Director of NWBL.

Peter Hensman DL (appointed December 2004)
Second deputy Chair since November 2009.

A chartered accountant and engineer who spent most of his career in the general and financial management of manufacturing companies. Currently, executive Director of a group of companies involved in tourism, leisure and property in Cumbria, Chairman of Furness Building Society, Cumbria Rural Enterprise Agency and Kendal Futures Board and, until its closure, a Non–Executive Director of NWBL.

Frank Hont MBE (appointed March 2010)

Held the position of North West Regional Secretary of the public service trade union UNISON from 2003 until he took early retirement in November 2011. For many years previously, he was an elected official of the union at branch, regional and national level. He was elected to the UNISON National Executive Council in 1998 and is currently a member of the North West Executive of the Trades Union Congress. He is also a member of the Liverpool Fairness Commission.

During his time as an elected official in UNISON, Frank was employed by Cheshire County Council as a manager engaged in frontline service delivery. Before joining Cheshire County Council he had experience of working in both the private and public sectors.

He is currently a Director for Migrant Workers North West.

Councillor John Merry CBE (appointed December 2004)

Formerly leader of Salford City Council. Also a member of the Local Government Association Children & Young People Board and the Young People Learning Association. He has held various positions previously in organisations and committees with an education and training remit, and recently been appointed as Chair of the Greater Manchester Skills and Employment Partnership. Councillor Merry has been a full time Councillor since 1990 with previous career experience in retail and sales.

In addition to being a Councillor he has held office at the local branch of the Labour Party and canvassed on its behalf.

Councillor Tony McDermott MBE (appointed December 2007)

Councillor for Halton Borough Council until May 2010. Educated at St Edward's College, Liverpool and Manchester University, he taught in Lancashire and Liverpool for 34 years.

A Board Member of Runcorn JVC and Widnes Regeneration and former Chair of the North West Regional Assembly. Member of the Local Government Improvement Board.

A member of the Urban Commission Executive and a former member of the Northern Way Transport Compact. A supporter of Asbestos Victims Support Group.

Peter Allen MBE (appointed December 2007)

Cumbrian hill farmer based near Penrith. As Past Chair of the Sheepmeat and Goatmeat Advisory Committee to the EU, he has been involved in reforming and implementing the European sheep regime. For many years was actively involved with the National Farmers' Union (NFU), representing farming and rural issues locally, regionally and nationally. Currently Chair of the NFU, Mutual Northern Area Board and Chair of RUMA (UK body promoting the Responsible Use of Medicines in Agriculture).

Lord Peter Smith (appointed December 2008)

Appointed a life peer in 1999 with the title Lord Smith of Leigh. Lord Smith has been leader of Wigan Council since 1991 and currently Chairs the Association of Greater Manchester Authorities and is a member of the Regional Leaders Board. Has also chaired 4NW (formerly North West Regional Assembly) from 2000 until February 2009 and was on the board of Manchester Airport from 1986 to 2008.

Dr John Stageman OBE (appointed December 2008)

Recently retired after a 30 year career in ICI, Zeneca and AstraZeneca as a Senior Research and Development Manager in Biotechnology and Pharmaceuticals. Wide experience spanning fundamental academic research through to product discovery and development. Developed AstraZeneca's competitive biopharmaceutical strategy, leading to the acquisition of Cambridge Antibody Technology and of Medimmune. Dr Stageman has been a member of the North West Science Council since its inception in 2002, a member of the Biotechnology and Biological Sciences Research Council since May 2008, and is an honorary Professor in Life Sciences at the University of Manchester.

He is Chairman of the HealthTech and Medicines Knowledge Transfer Network for the Technology Strategy Board (TSB). He is also Chairman of BioNow Limited the cluster organisation supporting the North West Bio-Health companies.

John was awarded an OBE in the 2012 New Years honours list for services to the UK biotechnology industry.

Former Board Members

The following Board Members retired from the Agency's Board in December 2011.

Dr Clive Elphick (March 2010 – December 2011)

Has spent his entire career in the North West, working for ICI, Deloitte, and United Utilities. He is currently a Non-Executive Director of the Environment Agency and of the Northern Ireland Authority for Utility Regulation and a member of the Competition Appeal Tribunal. He is also a senior adviser to Cambridge Economic Policy Associates Ltd, a director of several SMEs and a trustee of Lancashire Wildlife Trust.

David Goldie (March 2010 – December 2011)

Graduated in Economics from University College Cardiff and has spent most of his working life in the telecommunications industry. He is currently a Director of the

TalkTalk Telecom Group plc and Chairman of Talk Talk's subsidiary, Opal Telecom. He is also Chair of the Governing Body of Fulwood Academy in Preston.

John Brooks (December 2007 – December 2011)

Vice-Chancellor of Manchester Metropolitan University. In his previous job at the University of Wolverhampton he chaired a regeneration project after the closure of Rover, which involved infrastructure development and small business support.

John has been Chair of the Daresbury Science Innovation Campus and of the Equality Challenge Unit (of Universities UK) and was a Board member of Universities UK. He is now Deputy Chair of the Universities and Colleges Employers Association, Chair of the Corridor Manchester (formerly the Oxford Road Corridor Partnership) and was Chair of the North West Universities Association and is a member of the AGMA Business Leadership Group leading on Early Years education.

Anne Selby (December 2008 – December 2011)

Chief Executive Officer of the Wildlife Trust for Lancashire, Manchester and Merseyside. Mrs Selby was instrumental in developing the charity to its current size with over 180 staff, 21,000 members and significant land holdings (4,100 hectares).

Anne has worked in the voluntary sector for over 20 years. She has been involved in regional working for the last eight years, most recently as a member of the North West Regional Assembly Executive (now the new Regional Leaders Forum.) She also established North West Environment Link, an alliance of environmental voluntary sector organisations in the region and was a founder member of Voluntary Sector North West.

Anne was awarded an Honorary Fellowship at Myerscough College.

Anne is a member of the Royal Town Planning Institute and is also a member of the GM Environment Commission.

Susan Williams (December 2007 – December 2011)

A nutritionist for the charity Action and Research into Multiple Sclerosis until 2001 and currently Executive Director at Atlantic Gateway.

Susan was Leader of Trafford Council from 2004 to 2009 and was part of the leadership of the sub region of Greater Manchester through the Association of Greater Manchester Authorities.

Chair of the North West Heritage Lottery Fund and a Director of North West Rail Campaign.

Board Meetings and Committees

The Agency's Board met 11 times during the year. There are two formal committees to the Board as follows:

- Remuneration and Appointments Committee which met on two occasions during the year to 31 March 2012, and
- Audit Committee, which met on ten occasions.

There were nine Sub Committees to the main Board, which closed during the year:

- Climate Change and Natural Economy.
- Development and Infrastructure.
- Energy and Environmental Technologies.
- Enterprise.
- Equality and Economic Inclusion.
- European.
- Marketing, Communications and Tourism.
- Regional Liaison.
- Transition and Closure.

Executive Management Board

The Executive Management Board is made up of Executive Directors and Directors from the Agency and is Chaired by the Chief Executive Officer. It is responsible for the day-to-day management of the Agency including closure and transfer of activities.

Annual General Meeting

The Agency's Annual General Meeting was held on 14 October 2011 at Renaissance House, Warrington.

Code of Best Practice

Board Members are governed by a Code of Best Practice, which amongst other things outlines:

- 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.
- How to handle conflicts of interest.

The Agency has ensured adherence to the Code through the robust and thorough monitoring and recording systems that are in place. Board Members have declared interests at particular Board discussions as appropriate. Staff have followed a similar requirement in compliance with the Agency's Code of Conduct.

Directors' Report

Statutory background

The North West Development Agency was established under the provisions of the Regional Development Agencies Act 1998. It came into existence on 14 December 1998, following Parliamentary approval of the Regional Development Agencies Act 1998 and the appointment of Board Members. The Agency is a Non-Departmental Public Body (NDPB) sponsored by the Department for Business, Innovation and Skills (BIS).

The Agency became fully operational on 1 April 1999 when it took over the regional activities of English Partnerships and the Rural Development Commission and the SRB Challenge Fund formerly administered by Government Office for the North West.

A number of other activities were subsequently transferred into the Agency, notably the business of Inward Limited, the North West Tourist Board, the Selective Finance for Investment Programme, the development of skills and employment, policy and business support and delivery mechanisms provided through the North West Business Link organisations.

The Public Bodies Act 2011, which paves the way for the abolition of all Regional Development Agencies (RDAs), received Royal Assent on 14 December 2011. The Department for Business, Innovation and Skills (BIS) issued two Transfer Schemes for each RDA under the Act. The first came into effect on 1 January 2012 transferring some staff and remaining projects so that they can be completed. A second transfer scheme was made on 30 March 2012, to take away any remaining assets and liabilities so that RDAs achieved operational closure by 31 March 2012. The formal Abolition Order is expected to take effect on 30 June 2012.

Accountability and Financial Framework

The Secretary of State for BIS has 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 has complied in all material respects with the terms of this document during the course of the financial year.

Results for the year and review of activities

The net expenditure for the year taken to reserves was £148.1m (2011: £219.4m). The Group's total expenditure for the year amounted to £160.2m (2011: £311.2m), of which £73.6m (2011: £246.8m) was spent on delivering programme activities. The full results for the year are contained in the Group's Financial Statements set out on pages 43 to 105.

The Agency continues to manage 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.

Abolition of the Agency

The Agency ceased operations on 31 March 2012 and in preparation for closure transferred its interests in a number of functions to other Government bodies. Coalfield assets were transferred to the Homes and Communities Agency (HCA) on 1 August 2011 (the Coalfields transfer) as were Agency land and property interests on 19 September 2011 (the Stewardship transfer). Both transfers were made under the Housing and Regeneration Act 2008.

The Agency transferred its interests in eight venture capital funds and North West Business Finance Limited to BIS on various dates between 30 September 2011 and 10 October 2011 and its interest in NWBL on 30 March 2012. The Agency also transferred its interests in the Daresbury Science and Innovation Campus to the STFC on 10 October 2011.

Also during the year the Agency ceased carrying out the following functions delegated to it by other Government bodies:

- The Department for Communities and Local Government revoked delegation for administration of the European Regional Development Fund on 1 July 2011.
- The Department for the Environment and Rural Affairs revoked delegation of the sub contract arrangement for administration of the Rural Development Programme for Europe on 1 July 2011.
- BIS revoked delegation of the functions of regional delivery of Grants for Business and Industry on 30 August 2011 and Grants for Research and Development on 1 September 2011.

A number of individual projects were transferred to various bodies for completion including UK Sport (accountable to the Department for Culture, Media and Sport) and the Skills Funding Agency, and all remaining projects were transferred to BIS.

North West Business Link Limited

NWBL ceased trading on 25 November 2011 and liquidators were appointed on 28 November 2011 to implement a Members' Voluntary Winding Up.

Environmental Policy

Since 1999, the North West Development 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, we have been committed to reducing our environmental footprint with an emphasis on reducing our contribution to climate change through the ongoing measurement and continual improvement of our environmental performance.

As announced in the June Budget 2010, the Agency will close on 31 March 2012 and is scaling back or stopping much of its activity in line with reducing resources. This has necessarily impacted on our ability to reduce our environmental footprint. This refreshed Environmental Policy reflects these circumstances, despite our ongoing commitment to reducing our environmental footprint through our own activities and our investments.

During the year the Agency:

- complied with all relevant UK, European and International environmental legislative, regulatory and other requirements;

- prevented avoidable pollution or nuisance that may have been caused by our activities;

- demonstrated a high-level commitment to environmental best practice;

- ensured that through our policies, programmes, projects and key stakeholders, the Agency influenced environmental sustainability across the economic agenda;

- ensured that all projects and programmes we funded incorporated environmental aspects in their development and were appraised for their environmental impacts through sustainable development appraisal and carbon calculation;

- continued to implement a sustainable procurement policy; and

- ensured our commitment to the environment lives on as part of the Agency's legacy and continues to influence development in the North West .

Despite remaining committed to reducing its environmental footprint through our own activities and our investments, a shrinking headcount and restricted ability to invest in new environmental management measures means that progress to improving the environmental performance of the Agency has been more restricted than it otherwise would be.

Nevertheless the action the Agency has taken in recent years continues to reduce the impact of the Agency's operations and investments. So investments in internal environmental management such as electrical monitoring, energy efficient lighting and the wind turbine at Renaissance House will continue to minimise the environmental impact of our day-to-day operations until the Agency's closure. The Agency's work in improving and driving the environmental culture in the region, through things like the Sustainable Consumption and Production Policy and the Northwest Climate Change Action Plan, will live on in the projects the Agency has supported and is a major part of the Agency's legacy.

Considering the Agency is being abolished and has much reduced ability to reduce its environmental impact the Agency is not required to produce a Sustainability Report.

Equality and Diversity

The Agency is committed to providing equal opportunities for all and has made reasonable adjustments to working arrangements to meet all needs and requirements. We have worked continuously towards an environment and culture where everyone is 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 is fully committed to effective and open communication and consultation with its employees. This is achieved through a variety of means including a Staff Consultative and Negotiation Committee involving the Public and Commercial Services and Prospect Trade Unions together with staff representatives and also a Health and Safety Committee and staff events to communicate key issues and receive feedback.

Better payment practice code

Prompt payment of invoices is an important objective of the Agency to help alleviate pressure on cash flow for suppliers of goods and services. The annual target of 95% of invoices paid within 30 calendar days has been exceeded, achieving 97% (2011: 98%).

For small and medium sized business enterprises, we have a more stringent target of payment of 80% of all undisputed invoices within five working days. The prompt payment statistics achieved in this category was 76%.

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 annual 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 - Agency	£107,500
Audit Services – NWBL	£24,500

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. In November 2003, the Comptroller and Auditor General published the 'Success in the Regions' report on how the Agencies and the departments work together.

This and other reports issued by the Comptroller and Auditor General can be found on the National Audit Office website at www.nao.org.uk.

Future Developments

The Agency ceased operations on 31 March 2012 and abolition is expected in 2012/13.

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.

Mark Hughes
Chief Executive Officer

Remuneration Report

This report for the year ended 31 March 2012 is produced by the Board on the recommendation of the Remuneration and Appointments Committee and deals with the remuneration of the Chair, Chief Executive Officer, Board Members and Executive Directors who have influence over the decisions of the Agency as a whole.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee, which comprises four members of the Board, met twice during the course of the year to advise the Chairman on the remuneration of the Chief Executive Officer (CEO) and to advise the CEO on Executive Directors' remuneration.

In reaching its recommendations, the Remuneration and Appointments Committee had regard to the following considerations:

- the need to retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effect on the retention of staff; and
- the Government's prevailing approach to public sector pay.

Remuneration Policy

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

Performance pay for the CEO is determined by the Chairman on the recommendation of the Remuneration and Appointments Committee. Performance is measured against targets determined by the Chairman following consultation with BIS. These are subject to regular performance monitoring during the year. The amount of the performance award can be up to a maximum of 20% of salary. In 2011/12, the targets related primarily to the transition and business closure of the Agency.

Performance pay of the senior management team is determined by the CEO on advice from the Remuneration and Appointments Committee. Performance is measured against targets set individually for each Executive Director by the CEO and the amount of the performance award can be up to 10% of salary.

In light of the closure of the Agency and the current economic climate, the CEO and the senior management team have waived their right to consideration for a bonus for 2011/12.

Service contracts

All Board Members have been appointed on a fixed term contract and are contracted to carry out two days' work per month on behalf of the Agency, except for the

Chairman who is contracted for three days per week and Deputy Chairs who are 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 hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

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

The CEO, Mark Hughes, and all other members of the senior management team are employed under permanent employment contracts (with the exception of Duncan Gray who was appointed after the announcement of closure and is employed under a fixed term contract for service). The CEO and senior managers work for the Agency full time.

Audited Part of the Remuneration Report

Emoluments of Board Members

The emoluments of Board Members are as follows:

Name	Period of Appointment[1]		Salary	Pension	2012 Total	2011 Total
	From	To	£	£	£	£
Robert Hough DL (Chairman)	Dec 2007	Dec 2012	**81,718**	**19,857**	**101,575**	101,575
Vanda Murray OBE *	Apr 2006	Dec 2012	**17,332**	**-**	**17,332**	17,332
Peter Hensman DL**	Dec 2004	Dec 2012	**17,332**	**-**	**17,332**	17,332
Joe Dwek CBE	Dec 2003	Dec 2012	**8,666**	**-**	**8,666**	8,666
Cllr John Merry CBE	Dec 2004	Dec 2012	**8,666**	**-**	**8,666**	8,666
Cllr Tony McDermott MBE	Dec 2007	Dec 2012	**8,666**	**-**	**8,666**	8,666
Susan Williams	Dec 2007	Dec 2011	**6,127**	**-**	**6,127**	7,342
Peter Allen MBE	Dec 2007	Dec 2012	**8,666**	**-**	**8,666**	8,666
John Brooks	Dec 2007	Dec 2011	**6,127**	**-**	**6,127**	8,666
Anne Selby	Dec 2008	Dec 2011	**6,080**	**-**	**6,080**	8,666
Lord Peter Smith	Dec 2008	Dec 2012	**8,666**	**-**	**8,666**	8,666
Dr John Stageman OBE	Dec 2008	Dec 2012	**8,666**	**-**	**8,666**	8,666
Dr Clive Elphick	Mar 2010	Dec 2011	**6,127**	**-**	**6,127**	8,666
Frank Hont MBE	Mar 2010	Dec 2012	**8,666**	**-**	**8,666**	8,666
David Goldie	Mar 2010	Dec 2011	**6,127**	**-**	**6,127**	8,666

* Deputy Chair ** Second Deputy Chair

[1] Appointment will lapse on abolition of the Agency.

Emoluments of the Chief Executive Officer and senior managers

Name	**Salary** **£000**	**Redundancy Pay** **£000**	**Performance pay[2]** **£000**	**Benefits in kind to nearest £100**	**2012 Total** **£000**	Salary £000	Performance pay £000	Benefits in kind to nearest £100	2011 Total £000
Mark Hughes Chief Executive Officer	**125-130**	**75-80[1]**	**10-15**	**5,100**	**225-230**	125-130	10-15	4,000	140-145
Diane Summers Executive Director of Corporate & Employment Services	**100-105**	**105-110[1]**	**10-15**	**5,800**	**225-230**	100-105	10-15	4,200	115-120
Simon Nokes Executive Director of Policy & Planning (Left 14/12/11)	**65-70 (95-100) FYE**	**55-60**	**5-10**	**2,200**	**165-170**	85-90	5-10	3,200	95-100
Duncan Gray [3] Executive Director of Resources	**130-135**	**-**	**-**	**-**	**130-135**	25-30 (120-125) FYE	-	**-**	25-30
Tim Sheward Executive Director of Economic Development	**90-95**	**90-95**	**0-5**	**3,700**	**190-195**	20-25 (85-90) FYE	**-**	900	20-25

Band of highest paid Director's total remuneration (£000)	**145-150**	Band of highest paid Director's total remuneration (£000)	160-165
Median total remuneration	**40,917**	Median total remuneration	37,064
Ratio	**3.6**	Ratio	4.4

FYE - full year equivalent.

[1] Redundancy pay is an estimate based upon service to last day of employment. In addition these managers may be entitled to up to one year's salary on completion of their employment.
[2] Relates to performance in 2010/11.
[3] Payments for the services of Duncan Gray are made to Janus Connections Limited, a company controlled by him.

Non Consolidated Performance Related Payments

Non consolidated performance related payments to Senior Managers are linked to the Agency's performance appraisal system. The performance appraisal year is aligned to the financial year. Payments made in 2011/12 reflect individuals' performance in the 2010/11 financial year.

Benefits in kind

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

Pension benefits

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 who has a pension benefit as set out below.

Pension benefits of the Chairman

With the approval of the Department for Business Innovation and Skills (BIS), a 'by analogy' pension scheme has been put in place for the Chairman with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme (PCSPS) but which are funded directly by the Agency. The Agency is 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 the Agency, underwritten by BIS.

	Real increase in pension £000	Real increase in lump sum £000	Pension at 31 March 2012 £000	Lump sum at 31 March 2012 £000	CETV at 31 March 2011 £000	CETV at 31 March 2012 £000	Real increase in CETV as funded by employer £000
Robert Hough	0-2.5	-	5-10	-	55	88	30

The 'by analogy' arrangement shadows the benefits provided under the Principal Civil Service Pension Scheme. The arrangement provides benefits to the present Chairman and two former Chairmen of the Agency. A full actuarial valuation was carried out as at 31 March 2012 by a qualified independent actuary.

The major assumptions of the actuary were:

Financial Assumptions	**2012**	2011
The inflation assumption	**2.00%**	2.65%
The rate of increase in salaries	**4.25%**	4.90%
The rate of increase for pensions in payment and deferred pensions	**2.00%**	2.65%
The rate used to discount scheme liabilities	**4.85%**	5.60%

Expense to be recognised in Statement of Comprehensive Net Expenditure	**2012**	2011
	£000	£000
Current service cost (net of employee contributions)	**28**	31
Past service cost	**-**	(35)
Interest cost	**16**	13
Total expense/(income)	**44**	9

Actuarial gains/losses to be recognised in the Statement of Changes in Taxpayers Equity		
Experience loss arising on the scheme liabilities	**9**	6
Changes in assumptions underlying the present value of the scheme liabilities	**3**	(19)
Total actuarial loss/(gain)	**12**	(13)

Analysis of movement in scheme liability		
Scheme liability at the beginning of year	**282**	294
Movement in the year:		
Current service cost (net of employee contributions)	**28**	31
Interest cost	**16**	13
Employee contributions	**3**	3
Actuarial loss/(gain)	**12**	(13)
Benefits paid	**(11)**	(11)
Past service cost	**-**	(35)
Scheme liability at the end of year	**330**	282

Present value of scheme liabilities	**Value at 31/03/2012**	Value at 31/03/2011
	£000	£000
Liability in respect of:-		
Active members	**92**	54
Current pensioners	**238**	228
Total present value of scheme liabilities	**330**	282

History of experience losses / (gains)	**2012**	2011	2010	2009	2008
Amount (£000)	**9**	6	15	(4)	2
Percentage of scheme liabilities at the end of year	**2.7%**	2.1%	5.1%	-2.3%	1.5%

The liability for this pension scheme was transferred to BIS under the North West Transfer Scheme (No 2) 2012.

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 the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his 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 and Simon Nokes are members of the PCSPS Premium Scheme.
Diane Summers is a member of the PCSPS Classic Scheme.
Tim Sheward is a member of the PCSPS Classic Plus Scheme.

	Real increase in pension £000	Real increase in lump sum £000	Total accrued pension at retirement age at 31 March 2012 £000	Total accrued lump sum at retirement age at 31 March 2012 £000	CETV at 31 March 2011 [1] £000	CETV at 31 March 2012 £000	Real increase in CETV as funded by employer £000
Mark Hughes	0-2.5	-	15-20	-	158	199	25
Simon Nokes	0-2.5	-	15-20	-	189	220	16
Diane Summers	0-2.5	0-2.5	15-20	55-60	337	372	6
Tim Sheward	0-2.5	0-2.5	35-40	50-55	669	768	41

1 The actuarial factors used to calculate CETVs were changed in 2011/12. The CETVs at 31/3/11 and 31/3/12 have both been calculated using the new factors, for consistency. The CETV at 31/3/11 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

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

Compensation payments
Compensation payments of £6.1m were paid during the year, details of which are shown in note 5 to the Financial Statements. During the year there was no compensation paid or significant award to former senior managers.

Amounts payable to third party for services as a senior manager
Payments for the services of Duncan Gray are made to Janus Connections Limited, a company controlled by him.

Statement of the Agency's and Accounting Officer's responsibilities

Under section 14 of the Regional Development Agencies Act 1998, the Agency is required to prepare a statement of account for each financial year in the form and on the basis determined by the Secretary of State for the Department for Business, Innovation and Skills, with the consent of the Treasury. The Financial Statements are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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, 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 Financial Statements; and
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Principal Accounting Officer for the Department for Business, Innovation and Skills has designated the Chief Executive Officer as the Accounting Officer of the North West Development Agency. His responsibilities as Accounting Officer include responsibility for the propriety and regularity and value for money of the public finances; the keeping of proper records and advising and informing the Board of financial considerations and the safeguarding of the Agency's assets. These requirements are set out in the ''Non Departmental Public Bodies' Accounting Officer's Memorandum" issued by the Treasury and published in Managing Public Money.

The Agency and the Chief Executive Officer are also responsible for ensuring that there are appropriate controls over any publication of the Financial Statements, including the publication of the Audit Certificate on the Agency's website and in other electronic forms.

Robert Hough	**Mark Hughes**
Chairman	Chief Executive Officer

ANNUAL GOVERNANCE STATEMENT 2012

1. Scope of responsibility

The Agency had corporate responsibility for ensuring that it fulfilled the aims and objectives set by the Secretary of State and for promoting the efficient and effective use of its resources. The Agency had the overarching objective of closing operating activity by the 31 March 2012, leaving the minimum of uncompleted activity to be passed to the Department for Business, Innovation and Skills (BIS). This was achieved by transferring activity, where possible, to other Government bodies and regional partners for continuation or completion. The Agency had to complete, in an orderly fashion, all activity that was not appropriate for transfer to other Government bodies or regional partners. In addition to its statutory obligations, the Agency had to work within the constraints of the Departmental Expenditure Limit set by BIS and the need to maintain controls and segregation of duties as staffing levels reduced.

This was implemented and controlled by detailed planning and the establishment of workstreams and project boards to implement those plans.

The Agency maintained a system of governance, risk management and internal control to ensure its objectives were met. In preparation for closure the Agency strengthened its control environment by:

- revising the terms of reference and frequency of meetings of the Audit Committee;
- preparing and implementing a detailed resource plan and programme and business closure plans, each the responsibility of a senior responsible officer and governed by best practice project management;
- directing much of its independent internal audit work to ensure the quality of transfers to other bodies and the maintenance of internal controls throughout the year;
- maintaining and regularly reviewing the risk register to ensure all risks were managed to the fullest extent possible; and
- establishing a detailed knowledge management plan to capture and preserve key data from staff leaving the Agency to transfer all required data to other bodies and to control the destruction of unwanted records.

2. Purpose of the Governance Statement

As Accounting Officer, I was responsible for ensuring there was a sound system of governance and internal control and that the Agency's business was conducted in accordance with HM Treasury's *Managing Public Money* to ensure public money was safeguarded, properly accounted for and used economically, efficiently and effectively. I established the Agency's corporate and business plans in line with BIS's wider strategic aims, including the closure of the Agency. I advised the Board on the Agency's performance compared with its aims and objectives and ensured that its governance responsibilities could be discharged in accordance with established guidelines and criteria.

The Governance Statement outlines how I discharged my responsibility to manage and control the Agency's resources. It is intended to give a clear understanding of the dynamics of the Agency and its control structure, its stewardship and performance and how successfully it has coped with the challenges it faced.

3. The Organisation's Governance framework/Structure

The Agency's Board of Non Executive directors were appointed by the Secretary of State. Reporting to the Board were two sub committees – Audit and Remuneration and Appointments. The Board set the objectives of the Agency, monitored performance against those objectives and determined corrective action where the objectives were not being met. The Audit Committee rigorously reviewed the control environment within the Agency and ensured that corrective measures were taken to address any identified weaknesses. The Remuneration and Appointments Committee advised the Chairman and the Chief Executive Officer on remuneration for the Chairman, the Chief Executive Officer and senior managers of the Agency. Day to day management of the Agency was overseen by the Executive Management Board led by the Chief Executive Officer.

The Board met 11 times during the year and received regular reports from the Chief Executive Officer and the Executive Director of Resources and reviewed the Agency's risk register. 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 is recorded and absences are reported.

Board Members

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 North West Development Agency.

Brief biographies for the Board Members are shown in the Governance section of this document.

The Agency maintained a Register of Board Members' Interests and Members declared their interests to the Board in any transactions involving relevant organisations. Related party transactions relating to Board Members and senior members of staff are detailed further in note 25.

Board Members were contracted to carry out two days' work per month on behalf of the Agency. The Chairman was contracted for three days per week and the Deputy Chair and Second Deputy Chair for four days per month. Members of the Board during the financial year were:

Member	Date of Appointment	Maximum no of Board meetings	No of Board meetings attended
Robert Hough DL, Chairman	December 2007	11	11
Vanda Murray OBE, Deputy Chair	April 2006	11	8
Peter Hensman DL, Second Deputy Chair	December 2004	11	11
Joe Dwek CBE	December 2003	11	8
Cllr John Merry CBE	December 2004	11	6
Cllr Tony McDermott MBE	December 2007	11	9
Peter Allen MBE	December 2007	11	8
Lord Peter Smith	December 2008	11	7
Dr John Stageman OBE	December 2008	11	10
Frank Hont MBE	March 2010	11	8
Dr Clive Elphick	March 2010 (resigned December 2011)	8	6
David Goldie	March 2010 (resigned December 2011)	8	4
John Brooks	December 2007 (resigned December 2011)	8	4
Ann Selby	December 2008 (resigned December 2011)	8	7
Susan Williams	June 2010 (resigned December 2011)	8	7

As a committee of the Board, the Audit Committee's role was to support the Board and Accounting Officer in their responsibilities for issues of risk, control and governance by reviewing the assurances received from Internal and External Audit and other relevant sources, and considering the reliability and integrity of those assurances. Given the closure of the Agency, the Board agreed revised terms of reference for the Audit Committee, with an increased frequency of meeting and wider remit.

Audit Committee

The Board is independently advised by an Audit Committee whose 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 met ten times during 2011/12 to receive assurance on the Agency's systems of corporate governance, risk management and internal control. The Committee also received regular reports from PricewaterhouseCoopers (PwC) as independent Internal Auditors. The range of Audit Committee activity carried out during 2011/12 provided positive assurance about the Agency's governance and control environment and supported the Accounting Officer in signing the Annual Governance Statement for the year.

The Committee was active in managing the governance agenda by requiring updates of Agency policies to ensure they remained at the leading edge of best practice, including risk management arrangements, Financial Regulations and the Scheme of Delegations, whistle-blowing and anti-fraud arrangements.

Members of the Committee during the financial year were:

Member	Maximum no of Committee meetings	No of Committee meetings attended
Dr John Stageman OBE (Chair)	10	10
Peter Hensman DL	10	8
Frank Hont MBE	10	9
Peter Allen MBE	10	8

Remuneration and Appointments Committee

The work of the Remuneration and Appointments Committee is detailed in the Remuneration Report contained in pages 22 to 29 of this report.

Members of the Committee during the financial year were:

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

Management of the Agency

The Agency's Executive Management Board (EMB) met weekly to make key decisions, agree actions and specific initiatives and to review financial and operational performance. The EMB reviewed progress on the closure plan fortnightly and the risk register monthly. It also reviewed quarterly performance of the Agency against the Business Plan. Key decisions made and actions agreed were disseminated to staff. Since January 2012, as part of the closure process, a regular Transition newsletter was produced and circulated to all staff.

The inter-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)*. Although the Code of Good Practice for Corporate Governance (DAO 09/05) does not apply to Non Departmental Public Bodies, the Agency considered and adopted the relevant principles of best practice identified within the code to further enhance its System of Internal Control.

The Agency adopted the *Good Governance Standards for Public Services (2004)* and continued adherence was reviewed and reported annually to the Audit Committee. The Agency's independent Internal Auditor operated in accordance with *Government Internal Audit Standards* and delivered a programme in accordance with a Joint Assurance Plan. This plan was prepared and delivered in conjunction with the Agency's Governance and Scrutiny team and was approved by the Audit Committee before the financial year commenced.

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 having in place robust monitoring and recording systems.

Regarding the Governance arrangements of partnership organisations, North West Business Link (NWBL) was a wholly owned subsidiary of the NWDA until 30 March 2012, when membership passed to BIS under the North West Development Agency Transfer Scheme (No 2) 2012. Joint liquidators were appointed on 28 November 2011 to implement a Solvent Members Voluntary Liquidation. A number of the Agency Board were also directors of NWBL and the Agency Audit Committee received regular reports on governance matters affecting NWBL.

The Board comprised a wide range of skills and experience and the agenda, frequency and duration of Board meetings kept Board members well briefed on matters affecting the Agency, and permitted full debate of matters arising. At each Board meeting detailed reports and presentations on key matters were made by senior executives of the Agency and Board members had sufficient opportunity to raise questions and require further briefing where necessary. Each Board member had an individual annual meeting with the Chairman of the Agency to discuss their performance, training requirements and any required actions. The Board assured its effectiveness by conducting periodic reviews that confirmed the Board remained effective and compliant with the Corporate Governance Code.

4. The Risk and Internal Control Framework

The Agency had a continuous process for identifying, assessing, evaluating and managing significant risks, which had been in place and operating for the period to which this statement relates.

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 Chief Executive Officer, was responsible for the operation of the Agency's corporate risk management process. The corporate risk management process continued to develop under the control of the EMB and the Audit Committee.

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 framework set out the Agency's risk philosophy, its strategy and risk cycle, including risk identification and assessment, and how identified risks were monitored and managed. During the year, the Agency recognised that transferring the Agency's activities to other Government departments and regional partners represented a new risk. The Board and the Audit Committee put in place controls to minimise the risk as detailed in this report. BIS advised the Agency that the transfer of assets and liabilities to other Government departments would incur a liability for Corporation Tax. As this did not represent an additional risk to the taxpayer, the Agency concluded that no specific action should be taken to minimise this risk.

Personal data related incidents

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

A suspected breach of data security was reported to the ICO in respect of a subsidiary. After consideration of the facts of the case, the ICO decided not to take any action.

Fraud Incidents

The Agency's Anti-Fraud Policy and Suspected Fraud Response Plan were approved by the Audit Committee in July 2010. Any fraud incidents were reported to the Audit Committee. During the year there were no such incidents.

Internal audit

PwC was appointed Internal Auditor in April 2009 and undertook a programme of internal audit work throughout the year to assess the adequacy and effectiveness of internal controls operating within key corporate, financial and operational systems. This programme of work was amended and strengthened to take account of the Agency's closure.

To help the Agency prepare for closure the scope and coverage of the internal audit work was revised and the Audit Committee commissioned a series of reviews by PwC to give assurance on each major transfer of activity to other Government bodies and on the maintenance of control systems as the Agency reduced its staffing levels.

PwC found no major areas of concern and only a small number of minor exceptions which were immediately resolved. In addition the Agency, where appropriate, adopted specific recommendations made by PwC to make the transfers more assured.

During the year PwC completed a number of audits in the following areas:

- Financial delegations.
- HR Strategy and Planning.
- IT General Controls.
- Risk management and Corporate Governance.
- Transition management.

- Financial Controls.

The Agency's Internal Auditors provided the following statement on the Agency's System of Internal Control:

Annual opinion on internal controls

It was management's responsibility to develop and maintain a sound system of internal control, and to prevent and detect irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We planned our work so that we had a reasonable expectation of detecting significant control weaknesses. However, internal audit procedures alone, although they are carried out with due professional care, do not guarantee that fraud will be detected. Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist, unless we are requested to carry out a special investigation for such activities in a particular area.

We completed the programme of internal audit work for the year ended 31 March 2012. The majority of our work was focussed on the Agency's arrangements for transition and closure, and was reported in the form of position statements. The remainder of our work did not identify any significant control weaknesses that we considered to be pervasive in their effect on the system of internal control. Consequently, we believe that there was an adequate and effective system of governance, risk management and internal control.

The Agency put action plans in place to address fully the majority of the recommendations raised by Internal Audit. The exceptions were those that the Audit Committee judged to be inappropriate, given the Agency's forthcoming cessation of operations.

5. Review the Effectiveness

The Accounting Officer had responsibility for conducting an annual review of the effectiveness of the system of the organisation's governance, risk management and internal control. This review was informed by the work of executive managers and internal auditor within the organisation who had responsibility for the development and maintenance of the governance structures, internal control framework and matters raised by the external auditor in its management letter and other reports. The Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control.

I have sought to assure myself of any control issues within the Agency, including through the PwC reviews referred to, and I have also relied on signed statements from Senior Managers, about any control issues in their parts of the Agency. None of these statements revealed any additional issues of internal control other than those described in this document. Throughout the year I advised the Board and the Audit Committee on the importance of having effective internal controls and plans in place to ensure the current robust systems operate until formal closure.

To my knowledge there have not been any significant relevant governance or internal control issues that have arisen during the financial year.

I have been advised on the implications of the result of the review of the effectiveness of the system of Governance, including internal control and risk management, by the Board's Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system was in place.

I have considered the evidence provided with regards to the production of the Annual Governance Statement. The conclusion of the review is that the Agency's overall governance and internal control structures were robust.

Mark Hughes
Accounting Officer/Chief Executive Officer
12 June 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 year ended 31 March 2012 under the Regional Development Agencies Act 1998. These financial statements comprise the Group and Agency Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that Report as having been audited.

Respective responsibilities of the Board, the Accounting Officer and auditor

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

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 Annual Report 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.

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 reported 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 reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions reported 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'sand the group's affairs as at 31 March 2012 and of the Agency's and group's net expenditure for the year then ended; and

- the financial statements have been properly prepared in accordance with the Regional Development Agencies Act 1998 and Secretary of State directions issued thereunder.

Emphasis of Matter – Preparation on a basis other than going concern

Without qualifying my opinion, I draw attention to the disclosures made in note 1.1 of the financial statements concerning management's decision to apply a basis other than going concern in the preparation of the financial statements. This was made following Royal Assent to the Public Bodies Act 2011 which contains provision for the abolition of all Regional Development Agencies.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Regional Development Agencies Act 1998; and

- the information given within the Operating Review and Directors' Report for the financial year for which the financial statements are prepared, is consistent with the financial statements.

Matters on which I report by exception

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

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

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

18 June 2012

FINANCIAL STATEMENTS

Group Statement of Comprehensive Net Expenditure

For the year ended 31 March 2012

	Note	**2012**	2011 Restated
		£000	£000
Expenditure			
Programme expenditure	*4*	**66,764**	188,102
European funding expenditure	*4*	**6,787**	58,671
Staff costs	*5*	**21,229**	38,463
Loss on transfer to other Government bodies	*2*	**40,167**	-
Depreciation and amortisation	*7*	**800**	1,492
Other administration expenditure	*7*	**5,958**	12,886
Other losses	*7*	**4,699**	10,116
Total expenditure		**146,404**	309,730
Income			
European funding	*8*	**(5,311)**	(70,818)
Other income	*8*	**(2,596)**	(18,695)
Gain on transfer to other Government bodies	*2*	**(181)**	-
Gain on disposal of assets	*8*	**(2,877)**	(1,704)
Surplus from shares in subsidiaries, joint ventures and associates	*8*	**(447)**	(154)
Other gains	*8*	**(181)**	-
Total income		**(11,593)**	(91,371)
Net expenditure		**134,811**	218,359
Interest payable	*9*	**39**	19
Interest receivable and similar income	*9*	**(452)**	(462)
Net expenditure after interest		**134,398**	217,916
Taxation	*10*	**13,722**	1,482
Net expenditure after tax taken to reserves		**148,120**	219,398
Net expenditure relating to continuing activities	*3*	**40,579**	67,030
Net expenditure relating to discontinued activities	*3*	**107,541**	152,368
		148,120	219,398

As explained in note 1.4 activities transferred during the year have been excluded and the comparatives have been restated to reflect this change.
Net expenditure is financed by Grant in Aid as explained in accounting policy note 1.14.
The notes on pages 53 to 105 form part of these accounts.

Agency Statement of Comprehensive Net Expenditure

For the year ended 31 March 2012

	Note	**2012**	2011 Restated
		£000	£000
Expenditure			
Programme expenditure	*4*	**74,226**	202,758
European funding expenditure	*4*	**7,188**	59,708
Staff costs	*5*	**15,532**	22,735
Loss on transfer to other Government bodies	*2*	**40,167**	-
Depreciation and amortisation	*7*	**561**	805
Other administration expenditure	*7*	**4,730**	7,051
Other losses	*7*	**4,508**	10,896
Total expenditure		**146,912**	303,953
Income			
European funding	*8*	**(5,047)**	(70,818)
Other income	*8*	**(2,336)**	(13,019)
Gain on transfer to other Government bodies	*2*	**(181)**	-
Gain on disposal of assets	*8*	**(2,849)**	(1,704)
Surplus from shares in subsidiaries, joint ventures and associates	*8*	**(1,509)**	(154)
Other gains	*8*	**(181)**	-
Total income		**(12,103)**	(85,695)
Net expenditure		**134,809**	218,258
Interest payable	*9*	**39**	19
Interest receivable and similar income	*9*	**(450)**	(306)
Net expenditure after interest		**134,398**	217,971
Taxation	*10*	**13,722**	1,481
Net expenditure taken to Grant in Aid Reserve		**148,120**	219,452
Net expenditure relating to continuing activities	*3*	**33,117**	52,428
Net expenditure relating to discontinued activities	*3*	**115,003**	167,024
		148,120	219,452

As explained in note 1.4 activities transferred during the year have been excluded and the comparatives have been restated to reflect this change.
Net expenditure is financed by Grant in Aid as explained in accounting policy note 1.14.
The notes on pages 53 to 105 form part of these accounts.

Statement of Financial Position- Group

As at 31 March 2012

	Note	**2012**	2011 Restated	2010 Restated
		£000	£000	£000
Non–current assets				
Property, plant and equipment	*11*	-	1,374	2,800
Intangible assets	*12*	-	23	381
Financial assets:				
Investments	*13*	-	25,351	28,173
Investments in joint ventures:				
Share of net assets	*14*	-	1,054	49
Investments in associates	*14*	-	242	1,445
Long term loans	*15*	-	5,862	-
Trade and other receivables	*19*	-	52	25
Total non-current assets		-	33,958	32,873
Current assets				
Property, plant and equipment	*11*	-	231	-
Intangible assets	*12*	-	81	-
Inventories – development assets	*18*	-	6,504	10,800
Trade receivables and other current assets	*19*	-	30,589	18,892
Cash and cash equivalents	*20*	-	92,068	67,645
Total current assets		-	129,473	97,337
Total assets		-	163,431	130,210
Current liabilities				
Trade payables and other current liabilities	*21*	-	(120,900)	(174,609)
Provisions	*22*	-	(871)	(195)
Total current liabilities		-	(121,771)	(174,804)
Non-current assets less net current assets/liabilities		-	41,660	(44,594)
Non-current liabilities				
Pension liabilities		-	(283)	(296)
Other payables	*21*	-	(1,800)	(14,123)
Total non-current liabilities		-	(2,083)	(14,419)
Assets less liabilities		-	39,577	(59,013)
Reserves				
General reserve		-	39,577	(59,013)
		-	39,577	(59,013)

At 31 March 2012 the Agency was not a group and therefore is not required to produce a Group Statement of Financial Position. The above statement shows the comparatives.
The notes on pages 53 to 105 form part of these accounts.
These financial statements were approved by the Board on 12 June 2012.

Robert Hough
Chairman
12 June 2012

Mark Hughes
Chief executive Officer
12 June 2012

Statement of Financial Position- Agency

As at 31 March 2012

	Note	**2012**	2011 Restated	2010 Restated
		£000	£000	£000
Non–current assets				
Property, plant and equipment	*11*	**-**	1,374	2,107
Intangible assets	*12*	**-**	23	169
Financial assets:				
Investments	*13*	**-**	22,111	27,600
Investments in subsidiaries	*14*	**-**	16,268	22,298
Investments in joint ventures:				
Share of net assets	*14*	**-**	1,054	49
Investments in associates	*14*	**-**	242	1,445
Long term loans	*15*	**-**	5,862	-
Trade and other receivables	*19*	**-**	52	-
Total non-current assets		**-**	46,986	53,668
Current assets				
Inventories – development assets	*18*	**-**	6,504	10,800
Trade receivables and other current assets	*19*	**1,186**	29,299	16,619
Cash and cash equivalents	*20*	**8,063**	81,206	48,660
Total current assets		**9,249**	117,009	76,079
Total assets		**9,249**	163,995	129,747
Current liabilities				
Trade payables and other current liabilities	*21*	**(16,100)**	(122,465)	(174,418)
Non-current assets less net current assets/liabilities		**(6,851)**	41,530	(44,671)
Non-current liabilities				
Pension liabilities		**-**	(283)	(296)
Other payables	*21*	**-**	(1,800)	(14,123)
Total non-current liabilities		**-**	(2,083)	(14,419)
Assets less liabilities		**(6,851)**	39,447	(59,090)
Reserves				
General reserve		**(6,851)**	39,447	(59,090)
		(6,851)	39,447	(59,090)

As explained in note 1.4 activities transferred during the year have been excluded and the comparatives have been restated to reflect this change.
The notes on pages 53 to 105 form part of these accounts.
These financial statements were approved by the Board on 12 June 2012.

Robert Hough
Chairman
12 June 2012

Mark Hughes
Chief executive Officer
12 June 2012

Statement of Group Cash Flows

For the year ended 31 March 2012

	Note	**2012**	2011 Restated
		£000	£000
Cash outflows from operating activities			
Net expenditure after interest		**(134,398)**	(217,916)
Adjustments for:			
Loss on transfer to other Government bodies	*2*	**40,167**	-
Gain on transfer to other Government bodies	*2*	**(181)**	-
Depreciation and amortisation	*7*	**800**	1,492
Loss on disposal of property, plant and equipment	*7*	**32**	(2)
Loss on disposal of share in joint ventures	*7*	**-**	49
Reduction in value of associates		**691**	-
Profit on disposal of inventories	*8*	**(3,600)**	-
Profit on disposal of investments		**-**	(1,702)
Property, plant and equipment valuation write down	*11*	**712**	-
Investments valuation write-down	*7*	**3,987**	4,177
Investments valuation write-back	*8*	**(123)**	-
Inventories valuation write-down	*7*	**-**	5,633
Inventories valuation write-back	*8*	**(58)**	-
(Profit)/loss from share in associates	*7+8*	**(447)**	103
Non cash pension cost		**22**	-
		(92,396)	(208,166)
(Increase) / decrease in trade and other receivables	*19*	**9,679**	(11,724)
Increase / (decrease) in trade and other payables	*21*	**(100,031)**	(65,585)
Increase / (decrease) in provisions	*22*	**(836)**	676
		(183,584)	(284,799)
Taxation paid		**(2,294)**	(1,931)
Net cash outflow from operating activities		**(185,878)**	(286,730)
Cash flow from investing activities			
Investment in joint venture		**-**	(1,054)
Proceeds from disposal of associate		**-**	1,100
Purchase of intangible assets	*12*	**-**	(63)
Purchase of property, plant and equipment	*11*	**-**	(32)
Purchase of investments		**(128)**	(13,512)
Return of un-invested funds		**-**	10,000
Loan repayments received		**-**	2,040
Purchase of inventories	*18*	**-**	(7,849)
Proceeds from disposal of property, plant and equipment		**113**	(1,427)
Proceeds from disposal of investments		**748**	1,818
Proceeds from disposal of inventories		**6,100**	8,016
Transfer of inventories		**4,004**	-
Issue of Daresbury SIC Loan Note B	*15*	**(3,601)**	(5,862)
Net cash outflow from investing activities		**7,236**	(6,825)

	Note	**2012**	2011 Restated
		£000	£000
Cash flows from financing activities			
Grant in Aid received from BIS		**101,713**	317,543
EU financing for assets		**122**	435
		101,835	317,978
Net financing			
Net (decrease)/increase in cash and cash equivalents in the period		**(76,807)**	24,423
Cash and cash equivalents at 1 April 2011:			
Cash at bank and in hand		**92,068**	67,645
Cash transferred to other Government bodies		**(8,733)**	-
Other consolidation adjustments		**(6,528)**	-
Cash and cash equivalents at 31 March 2012		**-**	92,068

Cash flows from continuing or discontinued activities are as follows (note 3):

	2012 £000 Continuing	**2012 £000 Discontinued**	2011 £000 Continuing	2011 £000 Discontinued
Cash flows from operating activities	**(40,054)**	**(145,824)**	(53,367)	(233,364)
Cash flows from investing activities	**7,364**	**(128)**	(6,825)	-
Cash flows from financing activities	**32,690**	**69,145**	60,192	257,787
Net cash inflow / (outflow)	**-**	**(76,807)**	-	24,423

As explained in note 1.4 activities transferred during the year have been excluded and the comparatives have been restated to reflect this change.
The notes on pages 53 to 105 form part of these accounts.

Statement of Agency Cash Flows
For the year ended 31 March 2012

	Note	**2012**	2011 Restated
		£000	£000
Cash outflows from operating activities			
Net expenditure after interest		**(134,398)**	(217,971)
Adjustments for:			
Loss on transfer to other Government bodies	*2*	**40,167**	-
Gain on transfer to other Government bodies	*2*	**(181)**	-
Depreciation and amortisation	*7*	**561**	805
Loss on disposal of property, plant and equipment		**60**	-
Reduction in value of associates		**691**	-
Profit on disposal of inventories		**(3,600)**	-
Profit on disposal of investments		**-**	(1,702)
Property, plant and equipment valuation write down	*11*	**712**	-
Investment in subsidiary write down		**416**	-
Investments valuation write-down	*7*	**3,380**	4,177
Investments valuation write-back	*8*	**(123)**	-
Inventories valuation write-down	*7*	**-**	5,633
Inventories valuation write-back	*8*	**(58)**	-
(Profit)/loss from share in subsidiaries	*7+8*	**(1,062)**	780
Loss from share of disposal in joint ventures	*7*	**-**	49
(Profit)/Loss from share in associates	*7+8*	**(447)**	102
Non cash pension cost		**22**	-
		(93,860)	(208,127)
(Increase) /decrease in trade and other receivables	*19*	**8,229**	(12,732)
(Decrease)/increase in trade and other payables	*21*	**(100,207)**	(63,830)
		(185,838)	(284,689)
Taxation paid		**(2,294)**	(1,930)
Net cash outflow from operating activities		**(188,132)**	(286,619)
Cash flow from investing activities			
Investment in subsidiary		**-**	5,250
Investment in joint venture		**-**	(1,054)
Investment in associate		**-**	1,100
Purchase of investments	*13*	**(128)**	(590)
Return of un-invested funds		**7,180**	-
Loan repayments received	*13*	**-**	1,785
Purchase of inventories	*18*	**-**	(7,849)
Proceeds from disposal of property, plant and equipment		**64**	(1,427)
Proceeds from disposal of investments		**748**	1,818
Proceeds from disposal of inventories		**6,100**	8,016
Transfer of inventories		**4,004**	-
Issue of Daresbury SIC Loan Note B	*15*	**(3,601)**	(5,862)
Net cash outflow from investing activities		**14,367**	1,187

	Note	**2012**	2011
		£000	Restated £000
Cash flows from financing activities			
Grant in Aid received from BIS		**101,713**	317,543
EU financing for assets		**122**	435
		101,835	317,978
Net financing			
Net increase/(decrease) in cash and cash equivalents in the period		**(71,930)**	32,546
Cash and cash equivalents at 1 April 2011:			
Cash at bank and in hand		**81,206**	48,660
Cash transferred to other Government bodies		**(1,213)**	-
Cash and cash equivalents at 31 March 2012		**8,063**	81,206

Cash flows from continuing or discontinued activities are as follows (note 3):

	2012 £000 Continuing	**2012 £000 Discontinued**	2011 £000 Continuing	2011 £000 Discontinued
Cash flows from operating activities	**(52,668)**	**(135,464)**	(39,277)	(247,343)
Cash flows from investing activities	**14,367**	**-**	1,187	**-**
Cash flows from financing activities	**38,301**	**63,534**	38,090	279,889
Net cash inflow / (outflow)	**-**	**(71,930)**	-	32,546

As explained in note 1.4 activities transferred during the year have been excluded and the comparatives have been restated to reflect this change.
The notes on pages 53 to 105 form part of these accounts.

Statement of Changes in Taxpayers' Equity –Group

	Note	General Reserve £000	Revaluation Reserve £000	Grant in Aid Reserve £000	Total Reserves £000
Balance at 31 March 2010		70,369	2,153	45,548	118,070
Transfers to HCA	2	(34,003)	(2,153)	(140,927)	(177,083)
Balance at 1 April 2010 (restated)		36,366	-	(95,379)	(59,013)
Changes in taxpayers' equity for 2010/11					
Release of deferred income		432	-	-	432
Transfers between reserves		2,917	-	(2,917)	-
Actuarial gain		13	-	-	13
Retained deficit		(151)	-	(219,247)	(219,398)
Total recognised income and expense for 2010/11		3,211	-	(222,164)	(218,953)
Grant in Aid from BIS		-	-	317,543	317,543
Balance at 31 March 2011 (restated)		39,577	-	-	39,577
Balance at 1 April 2011 (restated)		39,577	-	-	39,577
Changes in taxpayers' equity for 2011/12					
Release of deferred income		122	-	-	122
Actuarial loss		(13)	-	-	(13)
Transfers between reserves		(46,407)	-	46,407	-
Consolidation adjustment		6,721	-	-	6,721
Retained deficit		-	-	(148,120)	(148,120)
Total recognised income and expense for 2011/12		(39,577)	-	(101,713)	(141,290)
Grant in Aid from BIS		-	-	101,713	101,713
Balance at 31 March 2012		-	-	-	-

As explained in note 1.4 activities transferred during the year have been excluded and the comparatives have been restated to reflect this change.

Statement of Changes in Taxpayers' Equity – Agency

	Note	**General Reserve**	**Revaluation Reserve**	**Grant in Aid Reserve**	**Total Reserves**
		£000	**£000**	**£000**	**£000**
Balance at 31 March 2010		70,189	2,153	45,651	117,993
Transfers to HCA	*2*	(34,003)	(2,153)	(140,927)	(177,083)
Balance at 1 April 2010 (restated)		36,186	-	(95,276)	(59,090)
Changes in taxpayers' equity for 2010/11					
Release from deferred income		433	-	-	433
Transfers between reserves		3,746	-	(3,746)	-
Actuarial gain		13	-	-	13
Retained deficit		(931)	-	(218,521)	(219,452)
Total recognised income and expense for 2010/11		3,261	-	(222,267)	(219,006)
Grant in Aid from BIS		-	-	317,543	317,543
Balance at 31 March 2011 (restated)		39,447	-	-	39,447
Balance at 31 March 2011 (restated)		39,447	-	-	39,447
Changes in taxpayers' equity for 2011/12					
Release of 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)

As explained in note 1.4 activities transferred during the year have been excluded and the comparatives have been restated to reflect this change.

Notes to the financial statements

1. Statement of accounting policies

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 North West Development Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the North West Development 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 24 February 2011 which is effective for the 2011/12 financial year.

1.1 Going concern

The Public Bodies Act 2011, which paves the way for the abolition of all Regional Development Agencies (RDAs), received Royal Assent on 14 December 2011. The Department for Business, Innovation and Skills (BIS) issued two Transfer Schemes for each RDA under the Act. The first came into effect on 1 January 2012 transferring some staff and remaining projects so that they can be completed. A second transfer scheme was made on 30 March 2012, to take away any remaining assets and liabilities so that RDAs achieved operational closure by 31 March 2012. BIS is currently drafting the formal Abolition Order which is expected to take effect on 30 June 2012.

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

Management has reviewed the impact of this on the accounting policies and, where relevant, this has been reflected. We have reviewed the impact of this on the accounting policies. Given the transfer or cessation of all functions during the year (see notes 2 and 3) and the operational closure of the Agency by 31 March, achieved by the transfer to BIS of all residual operational assets and liabilities at 30 March (see note 2), little remains on the Agency's Statement of Financial Position. For those current assets and liabilities remaining, management has reviewed the related accounting policies and has amended these to value property, plant, equipment and intangible assets at net realisable value.

The Agency has net liabilities at 31 March 2012. BIS has confirmed it will provide grant in aid to meet these liabilities.

A small team of people will remain employed after 31 March 2012 with the purpose of concluding the 2011/12 Annual Report and Financial Statements.

Notes (continued)

1. Statement of accounting policies (continued)

1.2 Change of accounting policy

The Agency has reconsidered its accounting policies in the light of no longer being a Going Concern. Non-current assets have been reclassified as current assets and revalued at net realisable value. Contracts have been reviewed for onerous elements, the cost of which has been charged to the Statement of Comprehensive Net Expenditure. There was no material impact on the Statement of Financial Position.

1.3 Accounting convention

These accounts have been prepared under the historical cost convention, modified by the revaluation of non-current assets, and, where material, current asset investments and inventories to fair value as determined by the relevant accounting standard.

1.4 Restatement of comparatives

The Agency transferred to the Homes and Communities Agency (HCA) its interests in coalfields development (the Coalfields transfer) on 1 August 2011 and land and property development on 19 September 2011 (the Stewardship transfer). In accordance with the Financial Reporting Manual (FReM) the activities transferred will be shown in the Financial Statements of HCA from 1 April 2010 and the financial statements of the Agency for 2010/11 and, where required, 2009/10 have been restated to exclude the transferred activities.

1.5 Basis of consolidation

The consolidated accounts incorporate the accounts of the Agency and its subsidiary undertakings NW VCLF HF LLP until its transfer to BIS on 30 September 2011, and North West Business Link Limited until its transfer to BIS on 30 March 2012.

1.6 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.

1.7 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. For example, pension provision liabilities are assessed by actuaries and are based on factors such as life expectancy, age of scheme members, prevailing interest and inflation rates and projected returns on invested funds. Actual results may differ from these estimates.

Notes (continued)

1. Statement of accounting policies (continued)

1.8 Property, plant and equipment

Land and buildings held as tangible operating assets are shown in the Statement of Financial Position at net realisable value. All other property, plant and equipment is stated at net realisable value. Depreciated historic cost has been used as a proxy for net realisable value as the assets are of low value and short life.

Acquisitions and disposals of land and buildings are accounted for on the date of legal completion. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Net Expenditure. Assets are capitalised where the cost exceeds £500 on a grouped basis where appropriate.

As explained in note 1.1 above, the Agency is not a Going Concern and all property, plant and equipment has been valued at net realisable value. The following note details the policy used in the comparative years.

Valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (6th. Edition) published by RICS. A valuation of the whole portfolio was carried out as at 31 December 2010 and again as at 31 March 2011 by King Sturge, Chartered Surveyors. Increases in the carrying amount arising on revaluation of land and buildings are credited to the Revaluation Reserve in taxpayers' equity. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve; all other decreases are charged to the Statement of Comprehensive Net Expenditure

1.9 Depreciation and amortisation

Due to the closure of the Agency on 31 March 2012 all operational assets have been reviewed and their book value has been written down to recoverable amounts.

Land is not depreciated. Depreciation and amortisation on other assets is 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:

Notes (continued)

1. Statement of accounting policies (continued)

1.9 Depreciation and amortisation (continued)

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year.

1.10 Intangible assets

As explained in note 1.1 above the Agency is not a Going Concern and all intangible assets have been valued at net realisable value. The following note details the policy used in the comparative years.

Software licences are stated at net realisable value. Depreciated historic cost has been used as a proxy for net realisable value as the assets are of low value and short life.

1.11 Investments

The Agency did not hold any investments at the date of the Statement of Financial Position. The following note details the policy used in the comparative years.

Loan investments in venture capital trusts are shown at cost and net of impairments for amounts considered doubtful and of write-offs for amounts considered irrecoverable. Provision has been made for all loans where recovery appears doubtful. No loan is written off until the impossibility of recovery is beyond doubt. Approval from the Department for Business, Innovation and Skills (BIS) is obtained for any write-off in excess of £250,000.

Returns on loan investments in venture capital trusts are shown at market value over and above the value of the loan. Movements arising on the revaluation of investments are reflected in the Revaluation Reserve, except for impairments and reductions in value below historical cost, which are reported in the Statement of Comprehensive Net Expenditure.

1.12 Inventories

The Agency did not hold any inventories at the date of the Statement of Financial Position. The following note details the policy used in the comparative years.

Notes (continued)

1. Statement of accounting policies (continued)

1.12 Inventories (continued)

Inventory assets, consisting of land and buildings, are held short term for disposal. They are shown at fair value less cost to sell, any reductions in carrying value being written off to the Statement of Comprehensive Net Expenditure. Cost to sell takes account of purchaser's acquisition costs for investment valuations in accordance with market conventions but excludes any expenses which would be incurred on a realisation or disposal. Movements arising on the revaluation of development assets in excess of historical cost are reflected in the Revaluation Reserve, after eliminating the overall accumulated unrealised deficit, as originally charged to the Statement of Comprehensive Net Expenditure.

Valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (6th. Edition) published by RICS. A valuation of the whole portfolio was carried out as at 31 December 2010 and again as at 31 March 2011 by King Sturge, Chartered Surveyors.

Increases in the carrying amount arising on revaluation of development assets are credited to the Revaluation Reserve in taxpayers' equity. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve, all other decreases are charged to the Statement of Comprehensive Net Expenditure. Acquisitions and disposals of development assets are accounted for on the date of legal completion.

1.13 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. The arrangement is a UK-based benefit promise made by the employer, providing benefits at retirement and on death-in-service. The arrangement is unfunded and the employer pays benefits as and when they arise. Further details are provided in the remuneration report.

The scheme is subject to regular valuations by independent, professionally qualified actuaries. These determine the level of contributions required to fund future benefits. Differences between actual and expected returns on assets during the year are recognised in the Statement of Changes in Taxpayers' Equity, together with differences arising from changes in actuarial assumptions.

Notes (continued)

1. Statement of accounting policies (continued)

1.14 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.

1.15 European grants

The Agency's activities are funded in part by European Funding for specified types of expenditure. European Funding Grants receivable of a revenue nature are credited to the Statement of Comprehensive Net Expenditure in the year to which they relate. European Funding Grants in respect of capital expenditure are credited to the General Reserve and released to the Statement of Comprehensive Net Expenditure either over the expected useful life of the asset for assets that are depreciated or, upon disposal or loss in value, for assets that are not depreciated.

1.16 Deferred Taxation

Full provision has been made for deferred tax liabilities arising from timing differences between the recognition of gains and losses in the Financial Statements and their recognition in the tax computation. In accordance with IAS 12 a deferred tax asset is only recognised if there is sufficient evidence that it is likely to be recoverable at the Statement of Financial Position date.

1.16 Foreign currency transactions

Transactions in foreign currencies are recorded in sterling at the rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currency are translated into sterling at the rates prevailing at the end of the financial year. Resulting exchange gains and losses are taken to the Statement of Comprehensive Net Expenditure.

1.17 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 Net Expenditure on a straight-line basis over the period of the lease.

There are no finance leases.

Notes (continued)

1. Statement of accounting policies (continued)

1.18 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. Transactions entered into which result in receivables due after more than one year have a low credit 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: investments, long term loans, trade and other receivables and cash and cash equivalents.

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

Notes (continued)

1. Statement of accounting policies (continued)

1.18 Financial instruments (continued)

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 year.

1.19 Operating Income

Income related to the Agency's role as the managing authority for ERDF is recognised when the validity and correctness of the claim is 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.

1.20 Grants payable

Grants payable are recognised in the period in which the underlying event or activity giving entitlement to the grant occurs.

1.21 Grant repayments

Grant repayments are recognised as income on a receivable basis. The Agency's entitlement to grant repayment would crystallise in the event of any breach of grant conditions.

1.22 Provisions

The Agency makes provision for liabilities and charges in accordance with IAS37 where, at the end of the financial year, a legal or constructive obligation (i.e. a present obligation from past events) exists, the transfer of economic benefits is probable and a reliable estimate of the obligation can be made.

1.23 VAT

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

Notes (continued)

1. Statement of accounting policies (continued)

1.24 Standards issued but not yet effective

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 financial year beginning 1 April 2011 identified as having an impact on the Agency's financial statements for that year. There has been no early adoption of IFRS changes.

Changes to IFRS effective for future financial years (unless adopted earlier by the FReM) that may be relevant but are not expected to have an impact on the Agency's accounts:

- Amendments to IFRS 3 "Business Combinations"
- Amendments to IFRS 7 "Disclosures –Transfer of Financial Assets"
- Amendments to IFRS 13 "Fair value Measurement"
- Amendments to IAS 1 "Presentation of Financial Statements"
- Amendments to IAS 12 "Deferred Tax; Recovery of Underlying Assets"
- Amendments to IAS 17 "Replacement Leases"
- Amendments to IAS 19 "Employee Benefits"
- Amendments to IAS 24 "Related Party Disclosures"
- Amendments to IAS 34 "Interim Financial Reporting"

2. Transfer of Activities

Following the announcement that the RDAs were to close on 31 March 2012, plans were put in place to transfer to other Government bodies the activities of the Agency that were to continue. The activities transferred to other Government bodies were:

- The Management of the European Regional Development Fund to the Department for Communities and Local Government.
- The Management of the Rural Development Programme for England to the Department for the Environment, Food and Rural Affairs.
- Inward investment activity to a private contractor working on behalf of Government.
- The NWDA coalfield sites and land and property interests to the Homes and Communities Agency.
- Grants for Business Investment to the Department for Business Innovation and Skills, and Grants for Research and Development to the Technology Strategy Board.
- NWDA's interest in North West Business Finance Limited and eight venture capital funds to the Department for Business Innovation and Skills.
- NWDA's interests in Daresbury Science and Innovation Campus to the Science and Technology Facilities Council.
- NWDA's interest in North West Business Link to BIS.

Notes (continued)

2. Transfer of Activities (continued)

2.1 Transfers to the Homes and Communities Agency (HCA)

The Agency transferred its interest in the following activities to the HCA, a Non Departmental Public Body sponsored by the Department for Communities and Local Government:

- The development of former coalfield sites on 1 August 2011; and
- Land and property on 18 September 2011.

The transfers are subject to merger accounting as required by the Financial Reporting Manual 2011-12. There are no differences between the impact upon Group and Agency primary statements as a result of the merger transactions and accordingly only the Group position has been analysed within this note. The effects of the transfer are shown in the following pages:

Notes (continued)

2.1 Transfers to the Homes and Communities Agency (HCA) (continued)

Group Statement of Financial Position at date of transfer

	Position at 1 April 2011	Movement between 1 April and 31 July 2011	Coalfields transfer	Movement between 1 August and 18 September 2011	Steward-ship transfer	Movement between 19 September 2011 and 31 March 2012	Position at 31 March 2012
	£000	£000	£000	£000	£000	£000	£000
Non–current assets							
Property, plant and equipment	2,299	(1,384)	-	-	(915)	-	-
Intangible assets	23	(23)	-	-	-	-	-
Financial assets:							
Investments	88,315	(502)	-	5,740	(69,064)	(24,489)	-
Investments in joint ventures:							
Share of gross assets	41,631	-	-	-	(40,577)	(1,054)	-
Share of gross liabilities	(62,948)	-	-	-	62,948	-	-
Investments in associates	242	-	-	-	-	(242)	-
Long term loans	79,701	(2,500)	-	3,601	(71,339)	(9,463)	-
Trade and other receivables	52	(52)	-	-	-	-	-
Total non-current assets	149,315	(4,461)	-	9,341	(118,947)	(35,248)	-
Current assets							
Property, plant and equipment	231	1,045	-	(122)	-	(1,154)	-
Intangible assets	81	23	-	(21)	-	(83)	-
Inventories – development assets	52,605	396	(4,898)	(6,447)	(41,656)	-	-
Trade receivables and other current assets	36,349	(20,734)	-	(6,987)	(2,457)	(6,171)	-
Long term loans repayable within 12 months	10,000	-	-	-	(10,000)	-	-
Cash and cash equivalents	92,068	12,546	-	10,124	-	(114,738)	-
Total current assets	191,334	(6,724)	(4,898)	(3,453)	(54,113)	(122,146)	-
Total assets	340,649	(11,185)	(4,898)	5,888	(173,060)	(157,394)	-
Current liabilities							
Trade payables and other current liabilities	(139,868)	36,788	702	(1,646)	2,353	101,671	-
Provisions	(871)	871	-	-	-	-	-
Total current liabilities	(140,739)	37,659	702	(1,646)	2,353	101,671	-
Non-current assets less net current assets/liabilities	199,910	26,474	(4,196)	4,242	(170,707)	(55,723)	-
Non-current liabilities							
Provisions	(3,757)	(1,072)	-	483	3,757	589	-
Pension liabilities	(283)	(4)	-	(1)	-	288	-
Other payables	(1,800)	465	-	434	-	901	-
Total non-current liabilities	(5,840)	(611)	-	916	3,757	1,778	-
Assets less liabilities	194,070	25,863	(4,196)	5,158	(166,950)	(53,945)	-
Reserves							
General reserves	194,070	25,863	(4,196)	5,158	(166,950)	(53,945)	-
	194,070	25,863	(4,196)	5,158	(166,950)	(53,945)	-

Notes (continued)

2.1 Transfers to the Homes and Communities Agency (HCA) (continued)

Group Statement of Comprehensive Net Expenditure at date of transfer

	1 April to 31 July 2011	Coalfields transfer	1 August to 18 September 2011	Stewardship transfer	19 September to 31 March 2012	12 Months to 31 March 2012
	£000	£000	£000	£000	£000	£000
Expenditure						
Programme expenditure	23,210	(59)	16,189	(2,311)	29,735	66,764
European funding expenditure	7,215	-	(26)	-	(402)	6,787
Staff costs	7,300	(15)	2,408	(539)	12,075	21,229
Depreciation and amortisation	337	-	148	(10)	325	800
Other administration expenditure	2,087	(2)	369	(63)	3,567	5,958
Other losses	345	-	-	-	4,354	4,699
Loss on transfer to other Government bodies	-	-	-	-	40,167	40,167
Total expenditure	40,494	(76)	19,088	(2,923)	89,821	146,404
Income						
European funding	(1,663)	-	(1,500)	(92)	(2,056)	(5,311)
Other income	(1,380)	-	31	730	(1,977)	(2,596)
Other gains	-	-	-	-	(181)	(181)
Surplus from shares in subsidiaries, joint ventures and associates	(37)	-	1	-	(411)	(447)
Gain on transfer to other Government bodies	(181)	-	-	-	-	(181)
(Gain)/loss on disposal of assets	-	-	(3,606)	-	729	(2,877)
Total income	(3,261)	-	(5,074)	638	(3,896)	(11,593)
Net expenditure	37,233	(76)	14,014	(2,285)	85,925	134,811
Interest payable	-	-	-	-	39	39
Interest receivable and similar income	(916)	-	(532)	1,136	(140)	(452)
Net expenditure after interest	36,317	(76)	13,482	(1,149)	85,824	134,398
Taxation	-	-	-	-	13,722	13,722
Net expenditure after tax	36,317	(76)	13,482	(1,149)	99,546	148,120

Notes (continued)

2.1 Transfers to the Homes and Communities Agency (HCA) (continued)

Group Statement of Cash Flows at date of transfer

	1 April to 31 July 2011	Coalfields transfer	1 August to 18 September 2011	Stewardship transfer	19 September to 31 March 2012	12 Months to 31 March 2012
	£000	£000	£000	£000	£000	£000
Cash outflows from operating activities						
Net expenditure after interest	(36,317)	76	(13,482)	1,149	(85,824)	(134,398)
Adjustments for:						
Depreciation and amortisation	337	-	148	(10)	325	800
(Profit)/loss on disposal of property, plant and equipment	-	-	(697)	-	729	32
Loss on transfer to other Government bodies	-	-	-	-	40,167	40,167
Gain on transfer to other Government bodies	(181)	-	-	-	-	(181)
Profit on disposal of inventories	-	-	(3,600)	-	-	(3,600)
Property, plant and equipment valuation write down	-	-	-	-	712	712
Investments valuation write-down	345	-	-	-	3,642	3,987
Investments valuation write-back	-	-	-	-	(123)	(123)
Inventories valuation write-back	-	-	(58)	-	-	(58)
(Surplus)/loss from share in associates	-	-	691	-	-	691
Loss shares in associates	-	-	-	-	(447)	(447)
Non cash pension cost	-	-	-	-	22	22
	(35,816)	76	(16,998)	1,139	(40,797)	(92,396)
(Increase)/decrease in trade and other receivables	2,084	-	6,987	(3,303)	3,911	9,679
Increase/(decrease) in trade and other payables	(17,723)	606	1,213	15,307	(99,434)	(100,031)
Increase/(decrease) in provisions	201	-	(482)	-	(555)	(836)
	(51,254)	682	(9,280)	13,143	(136,875)	(183,584)
Taxation paid	-	-	-	-	(2,294)	(2,294)
Net cash outflow from operating activities	(51,254)	682	(9,280)	13,143	(139,169)	(185,878)
Cash flow from investing activities						
Purchase of property, plant and equipment	2	-	-	-	(2)	-
(Purchase)/sale of investments	-	-	(6,100)	6,100	(128)	(128)
Loan repayments received	2,500	-	-	(2,500)	-	-
Purchase of inventories	(359)	339	-	115	(95)	-

Notes (continued)

2.1 Transfers to the Homes and Communities Agency (HCA) (continued)

Group Statement of Cash Flows at date of transfer (continued)

Proceeds from disposal of property, plant and equipment	-	-	-	-	113	113
Proceeds from disposal of investments	156	-	360	-	232	748
Proceeds from disposal of inventories	-	-	6,100	-	-	6,100
Transfer of inventories to Daresbury	-	-	4,004	-	-	4,004
Issue of Daresbury SIC Loan Note B	-	-	(3,601)	-	-	(3,601)
Net cash outflow from investing activities	2,299	339	763	3,715	120	7,236
Cash flows from financing activities						
Grant in Aid received from BIS	61,500	(1,021)	18,641	(16,858)	39,451	101,713
EU financing for assets	-	-	-	-	122	122
	61,500	(1,021)	18,641	(16,858)	39,573	101,835
Net financing						
Net increase/(decrease) in cash and cash equivalents in the period	12,545	-	10,124	-	(99,476)	(76,807)
Cash and cash equivalents at 1 April 2011:						
Cash at bank and in hand	92,068	-	-	-	-	92,068
Cash transferred to other Government bodies	-	-	-	-	(8,733)	(8,733)
Other consolidation adjustments	-	-	-	-	(6,528)	(6,528)
Cash and cash equivalents at 19 September 2011:						
Cash at bank and in hand	104,613	-	10,124	-	(114,737)	-

Notes (continued)

2.1 Transfers to the Homes and Communities Agency (HCA) (continued)

The Agency has restated its results for the year to 31 March 2011 and the year ended 31 March 2010 as follows:

Statement of Financial Position – Group 2010/11 restated

	Position at 31 March 2011	Coalfields Transfer	Stewardship Transfer	Position at 31 March 2011 Restated
	£000	£000	£000	£000
Non–current assets				
Property, plant and equipment	2,299	-	(925)	1,374
Intangible assets	23	-	-	23
Financial assets:				
Investments	88,315	-	(62,964)	25,351
Investments in joint ventures:				
Share of gross assets	41,631	-	(40,577)	1,054
Share of gross liabilities	(62,948)	-	62,948	-
Investments in Associates	242	-	-	242
Long term loans	79,701	-	(73,839)	5,862
Trade and other receivables	52	-	-	52
Total non-current assets	149,315	-	(115,357)	33,958
Current assets				
Property, plant and equipment	231	-	-	231
Intangible assets	81	-	-	81
Inventories – development assets	52,605	(4,560)	(41,541)	6,504
Trade receivables and other current assets	36,349	-	(5,760)	30,589
Long term loans repayable within 12 months	10,000	-	(10,000)	-
Cash and cash equivalents	92,068	-	-	92,068
Total current assets	191,334	(4,560)	(57,301)	129,473
Total assets	340,649	(4,560)	(172,658)	163,431
Current liabilities				
Trade payables and other current liabilities	(139,868)	1,308	17,660	(120,900)
Provisions	(871)	-	-	(871)
Total current liabilities	(140,739)	1,308	17,660	(121,771)
Non- current assets less net current assets/liabilities	199,910	(3,252)	(154,998)	41,660
Non-current liabilities				
Provisions	(3,757)	-	3,757	-
Pension liabilities	(283)	-	-	(283)
Other payables	(1,800)	-	-	(1,800)
Total non-current liabilities	(5,840)	-	3,757	(2,083)
Assets less liabilities	194,070	(3,252)	(151,241)	39,577
Reserves				
General reserves	194,070	(3,252)	(151,241)	39,577
	194,070	(3,252)	(151,241)	39,577

Notes (continued)

2.1 Transfers to the Homes and Communities Agency (HCA) (continued)

Statement of Financial Position – Group 2009/10 restated

	Position at 31 March 2010	Coalfields Transfer	Stewardship Transfer	Position at 31 March 2010 Restated
	£000	£000	£000	£000
Non–current assets				
Property, plant and equipment	3,785	-	(985)	2,800
Intangible assets	381	-	-	381
Financial assets:			-	
Investments	101,227	-	(73,054)	28,173
Investments in joint ventures:				
Share of net assets/(liabilities)	(19,179)	-	19,228	49
Investments in associates	1,445	-	-	1,445
Long term loans	85,839	-	(85,839)	-
Trade and other receivables	25	-	-	25
Total non-current assets	173,523	-	(140,650)	32,873
Current assets				
Inventories – development assets	56,693	(2,730)	(43,163)	10,800
Trade receivables and other current assets	23,800	255	(5,163)	18,892
Long term loans repayable within 12 months	10,000	-	(10,000)	-
Cash and cash equivalents	85,119	-	(17,474)	67,645
Total current assets	175,612	(2,475)	(75,800)	97,337
Total assets	349,135	(2,475)	(216,450)	130,210
Current liabilities				
Trade payables and other current liabilities	(211,626)	1,398	35,619	(174,609)
Provisions	(195)	-	-	(195)
Total current liabilities	(211,821)	1,398	35,619	(174,804)
Non-current assets less net current liabilities	137,314	(1,077)	(180,831)	(44,594)
Non-current liabilities				
Provisions	(4,825)	-	4,825	-
Pension liabilities	(296)	-	-	(296)
Other payables	(14,123)	-	-	(14,123)
Total non-current liabilities	(19,243)	-	4,825	(14,419)
Assets less liabilities	118,070	(1,077)	(176,006)	(59,013)
Reserves				
General reserves	118,070	(1,077)	(176,006)	(59,013)
	118,070	(1,077)	(176,006)	(59,013)

Notes (continued)

2.1 Transfers to the Homes and Communities Agency (HCA) (continued)

Statement of Comprehensive Net Expenditure – Group 2010/11 restated

	Performance at 31 March 2011	Coalfields Transfer	Stewardship Transfer	Performance at 31 March 2011 Restated
	£000	£000	£000	£000
Expenditure				
Programme expenditure	213,628	(603)	(24,923)	188,102
European funding expenditure	58,671	-	-	58,671
Staff costs	39,745	(45)	(1,237)	38,463
Depreciation and amortisation	1,513	-	(21)	1,492
Other administration expenditure	13,112	(30)	(196)	12,886
Other losses	19,242	(4,301)	(4,825)	10,116
Total expenditure	345,911	(4,979)	(31,202)	309,730
Income				
European funding	(71,040)	-	222	(70,818)
Other income	(22,543)	614	3,234	(18,695)
Other gains	(1,157)	30	972	(155)
Gain on disposal of assets	(1,708)	-	5	(1,703)
Total income	(96,448)	644	4,433	(91,371)
Net expenditure	249,463	(4,335)	(26,769)	218,359
Interest payable	19	-	-	19
Interest receivable and similar income	(3,359)	-	2,897	(462)
Net expenditure after interest	246,123	(4,335)	(23,872)	217,916
Taxation	1,498	-	(16)	1,482
Net expenditure taken to Grant in Aid Reserve	247,621	(4,335)	(23,888)	219,398

Notes (continued)

2.1 Transfers to the Homes and Communities Agency (HCA) (continued)

Statement of Cash Flows – Group 2010/11 restated

	Position at 31 March 2011	Coalfields Transfer	Stewardship Transfer	Position at 31 March 2011 Restated
	£000	£000	£000	£000
Cash outflows from operating activities				
Net expenditure after interest	(246,123)	4,335	23,872	(217,916)
Adjustments for:				
Depreciation and amortisation	1,513	-	(21)	1,492
(Profit) on disposal of inventories and property, plant and equipment	(6)	-	4	(2)
(Profit) on disposal of investments	(1,702)	-	-	(1,702)
Property, plant & equipment valuation write-down	39	-	(39)	-
Investments valuation write-down	4,268	-	(91)	4,177
Inventories valuation write-down	11,485	(4,301)	(1,551)	5,633
Inventories valuation write-back	(1,003)	30	973	-
(Surplus)/loss from share in joint ventures	3,193	-	(3,144)	49
(Surplus)/loss from share in associates	103	-	-	103
	(228,233)	64	20,003	(208,166)
(Increase)/decrease in trade and other receivables	(12,576)	(4,751)	5,603	(11,724)
Increase/(decrease) in trade and other payables	(83,633)	90	17,958	(65,585)
Increase/(decrease) in provisions	(392)	-	1,068	676
	(324,834)	(4,597)	44,632	(284,799)
Taxation paid	(1,947)	-	16	(1,931)
Net cash outflow from operating activities	(326,781)	(4,597)	44,648	(286,730)
Cash flow from investing activities				
Investment in joint venture	(1,054)	-	-	(1,054)
Investment in associate	1,100	-	-	1,100
Purchase of intangible assets	(63)	-	-	(63)
Purchase of property, plant and equipment	(32)	-	-	(32)
(Purchase)/Sale of investments	(3,512)	-	(10,000)	(13,512)
Loan repayments received	2,040	-	-	2,040
Return of un-invested funds	10,000	-	-	10,000
Purchase of inventories	(14,876)	6,101	926	(7,849)
Proceeds from disposal of property, plant and equipment	76	-	(1,503)	(1,427)
Proceeds from disposal of investments	1,818	-	-	1,818
Proceeds from disposal of inventories	8,016	-	-	8,016
Issue of Daresbury SIC Loan Note B	(5,862)	-	-	(5,862)

Notes (continued)

2.1 Transfers to the Homes and Communities Agency (HCA) (continued)

Repayment of loan note	12,000	-	(12,000)	-
Net cash outflow from investing activities	9,651	6,101	(22,577)	(6,825)
Cash flows from financing activities				
Grant in Aid received from BIS	317,543	-	-	317,543
EU financing for assets	435	-	-	435
Homes and Communities Agency financing for assets	6,101	(6,101)	-	-
	324,079	(6,101)	-	317,978
Net financing				
Net increase in cash and cash equivalents in the period	6,949	(4,597)	22,071	24,423
Cash and cash equivalents at 1 April 2011:				
Cash at bank and in hand	85,119	4,597	(22,071)	67,645
Cash and cash equivalents at 19 September 2011	92,068	-	-	92,068

Notes (continued)

2.1 Transfers to the Homes and Communities Agency (HCA) (continued)

Statement of Changes in Taxpayers' Equity – Group 2010/11 restated

	General Reserve	Revaluation Reserve	Grant in Aid Reserve	Total Reserves
	£000	£000	£000	£000
Balance at 1 April 2010	70,369	2,153	45,548	118,070
Changes in taxpayers' equity for 2010/11:				
Released from deferred income	6,533	-	-	6,533
Transfers between reserves	(4,271)	-	4,271	-
Actuarial gain	13	-	-	13
Net loss on revaluation of inventories	-	(471)	-	(471)
Retained deficit	(3,295)	-	(244,326)	(247,621)
Total recognised income and expense for 2010/11	(1,020)	(471)	(240,055)	(241,546)
Grant in Aid from BIS	-	-	317,543	317,543
Balance at 31 March 2011	69,352	1,682	123,036	194,070
Transferred to HCA				
Balance at 1 April 2010	(34,003)	(2,153)	(140,927)	(177,083)
Changes in taxpayers' equity for 2010/11:				
Released from deferred income	(6,101)	-	-	(6,101)
Transfers between reserves	4,271	-	(4,271)	-
Net loss on revaluation of inventories	-	471	-	471
Retained deficit	3,144	-	25,079	28,223
Total recognised income and expense for 2010/11	1,314	471	20,808	22,593
Grant in Aid from BIS	-	-	-	-
Balance at 31 March 2011	(32,689)	(1,682)	(120,119)	(154,490)
Position at 31 March 2011 restated				
Balance at 1 April 2010	36,366	-	(95,379)	(59,013)
Changes in taxpayers' equity for 2010/11:				
Released from deferred income	432	-	-	432
Transfers between reserves	2,917	-	(2,917)	-
Actuarial gain	13	-	-	13
Retained deficit	(151)	-	(219,247)	(219,398)
Total recognised income and expense for 2010/11	3,211	-	(222,164)	(218,953)
Grant in Aid from BIS	-	-	317,543	317,543
Balance at 31 March 2011	39,577	-	-	39,577

Notes (continued)

2.2 Transfers to other Government bodies

During the year the Agency ceased carrying out certain functions delegated to it by other Government bodies and transferred certain activities to BIS or to Non Departmental Public Bodies sponsored by it. Assets and liabilities were transferred for no consideration and are subject to acquisition accounting whereby the Agency shows the gain or loss arising on transfer and the receiving body shows the equal and opposite gain or loss received on the transfer. There was no net gain or loss of public funds as a result of these transfers.

Overall the Agency has shown losses of £40.2m and gains of £0.2m made up as follows:

The Department for Communities and Local Government (DCLG) revoked delegation for administration of the European Regional Development Fund (ERDF) on 1 July 2011. At the date of transfer the Agency had accounted for receipt of certain ERDF income and the payment of certain grants to beneficiaries, which will now be paid to those beneficiaries by DCLG. The Agency has credited £0.2m to the Statement of Comprehensive Net Expenditure in respect of these assets and liabilities:

	£000
Trade receivables and other current assets	(18,700)
Cash and cash equivalents	(57,232)
Trade payables and other current liabilities include deferred creditor	76,113
Gain on transfer to other Government bodies	181

The Department for the Environment and Rural Affairs (Defra) revoked delegation of the sub contract arrangement for administration of the Rural Development Programme for Europe. There was no impact on the Financial Statements of the Agency resulting from this revocation.

BIS revoked delegation of the functions of regional delivery of Grants for Business and Industry on 30 August 2011 and Grants for Research and Development on 1 September 2011. There was no impact on the Financial Statements of the Agency resulting from these revocations.

The Agency transferred its interests in eight venture capital funds and North West Business Finance Limited to BIS on various dates between 30 September 2011 and 10 October 2011. These transfers are dealt with under IFRS 3: Business Combinations, whereby the acquisitions will be accounted for at fair value at the date of acquisition. The receiving body acquired the assets for no consideration. The Agency has charged £23.3m to the Statement of Comprehensive Net Expenditure in respect of these assets and liabilities:

Notes (continued)

2.2 Transfers to other Government bodies (continued)

	Cost	Impairments	Net Book Value
	£000	£000	£000
Investments	(40,212)	19,345	(20,867)
Trade receivables	(109)		(109)
Cash and cash equivalents	(3,606)		(3,606)
Trade payables and other current liabilities	1,240		1,240
Loss on transfer to other Government bodies	(42,687)	19,345	(23,342)

The Agency transferred its interests in the Daresbury Science and Innovation Campus to the Science and Technology Facilities Council (STFC) (a Non Departmental Public Body sponsored by BIS) on 10 October 2011. This transfer is dealt with under IFRS 3: Business Combinations, whereby the acquisitions will be accounted for at fair value at the date of acquisition. The receiving body acquired the assets for no consideration. The Agency has charged £10.5m to the Statement of Comprehensive Net Expenditure in respect of these assets and liabilities:

	£000
Investment in Joint Ventures	(1,054)
Investment in Associates	2
Long Term Loans	(9,463)
Trade receivables	(190)
Trade payables	215
Loss on transfer to other Government bodies	(10,490)

The Agency transferred its remaining assets and liabilities to BIS under the North West Development Agency Transfer Scheme (No 2) 2012. The Agency charged £6.3m to the Statement of Comprehensive Net Expenditure in respect of these assets and liabilities:

	£000
Property, plant and equipment	(51)
Trade receivables	(2,452)
Cash and cash equivalents	(5,126)
Trade payables	1,294
Loss on transfer to other Government bodies	(6,335)

Summary

	£000
Property, plant and equipment	(51)
Investments	(20,867)
Investment in Joint Ventures	(1,054)
Investment in Associates	2
Long term loans	(9,463)
Trade receivables	(2,751)
Cash and cash equivalents	(8,732)
Trade payables	2,749
Loss on transfer to other Government bodies	(40,167)
Trade receivables and other current assets	(18,700)
Cash and cash equivalents	(57,232)
Trade payables and other current liabilities include deferred creditor	76,113
Gain on transfer to other Government bodies	181

Notes (continued)

3. Discontinued operations

The Agency ceased trading on 31 March 2012 and certain operations were transferred to other Government bodies, the effects of which are detailed in note 2. The remaining operations ceased completely and under IFRS 5, as interpreted by the FReM, are discontinued operations. Operations can be summarised as follows:

Operations that are continuing
- Venture capital loan funds transferred to BIS.
- Administration of ERDF grants transferred to DCLG.
- Administration of RDPE transferred to Defra.
- Activity on Olympics transferred to DCMS.

Operations that are discontinuing
- Administration of Grants for Business and Industry.
- Administration of Grants for Research and Development.
- Grant funded programmes.
- Activities transferred to new private sector contractors delivering Business Coaching for Growth, the Business Link Helpline, the Manufacturing Advisory Service, Regional economic Intelligence and Services to inward investors and exporters.

The Statement of Comprehensive Net Expenditure includes activities that are continuing or discontinued as follows:

Group	**2012 £000 Continuing**	**2012 £000 Discontinued**	2011 £000 Continuing	2011 £000 Discontinued
Expenditure				
Programme expenditure	**12,128**	**54,636**	27,601	160,501
European funding expenditure	**6,787**	**-**	58,671	-
Staff costs	**21,229**	**-**	38,463	-
Depreciation and amortisation	**800**	**-**	1,492	-
Other administration expenditure	**5,958**	**-**	12,886	-
Loss on transfer to other Government bodies	**-**	**40,167**	-	-
Other losses	**4,699**	**-**	10,116	-
Total expenditure	**51,601**	**94,803**	149,229	160,501
Income				
European funding	**(5,311)**	**-**	(62,685)	(8,133)
Other income	**(2,596)**	**-**	(18,695)	-
Other gains	**(181)**	**-**	-	-
Gain on transfer to other Government bodies	**-**	**(181)**	-	-
Gain on disposal of assets	**(2,877)**	**-**	(1,703)	-
Surplus from shares in subsidiaries, joint ventures and associates	**(447)**	**-**	(155)	-
Total income	**(11,412)**	**(181)**	(83,238)	(8,133)
Net expenditure	**40,189**	**94,622**	65,991	152,368
Interest payable	**39**	**-**	19	-
Interest receivable and similar income	**(452)**	**-**	(462)	-

Notes (continued)

3. Discontinued operations (continued)

Net expenditure after interest	**39,776**	**94,622**	65,548	152,368
Taxation	**803**	**12,919**	1,482	-
Net expenditure after tax taken to reserves	**40,579**	**107,541**	67,030	152,368

Cash flows from continuing or discontinued activities are as follows:

	2012 £000 Continuing	**2012 £000 Discontinued**	2011 £000 Continuing	2011 £000 Discontinued
Cash flows from operating activities	**(40,054)**	**(145,824)**	(53,367)	(233,364)
Cash flows from investing activities	**7,364**	**(128)**	(6,825)	-
Cash flows from financing activities	**32,690**	**69,145**	60,192	257,787
Net cash inflow / (outflow)	**-**	**(76,807)**	-	24,423

Agency	**2012 £000 Continuing**	**2012 £000 Discontinued**	2011 £000 Continuing	2011 £000 Discontinued
Expenditure				
Programme expenditure	**12,127**	**62,098**	27,601	175,157
European funding expenditure	**7,188**	**-**	59,708	-
Staff costs	**15,532**	**-**	22,735	-
Depreciation and amortisation	**561**	**-**	805	-
Other administration expenditure	**4,730**	**-**	7,051	-
Loss on transfer to other Government bodies	**-**	**40,167**	-	-
Other losses	**4,508**	**-**	10,896	-
Total expenditure	**44,646**	**102,265**	128,796	175,157
Income				
European funding	**(5,047)**	**-**	(62,685)	(8,133)
Other income	**(2,336)**	**-**	(13,019)	-
Other gains	**(181)**	**-**	-	-
Gain on transfer to other Government bodies	**-**	**(181)**	-	-
Gain on disposal of assets	**(2,849)**	**-**	(1,703)	-
Surplus from shares in subsidiaries, joint ventures and associates	**(1,509)**	**-**	(155)	-
Total income	**(11,922)**	**(181)**	(77,562)	(8,133)
Net expenditure	**32,724**	**102,084**	51,234	167,024
Interest payable	**39**	**-**	19	-
Interest receivable and similar income	**(449)**	**-**	(306)	-
Net expenditure after interest	**32,314**	**102,084**	50,947	167,024
Taxation	**803**	**12,919**	1,481	-
Net expenditure after tax taken to reserves	**33,117**	**115,003**	52,428	167,024

Notes (continued)

3. Discontinued operations (continued)

Cash flows from continuing or discontinued activities are as follows:

	2012 £000 Continuing	2012 £000 Discontinued	2011 £000 Continuing	2011 £000 Discontinued
Cash flows from operating activities	**(52,688)**	**(135,464)**	(39,277)	(247,343)
Cash flows from investing activities	**14,367**	**-**	1,187	-
Cash flows from financing activities	**38,301**	**63,534**	38,090	279,889
Net cash inflow / (outflow)	**-**	**(71,930)**	-	32,546

4. Analysis of expenditure by segment

The Corporate Plan 2008-2011 set out how the Agency would deliver its major responsibilities under the Regional Economic Strategy. This was presented under 11 corporate objectives listed below which are designed to improve competitiveness and productivity across the region's business, people and places.

	2012 Group £000	2012 Agency £000	2011 Restated Group £000	2011 Restated Agency £000
Programme expenditure analysis by objective:				
Internationally competitive sectors	**19,691**	**19,691**	43,845	43,845
Enterprise	**10,276**	**17,738**	25,042	39,560
Innovation	**8,024**	**8,024**	22,760	22,760
Internationalisation	**1,581**	**1,581**	4,842	4,842
Leadership	**2,090**	**2,090**	6,296	6,296
Higher level skills	**413**	**413**	8,005	8,005
Size of the workforce	**127**	**127**	(219)	(219)
Employment sites	**2,215**	**2,215**	11,166	11,166
Creating conditions for private sector investment	**12,157**	**12,157**	45,851	45,851
Climate change and sustainable consumption	**3,071**	**3,071**	10,357	10,357
Marketing the region	**1,108**	**1,108**	4,343	4,343
	60,753	**68,215**	182,288	196,806
Other	**5,981**	**5,981**	7,466	7,604
Total programme expenditure	**66,734**	**74,196**	189,754	204,410
European funding expenditure	**6,787**	**7,188**	58,671	59,708
	73,521	**81,384**	248,425	264,118
Other expenditure not classified by reporting segment	**68,919**	**60,720**	52,770	52,770
	142,440	**142,104**	301,195	316,888

Notes (continued)

4. Analysis of expenditure by segment (continued)

Expenditure contained in: Statement of Comprehensive Net Expenditure:				
Grants paid to private sector	**45,571**	**53,033**	103,565	118,083
Grants paid to public sector	**12,441**	**12,441**	64,201	64,201
Non-grant programme expenditure	**8,752**	**8,752**	20,336	20,474
Programme expenditure	**66,764**	**74,226**	188,102	202,758
European funding expenditure	**6,787**	**7,188**	58,671	59,708
Statement of Financial Position:				
Operating assets	**-**	**-**	(20)	(20)
Investments	**122**	**122**	173	173
Investments in subsidiaries	**-**	**-**	(5,250)	(5,250)
Investments in associates	**-**	**-**	(1,100)	(1,100)
Inventories – development assets	**(152)**	**(152)**	7,849	7,849
	73,521	**81,384**	248,425	264,118
Other expenditure not classified by reporting segment	**68,919**	**60,720**	52,770	52,770
Total expenditure	**142,440**	**142,104**	301,195	316,888

5. Staff numbers and related costs

	2012	**2012**	2011	2011
			Restated	Restated
	Group	**Agency**	Group	Agency
	£000	**£000**	£000	£000
Board Members				
Board Members' salaries	**209**	**209**	220	220
Chair's pension contributions	**28**	**28**	9	9
Social security costs	**16**	**16**	17	17
	253	**253**	246	246
Staff				
Salaries and wages	**9,025**	**5,858**	26,225	15,426
Pension costs	**1,730**	**1,311**	4,180	2,947
Social security costs	**1,058**	**598**	2,633	1,350
Redundancy costs	**9,159**	**7,508**	4,807	2,495
	20,972	**15,275**	37,845	22,218
Temporary staff				
Recruitment agency staff	**-**	**-**	294	193
Seconded staff salary costs	**4**	**4**	78	78
	4	**4**	372	271
Total salaries and wages	**21,229**	**15,532**	38,463	22,735

Notes (continued)

5. Staff numbers and related costs (continued)

The average number of staff employed by the Agency during the year was 156, comprised of 155 permanent and 1 contractor (2011 (restated) 378, comprised of 377 permanent and 1 contractor).

Staff sickness absence data

	2012 Total	2011 Total
Total number of sick absence days	**227**	2,075
Sick absence days attributable to long term sickness (included in above)	**66**	749
Average sick absence days (excluding long term sick)	**2.6**	4.1

Average number of staff employed by subsidiaries during the year:

	2012 Total	2011 Total
North West Business Link	**123**	280

Reporting of Civil Service and other compensation schemes –exit packages

Exit package cost band	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	2011
< £10,000	**24**	**25**	**49**	22
£ 10,000 - £ 25,000	**51**	**26**	**77**	44
£ 25,001 - £ 50,000	**25**	**11**	**36**	34
£ 50,001 - £100,000	**7**	**6**	**13**	8
£ 100,001 - £150,000	**2**	**3**	**5**	-
£ 150,001 - £200,000	**0**	**8**	**8**	-
Total number of exit packages	**109**	**79**	**188**	108
Total resource cost / £000	**2,570**	**3,567**	**6,137**	2,448

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. Exit costs are accounted for in full in the year of departure. Voluntary redundancies are included in the number of other departures agreed. Where voluntary redundancy has included an employer top up payment (where the employee opts for early payment of pension without actuarial reduction), this cost has been included in the table.

Notes (continued)

6. 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 2011/12, employer's contributions of £1,184,563 (2010/11 £2,899,590) 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.

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

Notes (continued)

6. Pensions (continued)

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.

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 2011/12 employer's contributions of £30,562 (2010/11 £66,413) were paid to one or more of a panel of three appointed stakeholder pension providers, with £1,792 (2010/11 £4,153) being the cost of risk benefit cover.

Homes and Communities Agency Pension Scheme
Former employees of English Partnerships participate in the Homes and Communities Agency Pension Scheme. This scheme is a multi-employer defined benefit scheme but NWDA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2010 and more details can be found in the separate scheme statement of the Homes and Communities Agency Pension Scheme. For 2011/12, normal employer contributions of £137,016 were payable to the

Notes (continued)

6. Pensions (continued)

Homes and Communities Agency Pension Scheme (2010/11 £175,606) at the rate of 29.1% of pensionable pay (2010/11 29.1%). It has been agreed that contributions will be reviewed on an annual basis although the Actuary conducts a full revaluation of the fund every three years. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and they reflect past experience of the scheme. At the Statement of Financial Position date there were no outstanding or prepaid contributions to the scheme. Liabilities under this scheme were transferred to BIS 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
With the approval of BIS, a 'by analogy' pension scheme has been put in place for the Chairman with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme (PCSPS) but which are funded directly by the Agency. The Agency is 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 the Agency, underwritten by BIS. Liabilities under this scheme were transferred to BIS under the North West Development Agency Transfer Scheme (No 2) 2012.

7. Other expenditure

	Group 2012 £000	**Agency 2012 £000**	Group 2011 Restated £000	Agency 2011 Restated £000
Depreciation:				
Depreciation of property, plant and equipment	**696**	**538**	1,152	659
Amortisation of intangible assets	**104**	**23**	340	146
	800	**561**	1,492	805
Other Losses:				
Asset valuation write-downs:				
Property, plant and equipment	**712**	**712**	-	-
Inventories - development assets	**-**	**-**	5,633	5,633
Investments	**3,987**	**3,796**	4,177	4,177
	4,699	**4,508**	9,810	9,810
Losses from shares in:				
Subsidiaries	**-**	**-**	-	780
Joint ventures	**-**	**-**	49	49
Associates	**-**	**-**	257	257
	4,699	**4,508**	10,116	10,896
Other administration expenditure:				
Marketing and PR	**155**	**99**	1,860	599
Office costs	**1,795**	**1,462**	3,017	1,973

Notes (continued)

7. Other expenditure

IT and communication	**876**	**467**	2,085	594
Rentals under operating leases	**1,413**	**1,174**	2,354	1,705
Other staff costs	**281**	**197**	799	431
Travel and subsistence	**281**	**204**	926	596
Professional costs	**578**	**573**	924	556
External auditors' remuneration (National Audit Office)	**121**	**96**	108	72
Estate management	**(67)**	**(67)**	290	2
Bad and doubtful debts	**4**	**4**	523	523
Irrecoverable VAT	**521**	**521**	-	-
	5,958	**4,730**	12,886	7,051
	11,457	**9,799**	24,494	18,752

8. Income

	Group	**Agency**	Group	Agency
	2012	**2012**	2011 Restated	2011 Restated
	£000	**£000**	£000	£000
Activity based income:				
European funding	**5,311**	**5,047**	70,818	70,818
Other activity based income:				
Other government grants	**513**	**490**	6,367	1,251
Self –generated income:				
Rents and maintenance charges	**135**	**135**	1,219	1,012
Clawback of grant and contributions	**-**	**-**	3,234	3,234
Other Income	**1,948**	**1,711**	7,875	7,522
	2,596	**2,336**	18,695	13,019
Gain/(loss) on disposal of assets:				
Property, plant and equipment	**(32)**	**(60)**	2	2
Inventories - development assets	**3,600**	**3,600**	-	-
Investments	**(691)**	**(691)**	1,702	1,702
	2,877	**2,849**	1,704	1,704
Other gains:				
Asset valuation write-backs :				
Inventories - development assets	**58**	**58**	-	-
Investments	**123**	**123**	-	-
	181	**181**	-	-
Surplus from shares in:				
Subsidiaries	**-**	**1,062**	-	-
Associates	**447**	**447**	154	154
	447	**1,509**	154	154
Total income	**11,412**	**11,922**	91,371	85,695

Notes (continued)

9. Interest

	Group 2012 £000	Agency 2012 £000	Group 2011 £000	Agency 2011 £000
Interest payable				
Other	**39**	**39**	19	19
Interest receivable and similar income				
Interest on Loan Notes	**(138)**	**(138)**	(52)	(52)
Bank interest receivable	**(314)**	**(312)**	(409)	(253)
Miscellaneous interest	**-**	**-**	(1)	(1)
Total income	**(452)**	**(450)**	(462)	(306)

10. Taxation

Analysis of the Group tax charge in year:	**2012** £000	2011 Restated £000
Current taxation		
UK Corporation Tax	**13,122**	816
Adjustments in respect of prior years	**600**	666
	13,722	1,482

b) Factors affecting the tax charge for the year:

The effective rate of tax for the year is more than the standard rate of Corporation Tax in the UK of 26% (2010/11 28%).
The differences are explained below

	2012	2011
Net expenditure on ordinary activities	**(134,398)**	(219,803)
Net expenditure on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 26% (2010/11 28%). NWDA and 20% (2010/11 21%) North West Business Link	**(35,007)**	(61,548)
Effect of:		
Income and expenditure not subject to Corporation Tax	**(212)**	164
Non taxable grant funding	**(1,861)**	(30,678)
Non relievable grant funded expenditure	**26,700**	91,210
Expenses not deductible for tax purposes	**10,828**	84
Depreciation for the year in excess of capital allowances	**135**	(3)
Utilisation/creation of Self Generated Funds deficit	**10,367**	852
Other timing differences	**(1)**	(1)
Creation/utilisation of tax losses	**(2,860)**	-
Results of NorwePP LP	**(25)**	-
Results of Rising Stars	**(20)**	40
Results of North West Seed Fund	**63**	30
Results of North West BIS	**73**	539
Results of NW VCLF HF LLP	**20**	12
Adjustments in respect of prior years	**600**	667
Adjustments in respect of interest held on Statement of Financial Position (current year)	**84**	114
Chargeable gain on disposal of subsidiaries, joint ventures and associates	**4,845**	-
Income tax withheld from interest (North West BIS)	**(7)**	-
	13,722	1,482

Notes (continued)

10. Taxation (continued)

c) Factors that may affect future tax charges/credits:

The Agency expects its effective rate in future years to exceed the standard rate of Corporation Tax in the UK principally due to non relievable grant funded expenditure.

A potential Deferred Tax asset totalling £44k has been calculated by the Agency's tax advisers for 2011/12 (2010/11 £2.4m) largely as a result of accumulated tax losses. It is not considered probable that taxable profits will arise in the future to utilise these losses. For this reason, in accordance with IAS 12, an asset has not been recognised in the accounts.

Notes (continued)

11. Property, plant and equipment

Group	Buildings	Leasehold improve-ments	Information technology	Plant and machinery	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2011 (restated)	34	960	5,117	83	2,410	8,604
Disposals	-	-	(2,444)	-	(615)	(3,059)
Transfer to other Government bodies	-	-	(2,090)	-	(433)	(2,523)
At 31 March 2012	34	960	583	83	1,362	3,022
Depreciation						
At 1 April 2011 (restated)	29	298	4,548	48	2,076	6,999
Charged in year	5	132	412	17	131	697
Disposals	-	-	(2,398)	-	(516)	(2,914)
Transfer to other Government bodies	-	-	(2,044)	-	(428)	(2,472)
Impairments	-	530	65	18	99	712
At 31 March 2012	34	960	583	83	1,362	3,022
Net Book Value						
At 31 March 2012	-	-	-	-	-	-
Non-current assets	-	662	391	35	286	1,374
Current assets	5	-	178	-	48	231
At 31 March 2011 (restated)	5	662	569	35	334	1,605

Group	Buildings	Leasehold improve-ments	Information technology	Plant and machinery	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2010 (restated)	34	960	5,170	83	2,406	8,653
Additions	-	-	28	-	4	32
Disposals	-	-	(81)	-	-	(81)
At 31 March 2011 (restated)	34	960	5,117	83	2,410	8,604
Depreciation						
At 1 April 2010 (restated)	17	166	3,853	32	1,785	5,853
Charged in year	12	132	701	16	291	1,152
Disposals	-	-	(6)	-	-	(6)
At 31 March 2011 (restated)	29	298	4,548	48	2,076	6,999

Notes (continued)

11. Property, plant and equipment (continued)

Net Book Value:						
Non-current assets	-	662	391	35	286	1,374
Current assets	5	-	178	-	48	231
At 31 March 2011 (restated)	**5**	**662**	**569**	**35**	**334**	**1,605**
At 31 March 2010 (restated)	17	794	1,317	51	621	2,800

Agency	**Leasehold improvements** £000	**Information technology** £000	**Plant and machinery** £000	**Furniture and fittings** £000	**Total** £000
Cost or valuation					
At 1 April 2011 (restated)	960	2,669	83	1,861	5,573
Additions	-	-	-	-	-
Disposals	-	(2,086)	-	(499)	(2,585)
At 31 March 2012	960	583	83	1,362	2,988
Depreciation					
At 1 April 2011 (restated)	298	2,278	48	1,575	4,199
Charged in year	132	289	16	101	538
Disposals	-	(2,048)	-	(413)	(2,461)
Impairments	530	64	19	99	712
At 31 March 2012	960	583	83	1,362	2,988
Net Book Value					
At 31 March 2012	**-**	**-**	**-**	**-**	**-**
At 31 March 2011 (restated)	662	391	35	286	1,374

	Leasehold improvements £000	**Information technology** £000	**Plant and machinery** £000	**Furniture and fittings** £000	**Total** £000
Cost or valuation					
At 1 April 2010 (restated)	960	2,750	83	1,861	5,654
Disposals	-	(81)	-	-	(81)
At 31 March 2011 (restated)	960	2,669	83	1,861	5,573
Depreciation					
At 1 April 2010 (restated)	166	1,920	32	1,429	3,547
Charged in year	132	364	16	146	658
Disposals	-	(6)	-	-	(6)
At 31 March 2011 (restated)	298	2,278	48	1,575	4,199

Notes (continued)

11. Property, plant and equipment (continued)

Net Book Value					
At 31 March 2011 (restated)	662	391	35	286	1,374
At 31 March 2010 (restated)	794	830	51	432	2,107

12. Intangible operating assets

Intangible assets comprise software licences

	Group	**Agency**
	£000	£000
Cost		
As at 1 April 2011 (restated)	2,001	1,632
Additions in year	-	-
As at 31 March 2012	2,001	1,632
Amortisation		
As at 1 April 2011 (restated)	1,897	1,609
Amortisation in year	104	23
As at 31 March 2012	2,001	1,632
Net Book Value:		
As at 31 March 2012	**-**	**-**
As at 31 March 2011 (restated)	-	23

	Group	**Agency**
	£000	£000
Cost		
As at 1 April 2010 (restated)	1,938	1,632
Additions in year	63	-
As at 31 March 2011 (restated)	2,001	1,632
Amortisation		
As at 1 April 2010 (restated)	1,557	1,463
Amortisation in year	340	146
As at 31 March 2011 (restated)	1,897	1,609
Net Book Value:		
Non-current assets	23	23
Current assets	81	-
As at 31 March 2011 (restated)	104	23
As at 31 March 2010 (restated)	381	169

Notes (continued)

13. Investments held as fixed asset investments

Group	North West BIS £000	North West Seed Fund £000	Rising Stars £000	Transitional Loan Fund £000	Held by Subsidiary £000	Total £000
Cost						
At 1 April 2011 (restated)	22,443	1,085	8,450	5,620	3,240	40,838
Additions	128	-	-	-	-	128
Return of un-invested funds	(748)	-	-	-	-	(748)
Transfer to other Government bodies	(21,823)	(1,085)	(8,450)	(5,620)	(3,240)	(40,218)
At 31 March 2012	-	-	-	-	-	-
Impairments						
At 1 April 2011 (restated)	9,869	(18)	3,426	2,210	-	15,487
Movement in provision	1,938	(123)	570	872	607	3,864
Transfer to other Government bodies	(11,807)	141	(3,996)	(3,082)	(607)	(19,351)
At 31 March 2012	-	-	-	-	-	-
Net Book Value						
At 31 March 2012	**-**	**-**	**-**	**-**	**-**	**-**
Net Book Value						
At 31 March 2011 (restated)	12,574	1,103	5,024	3,410	3,240	25,351

Agency	North West BIS £000	North West Seed Fund £000	Rising Stars £000	Transitional Loan Fund £000	Total £000
Cost					
At 1 April 2011 (restated)	22,443	1,085	8,450	5,620	37,598
Additions	128	-	-	-	128
Return of un-invested funds	(748)	-	-	-	(748)
Transferred to BIS	(21,823)	(1,085)	(8,450)	(5,620)	(36,978)
At 31 March 2012	-	-	-	-	-
Impairments					
At 1 April 2011 (restated)	9,869	(18)	3,426	2,210	15,487
Movement in provision	1,938	(123)	570	872	3,257
Transferred to BIS	(11,807)	141	(3,996)	(3,082)	(18,744)
At 31 March 2012	-	-	-	-	-
Net Book Value					
At 31 March 2012	**-**	**-**	**-**	**-**	**-**
Net Book Value					
At 31 March 2011 (restated)	12,574	1,103	5,024	3,410	22,111

Notes (continued)

13. Investments held as fixed asset investments (continued)

Group	North West BIS £000	North West Seed Fund £000	Rising Stars £000	Transitional Loan Fund £000	Held by subsidiary £000	Total £000
Cost						
At 1 April 2010 (restated)	22,007	2,870	8,412	5,620	573	39,482
Additions	503	-	87	-	2,922	3,512
Disposals	(67)	-	(49)	-	-	(116)
Repayments in year	-	(1,785)	-	-	(255)	(2,040)
At 31 March 2011 (restated)	22,443	1,085	8,450	5,620	3,240	40,838
Impairments						
At 1 April 2010 (restated)	8,080	(36)	1,341	1,924	-	11,309
Movement in provision	1,789	18	2,085	286	-	4,178
At 31 March 2011 (restated)	9,869	(18)	3,426	2,210	-	15,487
Net Book Value At 31 March 2011 (restated)	**12,574**	**1,103**	**5,024**	**3,410**	**3,240**	**25,351**
Net Book Value At 31 March 2010 (restated)	13,927	2,906	7,071	3,696	573	28,173
Agency Interest 31 March 2011	75.00%	100.00%	52.94%	100.00%	100.00%	
Agency Interest 31 March 2010	75.00%	100.00%	52.94%	100.00%	100.00%	

Agency	North West BIS £000	North West Seed Fund £000	Rising Stars £000	Transitional Loan Fund £000	Total £000
Cost					
At 1 April 2010 (restated)	22,007	2,870	8,412	5,620	38,909
Additions	503	-	87	-	590
Disposals	(67)	-	(49)	-	(116)
Repayments in year	-	(1,785)	-	-	(1,785)
At 31 March 2011(restated)	22,443	1,085	8,450	5,620	37,598
Impairments					
At 1 April 2010 (restated)	8,080	(36)	1,341	1,924	11,309
Movement in provision	1,789	18	2,085	286	4,178
At 31 March 2011 (restated)	9,869	(18)	3,426	2,210	15,487
Net Book Value **At 31 March 2011 (restated)**	**12,574**	**1,103**	**5,024**	**3,410**	**22,111**
Net Book Value At 31 March 2010 (restated)	13,927	2,906	7,071	3,696	27,600

Notes (continued)

14. Interests in subsidiaries, associates and joint ventures

Subsidiaries

Name	Interest	Nature	Type
Estuary Management Company Limited	100%	Provision of Services at the Estuary Commerce Park (transferred to HCA on 19 September 2011)	Company Limited by Guarantee
NorwePP (NWDA Subsidiary) Limited	100%	Shareholder in NorwePP (General Partner) Limited (transferred to HCA on 19 September 2011)	Private Limited Company
NW VCLF HF LLP	100%	Investment in SMEs via equity and loan finance (transferred to BIS on 30 September 2011)	Limited Liability Partnership
North West Business Link Limited	100%	Business support, advice and information service (transferred to BIS on 30 March 2012)	Company Limited by Guarantee

Joint Ventures

Name	Interest	Nature	Type
Central Salford URC Limited	33.333%	Regeneration of Central Salford (date of withdrawal 6 May 2011)	Company Limited by Guarantee
NorwePP Limited Partnership	49.95%	Investment in properties in the North West (transferred to HCA on 19 September 2011)	Limited Partnership
NorwePP (General Partner) Limited	50%	General partner of NorwePP Limited Partnership (transferred to HCA on 19 September 2011)	Private Limited Company
Daresbury SIC (Pubsec) LLP	33.333%	Investment in Daresbury Science and Innovation Campus (date of withdrawal 10 October 2011)	Limited Liability Partnership

Associates

Name	Interest	Nature	Type
Liverpool Vision Limited URC	33.333%	Urban Regeneration of Liverpool (date of withdrawal 29 September 2011)	Company Limited by Guarantee
Maryport Developments Limited	20.4% ordinary share capital 100% preference share capital	Management of the Development of Maryport Harbour (date of withdrawal 13 December 2011)	Private Limited Company
North West Business Finance Limited	20%	Investment in SMEs via equity and loan finance (transferred to BIS on 10 October 2011)	Private Limited Company
Daresbury Science and Innovation Campus Limited	16.667%	Management of Daresbury Science and Innovation Campus (date of withdrawal 10 October 2011)	Company Limited by Guarantee

Notes (continued)

14. Interests in subsidiaries, associates and joint ventures (continued)

Key Financial Results of Subsidiaries

	2012 Total £000	2012 Agency share £000	2011 Total £000	2011 Agency share £000
Estuary Management Company Limited - profit/(loss) for the year after taxation	-	-	-	-
North West Business Link Limited - profit/(loss) for the year after taxation	1,062	1,062	(588)	(588)
NW VCLF HF LLP - (loss) for the year after taxation	-	-	(192)	(192)
Total (Loss)/Profit of Subsidiaries for the year after taxation	1,062	1,062	(780)	(780)

Investments in Net Assets of Subsidiaries

	2012 Total £000	2012 Agency share £000	2011 Total £000	2011 Agency share £000	2010 Total £000	2010 Agency share £000
Gross Assets						
North West Business Link Limited	-	-	4,811	4,811	4,850	4,850
NW VCLF HF LLP	-	-	12,734	12,734	18,240	18,240
	-	-	17,545	17,545	23,090	23,090
Gross Liabilities						
North West Business Link Limited	-	-	1,247	1,247	698	698
NW VCLF HF LLP	-	-	30	30	94	94
	-	-	1,277	1,277	792	792
Net Assets						
North West Business Link Limited	-	-	3,564	3,564	4,152	4,152
NW VCLF HF LLP	-	-	12,704	12,704	18,146	18,146
	-	-	16,268	16,268	22,298	22,298

Key Financial Results of Joint Ventures

	2012 Total £000	2012 Agency share £000	2011 Total £000	2011 Agency share £000
New East Manchester Limited - profit/(loss) for the year after taxation	-	-	(32)	(10)
Central Salford URC Limited - profit/(loss) for the year after taxation	-	-	(41)	(14)
Daresbury SIC (Pubsec) LLP - profit/(loss) for the period after taxation	-	-	-	-
Total Profit/(Loss) of Joint Ventures for the year after taxation	-	-	(73)	(24)

Notes (continued)

14. Interests in subsidiaries, associates and joint ventures (continued)

Investments in Net Assets of Joint Ventures

	2012 Total £000	**2012 Agency share £000**	2011 Total £000	2011 Agency share £000	2010 Total £000	2010 Agency share £000
Gross Assets						
New East Manchester Limited	-	-	-	-	634	211
Re Blackpool URC Limited	-	-	-	-	166	83
Central Salford URC Limited	-	-	-	-	224	75
Daresbury SIC (Pubsec) LLP	-	-	1,054	1,054	-	-
	-	-	1,054	1,054	1,024	369
Gross Liabilities						
New East Manchester Limited	-	-	-	-	490	162
Re Blackpool URC Limited	-	-	-	-	166	83
Central Salford URC Limited	-	-	-	-	224	75
Daresbury SIC (Pubsec) LLP	-	-	-	-	-	-
	-	-	-	-	880	320
Net Assets						
New East Manchester Limited	-	-	-	-	144	49
Re Blackpool URC Limited	-	-	-	-	-	-
Central Salford URC Limited	-	-	-	-	-	-
Daresbury SIC (Pubsec) LLP	-	-	1,054	1,054	-	-
	-	-	1,054	1,054	144	49

Key Financial Results of Associates

	2012 Total £000	**2012 Agency share £000**	2011 Total £000	2011 Agency share £000
Liverpool Vision Limited - profit for the year after taxation	**487**	**163**	203	68
Maryport Developments Limited - profit/(loss) for the year after taxation	**1,379**	**281**	(150)	(31)
North West Business Finance Limited - (loss) for the year after taxation	**-**	**-**	-	-
Daresbury Science and Innovation Campus Limited - profit for the year after taxation	**18**	**3**	-	-
Hadrian's Wall Heritage Limited - profit for the year after taxation	**-**	**-**	26	6
Total Profit/(Loss) of Associates for the year after taxation	**1,884**	**447**	79	43

Notes (continued)

14. Interests in subsidiaries, associates and joint ventures (continued)

Investments in Net Assets of Associates

	2012 Total £000	**2012 Agency share £000**	2011 Total £000	2011 Agency share £000	2010 Total £000	2010 Agency share £000
Gross Assets						
Liverpool Vision Limited	-	-	3,135	1,045	5,052	1,684
Furness West Cumbria New Vision Limited	-	-	-	-	1,051	210
Maryport Developments Limited	-	-	3,653	745	3,169	647
North West Business Finance Limited	-	-	209,172	41,834	185,776	38,255
Cumbria Vision Limited	-	-	-	-	91	11
Daresbury Science and Innovation Campus Limited	-	-	587	98	1,131	189
Hadrian's Wall Heritage Limited	-	-	-	-	1,542	385
	-	-	216,547	43,722	197,812	41,381
Gross Liabilities						
Liverpool Vision Limited	-	-	2,146	715	3,543	1,181
Furness West Cumbria New Vision Limited	-	-	-	-	968	193
Maryport Developments Limited	-	-	4,057	828	3,308	675
North West Business Finance Limited	-	-	209,172	41,834	186,428	37,285
Cumbria Vision Limited	-	-	-	-	280	35
Daresbury Science and Innovation Campus Limited	-	-	618	103	1,151	192
Hadrian's Wall Heritage Limited	-	-	-	-	1,499	375
	-	-	215,993	43,480	197,177	39,936
Net Assets						
Liverpool Vision Limited	-	-	989	330	1,509	503
Furness West Cumbria New Vision Limited	-	-	-	-	83	17
Maryport Developments Limited	-	-	(404)	(83)	(139)	(28)
North West Business Finance Limited	-	-	-	-	(652)	970
Cumbria Vision Limited	-	-	-	-	(189)	(24)
Daresbury Science and Innovation Campus Limited	-	-	(31)	(5)	(20)	(3)
Hadrian's Wall Heritage Limited	-	-	-	-	43	10
	-	-	554	242	635	1,445

The Agency transferred its interest in Daresbury Science and Innovation Campus Limited to STFC, and its interests in North West Business Finance Limited to BIS, on 10 October 2011. The assets at the date of transfer are shown in note 2. As part of winding down its operations the Agency withdrew its membership from the following associates:

Notes (continued)

14. Interests in subsidiaries, associates and joint ventures (continued)

Name	Type	Interest	Date of withdrawal	Net Assets at withdrawal date £000	Agency membership interest £000
Liverpool Vision Limited	Company Limited by Guarantee	33.33%	29 September 2011	1,179	393
Maryport Developments Limited	Company Limited by Guarantee	20.4%	13 December 2011	975	199

15. Financial assets – long term loans

Daresbury SIC LLP	Group 2012 £000	Agency 2012 £000
Cost:		
As at 1 April 2011	5,862	5,862
Additions	3,601	3,601
Transferred to other Group bodies	(9,463)	(9,463)
As at 31 March 2012	-	-

	Group 2011 Restated £000	Agency 2011 Restated £000
Cost:		
As at 1 April 2010	-	-
Arising in year –Daresbury SIC LLP	6,916	6,916
Transferred to Investments in Joint Ventures –Daresbury SIC (Pubsec) LLP	(1,054)	(1,054)
As at 31 March 2011	5,862	5,862
Repayable within 12 months	-	-
Repayable after more than one year	5,862	5,862

During the year building 3 (Vanguard House) was transferred Daresbury SIC LLP at an agreed valuation of £4,004,000, in return for the issue of Loan Notes as follows:

Loan Note A	£ 402,800
Loan Note B	£3,601,200

Loan Note A was issued on 14 December 2010 and Loan Note B was issued on 12 May 2011.

Both A Loan Notes, which are only repayable on the termination of the partnership, were immediately assigned by the Agency to Daresbury SIC (Pubsec) LLP. The value of Loan Note A will be determined at the end of the partnership.

Notes (continued)

15. Financial assets – long term loans (continued)

The B Loan Notes become due and payable after a 5 years' holiday on payment and are subject to an agreed repayment profile. They carry interest at a rate of 3% per annum but payment is deferred until three years from the date of completion. Interest to the value of £137,974 has been accrued for the period to 10 October 2011 (2011 - £52,033).

All Loan Notes issued are secured against the assets of Daresbury SIC LLP. The B Loan Notes issued to the Agency rank ahead of the Daresbury SIC (Pubsec) LLP A Loan Notes and the Langtree Daresbury Limited A Loan Notes which rank alongside each other.

The Agency's assets and liabilities in relation to Daresbury were transferred to STFC by virtue of a Transfer Agreement dated 10 October 2011.

16. Financial instruments

As the cash requirements of the Agency are met through Grant in Aid provided by BIS, financial instruments play a more 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.

Group

Loans and Receivables Categories of Financial Instruments	**2012**	2011 Restated	2010 Restated
Financial Assets	**£000**	£000	£000
Trades and other receivables	-	5,468	1,749
Investments	-	26,647	29,666
Long term loans	-	5,862	-
ERDF deposits received in advance	-	39,998	33,734
Cash and cash equivalents	-	52,070	51,385
	-	130,045	116,534

	Other financial liabilities £000	Other financial liabilities £000	Other financial liabilities £000
Trade and other payables	-	55,170	67,087

Notes (continued)

16. Financial instruments (continued)

Agency

Loans and Receivables Categories of Financial Instruments	**2012**	2011 Restated	2010 Restated
Financial Assets	**£000**	£000	£000
Trades and other receivables	**1,186**	5,099	1,406
Investments	**-**	39,675	51,391
Long term loans	**-**	5,862	-
ERDF deposits received in advance	**-**	39,998	33,734
Cash and cash equivalents	**8,063**	41,208	32,400
	9,249	131,842	118,931

Financial Liabilities	**2012**	2011 Restated	2010 Restated
	£000	£000	£000
Trade and other payables	**14,199**	54,386	67,039

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.

17. Impairments

	2012 **£000**	2011 Restated £000
The total impairment charge for the year is made up as follows:		
Charged direct to the Statement of Comprehensive Net Expenditure:		
Property, plant and equipment	**712**	-
Investments	**3,987**	4,177
Development property assets	**-**	5,633
Loss from share in joint ventures	**-**	49
Loss from share in associates	**-**	257
Total charge	**4,699**	10,116

Notes (continued)

18. Inventories - development assets

Group	2012	2011 Restated	2010 Restated
	£000	£000	£000
As at 1 April	**6,504**	10,800	12,400
Additions in year	**-**	7,849	1,185
Transfers to Daresbury SIC LLP	**(4,004)**	(6,513)	-
Disposals	**(2,500)**	-	-
Amounts written down	-	(5,633)	(2,785)
Amounts written back	-	1	-
As at 31 March	-	6,504	10,800

Agency	2012	2011 Restated	2010 Restated
	£000	£000	£000
As at 1 April	**6,504**	10,800	12,400
Additions in year	**-**	7,849	1,185
Transfers to Daresbury SIC LLP	**(4,004)**	(6,513)	-
Disposals	**(2,500)**	-	-
Amounts written down	**-**	(5,633)	(2,785)
Amounts written back	**-**	1	-
As at 31 March	**-**	6,504	10,800

19. Trade receivables and other current assets

Group	2012	2011 Restated	2010 Restated
	£000	£000	£000
Trade receivables	**-**	5,032	1,412
Other receivables	**-**	167	48
Prepayments and accrued income	**-**	25,174	17,167
Corporation Tax	**-**	-	-
Value Added Tax	**-**	5	6
European Regional Development Fund	**-**	211	259
	-	30,589	18,892

Intra-government balance analysis:	2012	2011 Restated	2010 Restated
	£000	£000	£000
Balances with other Central Government bodies	**-**	18,061	10,987
Balances with NHS Trusts	**-**	-	22
Balances with bodies external to Government	**-**	12,528	7,883
	-	30,589	18,892

Non-current assets	2012	2011	2010 Restated
	£000	£000	£000
Prepayments and accrued income	**-**	52	25

Notes (continued)

19. Trade receivables and other current assets (continued)

Agency

	2012	2011 Restated	2010 Restated
	£000	£000	£000
Trade receivables	**107**	4,823	1,099
Other receivables	**86**	12	48
Prepayments and accrued income	**-**	24,253	15,213
Corporation Tax	**993**	-	-
European Regional Development Fund	**-**	211	259
	1,186	29,299	16,619

Intra-government balance analysis:

	£000	£000	£000
Balances with other Central Government bodies	**1,056**	18,061	10,682
Balances with NHS Trusts	**-**	-	22
Balances with bodies external to Government	**130**	11,238	5,915
	1,186	29,299	16,619

Non-current assets	2012	2011	2010 Restated
	£000	£000	£000
Prepayments and accrued income	**-**	52	-

20. Cash and cash equivalents

Group

	2012	2011 Restated	2010 Restated
	£000	£000	£000
Balance at 1 April	**92,068**	67,645	87,227
Net change in cash and cash equivalent balances	**(76,807)**	24,423	(19,582)
Cash transferred to other Government bodies	**(8,733)**	-	-
Other consolidation adjustments	**(6,528)**	-	-
Balance at 31 March	**-**	92,068	67,645

Agency

	2012	2011 Restated	2010 Restated
	£000	£000	£000
Balance at 1 April	**81,206**	48,660	85,004
Net change in cash and cash equivalent balances	**(71,930)**	32,546	(36,344)
Cash transferred to other Government bodies	**(1,213)**	-	-
Balance at 31 March	**8,063**	81,206	48,660

Notes (continued)

20. Cash and cash equivalents (continued)

The balances at 31 March 2012, 2011 and 2010 were all held at commercial banks and as cash in hand.

21. Trade payables and other liabilities

Group	2012	2011 Restated	2010 Restated
	£000	£000	£000
Current liabilities:			
Corporation tax	-	1,492	1,138
Other taxation and social security	-	367	523
Trade payables	-	45,461	40,118
Other payables	-	4,897	664
Accruals and deferred income	-	68,683	132,166
	-	120,900	174,609

Intra-government balance analysis:

	2012	2011 Restated	2010 Restated
	£000	£000	£000
Balance with other Central Government bodies	-	5,538	5,291
Balances with Local Authorities	-	27,711	40,593
Balances with NHS trusts	-	294	967
Balances with public corporations	-	1	800
Balances with bodies external to Government	-	87,356	126,958
	-	120,900	174,609

Non–current liabilities:	2012	2011	2010 Restated
	£000	£000	£000
Deferred income- European capital grants	-	1,334	13,606
Deferred income – other	-	466	518
	-	1,800	14,124

Agency	2012	2011 Restated	2010 Restated
	£000	£000	£000
Current liabilities:			
Corporation tax	**13,913**	1,492	1,138
Other taxation and social security	**182**	367	520
Trade payables	**53**	45,564	40,285
Other payables	**51**	4,881	648
Accruals and deferred income	**1,901**	70,161	131,827
	16,100	122,465	174,418

Notes (continued)

21. Trade payables and other liabilities (continued)

Intra-government balance analysis:

	2012	2011 Restated	2010 Restated
	£000	£000	£000
Balance with other Central Government bodies	**14,118**	5,538	5,291
Balances with Local Authorities	**-**	27,711	40,593
Balances with NHS trusts	**-**	294	967
Balances with public corporations	**-**	1	800
Balances with bodies external to Government	**1,982**	88,921	126,767
	16,100	122,465	174,418

Non–current liabilities:	**2012**	2011 Restated	2010 Restated
	£000	£000	£000
Deferred income- European capital grants	**-**	1,334	13,607
Deferred income – other	**-**	466	517
	-	1,800	14,124

22. Provisions for liabilities and charges

Group	**Group 2012**	Group 2011 Restated
	£000	£000
Other provisions:		
As at 1 April	**871**	195
(Release)/Charge to the Statement of Comprehensive Net Expenditure	**(35)**	871
Utilised during the year	**(836)**	(168)
Released during the year	**-**	(27)
As at 31 March	**-**	871
Due within one year	**-**	871
Due after one year	**-**	-

23. Commitments under operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	Group 2012	**Agency 2012**	Group 2011	Agency 2011
	£000	**£000**	£000	£000
Buildings:				
Leases expiring:				
Not later than one year	-	-	1,562	1,129
Later than one year and not later than 5 years	-	-	4,023	4,023
Later than five years	-	-	6,861	6,861
	-	-	12,446	12,013

Notes (continued)

23. Commitments under operating leases (continued)

Other:				
Leases expiring:				
Not later than one year	-	-	114	85
Later than one year and not later than 5 years	-	-	21	21
Later than five years	-	-	-	-
	-	-	135	106
	-	-	12,581	12,119

Rental costs of operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the leases. All remaining operating leases were transferred to BIS under the North West Development Agency Transfer Scheme (No 2) 2012.

24. Operating leases granted

The Agency earns rental income by leasing some of its development properties to tenants under operating leases. All operating leases have been transferred to other Government bodies as shown in note 2 and at the Statement of Financial Position date the Group had no operating leases granted. The following table shows the comparatives:

	Group 2012 £000	**Agency 2012 £000**	Group 2011 Restated £000	Agency 2011 Restated £000
Within 1 year	-	-	250	250
2- 5 years	-	-	1,000	1,000
Greater than 5 years	-	-	4,374	4,374
	-	-	5,624	5,624

25. Related party transactions

The North West Development 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 year, the Agency has had a significant number of material transactions.

In addition, the Agency has had various material transactions with other Government Departments and other central bodies. Most of these transactions have been with the Department for Communities and Local Government and the Homes and Communities Agency (HCA).

Other Regional Development Agencies are also sponsored by BIS and so are regarded as related parties. The Agency has had transactions in the financial year with ONE North East, East Midlands Development Agency, East England Development Agency and South East England Development Agency.

Notes (continued)

25. Related party transactions (continued)

Board Members took no part in the discussions which concerned organisations that Board Members have connections with as reported in the Register of Members' Interests.

There were no outstanding balances with related parties at the Statement of Financial Position date.

During the year none of the Board Members, key management staff or other related parties has undertaken any material transactions with North West Development Agency apart from those detailed below.

The following Board Members and key management staff were also Board Members of North West Business Link Limited which received payments of £9,861,368 during the year.

Board Members	**Position**
Vanda Murray OBE	Chair
Peter Hensman DL	Director
Robert Hough DL	Director - resigned 10 November 2011
Joe Dwek CBE	Director - resigned 10 November 2011
Executive Management Board	
Mark Hughes	Director

Notes (continued)

25. Related party transactions (continued)

Name and Related Party	**Position**	**Payments made to organisations**	**Income to the Agency**
		£	£
(a) Board Members			
Robert Hough DL			
Business in the Community (represents NWDA)	Board Member	183,403	
University of Manchester	Board Member	5,226,917	
John Brooks			
Daresbury Science and Innovation Campus (represents NWDA)	Chair	275,087	7,830
Manchester Knowledge Capital Ltd	Board Member	9,929	
Manchester Metropolitan University	Vice Chancellor	1,162,592	
Joe Dwek CBE			
Forestry Commission	Member	841,051	
University of Manchester	Assembly Member	5,226,917	
Peter Hensman DL			
Lancaster University	Wife - Member of Court	1,287,675	
University of Cumbria	Wife - Board Member	659,008	
Churches Trust in Cumbria	Wife - Director	7,887	
Cumbria Rural Enterprise Agency Ltd	Chairman	86,674	
Councillor Tony McDermott MBE			
Halton Borough Council	Councillor	232,816	
Councillor John Merry CBE			
Midas	Director	515,651	10,000
New East Manchester Limited (represents NWDA)	Director	3,793,404	
Salford City Council	Councillor	10,029,363	
Anne Selby			
Brockholes Enterprises Limited	Chief Executive	3,042	
Lancashire County Council	Cabinet Group Member	711,471	
Lord Peter Smith			
Wigan MBC	Leader	2,384,263	
Commission for the New Economy (resigned 16 November 2011)	Member	218,364	
Clive Elphick			
Perceptive Engineering Ltd	Director	16,932	
Frank Hont MBE			
Migrant Workers North West	Director	18,295	

Notes (continued)

25. Related party transactions (continued)

Dr John Stageman OBE			
Daresbury Science and Innovation Campus	Member	275,087	7,830
University of Manchester	Governor	5,226,917	

The following key members of staff purchased surplus computer equipment from the Agency:

	£
Mark Hughes	95
Diane Summers	65
Simon Nokes	140
Tim Sheward	65

26. Losses and Special Payments

The Agency did not did not incur any losses during the year which require to be disclosed under the guidance contained in *Managing Public Money*. Following the Government announcement of its decision to close the RDA network the Agency, with the agreement of BIS, HM Treasury and the Cabinet Office, put in place retention arrangements to incentivise a limited number of key staff to remain until they had completed closure activities. The purpose of the scheme is 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 2011/12 three employees (2010/11 nil) duly completed their closure tasks and received a total of £45.7k (2010/11 nil).

27. Events after the Reporting Period

The North West Development 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 North West Development 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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