



# Yorkshire Forward: Annual Report and Accounts 2011/12

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# **Yorkshire Forward**

## **Annual Report and Accounts 2011/12**

Presented to Parliament pursuant to Sections 15 (2) and 17 (3) of Part 1, of the  
Regional Development Agencies Act 1998.

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## **1 Introduction from our Chair**

I have now completed my first full year as Chair of Yorkshire Forward, during which time the organisation has been fully focussed on its closure. As an organisation we have now closed down or seamlessly transferred all of the projects developed during Yorkshire Forward's lifetime. We have invested our final budget, seeking best value for money from the taxpayers' purse in all of our closure or transfer activity.

Over the last year I have been most impressed with the efforts made by Yorkshire Forward's staff. Their continued professionalism and commitment to deliver while adapting to the wind-down of Yorkshire Forward in difficult circumstances has been admirable and I would like to thank them very much for ensuring Yorkshire Forward's closure has been as smooth as possible.

I would like to thank the Board of Yorkshire Forward for its support this year: it has been invaluable in what has been our most challenging year to date.

Finally, and most importantly, I would like to give a heartfelt thanks to my Chief Executive Officer, Thea Stein, for her unflinching hard work and commitment to the task at hand adapting her talents to the wind down of the organisation and delivering the results we need, just as I have come to expect. She and all of the staff can all be proud of the legacy Yorkshire Forward will leave behind, one which I am certain the Yorkshire and Humber region will feel the benefits of for years to come.

## **2 Introduction from our Chief Executive**

This year has been the toughest yet for Yorkshire Forward as we reached operational closure in March 2012. As an organisation, we have remained committed to working with our partners, businesses and local authorities across the Yorkshire and Humber region, to ensure those projects and initiatives we support are completed or transitioned to a successor body prior to our closure, and that Yorkshire Forward's legacy in the region is visible for years to come.

I would like to thank our Chair, Julie A. Kenny, who has provided support and leadership at such a difficult time and Yorkshire Forward staff, past and present, for their hard work, resilience and dedication.

### 3 Management commentary

This commentary is divided into two sections: the first covers progress to date on closure and transition and the second covers corporate information for Yorkshire Forward.

#### 3.1 Closure and Transition Progress

2011/12 has seen a rapid escalation in closure and transition activity and a significant reduction in the Agency's staff. During the year, two of the seven original Workstreams identified in the Closure and Transition Plan were merged as Stakeholder Relationships became part of the general Closure and Transition activity.

##### Key headlines for the year:

- Records and responsibility for 3,700 projects were transferred to successor bodies.
- 10 Company investments (also known as section 5(2)(c) companies) were exited/transferred.
- All Staff have been made redundant, resigned or transferred except for 16 retained to complete the final closure from April to June 2012.

**People** – In February 2011 the Agency launched its final Voluntary and Compulsory Redundancy schemes with a view to the majority of staff leaving on individually determined dates linked to the completion of closure tasks. In addition to this there were a number of transfers to successor bodies under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) and Cabinet Office Statement of Practice (COSOP). The final transfer was to the Department for Business, Innovation and Skills (BIS) Portfolio Management Office (PMO) on 1 January 2012.

**Legal, Finance and Governance** - The overall governance of the closure process was managed by the Closure and Transition (CAT) Board (previously the Executive Team) which met weekly. Updates on closure were reported regularly to the Yorkshire Forward Board with the Audit Sub-Committee having particular responsibility for holding officers to account in their management of closure risks, including the disposal of the Agency's investments in section 5(2)(c) companies.

**Assets and Liabilities** – Yorkshire Forward's Assets and Liabilities Plan was submitted to BIS on 31 January 2011 and the Agency subsequently received agreement to sell certain assets and transfer others to the Homes and Communities Agency (HCA) on a stewardship model, with the HCA managing transferred assets on behalf of the region. On 29 March 2012, 2 and 3 Victoria Place (the Agency's Leeds headquarters) were sold and a lease entered into on a small part of the building to undertake the final abolition tasks. Smaller scale assets, including IT equipment and furniture were disposed of via sales to staff and partner organisations where this represented value for money. Possible assets and liabilities were also identified and transferred from Yorkshire Forward under various statutory transfer schemes during the year.

**Knowledge, IT Systems and Intelligence** – In Summer 2011, Yorkshire Forward published a suite of learning legacy documents, across all of its former policy areas, highlighting major achievements and key lessons learned. These were shared widely with key partners and stakeholders and are currently available on the Sheffield City Region Local Enterprise Partnership website. This workstream has seen 9,200 archive boxes processed, and 2,500 boxes destroyed. Major data transfers were completed, including the transfer of the European Regional Development Fund (ERDF) 2000-2006 Programme to the Department for Communities & Local Government (DCLG) in December 2011, and two transfers to the BIS PMO in January and March 2012 of all records for projects that are 'live' (i.e. subject to further grant claims) or 'in conditions' (i.e. subject to further management and monitoring). Closed project records were transferred to the BIS archive from October 2011 and all other management records will be transferred in June 2012. Yorkshire Forward's website transferred to the National Archives in January 2012 and ceased to be live by the end of March 2012.

**Projects and Programmes** – During the year the CAT Board continued to monitor closely the live projects. Weekly meetings for staff involved in this workstream, as well as those managing project and data transfers, were introduced to successfully conclude this area of work and enable the CAT Board to be fully advised of progress. There were major Project transfers during the year: Rural Development Programme for England (RDPE) to the Department for Environment, Food & Rural Affairs (DEFRA), ERDF to DCLG, Coalfield and other Land and Property assets to HCA, Venture Capital Loan Funds to Capital for Enterprise Ltd, Grants for Research and Development to the Technology Strategy Board (TSB) and remaining project activity to BIS PMO.

**Management of Closure** – Throughout the year, issues and risks relating to the delivery of the Closure and Transition plan were monitored weekly and reviewed by the CAT Board, with the Audit Sub-Committee responsible for monitoring the CAT Board's management of risk. Risks, and corresponding mitigating action, were recorded and evaluated within the Closure and Transition risk register. This, alongside regular workstream reporting, formed a sound basis for the monitoring of the Closure and Transition plan by the CAT Board. Earlier in the year Internal Audit conducted a review of Closure and Transition governance and reported the highest rating (good) to this area.

## **3.2 Corporate Information**

### **3.2.1 Yorkshire Forward's Board**

During 2011/12 the Board met on nine occasions. Board Members' responsibilities included:

- Ensuring that the Agency complied with any statutory or administrative requirements for the use of public funds.
- Establishing the Agency's strategic direction within the policy and resources framework agreed with the Minister.
- Ensuring that high standards of corporate governance were observed at all times.
- Overseeing the delivery of planned results by monitoring performance against strategic objectives.
- Ensuring that decisions considered any guidance issued by BIS.

Board Members also fulfilled their wider responsibilities which include:

- Membership of Board sub-committees.
- Championing particular policy areas, such as renaissance, inclusion and skills, sectors and scrutiny
- Developing and maintaining relationships with Yorkshire Forward's partners and stakeholders.

Board Members have a duty to comply at all times with an established Code of Practice, which includes following the seven principles of public life as set out by the Committee of Standards in Public Life.

The Board periodically reviews its own effectiveness.

#### ***Board Members***

During 2011/12, 13 Members served on Yorkshire Forward's Board.

**Julie A. Kenny CBE DL**, Chair and Chief Executive of Pyronix Ltd, was appointed as the Chair of Yorkshire Forward in December 2010. Julie is a long serving member of the Yorkshire Forward Board and as Chair she is accountable for Yorkshire Forward's performance, reporting directly to Government ministers.

Prior to founding Pyronix Ltd, Julie held a successful career as a litigation lawyer in both Local Authority and private practice. Since 1995 Julie has been actively involved in serving the Yorkshire and Humber business community and was previously a Board Member of Creative Sheffield. In 2010 Julie was appointed by Government as one of three commissioners to oversee improvements of governance at Doncaster Metropolitan Borough Council and in 2012 became High Sheriff of South Yorkshire. Nationally, Julie is Commissioner with the UK Commission for Employment and Skills, and Chairman and Director of the British Security Industry Association.

**Linda Pollard OBE JP DL** is Deputy Chair of Yorkshire Forward, a role in which she has taken the lead on skills, tourism and key account management. Linda started her business at 24 and sold her last business some years ago and she now divides her time between the public and private sector. She is Chair of the NHS Airedale, Bradford,



Leeds PCT Cluster, Pro Chancellor/Chair of the University of Leeds, the Regional Chairman of Coutts Bank Plc and Chairman of An Inspirational Journey and the 2% Club Yorkshire.

**Full list of Board Members**

<b>Name</b>
Julie A. Kenny CBE DL, Chair
Linda Pollard OBE JP DL, Deputy Chair
Ajaz Ahmed
Bill Adams
Professor Michael Arthur (until 30 June 2011)
Barry Dodd OBE
Cllr Mark Kirk
Mark Lovell (until 30 June 2011)
Cllr Kath Pinnock
John Vincent
Cllr John Weighell
Sharon Allen
Heidi Mottram

**Board meetings**

These attendance figures are for regular Board meetings from 1 April 2011 to 31 March 2012 including the special Board meeting held in June 2011.

<b>Name</b>	<b>Meetings attended</b>
Julie A. Kenny CBE DL, Chair	9/9
Linda Pollard OBE JP DL, Deputy Chair	9/9
Professor Michael Arthur (member until 30 June 2011)	1/3
Barry Dodd OBE	8/9
Cllr Mark Kirk	8/9
Mark Lovell (member until 30 June 2011)	0/3
Cllr John Weighell	9/9
Cllr Kath Pinnock	7/9
Ajaz Ahmed	9/9
Bill Adams	7/9
John Vincent	9/9
Sharon Allen	5/9
Heidi Mottram	7/9

### **Changes to Board membership**

June 2011 saw 2 resignations from the Yorkshire Forward Board: Professor Michael Arthur had been a Member for almost 5 years and Mark Lovell for 3 years. This reduced the number of Board Members from 13 to 11.

### **Compensation Sub-Committee**

The Compensation Sub-Committee is appointed annually and acts on behalf of the Board to consider any revised terms and conditions of its Members and the performance, compensation, pay review and other personnel policies of the Chief Executive and the Executive Directors. It has played an increasingly important role in overseeing matters relating to personnel arising from closure and transition.

During 2011/12 the Compensation Sub-Committee met four times. Attendance figures were as follows:

<b>Name</b>	<b>Meetings attended</b>
Linda Pollard OBE JP DL, Chair	4/4
Julie A. Kenny CBE DL	4/4
Cllr Mark Kirk	4/4
Bill Adams	3/4
Prof Michael Arthur (member until 30 June 2011)	1/2
Sharon Allen	1/4

### **Audit Sub-Committee**

The Audit Sub-Committee is appointed annually and supports the Board in its responsibilities for issues of risk, control and governance. After each meeting the Sub-Committee formally reports in writing by way of minutes, to the Board and Accounting Officer, and copies are provided to the National Audit Office, who are invited to attend meetings.

The Sub-Committee also provides the Board and Accounting Officer with an Annual Report, timed to support the final accounts, summarising its conclusions from the work it has done during the year. It also periodically reviews its own effectiveness and reports this to the Board and Accounting Officer.

The Audit Sub-Committee advises the Board and Accounting Officer on:

- The strategic processes for risk, governance and control and the Governance Statement.
- The accounting policies, the Accounts and the Annual Report, including the process for review of the accounts prior to submission for audit, ensuring that reporting is prudent, accurate, appropriate and consistent with Government accounting policies.
- The planned activity and results of both Internal Audit and the National Audit Office.
- Adequacy of management response to issues identified by audit activity, including the National Audit Office's management letter.
- Assurances relating to the corporate governance requirements for the Agency.

- The anti-fraud and confidential reporting policies.
- Oversight of the closure and transition process, including challenge to the CAT Board and its management of the associated risks.

During 2011/12 the Audit Sub-Committee met five times. Attendance figures were as follows:

<b>Name</b>	<b>Meetings attended</b>
John Weighell, Chair	5/5
Julie A. Kenny CBE DL	5/5
Bill Adams	4/5
Heidi Mottram	2/5
Kath Pinnock	3/5
Mark Lovell (until 30 June 2011)	0/1

For the Audit Sub-Committee meeting on 30 June 2011, additional members of the Board were co-opted onto the Sub-Committee. They were: Linda Pollard OBE JP DL, Cllr Mark Kirk, Ajaz Ahmed, Barry Dodd OBE and John Vincent.

This concludes the Annual report section of the document. The remaining section of the document includes the Business Performance, Directors' Report, the Financial Statements and other statutory reporting requirements.

## **Business activities and performance**

**Yorkshire Forward is the Regional Development Agency for the Yorkshire & Humber region. The Agency was established under the Regional Development Agencies Act 1998 on 25 November 1998 and is expected to be abolished under the Public Bodies Act 2011 on 30 June 2012.**

The Agency's operating name was changed to Yorkshire Forward (Yorkshire & Humber Regional Development Agency) on 19 February 1999, although its legal name remains Yorkshire & Humber Regional Development Agency. Yorkshire Forward was set up because the Yorkshire and Humber region had undergone major economic upheaval caused by the decline of traditional industry such as coal, steel, textiles, fishing and agriculture. The Agency is one of nine UK regional development agencies, arm's length government bodies charged with improving regional economies. Under the Public Bodies Act 2011, Yorkshire Forward is expected to be abolished on 30 June 2012, as will the other regional development agencies (with the exception of the London RDA).

Yorkshire Forward can no longer commit to new investment, however in 2011/12 the Agency either concluded its existing investments, projects and initiatives or ensured they were seamlessly passed on to new delivery bodies to enable work to continue, and did so with the utmost professionalism and efficiency.

The Public Bodies Act, which paves the way for the abolition of the Regional Development Agencies (RDAs) received Royal Assent on 14 December 2011. The Department for Business Innovation and Skills (BIS) issued two individual Transfer Schemes for each RDA under the Act, the first came into effect on the 1 January 2012, transferring remaining projects and some staff to BIS so that they can be completed. A second Transfer Scheme was made on the 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 an 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 year, with the remainder transferred to other parts of government, it is management's view that the financial statements for 2011/12 should be prepared on a basis other than that of Going Concern.

We have reviewed the impact of this on the accounting policies, and where relevant, this has been reflected.

A small team of people will remain employed after 31 March 2012 with the purpose of concluding the 2011/12 Annual Report and Accounts and 2012/13 cessation financial statements.

### **2011/12 achieved outputs**

Due to imminent closure no targets were set in 2011/12, however Yorkshire Forward continued to collect and report on output achievement. Performance was inevitably affected by budget cuts and transfer of projects to successor bodies.

The table below summarises the outputs that the Agency achieved in 2011/12

Activities	Actual Qtr 1	Actual Qtr 2	Actual Qtr 3	Actual Qtr 4	Total 2011/12
<b>Core Outputs</b>					
1. Jobs created and safeguarded.	1,103	1,774	156	0	3,033
2. People assisted to get a job.	154	997	0	0	1,151
3. New businesses created.	55	1	2	0	58
4. Businesses assisted to improve their performance.	6,675	9,145	3,899	0	19,719
4a. Businesses assisted via collaboration with the UK Knowledge Base	127	29	11	0	167
5. Public and private regeneration investment levered	264.45m	9.71m	0.01m	0	274.18m
6. People assisted in their skills development (Level 4+)	741	311	808	0	1,860
7. Sustainable Development ( <i>Reduce Greenhouse Gas Emissions</i> ).	Not monitored in 2011/12				
8. Private Sector Investment (excluding regeneration)	2.69m	17.07m	8.91m	0	28.67m
9. Businesses with R&D levered	5	2	22	0	29
10. Intensive Business Assists	0	0	3	0	3

## Output disaggregation

Yorkshire Forward continued to collect beneficiary data for the outputs delivered by postcode as contracted by the Agency's partners. However due to the transfer of information and loss of staff it is not possible to disaggregate the figures by Urban/Rural and Disadvantaged area.

## Business Link Performance

Due to the 70% reduction in funding available for the Business Link service in Yorkshire the nature of the service changed significantly in April 2011. Emphasis was moved from a one-to-one service to a one-to-many through an events-based approach. The regional service closed on 25 November 2011 and was replaced by an enhanced national website and a national telephone help-line.

Measures for the Business Link service were revised accordingly and all key targets were achieved with the exception of the number of pre-start events, where it was agreed that the focus should be on the number and quality of delegates.

Measure	Target	Performance	Variance
Number of events (pre-start)	1,034	685	66.2%
Number of event delegates (pre-start)	4,700	6,602	140.5%
Number of events (established)	562	588	104.6%
Number of events delegates (established)	10,678	14,812	138.7%
Number of clients accessing services	17,625	28,554	162.0%
Businesses receiving more than 2 hours support	13,329	17,552	131.7%
Clients receiving 1 to 1 support	6,580	7,077	107.6%
Referrals to other organisations	3,995	9,668	242.0%
Customer satisfaction	85%	90.7%	100.07%

This was a very creditable performance in the circumstances.

### Financial performance and position

RDAs are not-for-profit organisations. The Agency is given a strict allocation of funding each year and must manage this funding to deliver its objectives. Yorkshire Forward cascaded these funding allocations into targets for each directorate and progress of spend against each target was regularly monitored by the CAT Board.

The Agency's total funding for the 12 months to 31 March 2012 was as follows:

	£m
• Core Government Grant	47.6
• EU Grants	7.2
• Other Revenue Grants	1.3
• Proceeds from sale of assets	12.5
• Rents and maintenance charges	0.6
• Other income	7.1
• <b>Total monies received</b>	<b>76.3</b>

### Reconciliation of Statutory Accounts to Grant in Aid

Yorkshire Forward receives its core government funding from BIS as Grant in Aid and is required to make an annual return to the Department to show how this funding has been spent. The following table is a reconciliation of the total expenditure from the Statement of Comprehensive Net Expenditure to the Grant in Aid (GIA) Return.

## RECONCILIATION OF STATUTORY ACCOUNTS TO RESOURCE ACCOUNTING BOOK (GIA Return)

	<u>£000's</u>	<u>£000's</u>
<b>Total Expenditure from the Statement of Comprehensive Net Expenditure</b>		<b>172,115</b>
<b>Plus: Other Expenditure not in the Statement of Comprehensive Net Expenditure Account</b>		
<b>Capitalised Expenditure:</b>		
• Loans to public and private sector		7,374
<b>Gross Expenditure</b>		<b>179,489</b>
<b>Less: Other Income deducted from Grant in Aid</b>		
• Gain on disposals – Acquisition Accounting	(41,102)	
• Clawback, Joint Venture Share, Rents etc	(14,404)	
• Disposal receipts for Development Assets	(12,502)	
• Interest included within Grant in Aid	(852)	
• Corporation Tax received within Grant in Aid	809	
	<hr/>	(68,051)
<b>Less:</b>		
• Coalfields sales revenue payable to Homes and Communities Agency		(1,100)
• Consolidation adjustment		(8,816)
• Book value of operational and development assets sold excluded from workbook		(10,489)
<b>Less: Expenditure funded by other than Grant in Aid</b>		
• Expenditure covered by European Union Grants	(6,186)	
• Expenditure financed by other Grants	(1,041)	
	<hr/>	(7,227)
<b>Total YTD Outturn per RAB Workbook</b>		<b><u><u>83,806</u></u></b>

### Resources

Throughout the year Yorkshire Forward directly employed an average of 153 full time equivalent employees and utilised net assets to the value of £47m.

### Managing risk

Throughout its closure and transition, Yorkshire Forward continues to be committed to maintaining best practice in risk management and corporate governance. The risk management process is applied at both corporate and project levels in order to identify and manage risk across the Agency.

Yorkshire Forward's risk policy is approved by the Board and reviewed whenever it is considered appropriate to do so and at least annually. The Board also approve the closure and transition risk register and has delegated the oversight of risk management to the Audit Sub-Committee which provides challenge to the CAT Board in this area.

The Audit Sub-Committee annually receives an Internal Audit report regarding Yorkshire Forward's risk maturity. Furthermore, each officer of the CAT Board provides an annual assurance statement to the Accounting Officer stating that their area of responsibility has implemented effective risk management processes. Throughout the year BIS, as sponsor Department, has been kept fully informed by way of regular meetings with Yorkshire Forward, attendance at each Board meeting and, from June 2011, at each Audit Sub-Committee meeting.

The Chief Officers of the Agency's section 5(2)(c) companies and significant key partner organisations are requested to complete an assurance statement, either annually or to the point of exit. All of the Agency's highest risk projects have been presented to the Closure and Transition Board every month to June 2011 and fortnightly thereafter detailing the work underway to manage risks within them.

## **Environmental sustainability**

Given Yorkshire Forward's abolition in June 2012 the Agency has surrendered its ISO14001 status, however during the close down period, Yorkshire Forward remains committed to:

- being compliant with all relevant UK environmental legislation and specifying that contractors do the same;
- preventing pollution through controlling activities, which include procurement, resource use and waste management, avoiding hazardous processes and materials where suitable alternatives exist;
- seeking opportunities to minimise resource use through sound waste management and transport initiatives, sustainable products, contract and consultancy procurement, energy efficiency and water conservation;
- encouraging environmentally responsible behaviour in the workplace; and
- a low carbon economy leading by example and encouraging employees to make sustainable travel choices.

## **Yorkshire Forward's approach to sustainable development**

Whilst Yorkshire Forward no longer has the capacity to model and measure outputs on carbon emissions or to effectively progress this agenda, the Agency hopes to have left a positive and influential legacy around how economic development can combine with sustainable development.

**During the period of business operations the following was the Agency's approach to sustainable development:**

Yorkshire Forward is committed to making Yorkshire & Humber a better place to work, live and enjoy. In particular, we want to fulfil our potential for truly sustainable economic growth, building a strong and stable regional economy which provides prosperity and opportunity for all alongside environmental and social benefits.

In working towards this, we have adopted the following aims, which focus on the areas where we can make the most positive difference:



- Leading the transformation to a **lower carbon, resource efficient regional economy** by driving forward developments in energy and low carbon technologies and techniques; good business practice; and land management which both protects and enhances the region’s natural assets and enhances our environment.
- Working to **decouple economic growth from increasing energy and resource use**, in both individual businesses and the wider economy, through promoting sustainable production and consumption so that we achieve more with less.
- Building resilience to the impacts of, and maximising the economic opportunities presented by, **climate change**, through both **adaptation and mitigation** measures.
- Identifying and **addressing skills shortages in sustainability**, both within our own organisation and across the region, and building capacity to enable the region to move towards sustainable economic development.
- Using our statutory planning responsibilities and influence to promote a more **sustainable pattern of land use**, including economic development, housing and transport.
- Maximising the potential for sustainability in the development and delivery of **regional strategies** as well as in European policy and programmes.

Yorkshire Forward are exempt from HM Treasury requirements on sustainability reporting because we now fall below the size threshold.

Yorkshire Forward leaves a legacy in the form of Co2 Sense, a company which will continue to support business and the public sector to cut green house gas emissions and their costs. They continue to work with organisations of all sizes to make them more successful and to ensure that all our children inherit a better environment.

### Sickness absence data of employees

Analysis of average working days lost

	<b>2012</b>	<b>2011</b>
Total number of sickness days	131	1,625
Average number of permanent staff	153	356
<b>Total average working days lost per staff member</b>	<b>0.86</b>	<b>4.56</b>

The total number of permanent staff has reduced due to redundancies during the year. Yorkshire Forward has maintained sickness levels well below the Civil Service average (8.80 days in 2011). The Agency continues to proactively manage sickness levels through to final closure.

### Internal communication channels

The Agency continued to utilise a number of communication channels to engage with staff. Given Yorkshire Forward’s closure, many communications have focussed on supporting staff through redundancy and preparing them for their futures after Yorkshire Forward. These were branded as ‘Next Steps’ communications. A ‘Moving On’ team was also made available to provide support to staff in this area.

- **Internal Communications Plan** – The plan reflected the proposed actions and initiatives used to ensure all staff were kept informed of developments concerned with closure and transition.
- **Team Meetings** – All teams held weekly or monthly meetings to provide key information on all closure and transition items, including asset disposal, project closure and personal development. The Core Team Brief was discontinued in July 2011 as the Agency reduced in size.
- **All staff emails** – Coordinated, timely and methodical system for sending emails to all staff on a range of key issues, including HR/redundancy, closure and transition, placement opportunities, Finance and Payroll news, office information (opening, closing times etc), updates from the RDA network, policy issues, news from the CAT Board and events.
- **Intranet (YFi)** – Yorkshire Forward interactive (YFi) continued to provide knowledge management facilities, news alerts and access to a library of shared documents. This included:
  - News feeds from user defined and preferred news suppliers: 41 people added a total of 216 news feeds.
  - Subscriptions to allow users to monitor changes to specific pages: 197 people added a total of 2,347 subscriptions.
  - Alerts to highlight important and time sensitive facts about particular YFi pages: 34 people added a total of 78 alerts.
  - Interactive events calendar advertising a range of activities (for example the Chief Executive's Roadshow): events received 45,641 hits.
  - Online employee suggestion forum had 9 comments, with 4 'thanks' recorded.
  - Assistant Chief Executive had 7 weblogs, with 54 comments and 4,551 hits.
  - Chief Executive had 1 weblog with 10 comments and 1,117 hits.
- **Pulse Surveys** – The Agency carried out three short 'Pulse Surveys' between April and November 2011 to gain reactions to the current climate and morale and to respond accordingly.

**Top line results from the November 2011 survey:**

1. 87% of respondents felt that senior management were doing everything they could to look after them
2. 91% of respondents felt they are kept informed about what was likely to happen
3. 91% of respondents agreed they had opportunity to raise questions or ideas about Yorkshire Forward's Closure and Transition Plan
4. 85% of respondents felt they had adequate guidance on what was expected of them to close projects and complete other closure activity
5. 87% of respondents felt able to do the job they were being asked to do
6. 92% of respondents found the 'Next Steps' communications useful
7. 94% of respondents agreed they are getting enough information and help from the 'Moving On' team to prepare for the future
8. 51% of respondents felt prepared for the future

9. 68% of respondents felt that morale and atmosphere in their part of the organisation was as good as it could be
  10. 56% of respondents knew what they hoped they would be doing after they left Yorkshire Forward
- **Executive Directors' 'surgeries'** - informal question and answer sessions were held with Executive Directors on any topic that employees raised.
  - **Chief Executive's 'floorshows'** - informal face-to-face opportunities were held for staff to hear from the Chief Executive and respond with questions and suggestions.
  - **Plain English training** - 50 online training courses were made available to staff, who were then encouraged to become 'ambassadors' of Plain English and offer guidance to colleagues.
  - **Corporate Social Responsibility (CSR) events** - hosting events to reflect Yorkshire Forward's commitment to CSR and belief that the Agency should be an organisation that 'practises what it preaches'. In addition, staff supported national events such as Children in Need and Comic Relief.

### **Prompt payment code**

The Agency is committed to the 'Better Payment Practice Code' (previously the CBI Prompt Payment Code) and aims to pay all undisputed invoices within 30 days, and all small to medium sized enterprises within 5 working days.

In 2011/12 Yorkshire Forward paid 100% of all invoices within 30 days (2010/11 98%) and paid 94% of small to medium sized enterprises within 5 days (2010/11 95%).

## Directors' report

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

### Principal activities

The Agency was established under the provisions of the Regional Development Agencies Act 1998 and came into existence on 25 November 1998. The Agency is a Non-Departmental Public Body sponsored by BIS. Under the Regional Development Agencies Act 1998, the Agency has the following statutory purposes:

- to further the economic development and the regeneration of the Yorkshire & Humber region;
- to promote business efficiency, investment and competitiveness in the region;
- to promote employment in the Yorkshire & Humber region;
- to enhance the development and application of skills relevant to employment in the region; and
- to contribute to the achievement of sustainable development.

These remained the statutory purposes, however, Yorkshire Forward focused on transition and closure during the period.

The Agency is expected to be abolished under the Public Bodies Act 2011 on 30 June 2012.

### Non Executive Directors (the Board)

Board Members are appointed by the Secretary of State.

Individuals who served on the Board during the year were as follows:

Julie A. Kenny CBE DL (Chair)

Linda Pollard OBE JP DL (Deputy Chair)

Cllr Kath Pinnock

Barry Dodd OBE

Prof Michael Arthur (retired 30 Jun 2011)

Cllr John Weighell

Cllr Mark Kirk

Mark Lovell (retired 30 Jun 2011)

Ajaz Ahmed

Bill Adams

John Vincent

Sharon Allen

Heidi Mottram

The Agency maintains a register of Board Members' interests which available for inspection at BIS by prior arrangement.

## **Executive Directors and Directors**

The Executive team was disbanded on 29 June 2011 and replaced with the Closure and Transition (CAT) Board to manage the activities of the Agency. Officers who served on the Executive or CAT Board during the year were as follows:

Thea Stein - Chief Executive

Trevor Shaw - Executive Director of Finance

Simon Hill - Executive Director of Business <sup>1</sup>

Ruth Adams - Director of Business Transition <sup>2</sup>

Jim Farmery - Director of Projects and Programme <sup>3</sup>

Dave Custance - Director of Urban Renaissance and Property

Ruth Redfern - Assistant Chief Executive <sup>4</sup>

<sup>1</sup> **Simon Hill** - resigned on 30 June 2011

<sup>2</sup> **Ruth Adams** - left on 31 March 2012.

<sup>3</sup> **Jim Farmery** - appointed as Director of Projects and Programme on 17 June 2011 and left on 31 March 2012

<sup>4</sup> **Ruth Redfern** - left on 30 November 2011

## **Accountability and Financial Framework**

The Secretary of State issued Yorkshire Forward with a revised Accountability and Financial Framework in October 2011, replacing one issued in October 2008. The documents set out the financial framework under which Yorkshire Forward should operate and Yorkshire Forward has complied in all material respects with the terms of both during 2011/12.

## **Financial results and review**

The Agency's principal source of funding was Grant in Aid received from BIS. Total income and funding of £76.3m was received for the year. This represents a significant decrease from prior year funding of £250.7m due to Yorkshire Forward's legal commitments transferring to other bodies.

The results for the year ended 31 March 2012 are set out in the financial statements on pages 49 to 55.

## **Events after the reporting period**

The Agency's contingent liabilities and events after the reporting period are disclosed at notes 24 and 25 of the financial statements pages 89 and 90.

## **Principal risks and uncertainties**

The Agency's principal risks, including mitigating action taken and planned by the Closure and Transition Board, are set out in the Closure and Transition Risk Register which is available on request from BIS.

The Public Bodies Act 2011, which paves the way for the abolition of the Regional Development Agencies (RDAs) received Royal Assent on 14 December 2011. The Department for Business Innovation and Skills (BIS) issued two individual Transfer Schemes for each RDA under the Act, the first came into effect on the 1 January 2012, transferring remaining projects and some staff to BIS so that they can be completed. A second Transfer Scheme was made on the 30 March 2012 to take away the majority of remaining assets and liabilities so that RDAs achieved operational closure by 31 March 2012. BIS is currently drafting an Commencement Order which will have the effect of abolishing Yorkshire Forward. This is expected to take place at 11.59pm on 30 June 2012.

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

## **Pension costs**

The treatment of pension liabilities and the relevant pension scheme details are set out in the accounting policies note on page 56, in the staff costs note to the financial statements (note 3) and in the Remuneration Report on pages 23 to 32.

## **Special purpose entities**

Yorkshire Forward participated in the following bodies corporate, with consent under section 5(2)(c) of the Regional Development Agencies Act 1998:

- CO2 Sense.
- Directions Finningley Community Interest Company.
- Victoria Place (Leeds) Management Company Limited.
- Digital Region Limited.
- Hull Urban Regeneration Company.
- Creative Sheffield.
- Partnership Investment Fund.
- South Yorkshire Investment Fund.
- Finance Yorkshire.
- Renaissance South Yorkshire.

The Agency's interests in these companies ended on or before 30 March 2012 and consent was also received for each withdrawal.

## **Health and safety**

The Yorkshire Forward Health and Safety Policy sets out how the Agency's responsibilities are fulfilled to staff, visitors and those who might be affected by activities related to RDA offices, commercial and industrial properties and projects.

The Health and Safety Committee met monthly to report on health and safety issues and to agree and share best practice. All staff had access to health and safety representatives and any matters raised were presented to the committee. The Committee was chaired by Dave Custance (Director of Urban Renaissance and Property) and Committee members included:

- Facilities manager;
- HR representative; and
- Assistant Directors.

The Policy was reviewed by the Health & Safety Committee at the end of 2011/12 to re-focus upon health and safety risks associated with closure and was shared with all remaining staff.

## **Single Equality Scheme**

The Single Equality Scheme (SES), in place since April 2010, covered gender, age, religion or belief and sexual orientation and incorporated the following:

- Gender equality scheme;
- Diversity;
- Employment of disabled persons; and
- Employee information and consultation.

In light of the move to close the RDAs, Yorkshire Forward refocused the SES to monitoring the implementation of the redundancy policy. The report on the first round of voluntary redundancy policy was agreed by the Compensation Sub-Committee in October 2010.

## **Political and charitable donations**

No political or charitable donations were made during the year.

## **Audit Sub-Committee**

The Sub-Committee, chaired by John Weighell, met five times during the year to review the Annual Accounts and the assurance work of Internal Audit and the Contract Management Team; meet with the National Audit Office (NAO) as external auditors, monitor the implementation of the Risk Policy and provide oversight of the closure process, in particular the CAT Board's management of the associated risks.

## **Auditors**

The Comptroller and Auditor General is appointed by statute to audit Yorkshire Forward 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 Fee £84,000
- Audit fees for auditing subsidiary bodies are disclosed in note 4.

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.

## **Statement of Disclosure to Auditors**

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware, and she has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.



## Statement of Accounting Officer's responsibilities

Under Section 14(2) of the Regional Development Agencies Act 1998, the Secretary of State, with consent of HM Treasury has directed Yorkshire Forward to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Yorkshire Forward and of its comprehensive net expenditure, changes in taxpayers' equity 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 and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Business, Innovation and Skills, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the accounts on a going concern basis unless it is not appropriate to do so.

The Accounting Officer of the Department for Business, Innovation and Skills has designated the Chief Executive as the Accounting Officer of Yorkshire Forward. The responsibilities of the Accounting Officer include keeping proper records, safeguarding Yorkshire Forward assets and managing Yorkshire Forward in line with the Regularity and Propriety guidance. These responsibilities are set out in full in the 'Non-Departmental Public Bodies' Accounting Officer's Memorandum published by HM Treasury.



**THEA STEIN**  
Chief Executive and Accounting Officer

14 June 2012

# Remuneration Report

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

## Compensation Sub-Committee

The remuneration of the Board is set and reviewed every year by BIS in line with the recommendations of the Senior Salaries Review Board. The Compensation Sub-Committee is appointed annually and acts on behalf of the Board to consider any revised terms and conditions of its Members and the performance, compensation, pay review and other personnel policies of the Chief Executive and the Executive Directors. It has played an increasingly important role in overseeing matters relating to personnel arising from closure and transition.

The Compensation Sub-Committee met four times in 2011/12. It is chaired by Linda Pollard and other members have included Julie A. Kenny, Bill Adams, Michael Arthur, Cllr Mark Kirk and Sharon Allen.

## Remuneration policy

The 2011/12 Pay Remit agreement reflected a pay freeze for all staff except those earning under £21,500. All payments were in line with government guidelines.

## Service contracts

In accordance with the Office of the Commissioner for Public Appointments (OCPA) regulations all Yorkshire Forward Board Members were initially appointed on a fixed-term contract of up to three years and except for the Chair and Deputy Chair are contracted to carry out two days work per month. The Chair is contracted for three days per week and the Deputy Chair is contracted for four days per month.

In order to take the Yorkshire Forward Board through to final closure with the relevant experience and skills to support the Agency in a successful closure, further extensions to five contracts were granted by BIS. These extensions resulted in all 11 remaining Board Members being under contract until 14 December 2012, however, these appointments will cease with effect from the date of the abolition of Yorkshire Forward.

Please see the emoluments table for details of the terms of appointment of the Board Members. Board Members' appointments are made by BIS ministers in accordance with the Commission of Public Appointments code.

The following sections provide details of the remuneration and pension interests of Board Members, Chief Executive and Executive Directors.

## Audited part of the Remuneration Report

### Emoluments of Board Members

NAME	DATE OF APPOINTMENT/ REAPPOINTMENT	TERM OF APPOINTMENT	SALARY 2011/12 £	SALARY 2010/11 £
Julie A. Kenny CBE DL (Chair) <sup>1</sup>	14 December 2010	2 years	89,327	22,336
Terry Hodgkinson (Former Chair) <sup>2</sup>	Resigned	-	-	57,334
Linda Pollard OBE JP DL (Deputy Chair) <sup>3</sup>	14 December 2010	2 years	17,332	17,332
Ajaz Ahmed <sup>4</sup>	14 July 2011	1.5 years	8,666	8,666
Bill Adams <sup>4</sup>	14 July 2011	1.5 years	8,666	8,666
Cllr Kath Pinnock <sup>4</sup>	14 July 2011	1.5 years	8,666	8,666
John Vincent <sup>4</sup>	14 July 2011	1.5 years	8,666	8,666
Barry Dodd OBE	14 July 2011	1.5 years	8,666	8,666
Cllr Mark Kirk	14 December 2010	2 years	8,666	8,666
Heidi Mottram	14 December 2009	3 years	8,666	8,666
Sharon Allen	14 December 2009	3 years	8,666	8,666
Cllr John Weighell	14 December 2009	3 years	8,666	8,666
Prof Michael Arthur <sup>5</sup>	Resigned	-	2,167	8,666
Mark Lovell <sup>6</sup>	Resigned	-	2,167	8,666
Cllr Jan Wilson CBE <sup>7</sup>	31 July 2010	-	-	2,889

<sup>1</sup> Julie A. Kenny CBE DL was appointed as the Chair of Yorkshire Forward on 14 December 2010.

<sup>2</sup> Terry Hodgkinson (the former Chair) resigned on 13 December 2010.

<sup>3</sup> Linda Pollard OBE JP DL was re-appointed as Deputy Chair on 14 December 2010.

<sup>4</sup> Ajaz Ahmed, Bill Adams, Cllr Kath Pinnock and John Vincent appointments are extended to 14 December 2012.

<sup>5</sup> Prof Michael Arthur resigned on 30 June 2011.

<sup>6</sup> Mark Lovell resigned on 30 June 2011.

<sup>7</sup> Cllr Jan Wilson CBE passed away on 31 July 2010.

## Emoluments of Chief Executive and senior managers

NAME AND POSITION	SALARY	BONUS	OTHER BENEFITS	PENSION CONTRIBUTIONS	COMPENSATION SCHEME EXIT PACKAGES	TOTAL SALARY 2011/12	TOTAL SALARY 2010/11
	£'000	£'000	Nearest £100	£'000	£	£'000	£'000
<b>Thea Stein</b> - Chief Executive	125-130	10-15	1,800	30-35	62,734	235-240	150-155
<b>Trevor Shaw</b> - Executive Director of Finance	100-105	5-10	1,800	25-30	51,509	185-190	135-140
<b>Simon Hill</b> - Executive Director of Business <sup>1</sup>	25-30	5-10	1,000	5-10	-	40-45	135-140
<b>Ruth Adams</b> - Director of Business Transition <sup>2</sup>	65-70	0-5	100	10-15	60,650	145-150	-
<b>Jim Farmery</b> - Director of Projects and Programme <sup>3</sup>	80-85	0-5	1,500	15-20	69,417	170-175	-
<b>Dave Custance</b> - Director of Urban Renaissance and Property <sup>4</sup>	55-60	0-5	-	15-20	85,388	165-170	-
<b>Ruth Redfern</b> - Assistant Chief Executive <sup>5</sup>	55-60	5-10	-	10-15	81,934	155-160	-
<b>Don Stewart</b> - Project Director Destination Yorkshire <sup>6</sup>	40-45	5-10	6,900	0-5	103,017	160-165	135-140

<sup>1</sup> **Simon Hill** - resigned on 30 June 2011.

<sup>2</sup> **Ruth Adams** - appointed as Director of Business Transition on 29 October 2010 and left on 31 March 2012.

<sup>3</sup> **Jim Farmery** - appointed as Director of Projects and Programme on 17 June 2011 and left on 31 March 2012.

<sup>4</sup> **Dave Custance** - appointed as Director of Urban Renaissance and Property on 23 October 2010.

<sup>5</sup> **Ruth Redfern** - left on 30 November 2011.

<sup>6</sup> **Don Stewart** - left on 11 May 2011.

The Executive team was disbanded on 29 June 2011 and replaced with the Closure and Transition Board to continue to manage the activities of the Agency. Ruth Adams, Jim Farmery, Dave Custance and Ruth Redfern served on the Closure and Transition Board with effect from 1 July 2011. Total salaries in 2011/12 disclosed above only reflect their emoluments from that effective date. The bonus relates to performance targets achieved in year 2010/11.

## Median pay

Following the Hutton 'Review of Fair Pay' the Treasury's Financial Reporting Manual (FRM) requires disclosure of the midpoint of the highest paid director's salary and the ratio of this to the median remuneration of the reporting entity's staff. Yorkshire Forward's ratio is as set out in the table below.

### Ratio of the Highest paid Director to the Median remuneration of staff

	2011/12		2010/11
Band of Highest Paid Director's total Remuneration (£'000)	140-145	Band of Highest Paid Director's total Remuneration (£'000)	120-125
Median Total Remuneration	51,444	Median Total Remuneration	33,237
Ratio	2.8	Ratio	3.7

The ratio has reduced to 2.8 times in 2011/12 from 3.7 times in 2010/11. The highest paid director was in post for a part year in 2010/11 and a full year in 2011/12. The Median remuneration has increased due to staffing redundancies. On average more senior staff have been retained to complete the Yorkshire Forward closure.

## Senior staff contracts

The members of the senior management team are employed under permanent employment contracts. The Chief Executive and senior managers work for the Agency full time.

For the Chief Executive and senior management team, early termination, other than for misconduct, will be under the terms of the Principal Civil Service Pension Scheme (PCSPS). This is per the terms of the Civil Service Compensation Scheme.

## Pension benefits

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

With the approval of BIS, a pension and death in service benefit scheme has been in place for the former Chair Terry Hodgkinson, with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme and funded directly by the Agency up to 13 December 2010. The current Chair Julie A. Kenny is not party to this scheme.

In the period the former chair was paid a lump sum of £51,680.16 due following his retirement. The former chairs' pension benefit has been assessed by an actuary. This liability transferred to BIS within the 30 March 2012 transfer scheme and is no longer a Yorkshire Forward Liability as at 31 March 2012.

<b>FINANCIAL ASSUMPTIONS</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
• The inflation assumptions	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%

<b>THE EFFECT OF ACCRUAL DURING YEAR</b>	<b>£000's</b>	<b>£000's</b>
• The current service cost (net of employee contributions)	Nil	19
• Any past service costs	Nil	(22)
• Gains and losses on any settlements and curtailments	Nil	Nil
• The interest cost	9	9
• <b>Total Expense/(Income)</b>	<b>9</b>	<b>6</b>

<b>ACTUARIAL GAINS AND LOSSES DURING THE YEAR</b>	<b>£000's</b>	<b>£000's</b>
• Experience losses (gains)	(10)	(7)
• Effect of changes in assumptions underlying the present value of scheme liabilities	2	(12)
• <b>Total Actuarial Losses (Gains)</b>	<b>(8)</b>	<b>(19)</b>

<b>LIABILITY (£000's)</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
• Actives	140	192
• Deferred	0	0
• Pensioners	0	0
• Dependant Pensioners	0	0
• <b>Total Present Value of the Scheme Liabilities</b>	<b>140</b>	<b>192</b>

<b>LIABILITY CALCULATION</b>	<b>£000's</b>
Present Value of Scheme Liability at start of the Year	192
Current service cost (net of employee contributions)	Nil
Employee contributions	Nil
Interest cost	9
Actuarial losses (Gains)	(8)
Past service cost	Nil
<b>Less: Benefits paid</b>	<b>(53)</b>
<b>Less: Net individual transfers out</b>	<b>Nil</b>
<b>Present Value of Scheme Liabilities at end of Year</b>	<b>140</b>

The capitalised value of pension benefits above has been transferred to BIS on 30 March 2012. Refer to note 20 Provisions for liabilities and charges for details.

## Pension benefits of Chief Executive and senior managers

All senior managers and the Chief Executive are members of PCSPS. Don Stewart and Trevor Shaw are in the Classic scheme. Simon Hill and Thea Stein are in the Premium scheme.

NAME AND POSITION	REAL INCREASE IN PENSION	REAL INCREASE IN LUMP SUM	PENSION AT 31/03/12	LUMP SUM AT 31/03/12	RE-STATEMENT CETV AT 31/03/11	CETV AT 31/03/12	EMPLOYEE CONTRIBUTIONS AND TRANSFERS IN	REAL INCREASE IN CETV AS FUNDED BY EMPLOYER	COMPENSATION LUMP SUM AWARDED
					NEAREST	NEAREST	NEAREST	NEAREST	NEAREST
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Thea Stein</b> Chief Executive	2.5-5	n/a	35-40	n/a	413	516	5	65	-
<b>Trevor Shaw</b> Executive Director of Finance	-	-	45-50	140-145	1,056	1,118	2	-	-
<b>Simon Hill</b> <sup>1</sup> Executive Director of Business	0-2.5	n/a	5-10	n/a	122	130	1	6	-
<b>Ruth Adams</b> - Director of Business Transition <sup>2</sup>	0-2.5	0-2.5	5-10	25-30	117	132	1	5	61
<b>Jim Farmery</b> - Director of Projects and Programme <sup>3</sup>	0-2.5	n/a	10-15	n/a	137	170	4	18	69
<b>Dave Custance</b> - Director of Urban Renaissance and Property <sup>4</sup>	10-12.5	35-37.5	20-25	65-70	175	420	248	-	-
<b>Ruth Redfern</b> - Assistant Chief Executive <sup>5</sup>	0-2.5	0-2.5	10-15	40-45	215	234	3	3	82

<b>Don Stewart<sup>6</sup></b> Project Director Destination Yorkshire	-	-	50-55	155-165	1,204	1,207	-	-	103
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Columns 6 & 7 of the above table show the member's cash equivalent transfer value accrued at the beginning and the end of the reporting period. Column 9 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation and contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

<sup>1</sup> **Simon Hill** - left on 30 June 2011.

<sup>2</sup> **Ruth Adams** - appointed as Director of Business Transition on 29 October 2010 and left on 31 March 2012.

<sup>3</sup> **Jim Farmery** - appointed as Director of Projects and Programme on 17 June 2011 and left on 31 March 2012.

<sup>4</sup> **Dave Custance** - appointed as Director of Urban Renaissance and Property on 23 October 2010.

<sup>5</sup> **Ruth Redfern** - left on 30 November 2011.

<sup>6</sup> **Don Stewart** - left on 11 May 2011.

## Cash Equivalent Transfer Value

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 CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated 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 drawn.

## Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of 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

There were no payments made to directors up to 31 March 2012 (2010/11 £nil).

## Payments made for loss of office

The payments to senior managers for loss of office are disclosed in the Emoluments of Chief Executive and Senior Managers table on page 25 (2010/11 £145,861).

## Principal Civil Service Pension Scheme

The Principal Civil Service Pension scheme is an unfunded multi-employer defined benefit scheme, but Yorkshire Forward is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)) scheme statement of the PCSPS. The actuarial review of the PCSPS was due in 2010, but has been suspended due to issues arising from the Hutton Report. For 2011/12 employer's contributions of £983,475 (2010/11 £2,477,576) were payable to the PCSPS at rates in the range of 16.7% to 24.3% of pensionable pay. Employer contribution rates are reviewed every four years following a scheme valuation by the Scheme Actuary. The contribution rates reflect as they accrue, 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 contributions to the scheme.

From 1 October 2002, employees may be in one of three statutory based 'final salary' defined benefit schemes (**classic**, **premium**, and **classic plus**). New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (**partnership pension account**).

As part of the Emergency Budget statement in 2010, the Chancellor announced that the uprating of public service pensions (including PCSPS) will be based on the CPI measure of price movements rather than the RPI as in prior periods. This change has taken effect from April 2011 and is reflected in the calculations of payments due under this scheme.

All employees of Yorkshire Forward are members of the PCSPS pension scheme unless otherwise stated. The scheme is currently open to new members.

### a) 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.

#### **(b) 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 of the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 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 the age of 60.

#### **(c) 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. Pensions payable under classic, premium and classic plus are increased in line with the Consumer Prices Index.

#### **(d) NUVOS pension scheme**

The Nuvos Pension Scheme was introduced for new entrants from 30 July 2007. This is not a final salary pension scheme, but one based on an average of pensionable earnings over an employee's career.

The employee contributes 3.5% of their pensionable earnings. Yorkshire Forward contributes between 16.7% and 24.3%, depending on the employee's salary. With effect from the 1 April 2012 employee contributions has increased between 3.5% and 5.9%, depending on the employee's salary.

#### **(e) Partnership pension account**

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute, but where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (Death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 (from 2010 the age range has changed 55 to 75) and use the accumulated fund to purchase a pension. The member may choose to take up to 25% of the fund as a lump sum. For 2011/12 normal employer contributions of £6,031 (2010/11 £18,775) were payable to the Scottish Widows and Standard Life schemes at a maximum rate of 12.5% of pensionable pay.

## Homes and Communities Agency Pension Scheme

The Homes and Communities Agency Pension scheme, is a multi-employer defined benefit scheme, but Yorkshire Forward is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2008 and details can be found in the separate scheme statement of the Homes and Communities Agency Pension Scheme. For 2011/12 normal employer contributions of £29,599 (2010/11 £51,301) were payable to the Homes and Communities Agency Pension Scheme at the rate of 29.1% of pensionable pay, fixed for 3 years.

Employer contribution rates are reviewed every three years following a scheme valuation by the scheme actuary. The contribution rates reflect as they accrue, 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 contributions to the scheme.

In April 2011 there were four members in the scheme; in March 2012 the final member left.

## West Yorkshire Pension Fund

The West Yorkshire Pension Fund is a multi-employer defined benefit scheme, but Yorkshire Forward is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2010 and details can be found in the separate scheme statement of the West Yorkshire Pension Fund. For 2011/12 normal employer contributions of £2,276 (2010/11 £20,907) were payable to the West Yorkshire Pension Fund at the rate of 17.9% of pensionable pay.

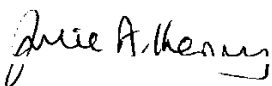
The scheme is reviewed every three years following a valuation by the scheme actuary. The contribution rates reflect as they accrue, not when the costs are actually incurred, and they reflect past experience of the scheme. At the Statement of Financial Position date there were no outstanding contributions to the scheme.

In April 2011 there was one member in the scheme; however this member left in August 2011, so there are no members left in this scheme as at March 2012. The scheme is no longer open to new members of staff other than staff TUPE transferred in, and is an inherited scheme from Yorkshire & Humberside Development Agency.



**THEA STEIN**  
Chief Executive and Accounting Officer

14 June 2012



**JULIE A. KENNY**  
Chair CBE DL

14 June 2012

# **Governance Statement for the period 1 April 2011 to 31 March 2012 (“Period”)**

## **1. Scope of responsibility**

1.1 Yorkshire Forward (“the Agency”) is a Regional Development Agency (RDA), classified as a non-departmental public body and is sponsored by the Department for Business, Innovation and Skills (BIS). The Secretary of State is accountable to Parliament for the activities and performance of the Agency.

1.2 The Agency was created under the Regional Development Agencies Act 1998 and is expected to be abolished under the Public Bodies Act 2011 on 30 June 2012 (subject to sign-off of its Annual Report and Accounts for 2011/12 by the Comptroller & Auditor General on 20 June 2012). Throughout the Period, the Agency has continued to implement its Closure and Transition plan which sets out how it will achieve an orderly closure and effective and timely transition of functions (including assets and liabilities, staff, projects and knowledge) to successor bodies.

1.3 Yorkshire Forward is permitted, subject to Secretary of State consent, under section 5(2)(c) of the Regional Development Agencies Act 1998 (‘the Act’), to hold an interest in other bodies corporate. During the period, the Agency has held an interest in Digital Region Limited, CO2 Sense, Directions Finningley Community Interest Company, Hull Urban Regeneration Company, Creative Sheffield, Renaissance South Yorkshire, Partnership Investment Fund, South Yorkshire Investment Fund, Finance Yorkshire and Victoria Place (Leeds) Management Company Limited. Together with the Agency these companies formed the Yorkshire Forward Group. Whilst the focus of this interim Governance Statement is the Agency, its scope extends to the whole of the Group. All Yorkshire Forward interest in these companies ceased by the end of the Period.

1.4 I, as Accounting Officer, acknowledge my responsibility in ensuring there is a sound system of governance and internal control and that the Agency’s business is conducted in accordance with HM Treasury’s Managing Public Money to ensure public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

## **2. The Purpose of the Governance Statement**

2.1 HM Treasury has announced that from 2011/12, the Statement on Internal Control will be replaced with a Governance Statement as part of an organisation’s Annual Report and Accounts, bringing together all disclosures relating to governance, risk and control.

2.2 The Governance Statement for which I, as Accounting Officer, take personal responsibility, outlines how I have 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 faces.

### **3. The Agency's Governance Framework**

3.1 The Agency's Board ('the Board') has corporate responsibility for ensuring that it fulfils the aims and objectives set by the Secretary of State, and for promoting the efficient and effective use of resources. The Agency is committed to this and has sought to adopt good practice and incorporate value for money principles in all of its activities. The Accounting Officer established, in agreement with these aims and objectives, a Closure and Transition Plan for the Agency ('the Plan') which was reviewed by BIS and considered by them to provide an appropriate framework for an orderly closure and transition. The Accounting Officer has advised the Board and BIS through regular reporting on the Agency's performance against the Plan and ensures that its governance responsibilities are discharged. Further information about the Board and its Sub-Committees is at Section 4 of the Governance Statement below.

3.2 As a result of the Government's decision to cease the operation of RDA activities on 30 March 2012 (with abolition expected on 30 June 2012), the Agency's priorities have changed significantly, with focus shifting to ensuring an orderly closure and an effective transfer of those functions that will continue. To meet these new priorities, as well as continuing to meet day to day business requirements and manage the changing risk environment, a Closure and Transition Board, chaired by the Chief Executive and consisting of all Executive Directors and key transition officers, has been in place throughout the Period. This originally convened on a fortnightly basis and from June 2011 met weekly. Simultaneously, the weekly meeting of the Agency's Executive was subsumed into the Closure and Transition Board which operates using formal agenda, minutes and terms of reference.

3.3 The Plan is organised in 'workstreams' covering each of the Agency's key closure and transition activities. Each workstream is led by a Senior Responsible Owner (SRO) who attends the Closure and Transition Board and is personally responsible for performance. Activity on each workstream is monitored on a day to day basis by a Workstream Coordinator who is also a senior manager. The Workstream Coordinator liaises closely with the SRO to identify risk within the workstream and to develop and monitor the effectiveness of mitigating actions. A series of Key Performance Indicators relating to closure and transition has been developed to monitor the workstreams of the Plan.

3.4 The Agency has comprehensive policies and procedures in place covering financial, legal, human resource and information security management, together with appropriate appraisal and approval procedures governing its programmes and projects. The Agency learns from best practice in relation to governance arrangements through close working with the National Audit Office (NAO), Internal Audit and other RDAs. The lead for the RDA Internal Audit network is provided by the Agency. The Agency's Internal Audit service operates in accordance with

Government Internal Audit Standards and delivers an Internal Audit plan as part of the Assurance Strategy as approved by the Audit Sub-Committee.

3.5 The inter-relationship between the Agency and BIS is codified in formal documents issued by BIS, such as the Accountability & Financial Framework. This was revised during the Period to reflect the closure and transition objectives of the RDAs. Closure has also been reflected in a continual review of the Agency's Financial Regulations and Delegations to ensure decision making remained at the appropriate senior level and the standards specified in the new Accountability & Financial Framework were met. Action Notes have formally defined requests for information, guidance and instructions from BIS to enable clarity and consistency across RDAs in closure and transition. The Agency's implementation of Action Notes is monitored to ensure all are responded to within the required timeframe. The Agency also aims to comply with Managing Public Money, relevant Dear Accounting Officer letters and the Government Financial Reporting Manual (FRoM), all issued by HM Treasury.

3.6 As stated at paragraph 1.3, the Agency has held an interest in other companies, the relationship between the parties being codified within each company's Memorandum & Articles of Association, the companies' lists of members and any contracts or grant funding agreements made between the Agency and the companies. The prime focus during the Period has been for the Agency to agree and implement sustainable exit strategies from each company. This has required the close involvement of senior Agency staff, direction from the Accounting Officer and oversight from the Board.

3.7 Statements of Assurance are requested from senior Agency officers, the companies within the Yorkshire Forward Group as well as Welcome to Yorkshire and the Yorkshire & Humber Manufacturing Advisory Service. All Statements of Assurance have been received and none have been qualified. The procedure for any qualifications is that these are discussed with the Financial Controller, Executive Director of Finance and, if appropriate, the relevant Yorkshire Forward officer on the company's board for resolution. The current position for each of the companies that have formed part of the Yorkshire Forward Group during the Period is below:

<b>Company</b>	<b>Current position</b>
Digital Region Limited	Yorkshire Forward transferred its shareholding to BIS under a Transfer Order on 30 March 2012
CO2 Sense	Yorkshire Forward resigned membership on 14 March 2012
Directions Finningley Community Interest Company	Yorkshire Forward transferred membership to BIS under a Transfer Order on 30 March 2012
Hull Urban Regeneration Company	Yorkshire Forward resigned membership on 29 November 2011
Creative Sheffield	Yorkshire Forward resigned membership on 31 August 2011
Renaissance South Yorkshire	Yorkshire Forward transferred membership to the Department for Communities & Local Government (CLG) under a Transfer Order on 30 March 2012
Partnership Investment Fund	Yorkshire Forward resigned membership on 1 January 2012
South Yorkshire Investment Fund	Yorkshire Forward resigned membership on 1 January 2012

Finance Yorkshire	Yorkshire Forward resigned membership on 5 December 2011
Victoria Place (Leeds) Management Company Limited	Yorkshire Forward resigned membership on 29 March 2012

#### **4. The Board and Sub-Committee Structure**

##### **4.1 General**

4.1.1 The Board meets every 6 weeks to provide oversight and responsibility for all major decisions arising from the delivery of the Closure and Transition plan, particularly with regard to its overall direction and performance.

4.1.2 The Board delegates the detailed review of assurance of the Agency's systems of Corporate Governance, Risk Management and Internal Control to the Audit Sub-Committee. The Board delegates the consideration of the performance, compensation and appointments of the Chief Executive and Executive Directors and any revised terms and conditions of Board members to the Compensation Sub-Committee. The Sub-Committee is also made aware of the review of pay and other personnel policies relating to the Agency's staff.

4.1.3 Terms of Reference for each Sub-Committee have been reviewed and approved by Board. Attendance at all Board and Sub-Committee meetings is recorded and absences and interests declared are reported. Details of attendance are set out at paragraph 4.2.4.

##### **4.2 Performance**

4.2.1 Each Board member has an individual annual meeting with the Chair to discuss their performance, training requirements and any actions arising. The Chair has also received a 360 degree appraisal of her own performance. No issues have arisen as a result of this. The outcome of the annual self-assessment of Board performance was reported to the March 2012 Board concluding that the Board feels it is operating effectively and receives appropriate reports concerning the governance of the Agency.

4.2.2 The Audit Sub-Committee produced a report on its activities in 2010/11 which was presented to its April 2011 meeting and June 2011 meeting of the Board. This report concluded that it is content with the assurances it has received leading the Sub-Committee to have confidence in the ability of the Agency to manage risk.

4.2.3 The meetings of the Board and its Sub-Committees during the Period and attendance at each is indicated in the table below. At the June 2011 meeting the Board agreed to reduce the number of Board members from 13 to 11. No meetings had to be rescheduled due to the quorum not being attained. Attendance has been considered adequate to enable the Board and its Sub-Committees to fulfil their responsibilities.

4.2.4 Yorkshire Forward was in attendance at both meetings of RDA Audit Committee Chairs during the Period. Throughout the Period the Board (and from December 2011 the Audit Sub-Committee) has also been attended by BIS Senior Officers and this additional perspective has been welcomed by both members and officers.

<b>Date of meeting</b>	<b>Type of meeting</b>	<b>Attendance (actual / invited attendees)</b>
14 April 2011	Board	9/13
14 April 2011	Compensation Sub-Committee	3/6
28 April 2011	Audit Sub-Committee	3/6
6 June 2011	Compensation Sub-Committee	6/6
9 June 2011	Board	11/13
30 June 2011	Audit Sub-Committee	3/6
30 June 2011	Special Board	8/13
21 July 2011	Board	11/11
15 September 2011	Board	10/11
15 September 2011	Audit Sub-Committee	5/5
19 September 2011	Compensation Sub-Committee	4/5
3 November 2011	Board	9/11
15 December 2011	Board	10/11
15 December 2011	Audit Sub-Committee	4/5
26 January 2012	Board	10/11
8 March 2012	Compensation Sub-Committee	4/5
8 March 2012	Audit Sub-Committee	4/5
8 March 2012	Board	9/11

### **4.3 Key Reports**

4.3.1 Throughout the Period the Board has:

- reviewed regular reports from the Chief Executive on closure and transition progress including the withdrawal of the Agency's interest in its section 5(2)(c) companies; transfers of functions, services and projects to successor bodies and the disposal of Victoria House, the headquarters of the Agency;
- reviewed financial, output and closure performance;
- reviewed the work of the Audit and Compensation Sub-Committees;
- approved the Annual Report and Accounts for 2010/11 and noted the Interim Report and Accounts for 2011/12;
- received training on the implications of the Bribery Act;
- approved investments from the European Regional Development Fund (to 30 June 2011) and the write off of a small number of irrecoverable debts;
- approved the inventory for transfer to the Homes & Communities Agency; and



- noted the new RDA Accountability & Financial Framework for inclusion within the Book of Key Policies.

4.3.2 Throughout the Period, the Compensation Sub-Committee has reviewed:

- performance measures for the Chief Executive and officers reporting to her;
- progress with implementing the agreed Voluntary and Compulsory Redundancy policies;
- updates on staff transfers to successor bodies; and
- matters relating to the retention of key staff through to the Agency's final closure.

4.3.3 Throughout the Period the Audit Sub-Committee has reviewed:

- the Annual Report and Accounts for 2010/11 and Interim Report and Accounts for 2011/12, including the impact of Machinery of Government changes and accounting issues relating to the withdrawal of the Agency's interest in its section 5(2)(c) companies;
- the management of risks and issues relating to the closure of the Agency (as detailed elsewhere within this Governance Statement);
- the Statement on Internal Control for 2010/11, the Interim Governance Statement 2011/12 and the impact of the new Code of Corporate Governance for Central Government Departments upon Yorkshire Forward; and
- assurances from Internal Audit, the Contract Management Team and the ERDF Programme Team.

## **5. Corporate Governance**

### **5.1 Performance**

5.1.1 The Agency's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve the Agency's policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based upon an ongoing and embedded process that identifies and prioritises risks to the achievement of the Agency's policies, aims and objectives, evaluates the likelihood of those risks being realised and impact should they be realised, and manages them efficiently, effectively and economically. This system was in place in Yorkshire Forward for the Period and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

### **5.2 Compliance with the Code of Corporate Governance**

5.2.1 HM Treasury has issued a new Code of Corporate Governance for Central Government Departments. Whilst its focus is ministerial departments, in the interest of striving to meet best practice the Agency has considered and, where necessary, adopted the relevant principles to enhance the existing system of internal control. The Audit Sub-Committee considered the new Code at its December 2011 meeting and concluded that the Agency complies with it in all material aspects other than one technical matter (regarding the creation of a Nominations and Governance Committee in lieu of the current Compensation Sub-Committee). It was decided not to change the structure of the Agency's Sub-Committee given the Agency's abolition on 30 June 2012. The Head of Internal Audit concurs with the officers' decisions and view of the Audit Sub-Committee on this matter.

### **5.3 Internal Audit and Contract Management Team**

5.3.1 Whilst responsibility for managing risk lies with the Board, the Closure and Transition Board and staff of Yorkshire Forward, Internal Audit plays an important role in the risk management process by:

- focusing audit activity on areas linked with key business risks;
- facilitating the identification and definition of those risks; and
- routinely reviewing the Agency's risk management process and its application.

5.3.2 Internal Audit submits regular reports on the adequacy and effectiveness of the system of internal control and management of key business risks together with recommendations for improvement. These have been accepted by management and action plans have been put in place. The implementation of recommendations and collection of evidence to verify this is reviewed by Internal Audit and regularly reported to the Audit Sub-Committee.

5.3.3 The Contract Management Team (CMT) provides assurance through monitoring and verification that contracts are being appropriately managed and delivered. The outcome of their work is regularly reported to the Closure and Transition Board and at each Audit Sub-Committee. CMT has undertaken a significant programme of Project Closure Quality Assurance reviews to provide assurance that project records meet the requirements of the Agency and successor bodies. It has also viewed physical evidence to support the expenditure and outputs claimed by projects and managed the process of receiving Statements of Grant Expenditure from grant recipients (see 5.4.1 below). CMT's work has identified areas where actions are required by Project Managers and grant recipients and have continued to work with both to ensure this occurs or the action is transferred to a successor body.

5.3.4 Following completion of the planned Internal Audit and CMT assurance work, the Assistant Director (Internal Audit & Value for Money) as Head of Internal Audit has concluded that the Agency's risk management, control and governance framework remains adequate in all material aspects and is effective in managing the achievement of its objectives. There are no significant issues or unmitigated risks identified that are not being adequately managed by officers, in liaison with BIS.

### **5.4 Accountability for Grants to Locally Governed Organisations**

5.4.1 During the Period the Agency entered into no new grant agreements with locally governed organisations and payments were only made in accordance with agreements signed in previous years. Assurance has been provided on the probity of spend under these agreements through the receipt from grant recipients of Statements of Grant Expenditure which are validated by independent auditors. Grant agreements have only been entered into for those projects that at the appraisal stages, met the Agency's value for money criteria. Subsequent management against spend and output targets has ensured that activities have delivered on this basis.

## **5.5 Assurance regarding external funding streams**

5.5.1 Until 30 June 2011, the Agency had responsibility for two external funding streams: the 2007 to 2013 European Regional Development Fund (ERDF) programme and the Rural Development Programme for England (RDPE). The programmes transferred to CLG and the Department for Environment, Food and Rural Affairs (DEFRA) respectively on 1 July 2011.

5.5.2 For the period where the Agency had responsibility for ERDF, the Audit Authority<sup>1</sup> (AA) concluded favourably in its 'end-to-end' systems review. The AA also completed other reviews of projects where the Agency or one of its subsidiary companies is the end beneficiary. In each case, all recommendations have been accepted or cleared. Work by the AA and ERDF Managing Authority<sup>2</sup> is currently underway regarding the Grant for Research and Development and Large Company Research and Development Grant schemes respectively. Final conclusions have not yet been reached, however, there is a risk of clawback of grant received and/or a reduction in the amount of ERDF available to draw down.

5.5.3 The annual Internal Audit review of the management and scheme arrangements for RDPE was also undertaken and concluded positively. The Audit Sub-Committee has been kept closely informed of developments relating to ERDF and RDPE throughout the Period.

## **5.6 Peer review**

5.6.1 The Agency has been subject to two 'peer reviews' by BIS and the East Midlands Development Agency, Yorkshire Forward's peer review partner. The first commenced in April 2011 and considered arrangements for governance, financial management, profile of staff exits, closure of projects and disposal of assets. The review team acknowledged the complexity of closure and felt satisfied that the closure plans were robust with the staff and Board focussed and engaged.

5.6.2 A second peer review in October 2011 considered transfers from the Agency, internal capacity to resolve Human Resources, Finance and Legal issues and exit strategies for the Agency's section 5(2)(c) companies. The conclusions were largely positive, acknowledging the risk surrounding the withdrawal of the Agency's interest in Digital Region Limited, CO2 Sense and Directions Finningley Community Interest Company.

5.6.3 Prior to the October peer review, a desk based assurance report was undertaken by BIS which allocated a risk rating to each aspect of the Agency's Closure and Transition plan. As expected, a 'red' rating was allocated to

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<sup>1</sup> The Audit Authority is the body designated by the Member State which is functionally independent of the Managing Authority (see footnote 2) to verify the effective functioning of the management and control systems within England, this function is undertaken by the Department for Communities and Local Government.

<sup>2</sup> The Managing Authority is the body designated by the Member State that will ensure Structural Fund programmes are implemented and that their activity conforms with European Commission Regulations. Within England, this function is undertaken by the Department for Communities and Local Government.

the withdrawal of the Agency's interest in Digital Region Limited, due to the challenges in securing a viable future and avoiding ERDF clawback, and an 'amber-red' rating was allocated to the withdrawal of the Agency's interest in Directions Finningley Community Interest Company and CO2 Sense. The Agency has actively managed its orderly withdrawal from each of these companies with the detailed involvement of the Accounting Officer and Executive Director Finance and oversight by the Chair and the Board. All other aspects of closure have been allocated a 'green' or 'amber-green' rating.

5.6.4 The actions arising and their implementation from these reviews have been monitored on a fortnightly basis by the Closure and Transition Board and to each meeting of the Board as part of the Chief Executive's update. All of the risks identified as a result of the peer review and the desk based assurance report had already been identified as part of the Agency's risk management processes and continue to be managed accordingly. A meeting with BIS to follow-up actions arising from the October peer review occurred on 19 January 2012 with BIS recognising the progress made in closure and the challenges that remained. As stated at 1.3, the Agency no longer holds an interest in any other bodies corporate.

## **5.7 Significant internal control weaknesses**

5.7.1 During the Period there have not been any significant internal control weaknesses.

## **6. Risk Assessment and Management**

### **6.1 General**

6.1.1 The Agency has a continuous process for identifying, assessing, evaluating and managing significant risks, which operated during the Period. The Executive Director Finance has been charged with operational responsibility for the maintenance of an effective risk management system which is continually reviewed by the Audit Sub-Committee, on behalf of the Board.

6.1.2 The Closure and Transition Board leads on the identification of risks, the consideration of mitigating actions and an assessment of their effectiveness as detailed within the Closure and Transition Risk Register. As well as review by Internal Audit, this is also overseen by the Board and Audit Sub-Committee to provide assurance that the risks faced by the Agency in achieving an orderly closure and transition are identified, reported and effectively managed. Significant risks, i.e. those outside the Agency's risk appetite, are addressed as a matter of priority by the Closure and Transition Board until mitigating actions reduce the level of risk to an acceptable level, after which such risks are still monitored to ensure they are being managed effectively.

6.1.3 The Risk Policy ('the Policy') receives an annual review with the current version approved by Board in March 2011, following review by Audit Sub-Committee the previous month. Given the Agency's changing risk environment, a further amendment was made by the Audit Sub-Committee at its June 2011 meeting.

6.1.4 The Policy reflects the commitment of the Agency to good risk management, recognising that this provides added confidence in the Agency's capacity to achieve its objectives, to constrain threats to within its risk appetite and to take informed decisions. The Policy clearly defines where ownership and accountability for risk lies and is underpinned by a Risk Management Procedure which closely follows HM Treasury's *Orange Book*. The Agency continues to review its processes to ensure that the system of internal control is appropriate and works effectively. An example of this has been the introduction of Transfer Managers, working together and with support service teams to achieve a consistent and professional transfer of each aspect of the Agency's business.

6.1.5 The Closure and Transition project team maintains the Closure and Transition risk register and provides support to high risk areas and liaison with the BIS Closure and Transition team.

## **6.2 Risk Appetite**

6.2.1 The Agency recognises that in order to achieve its objectives it must manage risk within its risk appetite. Where risks lie beyond the risk appetite, the Board and the Closure and Transition Board will take appropriate risk management action. Where risks lie well within the risk appetite, the opportunity gained by increasing risk will be considered by the Board and the Closure and Transition Board. In order to allow a consistent approach to risk appetite to be taken, the method of scoring of impact and likelihood of risks was agreed by the Audit Sub-Committee and the Closure and Transition Board.

## **6.3 Emerging Risks**

6.3.1 The Agency has continued to 'horizon scan' for risks that may prevent the achievement of its Closure and Transition objectives. This is undertaken largely through workstream coordinators who monitor the progress of each workstream of the Plan with each risk recorded in the Closure and Transition risk register. Risks are also allocated to the relevant Senior Responsible Owner to personally manage and report to the Board and Closure and Transition Board. In addition to a risk register, a schedule of key issues is maintained and monitored closely. Whilst this has not eradicated risk entirely, it has allowed resources to be focussed towards mitigating risk wherever possible.

6.3.2 The withdrawal of the Agency from its remaining section 5(2)(c) companies was considered to represent a significant risk to the orderly closure of the Agency. By identifying these risks at an early stage, the Agency has worked with BIS and section 5(2)(c) companies to identify a range of costed exit options and to manage risk and resolve issues, with the involvement of the Board throughout.

6.3.3 The risk that the Public Bodies Act 2011 would not receive a timely Royal Assent (resulting in contracts requiring transfer by novation and assignment rather than by Transfer Scheme) was also identified, assessed and resolved through the strengthening of legal resources at the Agency.

6.3.4 During the Period, the Agency has dealt with the following areas of transferring activity. In all of these areas, as Accounting Officer, I have ensured through management controls and independent assurance via the Audit Sub-Committee that the Agency has maintained full control of all the projects, assets and liabilities involved until the point of transfer.

<b>Function</b>	<b>Recipient body</b>	<b>Legal basis for transfer</b>	<b>Date of transfer</b>
Inward Investment	BIS	Transfer Scheme made under Section 6 and Schedule 3 of the RDA Act 1998	1 May 2011
RDPE	DEFRA	Statutory Instrument 1433/2011 – The Rural Development Programme (Transfer and Appeals) (England) Regulations 2011	1 July 2011
ERDF	CLG	Statutory Instrument 1398/2011 - The European Regional Development Fund (Operational Programmes) Regulations 2011	1 July 2011
Coalfields	HCA	Transfer Scheme made under Section 51 of the Housing and Regeneration Act 2008	1 August 2011
Grant for Business Investment	BIS/TSB	Transfer Scheme made under Section 6 and Schedule 3 of the RDA Act 1998	1 September 2011
Grant for Research and Development	BIS/TSB	Transfer Scheme made under Section 6 and Schedule 3 of the RDA Act 1998	1 September 2011
Stewardship (other Land and Property projects)	HCA	Transfer Scheme made under Section 51 of the Housing and Regeneration Act 2008	19 September 2011
Venture Capital and Loan Funds (not all transferred on the same date)	BIS	Novation or Transfer Scheme under Section 30 of the Public Bodies Act 2011	Between 30 September 2011 and 1 January 2012

6.3.5 Following Royal Assent of the Public Bodies Act the first Transfer Order, effective on 1 January 2012, transferred the remaining 'live' project activity to BIS, the ERDF 2000-2006 Programme to CLG and Large Company Research and Development programme to the Technology Strategy Board (TSB). It also completed the transfer of those Venture Capital Loan Funds which had not previously been novated. The second transfer order, effective on 30 March 2012, transferred most of the Agency's remaining property, rights and liabilities, mainly to

BIS, but also to CLG and the HCA. This has left the Agency with a small number of staff as well as the Board to oversee completion of the 2011/12 and 2012/13 financial statements.

6.3.6 As Accounting Officer I retained full responsibility for all assets (including Land and Property) that transferred to HCA from 1 April 2011 until 31 July 2011 (Coalfield assets) and 18 September 2011 (other Land and Property). As these transfers were Machinery of Government changes I received letters from the Permanent Secretary of BIS taking responsibility for these assets thereafter until the Supplementary Estimates for 2011/12 were completed.

## **6.4 Ministerial Directions**

6.4.1 Within the Period no Ministerial Directions have been issued.

## **6.5 Information Security**

6.5.1 Information security is an important part of the internal control agenda, led by the Legal and IT & Knowledge Management teams. The Executive Director of Finance is the Senior Information Risk Officer and Chairs the Agency's Information Security Strategy Board. All employees are required to adhere to the Agency's ICT Security Policy, which ensures the continued delivery of appropriate standards of collection, use, control and access to the organisation's information and undertake annual training. The Agency aims to comply with the Government's Security Policy Framework as required by BIS and liaison with the BIS Security Team continues to ensure there is joint understanding of the materiality of security incidents.

6.5.2 During the Period there have been no significant lapses of data security.

## **7. Conclusion**

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

7.2 As Accounting Officer, I also have responsibility for reviewing the effectiveness of the systems of governance, management and risk control. My review is informed by the work of Internal Audit and other assurance providers; the Closure and Transition Board and Assistant Directors, who have responsibility for the development, maintenance and operation of the internal control framework; and comments made by the National Audit Office in their management letter and other reports. I have advised the Board and the Audit Sub-Committee on the importance of effective internal controls and plans are in place to ensure the current robust systems operate for the remainder of the Agency's operation prior to abolition.

7.3 On the basis of the information provided above, I, as Accounting Officer, conclude that the Agency has had a satisfactory system of governance in operation, supported by sound internal controls, for the period 1 April 2011 to 31 March 2012.

A handwritten signature in black ink, appearing to be 'Thea Stein', with a stylized, cursive script.

Thea Stein  
Chief Executive and Accounting Officer  
Yorkshire Forward



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

I have audited the financial statements of Yorkshire Forward for the year ended 31 March 2012 under the Regional Development Agencies Act 1998. These financial statements comprise the Group Statement of Comprehensive Net Expenditure, the Group and Agency Statements of: Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that Report as having been audited.

## **Respective responsibilities of the Board, the Accounting Officer and auditor**

As explained more fully in the Statement of 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 Yorkshire Forward's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Yorkshire Forward; 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 recorded 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 Yorkshire Forward's and the group's affairs as at 31 March 2012 and of the Yorkshire Forward'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 1.2 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 Management Commentary and the 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 returns adequate for my audit have not been received from branches not visited by my staff** or;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records 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

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June 2012

# Financial statements 2011/2012

## Group Statement of Comprehensive Net Expenditure for the Year ended to 31 March 2012

	NOTES	2011/2012 £'000	RESTATED 2010/2011 £'000
<b>Expenditure</b>			
Programme expenditure	2	52,986	136,877
European funded programme expenditure	2	6,186	48,414
Staff costs	3	13,646	19,483
Depreciation	4	1,144	1,112
Other administration costs	4	5,263	4,017
Other expenditure	5	56,177	4,156
Disposal of inventories	6	3,330	1,200
Disposal of property, plant and equipment		7,160	-
Loss on disposal Subsidiaries, Joint Ventures & Associates	7	596	-
Loss on transfer – ERDF	9	5,481	-
Loss on transfer – Other	9	20,146	-
<b>TOTAL EXPENDITURE</b>		<b>172,115</b>	<b>215,259</b>
<b>Income</b>			
European funded income	10	(7,161)	(48,533)
Other income	11	(20,641)	(6,643)
Gain on transfer – Digital Region shares and contracts	9	(33,066)	-
Gain on transfer – Pensions	9	(1,056)	-
Gain on transfer – Other	9	(6,980)	-
Proceeds from sale of operating asset		(8,405)	-
Proceeds from sale of inventories	6	(4,097)	(1,671)
<b>TOTAL INCOME</b>		<b>(81,406)</b>	<b>(56,847)</b>
<b>NET EXPENDITURE</b>		<b>90,709</b>	<b>158,412</b>
Group Share of deficit in Joint Ventures & Associates	7	12,147	3,740
Interest payable	12	-	12
Interest receivable	12	(885)	(604)
<b>NET EXPENDITURE AFTER INTEREST</b>		<b>101,971</b>	<b>161,560</b>
Taxation	13	867	948
<b>NET EXPENDITURE AFTER TAX</b>		<b>102,838</b>	<b>162,508</b>
<b>PROPORTION OF NET EXPENDITURE RELATING TO DISCONTINUED OPERATIONS</b>	21	<b>83,205</b>	<b>162,259</b>
<b>Other Comprehensive Expenditure</b>			
Net gain/(loss) on revaluation of Inventories		-	-
Net gain/(loss) on revaluation of Investments		-	-
<b>TOTAL COMPREHENSIVE EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2012</b>		<b>102,838</b>	<b>162,508</b>

Net expenditure is financed by Grant in Aid as explained in accounting policy note 1.12. Detail of restatement is shown at note 8.

The notes on pages 56 to 94 form part of these accounts.

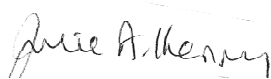
## Group Statement of Financial Position as at 31 March 2012

	NOTES	2011/2012 £'000	RESTATED 2010/2011 £'000	RESTATED 2009/2010 £'000
<b>Non Current Assets</b>				
Property, Plant & Equipment	15	-	18,146	20,987
Intangible Assets	16	-	36	27
Investments in Joint Ventures				
- Share of gross assets	7	-	41,874	22,608
- Share of gross liabilities	7	-	(46,728)	(22,891)
Investments in Associates	7	-	8,563	10,705
Investments Other	7	-	4,539	4,503
Loans and Receivables	14	-	22,487	7,162
<b>TOTAL NON CURRENT ASSETS</b>		-	<b>48,917</b>	<b>43,101</b>
<b>Current Assets</b>				
Inventories	6	-	3,780	5,550
Trade and Other Receivables	17	-	44,898	33,331
Cash and Cash Equivalents	18	-	62,321	60,821
<b>TOTAL CURRENT ASSETS</b>		-	<b>110,999</b>	<b>99,702</b>
<b>TOTAL ASSETS</b>		-	<b>159,916</b>	<b>142,803</b>
<b>Current Liabilities</b>				
Trade and Other Payables	19	-	(96,575)	(108,604)
Provisions	20	-	(3,112)	(206)
<b>TOTAL CURRENT LIABILITIES</b>		-	<b>(99,687)</b>	<b>(108,810)</b>
<b>NON CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES</b>		-	<b>60,229</b>	<b>33,993</b>
<b>Non Current Liabilities</b>				
Provisions	20	-	(192)	(203)
<b>TOTAL NON CURRENT LIABILITIES</b>		-	<b>(192)</b>	<b>(203)</b>
<b>ASSETS LESS LIABILITIES</b>		-	<b>60,037</b>	<b>33,790</b>
<b>Taxpayers' Equity</b>				
General Reserve		-	11,988	19,088
Grant in Aid Reserve		-	48,049	14,702
<b>TOTAL TAXPAYERS' EQUITY</b>		-	<b>60,037</b>	<b>33,790</b>

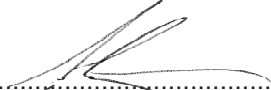
Detail of restatement is shown at note 8. The group balances as at 31 March 2012 are nil to reflect that Yorkshire Forward was no longer a group at this date.

The notes on pages 56 to 94 form part of these accounts.

The financial statements on pages 49 to 55 were approved by the Board on 14 June 2012 and signed on its behalf by

  
.....Chair

Date: 14 June 2012

  
..... Chief Executive and Accounting Officer

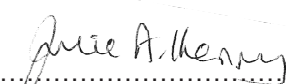
## Agency Statement of Financial Position as at 31 March 2012

	NOTES	2011/2012 £'000	RESTATED 2010/2011 £'000	RESTATED 2009/2010 £'000
<b>Non Current Assets</b>				
Property, Plant and Equipment	15	-	9,919	11,949
Intangible Assets	16	-	36	27
Investments in Subsidiaries	7	-	4,701	4,812
Investments in Joint Ventures	7	-	(4,854)	(283)
Investment in Associates	7	-	8,563	10,705
Investments Other	7	-	4,539	4,503
Loans and Receivables	14	-	22,487	7,162
<b>TOTAL NON CURRENT ASSETS</b>		-	<b>45,391</b>	<b>38,875</b>
<b>Current Assets</b>				
Inventories	6	-	3,780	5,550
Trade and Other Receivables	17	57	44,039	32,124
Cash and Cash Equivalents	18	5,875	61,709	60,720
<b>TOTAL CURRENT ASSETS</b>		<b>5,932</b>	<b>109,528</b>	<b>98,394</b>
<b>TOTAL ASSETS</b>		<b>5,932</b>	<b>154,919</b>	<b>137,269</b>
<b>Current Liabilities</b>				
Trade and Other Payables	19	(4,344)	(95,682)	(107,443)
Provisions	20	-	(3,112)	(206)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(4,344)</b>	<b>(98,794)</b>	<b>(107,649)</b>
<b>NON CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES</b>		<b>1,588</b>	<b>56,125</b>	<b>29,620</b>
<b>Non Current Liabilities</b>				
Provisions	20	-	(192)	(203)
<b>TOTAL NON CURRENT LIABILITIES</b>		-	<b>(192)</b>	<b>(203)</b>
<b>ASSETS LESS LIABILITES</b>		<b>1,588</b>	<b>55,933</b>	<b>29,417</b>
<b>Taxpayers' Equity</b>				
General Reserve		-	12,755	19,532
Grant in Aid Reserve		1,588	43,178	9,885
<b>TOTAL TAXPAYERS' EQUITY</b>		<b>1,588</b>	<b>55,933</b>	<b>29,417</b>

Detail of restatement is shown at note 8.

The notes on pages 56 to 94 form part of these accounts.

The financial statements on pages 49 to 55 were approved by the Board on 14 June 2012 and signed on its behalf by

.....Chair

Date: 14 June 2012

.....Chief Executive and Accounting Officer

## Group Statement of Cash Flows for the period ended 31 March 2012

	2011/2012 £'000	RESTATED 2010/2011 £'000
<b>Cash Flows from Operating Activities</b>		
Cash generated from operations	(103,654)	(204,973)
Corporation Tax (paid)/refunded	(1,071)	784
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(104,725)</b>	<b>(204,189)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of inventories	-	(3,441)
Purchase of intangible assets	-	(23)
Purchase of operating assets	(206)	(131)
Interest received	885	1,098
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>679</b>	<b>(2,497)</b>
<b>Cash Flows from Financing Activities</b>		
Cash inflows Grant in Aid and other grants	47,600	200,000
Funding of HCA transfer	-	8,186
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>47,600</b>	<b>208,186</b>
<b>Other Consolidation Movements*</b>	(5,875)	-
<b>Net increase/(decrease) in Cash and Cash equivalents</b>	(62,321)	1,500
Opening cash and cash equivalents	62,321	60,821
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>-</b>	<b>62,321</b>
<b>Reconciliation of net expenditure to net cash outflow from operating activities</b>		
	2011/2012 £'000	RESTATED 2010/2011 £'000
Net expenditure	(90,709)	(158,412)
Non-cash entries on SoCNE	15,372	19,512
Movement in operating receivables	66,598	(51,129)
Movement in operating payables	(91,297)	(18,964)
Movement in provisions	(3,304)	2,895
Removal of Non-Cash items in Net Expenditure	1,051	1,125
Removal of Non-Cash items from merger and acquisition accounting	(1,365)	-
<b>CASH OUTFLOW GENERATED FROM OPERATIONS</b>	<b>(103,654)</b>	<b>(204,973)</b>

\*Other consolidation movement relates to an accounting adjustment to reflect that Yorkshire Forward is no longer a group as at 31 March 2012.

The notes on pages 56 to 94 form part of these accounts.

## Agency Statement of Cash Flows for the period ended 31 March 2012

	2011/2012 £'000	RESTATED 2010/2011 £'000
<b>Cash Flows from Operating Activities</b>		
Cash generated from operations	(103,244)	(200,343)
Corporation Tax (paid)/refunded	(1,013)	835
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(104,257)</b>	<b>(199,508)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed operating assets	(30)	(68)
Interest received	853	565
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>823</b>	<b>497</b>
<b>Cash Flows from Financing Activities</b>		
Cash inflows Grant in Aid and other grants	47,600	200,000
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>47,600</b>	<b>200,000</b>
<b>Net increase/(decrease) in Cash and Cash equivalents</b>	<b>(55,834)</b>	<b>989</b>
Opening cash and cash equivalents	61,709	60,720
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>5,875</b>	<b>61,709</b>

	2011/12 £'0000	RESTATED 2010/2011 £'000
<b>Reconciliation of net expenditure to net cash outflow from operating activities</b>		
Net expenditure	(87,124)	(158,606)
Non-cash entries on SoCNE	12,944	(10,686)
Movement in operating receivables	65,739	(26,961)
Movement in operating payables	(90,404)	(13,772)
Movement in provisions	(3,304)	2,895
Removal of Non-Cash items in Net Expenditure	270	315
Removal of Non-Cash items from merger and acquisition accounting	(1,365)	6,472
<b>CASH OUTFLOW GENERATED FROM OPERATIONS</b>	<b>(103,244)</b>	<b>(200,343)</b>

The notes on pages 56 to 94 form part of these accounts.



## Group Statement of Changes in Taxpayers' Equity for the period ended 31 March 2012

	Grant in Aid Reserve £'000	Reval- uation Reserve £'000	General Reserve £'000	Total Reserves £'000
<b>Previously reported balance at 31 March 2010</b>	<b>68,397</b>	<b>4,221</b>	<b>37,719</b>	<b>110,337</b>
Machinery of Government Transfer to HCA	(53,695)	(4,221)	(18,631)	(76,547)
<b>Balance at 31 March 2010</b>	<b>14,702</b>	<b>-</b>	<b>19,088</b>	<b>33,790</b>
<b>Changes in Taxpayers' Equity 2010/11</b>				
Activities in relation to Subsidiaries, Joint Venture & Associate	3,740	-	-	<b>3,740</b>
Machinery of Government Transfer to HCA	(12,643)	-	-	<b>(12,643)</b>
Transfers between reserves	4,758	-	(7,100)	<b>(2,342)</b>
Comprehensive Expenditure for 2010/11	(162,508)	-	-	<b>(162,508)</b>
Grant in Aid from BIS	200,000	-	-	<b>200,000</b>
<b>Balance at 31 March 2011</b>	<b>48,049</b>	<b>-</b>	<b>11,988</b>	<b>60,037</b>
<b>Changes in Taxpayers' Equity 2011/12</b>				
Activities in relation to Subsidiaries, Joint Venture & Associate	12,147	-	-	<b>12,147</b>
Disposals of company investments	(1,646)	-	(12,180)	<b>(13,826)</b>
Machinery of Government Transfer to HCA	(1,532)	-	-	<b>(1,532)</b>
Transfers between reserves	(192)	-	192	<b>-</b>
Comprehensive Expenditure for 2011/12	(102,838)	-	-	<b>(102,838)</b>
Grant in Aid from BIS	47,600	-	-	<b>47,600</b>
Other consolidation movements*	(1,588)	-	-	<b>(1,588)</b>
<b>Balance at 31 March 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*Other consolidation movement relates to an accounting adjustment to reflect that Yorkshire Forward is no longer a group as at 31 March 2012.

The notes on pages 56 to 94 form part of these accounts.

## Agency Statement of Changes in Taxpayers' Equity for the period ended 31 March 2012

	Grant in Aid Reserve £'000	GeneralRe serve £'000	Total Reserv es £'000
<b>Previously reported balance at 31 March 2010</b>	63,582	38,162	<b>101,744</b>
Machinery of Government Transfer to HCA	(53,697)	(18,630)	<b>(72,327)</b>
<b>Restated balance at 31 March 2010</b>	<b>9,885</b>	<b>19,532</b>	<b>29,417</b>
<b>Changes in Taxpayers' Equity 2010/11</b>			
Machinery of Government Transfer to HCA	(12,643)	-	<b>(12,643)</b>
Transfers between reserves	4,874	(6,777)	<b>(1,903)</b>
Comprehensive Expenditure for 2010/11	(158,938)	-	<b>(158,938)</b>
Grant in Aid from BIS	200,000	-	<b>200,000</b>
<b>Balance at 31 March 2011</b>	<b>43,178</b>	<b>12,755</b>	<b>55,933</b>
<b>Changes in Taxpayers' Equity 2011/12</b>			
Disposal of company investments	(1,646)	(12,947)	<b>(14,593)</b>
Machinery of Government Transfer to HCA	(272)	-	<b>(272)</b>
Transfers between reserves	(192)	192	-
Comprehensive Expenditure for 2011/12	(87,080)	-	<b>(87,080)</b>
Grant in Aid from BIS	47,600	-	<b>47,600</b>
<b>Balance at 31 March 2012</b>	<b>1,588</b>	<b>-</b>	<b>1,588</b>

The Grant in Aid Reserve holds all the Agency's prior year profits and funding grants received from its parent Department.

The General Reserve holds all reserves which are held for specific purposes. The Reserve holds the reserve impact of the group entities, the reserve impacts of properties held on behalf of Homes and Communities Agency for the Coalfield programme and it holds the reserve impact of the Former Chair's pension provision.

The notes on pages 56 to 94 form part of these accounts.

# Notes to the financial statements for the year ended 31 March 2012

## 1. Accounting Policies

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### (1.1) Basis of accounting

The financial statements of Yorkshire Forward have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Yorkshire Forward for the purpose of giving a true and fair view has been selected. The particular policies adopted by Yorkshire Forward are described below. They have been applied consistently in dealing with items that are considered material to the financial statements. The financial statements are prepared in £ sterling stated to the nearest thousand pound (£000) unless otherwise stated.

### (1.2) Going Concern

The Public Bodies Act, which paves the way for the abolition of the Regional Development Agencies (RDAs) received Royal Assent on 14 December 2011. The Department for Business Innovation and Skills (BIS) issued two individual Transfer Schemes for each RDA under the Act, the first came into effect on the 1 January 2012, transferring remaining projects and some staff to BIS so that they can be completed. A second Transfer Scheme was made on the 30 March 2012 to take away the majority of any remaining assets and liabilities so that RDAs achieved operational closure by 31 March 2012. BIS is currently drafting a Commencement Order which will effectively abolish the Agency, and this 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 year, with the remainder transferred to other parts of government, it is management's view that the financial statements for 2011/12 should be prepared on a basis other than that of Going Concern.

We have reviewed the impact of this on the accounting policies. Given the transfer or cessation of all functions during the year (see notes 8 and 9) 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 9), little remains on the Agency's Statement of Financial Position. For those current assets and liabilities remaining, we have reviewed the related accounting policies and we are content that most of these continue to be appropriate. Where we have amended policies these are described in 1.3 below.

A small team of people will remain employed after 31 March 2012 with the purpose of concluding the 2011/12 Annual Report and Accounts and 2012/13 cessation financial statements.

### (1.3) Change of accounting policy

Yorkshire Forward has reconsidered its accounting policies in light of closure. The Agency has prepared its Financial Statements on a basis other than going concern and as a result the non-current assets of the Agency

have been reassessed as being current. These assets have also been revalued to their Net Realisable Value. The contracts of the Agency have been reviewed and any onerous elements have been recognised through the Statement of Comprehensive Net Expenditure. These changes have not resulted in a material impact on the net expenditure taken to the Statement of Taxpayers' Equity and there is no material impact on the Statement of Financial Position.

#### **(1.4) Accounting convention**

The financial statements have been prepared under the historical cost convention to account for the revaluation of property, plant and equipment, intangible assets and inventories. Where assets are not material no revaluation will be performed. Where assets are held by part of the Group that is not a going concern, assets have been reviewed to identify the recoverable value, where there are material differences to historical cost these have been adjusted in the financial statements. The accounting policies set out below have been applied consistently to all periods presented in the financial statements and have been applied consistently by the Group.

#### **(1.5) Basis of consolidation**

No separate account is presented for the Agency as provided by Section 408 of the Companies Act 2006.

The consolidated accounts incorporate the accounts of the Agency and its subsidiary undertakings CO2 Sense Limited, Victoria Place Management Company (Leeds) Limited and Directions Finningley up to the point in which the Agency exited or withdrew from these entities. The Group Accounts also include group share of the post tax returns of its associates and joint ventures.

#### **Subsidiaries**

Subsidiaries are all entities over which the Group has control over the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The results of subsidiaries are included in the Group Statement of Comprehensive Net Expenditure from the date of acquisition, or in the case of disposals, up to the effective date of disposal. Intercompany transactions and balances between Group companies are eliminated upon consolidation.

#### **Associates and Joint Ventures**

Associates are entities that are neither Subsidiaries nor Joint Ventures, over which the Group has significant influence. Joint Ventures are jointly controlled entities in which the Group has an interest. The Group's share of the results of its Associates and Joint Ventures are included in the Group Statement of Comprehensive Net Expenditure using the equity method of accounting up to the point in which the Agency exited or withdrew from these entities.

Investments in Subsidiaries, Associations and Joint Ventures are carried at cost plus post-acquisition changes in the Agency's share in the Financial Statements of the Agency. These values have been adjusted where necessary to reflect fair values.

As at 31 March 2012 Yorkshire Forward held no interest in the Subsidiaries, Joint Ventures and Associates. Details can be found at Note 7.

### **(1.6) Other income**

Revenue consists of grants, clawback, proceeds from sale of inventories, assets, rents and other income.

**Proceeds from sale of Inventories** - Yorkshire Forward recognises the income from sale of properties at the time unconditional contracts are exchanged. For conditional contracts, income is recognised when the last material condition is met.

**Proceeds from sale of Assets** - Yorkshire Forward have disposed of operational assets during the year. The proceeds are recognised at the point of sale.

**Rents** - are collected by Yorkshire Forward and other agents. Amounts are recognised as income when the rent is due.

**Other Income** - is recognised in revenue based on the terms of the agreement.

### **(1.7) Loans and Receivables**

The prior year figures consist of a loan to a joint venture and a loan is for a capital development project. It has been disclosed in the Statement of Financial Position at historical cost plus interest.

### **(1.8) Property, Plant and Equipment**

Properties are valued at market value as assessed by an independent valuation. Valuations are carried out in accordance with best practice as contained in the Statement of Asset Valuation Practice and Guidance Notes (3rd Edition) published by the Royal Institute of Chartered Surveyors. Other assets in the prior year including refurbishment on Directions Finningley's aviation hangars, Furniture and IT equipment, are valued at depreciated historic cost because either the value of the items is low or there is no regular market against which to compare prices and valuations. Due to the closure of Yorkshire Forward at 31 March 2012 all operational assets have been reviewed and their book value has been written down to recoverable amounts.

### **(1.9) Inventories**

Development assets, consisting of land and buildings, are shown at market value. Increases in holding value are taken to the Revaluation Reserve. Losses are written off against the reserve up to any credit balance in the reserve relating to development assets and to the Group Statement of Comprehensive Net Expenditure thereafter. Any reductions in holdings are written off to the Group Statement of Comprehensive Net Expenditure. Valuations are carried out in accordance with best practice as contained in the Statement of Asset Valuation Practice and Guidance Notes (3rd Edition) published by the Royal Institute of Chartered Surveyors. A valuation of the portfolio was carried out as at 31 March 2011 by King Sturge. All remaining inventory assets have been sold or transferred to HCA during 2011/12.

### **(1.10) Depreciation and Amortisation**

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

Depreciation is provided to write off the cost of tangible and intangible non current assets over their anticipated useful lives on a straight-line amortisation basis at the following annual rates:

**Property, Plant and Equipment :**

- Vehicles 3 years
- Office furniture, fittings and equipment 4 years
- Computer equipment 4 years
- Leasehold improvements 10 years

**Intangible Assets:**

- Software licences 5 years

A full year's depreciation or amortisation is chargeable in the year of acquisition and none is chargeable in the year of disposal.

The properties occupied by the Agency are reviewed for impairment and no depreciation charge is made if it is considered to be immaterial owing to the residual values of the properties being not materially different from the book values.

**(1.11) Pension costs**

The Agency's employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the Homes and Communities Agency Pension Scheme or the West Yorkshire Pension Fund Scheme, which are all defined benefit schemes. Further details of these pension schemes are given in the Remuneration Report pages 23 to 32. Yorkshire Forward recognises the cost of employees' pensions in the periods which it benefits from the employee services. Details of the Former Chair's pension are also included in the Remuneration Report.

**(1.12) Grant Receivables**

Yorkshire Forward's activities are funded primarily by Grant in Aid provided through BIS. Grant in Aid received is treated as financing and credited to the Grant in Aid Reserve. Other grants received are treated as income in the Group Statement of Comprehensive Net Expenditure.

**(1.13) Deferred taxation**

Deferred taxation is provided for all timing differences to the extent and at the rate that they are expected to reverse in the future.

**(1.14) Leases**

Operating lease rentals are charged to the Group Statement of Comprehensive Net Expenditure over the period of the lease term. There are no finance leases.

Land and buildings leases have been reviewed to consider separation to determine the appropriate lease classification. The leases were not material and therefore do not require separation.

#### **(1.15) VAT**

The financial statements are prepared net of recoverable VAT.

#### **(1.16) Financial instruments**

##### **Financial Assets**

The financial assets of the Agency are classified into the categories of cash and cash equivalents and loans and receivables. The classification depends on the nature and purpose of the financial assets.

The cash and cash equivalents comprise cash on hand and demand deposits. Yorkshire Forward does not have short-term, highly liquid investments.

The category of loans and receivables include trade receivables, loans, other receivables and cash that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at fair value. Interest income from these financial assets is calculated on an effective yield basis and is recognised in the Group Statement of Comprehensive Net Expenditure, except for short-term receivables and cash when the recognition of interest would be immaterial.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Agency has transferred substantially all risks and rewards of ownership.

##### **Financial Liabilities and Equity Instruments**

The financial liabilities of the Agency are all classified into the category of other financial liabilities.

The category of other financial liabilities includes trade payables, borrowings and other payables. Financial liabilities are measured at fair value and net of transaction costs. The Agency only has short-term liabilities and therefore the recognition of interest expense using the effective interest method would be immaterial.

The Agency derecognises financial liabilities when the Agency's obligations are discharged, cancelled or they expire.

Any equity instrument of the Agency is taxpayers' equity and is measured in the Statement of Financial Position at nominal value.

#### **(1.17) Programme expenditure**

Programme expenditure consists of grants and other project costs. These costs are recognised when the underlying activity has taken place.

### **(1.18) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits. Yorkshire Forward does not hold short term highly liquid investments.

### **(1.19) Provisions**

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation, and where the amount of the obligation can be reliably estimated.

There are no remaining provisions at March 2012. Movements can be found on note 20 of the financial statements.

### **(1.20) Future IFRS amendments and FReM**

The Agency applies new or amended International Financial Reporting Standards (IFRSs) in line with their adoption to the FReM.

There are no changes to the Government Financial Reporting Manual (FReM) effective for the financial year beginning 1 April 2011 identified as having an impact on the Agency's accounts for that year.

### **(1.21) Critical accounting judgements and key sources of estimation uncertainty**

In the process of applying the accounting policies above, management have made no individual judgements that have a significant impact on the Financial Statements, apart from those involving key estimations which are as follows:

#### **Market value of property/inventory assets**

The most significant judgement made in preparing the financial statements is the determination of the market value of property/development assets. By its nature, this process involves a significant amount of estimation uncertainty particularly given the complexity of some of the Agency's properties and the current market conditions. Valuations are performed by an independent qualified valuer.

#### **Deferred tax**

The recognition of deferred tax assets is based on the timing of the reversal of various temporary differences, relating to capital allowances and utilisation of tax losses and provisions. Judgement is therefore involved in estimating when these reversals are likely to take place.

### **(1.22) Research and Development**

The Agency did not perform any research and development activity in the period.

### **(1.23) Restatement of comparatives**

The Agency transferred to the Homes and Communities Agency its interest in the Coalfields programme on 1 August 2011 and its interests in land and property, on 19 September 2011. In accordance with the Financial Reporting Manual (FReM) the transfers have been accounted for under the provisions of merger accounting. As such, all assets and liabilities and income and expenditure transferred have been excluded from the Agency's



accounts. In addition, prior year comparatives have been restated on the same basis. Note 8 provides further details on the transfers.

## 2. Programme expenditure

	2011/2012			RESTATED 2010/2011		
	TOTAL £'000	YF £'000	ERDF £'000	TOTAL £'000	YF £'000	ERDF £'000
Keep as many people as possible in jobs or work related training.	7,412	6,844	568	33,603	23,030	10,573
Work to maintain and build the number of competitive, innovative and resilient businesses and develop new industries and new jobs.	22,476	17,207	5,269	111,072	77,335	33,737
Sustain the momentum of economic renaissance schemes in key cities and towns and support business start-ups and growth with a property offer that meets their needs.	29,284	28,935	349	40,616	36,512	4,104
<b>TOTAL</b>	<b>59,172</b>	<b>52,986</b>	<b>6,186</b>	<b>185,291</b>	<b>136,877</b>	<b>48,414</b>

	2011/2012			RESTATED 2010/2011		
	TOTAL £'000	YF £'000	ERDF £'000	TOTAL £'000	YF £'000	ERDF £'000
Grants to public sector	28,901	21,064	7,837	68,476	34,168	34,308
Grants to private sector	26,982	28,984	(2,002)	95,371	81,265	14,106
Other programme expenditure	3,289	2,938	351	21,444	21,444	-
<b>TOTAL</b>	<b>59,172</b>	<b>52,986</b>	<b>6,186</b>	<b>185,291</b>	<b>136,877</b>	<b>48,414</b>

## 3. Staff costs

	2011/2012 £'000	RESTATED 2010/2011 £'000
<b>(a) Salaries and wages summary Board Members</b>		
Board member fees	187	195
Pension costs *	52	14
Social security costs	15	7
<b>TOTAL</b>	<b>254</b>	<b>216</b>
<b>Staff engaged by the Agency and its Subsidiaries</b>		
Salaries and wages including overtime **	6,599	14,535
Pension costs	1,056	2,488
Social security costs	929	1,237
Pension enhancements/redundancy ***	4,579	5,931
	<b>13,163</b>	<b>24,191</b>
Seconded and temporary staff	55	498
<b>TOTAL</b>	<b>13,472</b>	<b>24,905</b>

Salaries and wages are included in the Group Statement of Comprehensive Net Expenditure Account under the following headings:

Salaries and wages	13,646	19,483
Programme expenditure – YF	(174)	5,422
<b>TOTAL</b>	<b>13,472</b>	<b>24,905</b>

\* Board member pension costs in the period is a lump sum paid to the former chair. Details can be found in the Remuneration Report on page 28.

\*\* Salaries and wages include costs of compensation in lieu of notice (CILON) which is included in the exit package disclosure below.

\*\*\* Pension enhancements/redundancy includes accruals for exit liabilities from the West Yorkshire Pension scheme totalling £0.75m. These liabilities are transferred to BIS at 30 March 2012 see note 9.

(b) Staffing numbers

The average number of staff employed during the period was 153	2011/2012	RESTATED 2010/2011
Corporate management team and Chief Executive office	38	108
Business directorate	49	143
Finance directorate	66	117
<b>TOTAL</b>	<b>153</b>	<b>368</b>
Permanent staff	150	356
Temporary staff	3	12
<b>TOTAL AGENCY</b>	<b>153</b>	<b>368</b>
Subsidiaries staff	48	45
<b>TOTAL GROUP</b>	<b>201</b>	<b>413</b>

## 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 (total cost £)		Number of departures included in (b) and (c) where special payments (SP) have been made (SP element totalled)
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	
<£20,001	2	8	41	59	43 (561,113)	67 (754,265)	-
£20,001 - £40,000	8	3	48	63	56 (1,615,999)	66 (1,969,766)	1
£40,001 - £100,000	12	2	20	40	32 (1,965,989)	42 (2,425,023)	4
£100,001 - £150,000	2	-	8	4	10 (1,101,821)	4 (500,377)	-
£150,001 - £200,000	-	-	-	-	-	-	-
Total no. of exit packages by type (total cost £)	24 (1,175,557)	13 (214,522)	117 (4,069,365)	166 (5,434,909)			
					<b>Total number (and cost) of exit packages</b>		<b>Total number of special payments (and total costs of special payment element)</b>
<b>TOTAL RESOURCE COST (£)</b>	<b>1,175,557</b>	<b>214,522</b>	<b>4,069,365</b>	<b>5,434,909</b>	<b>5,244,922</b>	<b>5,649,431</b>	<b>5</b>

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. Where Yorkshire Forward has agreed early retirements, the additional costs are met by Yorkshire Forward and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the Pension Scheme and are not included in the table.

#### 4. Other administrative costs

	2011/2012 £'000	RESTATED 2010/2011 £'000
Office costs	2,415	2,374
Other staff costs	1,307	356
Depreciation	1,144	1,112
Professional costs	585	259
IT and communication	369	263
Operating lease rentals – other	266	339
Travel, subsistence and hospitality	112	235
Operating lease rentals - plant and machinery	79	42
Marketing and PR	20	50
Amortisation of intangible assets	9	14
Auditor's remuneration		
- for statutory audit of this account	84	72
- for audit of subsidiaries	17	12
- for audit of Northern Way	-	1
<b>TOTAL</b>	<b>6,407</b>	<b>5,129</b>

The audit of subsidiaries is for the audit of Directions Finningley.

#### 5. Other expenditure

	2011/2012 £'000	RESTATED 2010/2011 £'000
Impairment of DRL Loan	28,809	-
ERDF clawback provision	26,949	-
Book value of property, plant and equipment written off	2,555	1,779
Bad and doubtful debts	526	(1,106)
Book value of inventories revaluations (see note 6)	450	570
Provisions for liabilities and charges	(3,112)	2,906
Loss on disposal of assets	-	7
<b>TOTAL</b>	<b>56,177</b>	<b>4,156</b>

The impairment of £28.809m against loans in year and the provision for ERDF clawback relating to Digital Region Ltd have transferred to BIS on the 30 March 2012 – see notes 9 and 27.

#### 6. Inventories

	2012 £'000	2011 £'000	RESTATED 2010 £'000
Opening balances at 1 April	3,780	5,550	5,870
Additions	-	-	166
Disposals	(3,330)	(1,200)	-
Amounts re-valued down	(450)	(570)	(736)
Amounts re-valued up	-	-	250
<b>VALUATION AT 31 MARCH</b>	<b>-</b>	<b>3,780</b>	<b>5,550</b>

There were £4.097m proceeds from the sale of inventories in the year (£1.671m 2010/11).

## 7. Investment in subsidiaries, associates and joint venture undertakings

<b>SUBSIDIARIES:</b>		<b>NATURE OF BUSINESS</b>	<b>TYPE OF ORGANISATION AND EXIT</b>
Co2 Sense Ltd	100.00%	Promote Renewal Energy Technology & Waste Management in Y&H	Company Limited by Guarantee Membership resigned on 14 March 2012
Directions Finningley	51.00%	To deliver a centre for excellence for airport and aviation training facilities	Community Interest Company Company Limited by Guarantee Membership transferred to BIS on 30 March transfer order Limited company
Victoria Place Management Company (Leeds) Limited	59.00%	Management company for the maintenance of Victoria Place, Leeds	Shares sold with Victoria House Sale on 29 March 2012
<b>JOINT VENTURES:</b>			
Hull Forward	50.00%	Regeneration of Hull	Company Limited by Guarantee Membership resigned and reserves were distributed in 29 November 2011
Digital Region	50.00%	Delivery of next generation broadband infrastructure	Company Limited by Shares Shares transferred to BIS on 30 March 2012 transfer order
Creative Sheffield	33.33%	City Development Company	Company Limited by Guarantee Membership resigned in August 2011
<b>ASSOCIATES:</b>			
South Yorkshire Investment Fund Limited	33.33%	Promote economic growth in South Yorkshire	Company Limited by Guarantee Membership was resigned on 1 January 2012
Partnership Investment Fund	33.33%	Venture Capital fund for Objective 2 areas in Yorkshire & Humber	Company Limited by Guarantee Membership was resigned on 1 January 2012
<b>OTHER:</b>			
Finance Yorkshire	10.00%	Venture Capital fund for Yorkshire & Humber	Company Limited by Guarantee Membership was resigned on 5 December 2011

<b>KEY FINANCIAL RESULTS OF SUBSIDIARIES</b>	<b>2011/2012 TOTAL</b>	<b>2011/2012 AGENCY SHARE</b>	<b>2010/2011 TOTAL</b>	<b>2010/2011 AGENCY SHARE</b>	<b>2009/2010 TOTAL</b>	<b>2009/2010 AGENCY SHARE</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Co2 Sense Ltd</b>						
Profit/(Loss) for the period to exit after taxation	136	136	168	168	-	-
<b>Directions Finningley</b>						
Profit/(Loss) for the year after taxation	(16)	(8)	4	2	(305)	(155)
<b>Victoria Place Management Company (Leeds) limited</b>						
Profit/(Loss) for the period to exit after taxation	-	-	-	-	-	-
	<b>120</b>	<b>128</b>	<b>172</b>	<b>170</b>	<b>(305)</b>	<b>(155)</b>

<b>INVESTMENTS IN SUBSIDIARIES ARE CALCULATED ON THE BASIS OF THE AGENCY'S SHARE OF NET ASSETS AS DETAILED BELOW:</b>	<b>2011/2012 TOTAL</b>	<b>2011/2012 AGENCY SHARE</b>	<b>2010/2011 TOTAL</b>	<b>2010/2011 AGENCY SHARE</b>	<b>2009/2010 TOTAL</b>	<b>2009/2010 AGENCY SHARE</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Co2 Sense Ltd	-	-	428	428	260	260
Directions Finningley	-	-	8,379	4,273	8,925	4,552
Victoria Place Management Company (Leeds) Limited	-	-	-	-	-	-
<b>NET ASSETS/(LIABILITES)</b>	<b>-</b>	<b>-</b>	<b>8,807</b>	<b>4,701</b>	<b>9,185</b>	<b>4,812</b>

<b>INVESTMENTS IN OTHER – FINANCIAL IMPACTS OF REVALUATION DISPOSAL IN 2011/2012</b>	<b>FAIR VALUE ADJUST THROUGH RESERVES £'000</b>	<b>LOSS ON TRANSFER £'000</b>
Co2 Sense Ltd	168	596
Directions Finningley	(7,610)	3,881
Victoria Place Management Company (Leeds) Limited	-	-
<b>TOTAL</b>	<b>(7,442)</b>	<b>4,477</b>

Co2 sense loss on disposal is shown on the SoCNE under loss on disposal of Subsidiaries, Joint Ventures and Associates.

	<b>2011/2012 TOTAL</b>	<b>2011/2012 AGENCY SHARE</b>	<b>2010/2011 TOTAL</b>	<b>2010/2011 AGENCY SHARE</b>	<b>2009/2010 TOTAL</b>	<b>2009/2010 AGENCY SHARE</b>
	<b>£'000</b>	<b>£'0000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Hull Forward</b>						
Profit/(Loss) for the period to exit after taxation	(4)	(2)	16	8	103	52
<b>Digital Region</b>						
Profit/(Loss) for the period to exit after taxation	(22,068)	(12,601)	(9,244)	(4,622)	(840)	(420)
<b>Creative Sheffield</b>						
Profit/(Loss) for the period to exit after taxation	-	-	-	-	-	-
<b>TOTAL PROFIT/(LOSS) OF JOINT VENTURES FOR THE PERIOD TO EXIT AFTER TAXATION</b>	<b>(22,072)</b>	<b>(12,603)</b>	<b>(9,228)</b>	<b>(4,614)</b>	<b>(737)</b>	<b>(368)</b>

<b>JOINT VENTURE ASSETS/(LIABILITIES)</b>	<b>2011/2012 TOTAL</b>	<b>2011/2012 AGENCY SHARE</b>	<b>2010/2011 TOTAL</b>	<b>2010/2011 AGENCY SHARE</b>	<b>2009/2010 TOTAL</b>	<b>2009/2010 AGENCY SHARE</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>GROSS ASSETS</b>						
Hull Forward	-	-	484	242	1,105	553
Digital Region	-	-	83,246	41,623	43,993	21,996
Creative Sheffield	-	-	26	9	176	59
<b>TOTAL GROSS ASSETS</b>	<b>-</b>	<b>-</b>	<b>83,756</b>	<b>41,874</b>	<b>45,274</b>	<b>22,608</b>

	<b>2011/2012 TOTAL</b>	<b>2011/2012 AGENCY SHARE</b>	<b>2010/2011 TOTAL</b>	<b>2010/2011 AGENCY SHARE</b>	<b>2009/2010 TOTAL</b>	<b>2009/2010 AGENCY SHARE</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>GROSS LIABILITIES</b>						
Hull Forward	-	-	109	55	834	417
Digital Region	-	-	93,328	46,664	44,831	22,415
Creative Sheffield	-	-	26	9	176	59
<b>TOTAL GROSS LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>93,463</b>	<b>46,728</b>	<b>45,841</b>	<b>22,891</b>

	<b>2011/2012 TOTAL</b>	<b>2011/2012 AGENCY SHARE</b>	<b>2010/2011 TOTAL</b>	<b>2010/2011 AGENCY SHARE</b>	<b>2009/2010 TOTAL</b>	<b>2009/2010 AGENCY SHARE</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>NET ASSETS/LIABILITIES</b>						
Hull Forward	-	-	375	187	271	136
Digital Region	-	-	(10,082)	(5,041)	(838)	(419)
Creative Sheffield	-	-	-	-	-	-
<b>TOTAL NET ASSETS/(LIABILITIES)</b>	<b>-</b>	<b>-</b>	<b>(9,707)</b>	<b>(4,854)</b>	<b>(567)</b>	<b>(283)</b>

<b>INVESTMENTS IN JOINT VENTURES – FINANCIAL IMPACTS OF REVALUATION DISPOSAL IN 2011/2012</b>	<b>FAIR VALUE ADJUST THROUGH RESERVES</b>	<b>GAIN ON TRANSFER</b>
	<b>£'000</b>	<b>£'000</b>
Hull Forward	-	-
Digital Region	(8,276)	(18,358)
Creative Sheffield	-	-
<b>TOTAL</b>	<b>(8,276)</b>	<b>(18,358)</b>

KEY FINANCIAL RESULTS OF ASSOCIATES	2011/2012 TOTAL £'000	2011/2012 AGENCY TOTAL £'000	2010/2011 TOTAL £'000	2010/2011 AGENCY SHARE £'000	2009/2010 TOTAL £'000	2009/2010 AGENCY SHARE £'000
<b>South Yorkshire Investment Fund</b>						
Profit/(Loss) for the period to exit after taxation	1,210	403	2,426	809	(1,069)	(356)
<b>Partnership Investment Fund</b>						
Profit/(Loss) for the period to exit after taxation	159	53	194	65	65	22
<b>TOTAL PROFIT/(LOSS) OF ASSOCIATES FOR THE PERIOD TO EXIT AFTER TAXATION</b>	<b>1,369</b>	<b>456</b>	<b>2,620</b>	<b>874</b>	<b>(1,004)</b>	<b>(334)</b>

NET ASSETS/(LIABILITIES) COMPRISED:	2011/2012 TOTAL £'000	2011/2012 AGENCY TOTAL £'000	2010/2011 TOTAL £'000	2010/2011 AGENCY SHARE £'000	2009/2010 TOTAL £'000	2009/2010 AGENCY SHARE £'000
South Yorkshire Investment Fund	-	-	19,486	6,495	22,986	7,662
Partnership Investment Fund	-	-	6,203	2,068	9,139	3,043
<b>TOTAL NET ASSETS/(LIABILITIES)</b>	<b>-</b>	<b>-</b>	<b>25,689</b>	<b>8,563</b>	<b>32,125</b>	<b>10,705</b>

INVESTMENTS IN ASSOCIATES – FINANCIAL IMPACTS OF REVALUATION DISPOSAL IN 2011/2012	FAIR VALUE ADJUST THROUGH RESERVES £'000	LOSS ON TRANSFER £'000
South Yorkshire Investment Fund	93	6,510
Partnership Investment Fund	(857)	1,208
<b>TOTAL</b>	<b>(764)</b>	<b>7,718</b>

KEY FINANCIAL RESULTS OF OTHER	2011/2012 TOTAL £'000	2011/2012 AGENCY TOTAL £'000	2010/2011 TOTAL £'000	2010/2011 AGENCY SHARE £'000	2009/2010 TOTAL £'000	2009/2010 AGENCY SHARE £'000
<b>Finance Yorkshire</b>						
Profit/(Loss) for the period to exit after taxation	(1,277)	(128)	(1,512)	(151)	33	3
<b>TOTAL PROFIT/(LOSS) OF ASSOCIATES FOR THE PERIOD TO EXIT AFTER TAXATION</b>	<b>(1,277)</b>	<b>(128)</b>	<b>(1,512)</b>	<b>(151)</b>	<b>33</b>	<b>3</b>



<b>NET ASSETS/(LIABILITIES) COMPRISED:</b>	<b>2011/2012 TOTAL £'000</b>	<b>2011/2012 AGENCY TOTAL £'000</b>	<b>2010/2011 TOTAL £'000</b>	<b>2010/2011 AGENCY SHARE £'000</b>	<b>2009/2010 TOTAL £'000</b>	<b>2009/2010 AGENCY SHARE £'000</b>
Finance Yorkshire	-	-	45,388	4,539	45,033	4,503
<b>TOTAL NET ASSETS/(LIABILITIES)</b>	<b>-</b>	<b>-</b>	<b>45,388</b>	<b>4,539</b>	<b>45,033</b>	<b>4,503</b>

<b>INVESTMENTS IN OTHER – FINANCIAL IMPACTS OF REVALUATION DISPOSAL IN 2011/2012</b>	<b>FAIR VALUE ADJUST THROUGH RESERVES £'000</b>	<b>LOSS ON TRANSFER £'000</b>
Finance Yorkshire	43	4,496
<b>TOTAL</b>	<b>43</b>	<b>4,496</b>

When accounting for the Agency's Associate venture capital companies South Yorkshire Investment Fund and Partnership Investment Fund consolidation adjustments have been made to ensure consistent treatment and a fair representation of the net assets of the respective groups. As a result the accounts reflect a one third share of the initial capital investment.

## **8. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure**

There were two transfers from Yorkshire Forward (YF) to the Homes and Communities Agency (HCA) accounted for under merger accounting.

The transfers have taken place under the rules governing a Machinery of Government Change (MOG). This involves the merger or the transfer of functions or responsibility of one part of the public service sector to another.

Using the powers in the Housing and Regeneration Act 2008 YF transferred to HCA its interests in Coalfields development on 1 August 2011 and Land & Property development on 19 September 2011. Accordingly the transactions and balances relating to this activity have been stripped out of the financial statements for the period to 31 March 2012 and the comparative figures have been restated to show the impact on the Statement of Financial Position and the Statement of Comprehensive Net Expenditure below.

There are no differences between the impact upon the Group and Agency primary statements as a result of the merger transactions and accordingly only the Group position has been analysed within this note.

**Group Statement of Comprehensive Net Expenditure as at 31 March 2012  
for the transfer of services to HCA**

	Pre MOG bal as at 31 Mar 2012 £'000	Transfer to HCA (Coalfields) 31 Jul 2011 £'000	Transfer to HCA (Land & Property) 18 Sep 2011 £'000	Bal as at 31 Mar 2012 £'000
<b>Expenditure</b>				
Programme expenditure	56,220	35	3,199	52,986
European funded programme expenditure	7,530	-	1,344	6,186
Staff costs	14,058	-	412	13,646
Depreciation	1,144	-	-	1,144
Other administration costs	5,278	-	15	5,263
Other expenditure	57,795	-	1,618	56,177
Disposal of inventories	4,440	1,100	10	3,330
Disposal of property, plant and equipment	7,160	-	-	7,160
Loss on disposal Subsidiaries, Joint Ventures & Associates	596	-	-	596
Loss on transfer – ERDF	5,481	-	-	5,481
Loss on transfer – Investment	20,146	-	-	20,146
<b>TOTAL EXPENDITURE</b>	<b>179,848</b>	<b>1,135</b>	<b>6,598</b>	<b>172,115</b>
<b>Income</b>				
European funded income	(8,505)	-	(1,344)	(7,161)
Other income	(25,434)	(35)	(4,758)	(20,641)
Gain on transfer – Digital Region shares and contracts	(33,066)	-	-	(33,066)
Gain on transfer – Pensions	(1,056)	-	-	(1,056)
Gain on transfer - Other	(6,980)	-	-	(6,980)
Proceeds from sale of operating assets	(8,405)	-	-	(8,405)
Proceeds from sale of inventories	(5,207)	(1,100)	(10)	(4,097)
<b>TOTAL INCOME</b>	<b>(88,653)</b>	<b>(1,135)</b>	<b>(6,112)</b>	<b>(81,406)</b>
<b>NET EXPENDITURE</b>	<b>91,195</b>	<b>-</b>	<b>486</b>	<b>90,709</b>
Group Share of deficits in Joint Ventures & Associates	12,147	-	-	12,147
Interest payable	5	-	5	-
Interest receivable	(1,120)	-	(235)	(885)
<b>NET EXPENDITURE AFTER INTEREST</b>	<b>102,227</b>	<b>-</b>	<b>256</b>	<b>101,971</b>
Taxation	867	-	-	867
<b>NET EXPENDITURE AFTER TAX</b>	<b>103,094</b>	<b>-</b>	<b>256</b>	<b>102,838</b>
<b>Other Comprehensive Expenditure</b>				
Net gain/(loss) on revaluation of Inventories	-	-	-	-
Net gain/(loss) on revaluation of Investments	-	-	-	-
<b>TOTAL COMPREHENSIVE EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2012</b>	<b>103,094</b>	<b>-</b>	<b>256</b>	<b>102,838</b>

**Group Statement of Comprehensive Net Expenditure as at 31 March 2011  
for the transfer of services to HCA**

	Position as at 31 Mar 2011 £'000	Transfer to HCA (Coalfields) £'000	Transfer to HCA (Land & Property) £'000	Restated as at 31 Mar 2011 £'000
<b>Expenditure</b>				
Programme expenditure	145,762	711	8,174	136,877
European funded programme expenditure	48,414	-	-	48,414
Staff costs	20,382	-	899	19,483
Depreciation	1,112	-	-	1,112
Other administration costs	4,703	-	686	4,017
Other expenditure	14,318	5,552	4,610	4,156
Disposal of inventories	2,124	806	118	1,200
<b>TOTAL EXPENDITURE</b>	<b>236,815</b>	<b>7,069</b>	<b>14,487</b>	<b>215,259</b>
<b>Income</b>				
European funded income	(48,533)	-	-	(48,533)
Other income	(12,890)	(138)	(6,109)	(6,643)
Proceeds from sale of inventories	(2,797)	(878)	(248)	(1,671)
<b>TOTAL INCOME</b>	<b>(64,220)</b>	<b>(1,016)</b>	<b>(6,357)</b>	<b>(56,847)</b>
<b>NET EXPENDITURE</b>	<b>172,595</b>	<b>6,053</b>	<b>8,130</b>	<b>158,412</b>
Group Share of deficits in Joint Ventures & Associates	3,740	-	-	3,740
Interest payable	12	-	-	12
Interest receivable	(1,110)	-	(506)	(604)
<b>NET EXPENDITURE AFTER INTEREST</b>	<b>175,237</b>	<b>6,053</b>	<b>7,624</b>	<b>161,560</b>
Taxation	948	-	-	948
<b>NET EXPENDITURE AFTER TAX</b>	<b>176,185</b>	<b>6,053</b>	<b>7,624</b>	<b>162,508</b>
<b>Other Comprehensive Expenditure</b>				
Net gain/(loss) on revaluation of Inventories	7,276	-	7,276	-
Net gain/(loss) on revaluation of Investments	94	-	94	-
<b>TOTAL COMPREHENSIVE EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2011</b>	<b>183,555</b>	<b>6,053</b>	<b>14,994</b>	<b>162,508</b>

**Group Statement of Financial Position as at 31 March 2012  
for the transfer of services to HCA**

	Bal as at 31 Mar 2011 £'000	Transfer to HCA (Coalfields) 31 Jul 2011 £'000	Transfer to HCA (Land & Property) 18 Sep 2011 £'000	Restated 1 Apr 2011 £'000	Other Move- ments £'000	Bal as at 31 Mar 2012 £'000
<b>Non Current Assets</b>						
Property, Plant & Equipment	18,146	-	-	18,146	(18,146)	-
Intangible Assets	36	-	-	36	(36)	-
Investments in Joint Ventures	(4,854)	-	-	(4,854)	4,854	-
Investments in Associates	8,563	-	-	8,563	(8,563)	-
Investments Other	4,539	-	-	4,539	(4,539)	-
Loans and Receivables	28,837	-	6,348	22,489	(22,489)	-
<b>TOTAL NON CURRENT ASSETS</b>	<b>55,267</b>	<b>-</b>	<b>6,348</b>	<b>48,919</b>	<b>(48,919)</b>	<b>-</b>
<b>Current Assets</b>						
Inventories	60,095	16,200	39,005	4,890	(4,890)	-
Trade and Other Receivables	49,422	150	4,042	45,230	(45,230)	-
Cash and Cash Equivalents	62,321	-	-	62,321	(62,321)	-
<b>TOTAL CURRENT ASSETS</b>	<b>171,838</b>	<b>16,350</b>	<b>43,047</b>	<b>112,441</b>	<b>(112,441)</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>227,105</b>	<b>16,350</b>	<b>49,395</b>	<b>161,360</b>	<b>(161,360)</b>	<b>-</b>
<b>Current Liabilities</b>						
Trade and Other Payables	(100,506)	(999)	(1,477)	(98,030)	98,030	-
Provisions	(3,112)	-	-	(3,112)	3,112	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>(103,618)</b>	<b>(999)</b>	<b>(1,477)</b>	<b>(101,142)</b>	<b>101,142</b>	<b>-</b>
<b>NON CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES</b>	<b>123,487</b>	<b>15,351</b>	<b>47,918</b>	<b>60,218</b>	<b>(60,218)</b>	<b>-</b>
<b>Non Current Liabilities</b>						
Provisions	(192)	-	-	(192)	192	-
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(192)</b>	<b>-</b>	<b>-</b>	<b>(192)</b>	<b>192</b>	<b>-</b>
<b>ASSETS LESS LIABILITIES</b>	<b>123,295</b>	<b>15,351</b>	<b>47,918</b>	<b>60,026</b>	<b>(60,026)</b>	<b>-</b>
<b>Taxpayers' Equity</b>						
General Reserve	18,548	5,460	-	13,088	(13,088)	-
Revaluation Reserve	4,036	3,323	713	-	-	-
Grant in Aid Reserve	100,711	6,568	47,205	46,938	(46,938)	-
<b>TOTAL TAXPAYERS' EQUITY</b>	<b>123,295</b>	<b>15,351</b>	<b>47,918</b>	<b>60,026</b>	<b>(60,026)</b>	<b>-</b>

**Group Statement of Financial Position as at 31 March 2011  
for the transfer of services to HCA**

	Bal as at 31 Mar 2011 £'000	Transfer to HCA (Coalfields) £'000	Transfer to HCA (Land & Property) £'000	Restated 31 Mar 2011 £'000
<b>Non Current Assets</b>				
Property, Plant & Equipment	18,146	-	-	18,146
Intangible Assets	36	-	-	36
Investments in Joint Ventures	(4,854)	-	-	(4,854)
Investments in Associates	8,563	-	-	8,563
Investments Other	4,539	-	-	4,539
Loans and Receivables	28,837	-	6,350	22,487
<b>TOTAL NON CURRENT ASSETS</b>	<b>55,267</b>	<b>-</b>	<b>6,350</b>	<b>48,917</b>
<b>Current Assets</b>				
Inventories	60,095	17,300	39,015	3,780
Trade and Other Receivables	49,422	128	4,396	44,898
Cash and Cash Equivalents	62,321	-	-	62,321
<b>TOTAL CURRENT ASSETS</b>	<b>171,838</b>	<b>17,428</b>	<b>43,411</b>	<b>110,999</b>
<b>TOTAL ASSETS</b>	<b>227,105</b>	<b>17,428</b>	<b>49,761</b>	<b>159,916</b>
<b>Current Liabilities</b>				
Trade and Other Payables	(100,506)	(1,072)	(2,859)	(96,575)
Provisions	(3,112)	-	-	(3,112)
<b>TOTAL CURRENT LIABILITIES</b>	<b>(103,618)</b>	<b>(1,072)</b>	<b>(2,859)</b>	<b>(99,687)</b>
<b>NON CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES</b>	<b>123,487</b>	<b>16,356</b>	<b>46,902</b>	<b>60,229</b>
<b>Non Current Liabilities</b>				
Provisions	(192)	-	-	(192)
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(192)</b>	<b>-</b>	<b>-</b>	<b>(192)</b>
<b>ASSETS LESS LIABILITIES</b>	<b>123,295</b>	<b>16,356</b>	<b>46,902</b>	<b>60,037</b>
<b>Taxpayers' Equity</b>				
General Reserve	18,548	6,560	-	11,988
Revaluation Reserve	4,036	3,323	713	-
Grant in Aid Reserve	100,711	6,473	46,189	48,049
<b>TOTAL TAXPAYERS' EQUITY</b>	<b>123,295</b>	<b>16,356</b>	<b>46,902</b>	<b>60,037</b>

**Group Statement of Financial Position as at 31 March 2010  
for the transfer of services to HCA**

	Bal as at 31 Mar 2010 £'000	Transfer to HCA (Coalfields) £'000	Transfer to HCA (Land & Property) £'000	Restated 31 Mar 2010 £'000
<b>Non Current Assets</b>				
Property, Plant & Equipment	20,987	-	-	20,987
Intangible Assets	27	-	-	27
Investments in Joint Ventures	(283)	-	-	(283)
Investments in Associates	10,705	-	-	10,705
Investments Other	4,503	-	-	4,503
Loans and Receivables	13,372	-	6,210	7,162
<b>TOTAL NON CURRENT ASSETS</b>	<b>49,311</b>	<b>-</b>	<b>6,210</b>	<b>43,101</b>
<b>Current Assets</b>				
Inventories	78,505	31,300	41,655	5,550
Trade and Other Receivables	37,006	543	3,132	33,331
Cash and Cash Equivalents	60,821	-	-	60,821
<b>TOTAL CURRENT ASSETS</b>	<b>176,332</b>	<b>31,843</b>	<b>44,787</b>	<b>99,702</b>
<b>TOTAL ASSETS</b>	<b>225,643</b>	<b>31,843</b>	<b>50,997</b>	<b>142,803</b>
<b>Current Liabilities</b>				
Trade and Other Payables	(114,897)	(900)	(5,393)	(108,604)
Provisions	(206)	-	-	(206)
<b>TOTAL CURRENT LIABILITIES</b>	<b>(115,103)</b>	<b>(900)</b>	<b>(5,393)</b>	<b>(108,810)</b>
<b>NON CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES</b>	<b>110,540</b>	<b>30,943</b>	<b>45,604</b>	<b>33,993</b>
<b>Non Current Liabilities</b>				
Provisions	(203)	-	-	(203)
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(203)</b>	<b>-</b>	<b>-</b>	<b>(203)</b>
<b>ASSETS LESS LIABILITIES</b>	<b>110,337</b>	<b>30,943</b>	<b>45,604</b>	<b>33,790</b>
<b>Taxpayers' Equity</b>				
General Reserve	37,719	18,631	-	19,088
Revaluation Reserve	4,221	4,221	-	-
Grant in Aid Reserve	68,397	8,091	45,604	14,702
<b>TOTAL TAXPAYERS' EQUITY</b>	<b>110,337</b>	<b>30,943</b>	<b>45,604</b>	<b>33,790</b>

**Statement of Cash Flows for the period ended 31 March 2012  
for the transfer of services to HCA**

	Bal as at 31 Mar 2012 £'000	Transfer to HCA (Coalfields) £'000	Transfer to HCA (Land & Property) £'000	Restated 31 Mar 2012 £'000
<b>Cash Flows from Operating Activities</b>				
Cash generated from operations	(105,019)	(94)	(1,271)	(103,654)
Corporation Tax (Paid)	(1,071)	-	-	(1,071)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(106,090)</b>	<b>(94)</b>	<b>(1,271)</b>	<b>(104,725)</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of property plant and equipment	(206)	-	-	(206)
Interest received	885	-	-	885
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>679</b>	<b>-</b>	<b>-</b>	<b>679</b>
<b>Cash Flows from Financing Activities</b>				
Cash inflows Grant in Aid and other grants	47,600	-	-	47,600
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>47,600</b>	<b>-</b>	<b>-</b>	<b>47,600</b>
<b>Other Consolidation Movement*</b>	<b>(5,875)</b>	<b>-</b>	<b>-</b>	<b>(5,875)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(63,686)</b>	<b>(94)</b>	<b>(1,271)</b>	<b>(62,321)</b>
Opening cash and cash equivalents	62,321	-	-	62,321
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>(1,365)</b>	<b>(94)</b>	<b>(1,271)</b>	<b>-</b>
<b>Reconciliation of net expenditure to net cash outflow from operating activities</b>				
	Bal as at 31 Mar 2012 £'000	Transfer to HCA (Coalfields) £'000	Transfer to HCA (Land & Property) £'000	Restated 31 Mar 2012 £'000
Net expenditure	(91,195)	(1)	(485)	(90,709)
Non-cash asset entries on I&E	16,482	1,100	10	15,372
Non-cash asset entries on I&E	(1,100)	(1,100)	-	-
Movement in operating receivables	66,934	(21)	357	66,598
Movement in operating payables	(92,751)	(72)	(1,382)	(91,297)
Movement in provisions	(3,304)	-	-	(3,304)
Removal of Non-Cash items in Net Expenditure	1,280	-	229	1,051
Removal of Non-Cash items from merger and acquisition accounting	(1,365)	-	-	(1,365)
<b>CASH OUTFLOW GENERATED FROM OPERATIONS</b>	<b>(105,019)</b>	<b>(94)</b>	<b>(1,271)</b>	<b>(103,654)</b>

\*Other consolidation movement relates to an accounting adjustment to reflect that Yorkshire Forward is no longer a group as at 31 March 2012.

**Statement of Cash Flows for the period ended 31 March 2011  
for the transfer of services to HCA**

	Bal as at 31 Mar 2011 £'000	Transfer to HCA (Coalfields) £'000	Transfer to HCA (Land & Property) £'000	Restated 31 Mar 2011 £'000
<b>Cash Flows from Operating Activities</b>				
Cash generated from operations	(198,501)	(394)	6,866	(204,973)
Corporation Tax Refund	784	-	-	784
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(197,717)</b>	<b>(394)</b>	<b>6,866</b>	<b>(204,189)</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of inventories	(1,727)	-	1,714	(3,441)
Purchase of intangibles	(23)	-	-	(23)
Purchase of property plant and equipment	(131)	-	-	(131)
Interest received	1,098	-	-	1,098
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(783)</b>	<b>-</b>	<b>1,714</b>	<b>(2,497)</b>
<b>Cash Flows from Financing Activities</b>				
Cash inflows Grant in Aid and other grants	200,000	-	-	200,000
Funding of HCA transfers	-	394	(8,580)	8,186
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>200,000</b>	<b>394</b>	<b>(8,580)</b>	<b>208,186</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>1,500</b>
Opening cash and cash equivalents	60,821	-	-	60,821
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>62,321</b>	<b>-</b>	<b>-</b>	<b>62,321</b>
<b>Reconciliation of net expenditure to net cash outflow from operating activities</b>				
	Bal as at 31 Mar 2011 £'000	Transfer to HCA (Coalfields) £'000	Transfer to HCA (Land & Property) £'000	Restated 31 Mar 2011 £'000
Net expenditure	(172,595)	(8,130)	(6,053)	(158,412)
Non-cash asset entries on I&E	14,722	-	(4,790)	19,512
Movement in operating receivables	(27,823)	8,130	15,176	(51,129)
Movement in operating payables	(16,825)	(394)	2,533	(18,964)
Movement in provisions	2,895	-	-	2,895
Removal of Non-Cash items in Net Expenditure	1,125	-	-	1,125
<b>CASH OUTFLOW GENERATED FROM OPERATIONS</b>	<b>(198,501)</b>	<b>(394)</b>	<b>6,866</b>	<b>(204,973)</b>

The impact of Merger Accounting on Taxpayers Equity is shown in the Group Statement of Changes in Taxpayers Equity (page 54).



## 9. Impact of transfer under Acquisition Accounting

Acquisition Accounting applies to all transfers of Yorkshire Forward (YF) activity except for the transfers to the Homes and Communities Agency (HCA) described in note 8. The transfers were made, as directed by BIS, for nil consideration. This has resulted in a net accounting gain or loss on each transfer equal to the carrying value of net assets or liabilities to the date of transfer. The transfer also results in an opposite entry in the receiving entities accounts. There is no net loss of value to the Government.

All transactions will be accounted for by YF up to the relevant transfer date and by the recipient after that date. There will be no adjustments to comparative figures.

All related assets and liabilities are removed from the Statement of Financial Position (SoFP) at the transfer date and book losses or gains are shown on the Statement of Comprehensive Net Expenditure (SoCNE) for the financial year 2011/12. The table shows the aggregate balances removed from the Statement of Financial Position (SoFP) for all of the transfers.

	<b>Balances removed from SoFP Prior to Mar 2012 £'000</b>
<b>Non Current Assets</b>	
Subsidiaries	7,610
Joint Ventures	(18,358)
Associates	7,718
Investments Other	4,496
<b>TOTAL NON CURRENT ASSETS</b>	<b>1,466</b>
<b>Current Assets</b>	
Trade and Other Receivables	30,060
Cash and Cash Equivalents	40,632
<b>TOTAL CURRENT ASSETS</b>	<b>70,692</b>
<b>TOTAL ASSETS</b>	<b>72,158</b>
<b>Current Liabilities</b>	
Trade and Other Payables	(87,633)
<b>TOTAL LIABILITIES</b>	
<b>ASSETS LESS LIABILITIES</b>	<b>(15,475)</b>
<b>Taxpayers' Equity</b>	
General Reserve	-
Revaluation Reserve	-
Grant in Aid Reserve	(15,475)
<b>TOTAL TAXPAYERS' EQUITY</b>	<b>(15,475)</b>

The impact of removing £15.475m of net liabilities assets from the SoFP has impacted the SoCNE as follows:

	<u>£000</u>	<u>£000</u>
Gain on transfer – BIS PMO 30 March 2012 DRL and related contracts		(33,066)
Gain on transfer – BIS PMO 30 March 2012 pensions		(1,056)
Loss on transfer – ERDF		5,481
Gain on transfer – Other (Grant for Business Investment)	(1,240)	
Gain on transfer – Other (Large Company R&D)	(1,545)	
Gain on transfer – Other (BIS PMO transfers 1 January 2012)	<u>(4,195)</u>	
		(6,980)
Loss on transfer – Other (Associates)	7,718	
Loss on transfer – Other (Investment)	4,509	
Loss on transfer – Other (Subsidiary)	7,610	
Loss on transfer – Other (Grant for Research and Development)	224	
Loss on transfer – Other (Venture capital funds)	<u>85</u>	
		<u>20,146</u>
<b>Total Agency SoCNE impact</b>		<b><u>(15,475)</u></b>

Each acquisition transfer and the material impacts for each are shown in transfer date order below.

The Yorkshire Forward Inward investment projects transferred to the UK Trade and Investment (UKTI) on the 1 May 2011 and the Rural Development Programme for England (RDPE) programme transferred to the Department for Environment, Food and Rural Affairs (DEFRA) on the 1 July 2011. There were no material impacts to the SoFP or SoCNE from these transfers.

The European Regional Development Fund (ERDF) transferred to the Department for Communities and Local Government (DCLG) on the 1 July 2011. The ERDF cash balances have since been returned to DCLG and this reduced the Agency cash balances by £40.632m and deferred income balances by £35.151m. The accruals for income and expenditure also removed from the SoFP following the transfer. The net loss of £5.481m represents ERDF reserves brought forward which consists of accumulated intervention rate gain to date and the interest generated from the cash balances held.

The Grant for Business Investment programme transferred to the Department for Business Innovation and Skills (BIS) on 1 September 2011. The £0.831m of receivables on this programme and the full provision made against the receivables transferred to BIS at this date with a net nil impact. Accruals of £1.240m for grants, payable at the transfer date were removed from the SoFP and credited to the SoCNE within gain on transfer – Other.

The Grant for Research and Development Programme transferred to the Technology Strategy Board (a Non Departmental Public Body of Department for BIS) on 1<sup>st</sup> September 2011. The receivables and the provisions for this programme transferred to the TSB at this date with a net impact of £0.224m charged to the SoCNE loss on transfer – Other.

The Designing Demand projects transferred to the Design Council on the 15 September 2011. There were no material impacts on the SoFP and SoCNE from this transfer.

The Venture Capital Fund shared with Channel 4 transferred to BIS on 30 September 2011. The receivables and the accruals were removed from the SoFP and net impact of £0.085m was charged to the SoCNE under loss on transfer – Other.

The Regional Venture Capital Loan Fund contract with Finance Yorkshire transferred to BIS on the 5 December 2011. The receivables, accruals and investment value were removed from the SoFP. The total charge to the SoCNE for within loss on transfer – Other was £4.509m. There will be no net impact on the BIS group accounts for this transfer.

The Large Company Research and Development grants transferred to the Technology Strategy Board on 1 January 2012. At the point of transfer £1.570m of accruals and £0.025m of receivables were removed SoFP resulting in a net gain of £1.545m shown on the SoCNE within gain on transfer – Other.

On 1 January 2012 most of the remaining live projects and the membership of South Yorkshire Investment Fund and Partnership Investment Fund were transferred to BIS. This included transport projects and the tourism project with Welcome to Yorkshire. £4.900m of accruals and £0.705m of receivables relating to the live projects were removed from the SoFP. The net result of these projects transferring was a £4.195m gain on the SoCNE shown within gain on transfer – Other. The transfer of South Yorkshire Investment Fund and Partnership Investment Fund generated a loss on transfer of £7.718m. There will be no net impact in the BIS group accounts for this transfer.

On 30 March 2012 there was a second transfer to BIS PMO. This transferred the shares in Digital Region Limited (DRL) and all related contracts and the membership in Directions Finningley to BIS. The transfer also moved liability for pensions to BIS. The transfer of Directions Finningley membership removed of £3.881m and minority Interest of £3.729m from the SoFP and generated a loss on transfer of £7.610m. Pensions liabilities of £1.056m were also transferred which resulted in a gain on transfer in the SoCNE.

The impacts of Digital Region share ownership and contracts transferring are described below.

The Digital Region shareholding transferred to BIS in the 30 March 2012 transfer scheme. Digital Region has been presented in Yorkshire Forward's Statement of Financial Position to reflect the value of the influence that Yorkshire Forward had. At 30 March DRL has been consolidated into Yorkshire Forward's accounts based on a 57.1 per cent share of the liabilities payable under the Shareholders Agreement. This value has been removed and gives an accounting gain of £18.358m in Yorkshire Forward's account at the point of exit.

The loan given to Digital Region of £28.809m (including interest) has transferred to BIS under the 30 March 2012 transfer order. This loan was fully impaired in the year and the impairment has also been transferred at this date. The net impact of the transfer of loans and the impairment is nil.

At 30 March 2012 Yorkshire Forward has a provision for DRL ERDF Clawback of £26.949m. Should this liability become payable it would also be recoverable from Digital Region underwritten by their shareholders. In accordance with the shareholder agreement 42.9 per cent would be recovered from shareholders other than Yorkshire Forward. This 42.9 per cent or £11.561m has been recognised as receivable by Yorkshire Forward. Both the provision for ERDF payable to the European Commission and the ERDF receivable from the DRL shareholders have transferred to BIS on the 30 March 2012 transfer order. They generate a net accounting gain on transfer of £15.388m on the SoCNE.

At 30 March 2012 Yorkshire Forward also had an outstanding receivable for ERDF paid to DRL and reclaimed from DCLG, removing this receivable resulted in a loss charge to the SoCNE of £0.680m.

The two accounting gains and the loss on the transfer of Digital Region totalling £33.066m will eliminate on consolidation in the BIS financial statements and there will be no net gain or loss to BIS group overall.

## 10. European funded income

	2011/2012 £'000	RESTATED 2010/2011 £'000
ERDF grants	7,161	48,344
EU revenue grants	-	189
<b>TOTAL</b>	<b>7,161</b>	<b>48,533</b>

## 11. Other income

	2011/2012 £'000	RESTATED 2010/2011 £'000
ERDF clawback recovery from DRL	11,561	-
Sundry and events	5,180	1,166
Clawback	1,960	(445)
Grants other	1,284	3,730
Rents	610	1,020
Sale of property plant and equipment	46	-
Grants Northern Way	-	945
Coalfields	-	227
<b>TOTAL</b>	<b>20,641</b>	<b>6,643</b>

## 12. Interest receivable and payable

	2011/2012 £'000	RESTATED 2010/2011 £'000
Other interest received	885	468
Bank deposit received	-	136
<b>TOTAL INTEREST RECEIVABLE</b>	<b>885</b>	<b>604</b>
<b>TOTAL INTEREST PAYABLE</b>	<b>-</b>	<b>12</b>

## 13. Taxation

	2011/2012 £'000	RESTATED 2010/2011 £'000
Corporation tax for the year	(454)	(1,221)
Release of deferred taxation	(729)	279
(Over)/Under provision of corporation tax in previous years	374	45
<b>TOTAL AGENCY</b>	<b>(809)</b>	<b>(897)</b>
Corporation tax for subsidiaries	(58)	(51)
<b>TOTAL GROUP</b>	<b>(867)</b>	<b>(948)</b>

The corporation tax charge for the current year is 26% (2011: 28%) which is lower than the standard rate of corporation tax for the UK. The differences are explained below:

	2011/2012 £'000	RESTATED 2010/2011 £'000
<b>Reconciliation to tax at current rate</b>		
Net expenditure on Ordinary Activities Before Taxation for the Group	(101,971)	(161,560)
Tax arising on net expenditure at 26% (2011: 28%)	(26,512)	(45,237)
Prior Year Corporation Tax Charge	(374)	(45)
Non-deductible expenditure	(183)	921
Non-allowable Deficit on Non Taxable Activities	26,202	43,413
<b>CORPORATION TAX CURRENT YEAR CHARGE FOR THE PERIOD</b>	<b>(867)</b>	<b>(948)</b>

## 14. Loans and Receivables

	TOTAL £'000
Opening balance as 1 April 2010	7,162
Loans new	14,893
Interest	432
<b>BALANCE AT 31 MARCH 2010</b>	<b>22,487</b>

Opening balance as 1 April 2011	22,487
Loans new	7,374
Interest	775
Repayment	(1,827)
Impairment	(28,809)
<b>BALANCE AT 31 MARCH 2012</b>	<b>-</b>

The Digital Region loan and interest of £28.809m which were fully impaired in 2011/12, transferred to BIS on the 30 March transfer order.

## 15. Property, plant and equipment

	LEASEHOLD IMPROVE- MENTS £'000	PROPERTIES OCCUPIED BY THE AGENCY £'000	FURNITURE, FITTINGS & EQUIPMENT £'000	ICT EQUIPMENT £'000	GROUP TOTAL £'000
<b>Cost or valuation</b>					
At 1 April 2010	33	11,390	11,774	2,655	25,852
Additions	-	-	36	95	131
Disposals	-	-	(149)	(337)	(486)
Write off	-	(1,790)	-	-	(1,790)
<b>At 31 March 2011 RESTATED</b>	<b>33</b>	<b>9,600</b>	<b>11,661</b>	<b>2,413</b>	<b>23,707</b>
<b>Depreciation</b>					
At 1 April 2010	11	-	2,908	1,946	4,865
In year charge	11	-	813	288	1,112
Disposals	-	-	(85)	(331)	(416)
<b>At 31 March 2011 RESTATED</b>	<b>22</b>	<b>-</b>	<b>3,636</b>	<b>1,903</b>	<b>5,561</b>
<b>Net Book Value at 31 March 2011 RESTATED</b>	<b>11</b>	<b>9,600</b>	<b>8,025</b>	<b>510</b>	<b>18,146</b>
<b>Net Book Value at 31 March 2010 RESTATED</b>	<b>22</b>	<b>11,390</b>	<b>8,866</b>	<b>709</b>	<b>20,987</b>
<b>Cost or valuation</b>					
At April 2011 RESTATED	33	9,600	11,661	2,413	23,707
Additions	111	-	70	25	206
Disposals	-	(7,100)	(494)	(705)	(8,299)
Write off	-	(2,500)	-	(47)	(2,547)
Transfer to BIS	(144)	-	(11,191)	(354)	(11,689)
<b>At 31 March 2012</b>	<b>-</b>	<b>-</b>	<b>46</b>	<b>1,332</b>	<b>1,378</b>

	LEASEHOLD IMPROVE- MENTS £'000	PROPERTIES OCCUPIED BY THE AGENCY £'000	FURNITURE, FITTINGS & EQUIPMENT £'000	ICT EQUIPMENT £'000	GROUP TOTAL £'000
<b>Depreciation</b>					
At 1 April 2011 RESTATED	22	-	3,636	1,903	5,561
In year charge	16	-	711	315	1,042
Disposals	-	-	(402)	(607)	(1,009)
Transfer to BIS	(38)	-	(3,899)	(279)	(4,216)
<b>At 31 March 2012</b>	-	-	46	1,332	1,378
<b>Net Book Value at 31 March 2012</b>	-	-	-	-	-
<b>Net Book Value at 31 March 2011</b>	11	9,600	8,025	510	18,146

				AGENCY TOTAL	
<b>Cost or valuation</b>					
At 1 April 2010		11,390	425	2,353	14,168
Additions		-	-	68	68
Disposals		-	(15)	(337)	(352)
Write off		(1,790)	-	-	(1,790)
<b>At 31 March 2011 RESTATED</b>		9,600	410	2,084	12,094
<b>Depreciation</b>					
At 1 April 2010		-	399	1,820	2,219
In year charge		-	13	288	301
Disposals		-	(14)	(331)	(345)
<b>At 31 March 2011 RESTATED</b>		-	398	1,777	2,175
<b>Net Book Value at 31 March 2011 RESTATED</b>		9,600	12	307	9,919
<b>Net Book Value at 31 March 2010 RESTATED</b>		11,390	26	533	11,949

<b>Cost or valuation</b>					
At 1 April 2011 RESTATED		9,600	410	2,084	12,094
Additions		-	30	-	30
Disposals		(7,100)	(394)	(705)	(8,199)
Write off		(2,500)	-	(47)	(2,547)
<b>At 31 March 2012</b>		-	46	1,332	1,378

<b>Depreciation</b>					
At 1 April 2011 RESTATED		-	398	1,777	2,175
In year charge		-	22	239	261
Disposals		-	(374)	(684)	(1,058)
<b>At 31 March 2012</b>		-	46	1,332	1,378
<b>Net Book Value at 31 March 2012</b>		-	-	-	-
<b>Net Book Value as at 31 March 2011</b>		9,600	12	307	9,919

Victoria House was sold on 29 March 2012 for £8.4m. All other items have been disposed of except a small number of items required for final closure. The proceeds from these disposals was £0.005m. The remaining assets have been written down to nil value. The total write offs and losses are disclosed in note 27.

## 16. Intangible assets

	GROUP/AGENCY
	SOFTWARE LICENCES
	£'000
<b>Cost or valuation</b>	
At 1 April 2010	121
Additions	23
<b>At 31 March 2011</b>	<b>144</b>
<b>Amortisation</b>	
At 1 April 2010	94
In year charge	14
<b>At 31 March 2011</b>	<b>108</b>
<b>Net Book Value at 31 March 2011</b>	<b>36</b>
<b>Net Book Value at 31 March 2010</b>	<b>27</b>
<b>Cost or valuation</b>	
At 1 April 2011	144
Additions	-
Write down to impairment	(8)
Disposals	(102)
<b>At 31 March 2012</b>	<b>34</b>
<b>Amortisation</b>	
At 1 April 2011	108
In year charge	9
Depreciation on disposal	(83)
<b>At 31 March 2012</b>	<b>34</b>
<b>Net Book Value at 31 March 2012</b>	<b>0</b>
<b>Net Book Value at 31 March 2011</b>	<b>36</b>

All licences have been written down to nil value. The total of write downs is disclosed in note 27.

## 17. Trade and Other Receivables

AMOUNTS RECEIVABLE WITHIN ONE YEAR	GROUP RESTATED			AGENCY RESTATED		
	2012 £'000	2011 £'000	2010 £'000	2012 £'000	2011 £'000	2010 £'000
ERDF grants receivables	-	37,425	19,841	-	37,425	19,841
Trade receivables	-	2,742	2,321	4	2,511	1,865
Prepayments	-	864	1,718	48	222	879
Advance payments to programme	-	3,088	2,927	-	3,209	2,927
Other receivables	-	820	6,525	5	709	6,683
Deferred taxation	-	730	451	-	730	451
Debt impairments	-	(860)	(1,063)	-	(860)	(1,063)
Value added tax	-	89	422	-	93	352
EU grants receivables	-	-	189	-	-	189
	-	<b>44,898</b>	<b>33,331</b>	<b>57</b>	<b>44,039</b>	<b>32,124</b>



RECEIVABLES - INTRA GOVERNMENT BALANCES	GROUP RESTATED			AGENCY RESTATED		
	2012 £'000	2011 £'000	2010 £'000	2012 £'000	2011 £'000	2010 £'000
Balances with other Central Government bodies	-	39,444	26,584	-	39,444	26,584
Balances with bodies external to Government	-	1,941	270	53	1,941	270
Balances with Local Authorities	-	3,513	6,477	4	2,654	5,270
	-	<b>44,898</b>	<b>33,331</b>	<b>57</b>	<b>44,039</b>	<b>32,124</b>

## 18. Cash and cash equivalents

	GROUP		AGENCY	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Cash at bank and in hand at 1 April	62,321	60,821	61,709	60,720
Net cash inflow during the year	(56,446)	1,500	(55,834)	989
Other consolidation movements*	(5,875)	-	-	-
<b>CASH AT BANK IN HAND AT 31 MARCH</b>	<b>-</b>	<b>62,321</b>	<b>5,875</b>	<b>61,709</b>

\*Other consolidation movement relates to an accounting adjustment to reflect that Yorkshire Forward is no longer a group as at 31 March 2012.

## 19. Trade and Other Payables

AMOUNTS FALLING DUE IN ONE YEAR	GROUP RESTATED			AGENCY RESTATED		
	2012 £'000	2011 £'000	2010 £'000	2012 £'000	2011 £'000	2010 £'000
Accruals and deferred income	-	47,322	49,127	2,135	47,322	49,128
EU deferred income	-	32,684	34,556	-	32,684	34,556
Trade Payables	-	14,172	24,984	63	13,961	24,149
Value Added Tax	-	-	-	1,641	-	-
Other Payables	-	647	389	2	(19)	66
Corporation Tax	-	1,154	(857)	220	1,154	(857)
Coalfields grant creditor	-	312	-	-	312	-
Other taxes and social security code	-	284	405	283	268	401
	-	<b>96,575</b>	<b>108,604</b>	<b>4,344</b>	<b>95,682</b>	<b>107,443</b>

PAYABLES - INTRA GOVERNMENT BALANCES	GROUP RESTATED			AGENCY RESTATED		
	2012 £'000	2011 £'000	2010 £'000	2012 £'000	2011 £'000	2010 £'000
Balances with bodies external to Government	-	37,791	40,229	2,145	37,791	40,229
Balances with other Central Government bodies	-	38,332	20,812	2,199	37,439	20,812
Balances with Local Authorities	-	17,817	1,237	-	17,817	1,237
Balances with Public Corporations and Trading Funds	-	2,635	46,326	-	2,635	45,165
	-	<b>96,575</b>	<b>108,604</b>	<b>4,344</b>	<b>95,682</b>	<b>107,443</b>

## 20. Provisions for liabilities and charges

	TOTAL £'000	REDUNDANCY PROVISION £'000	FORMER CHAIRS PENSION £'000	ONEROUS LEASES PROPERTY £'000	ONEROUS LEASES OTHER £'000
Opening balance as 1 April 2010	409	206	203	-	-
Charged in year	2,995	1,720	-	1,220	55
Used in year	(89)	(89)	-	-	-
Employer's contribution	(11)	-	(11)	-	-
<b>BALANCE AT 31 MARCH 2011</b>	<b>3,304</b>	<b>1,837</b>	<b>192</b>	<b>1,220</b>	<b>55</b>

Opening balance as 1 April 2011	3,304	1,837	192	1,220	55
Provisions not required written back	(1,114)	(114)	-	(1,000)	-
Used in year	(1,998)	(1,723)	-	(220)	(55)
Employer's contribution	(52)	-	(52)	-	-
Transfer to BIS	(140)	-	(140)	-	-
<b>BALANCE AT 31 MARCH 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The provision for Former Chair's pension was made in line with the GAD valuation. This liability transferred to BIS on 30 March 2012 transfer. The current Chair Julie A. Kenny has no pension. Further details of this provision can be found in the Remuneration Report.

As detailed in the remuneration report the Agency participates in the West Yorkshire Pension Scheme. Under the scheme rules there is an obligation for the Agency to settle its share of the Exit debt upon the last active member leaving the Scheme. This obligation transferred to BIS on the 30 March 2012 transfer order see note 9 for the impact of that transfer.

## 21. Discontinued operations

Following the general election in 2010, the Coalition Government outlined a series of proposed changes to how local economic development would be delivered, including its intention to abolish RDAs. Management have been working towards the operational closure of the Agency on 31 March 2012 and the abolition of the Agency on 30 June 2012. The ERDF, RDPE, Venture Capital and Olympic programmes will continue to be operated by other areas of Government. All other material programmes including Grants for Business Investment, Grants for Research and Development, other Single Programme and Business link programme activities have discontinued. As required under IFRS 5 the discontinued activities' impacts on the SoCNE and the related cashflows are disclosed below.

The results of discontinued operations are as follows:

	2011/2012 £'000	2010/2011 £'000
<b>Expenditure</b>		
Programme expenditure	51,237	136,877
Staff costs	13,502	19,137
Depreciation	1,144	1,112
Other administration costs	5,254	3,995
Other expenditure	56,177	4,156
Disposal of inventories	3,330	1,200
Disposal of PPE	7,160	-
Losses on transfer of Subsidiaries, Joint Ventures & Associates	596	-
Loss on transfer of acquisition accounting - Other	7,932	-
<b>TOTAL EXPENDITURE</b>	<b>146,332</b>	<b>166,477</b>

<b>Income</b>		
Other income	(20,641)	(6,643)
Other gains on acquisition accounting – GBI	(1,240)	-
Other gains on acquisition accounting – TSB	(1,545)	-
Other gains on acquisition accounting – BIS (PMO)	(4,195)	-
Other gains on acquisition accounting – BIS (PMO)	(33,066)	-
Other gains on acquisition accounting – BIS (PMO)	(1,056)	-
Proceeds from sale of operating assets	(8,405)	-
Proceeds from sale of inventories	(4,097)	(1,671)
<b>TOTAL INCOME</b>	<b>(74,245)</b>	<b>(8,314)</b>

<b>NET EXPENDITURE</b>	<b>72,087</b>	<b>158,163</b>
Surplus/(deficit) in relation to Share in Joint Venture & Associates	12,147	3,740
Interest payable	-	12
Interest receivable	(885)	(604)
Taxation	(144)	948
<b>NET EXPENDITURE AFTER TAX RELATING TO DISCONTINUED OPERATIONS</b>	<b>83,205</b>	<b>162,259</b>

Cashflows from discontinued operations are as follows:

	2011/2012 £'000	2010/2011 £'000
Cashflows from operating activities	(107,564)	(194,815)
Cashflows from investing activities	679	461
Cashflows from financing activities	47,411	194,902
<b>NET CASH (OUTFLOW)/INFLOW</b>	<b>(59,474)</b>	<b>548</b>

## 22. Operating leases

AS AT 31 MARCH THE AGENCY HAD ANNUAL COMMITMENTS UNDER OPERATING LEASES AS FOLLOWS:	2012		2011	
	BUILDINGS £'000	OTHER £'000	BUILDINGS £'000	OTHER £'000
<b>LEASES EXPIRING:</b>				
Within one year	-	-	374	33
Between one and five years	-	-	4,303	136
Over five years	-	-	8,948	6
<b>TOTAL</b>	-	-	<b>13,625</b>	<b>175</b>

## 23. Commitments

EXPENDITURE AUTHORISED BY THE BOARD AND CONTRACTED FOR AT 31 MARCH AMOUNTED TO:	2012 £'000	2011 £'000
Capital expenditure on development assets	-	8,511
Other programme expenditure	-	241,604
<b>TOTAL</b>	-	<b>250,115</b>

All of Yorkshire Forward's programme commitments have legally transferred to other bodies. There are no legal commitments relating to development assets, as they have transferred to the Homes and Communities Agency.

## 24. Contingent liabilities

The Public Bodies Act received Royal Assent on 14 December 2011 and Regional Development Agencies, including Yorkshire Forward were operationally closed by 31 March 2012 with all remaining staff being made redundant by June 2012.

The cost of redundancies is accrued for all staff due to leave up 30 June 2012 and no further provisions are required for these costs.

In the 2010/11 financial statements Yorkshire Forward disclosed a contingent liability for the English Partnerships (now Homes and Communities Agency) pension scheme. This liability did not crystallise before it transferred to BIS on 30 March 2012.

## **25. Events after the reporting period**

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Yorkshire Forward's financial statements are laid before the Houses of Parliament by the Secretary of State of Business, Innovation and Skills (BIS). IAS10 requires Yorkshire Forward to disclose the date on which the accounts are authorised for issue. The authorised date for issue is the date the accounts are certified by the Comptroller & Auditor General.

## **26. Financial instruments**

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Yorkshire Forward has no borrowings and relies primarily on departmental funding for its cash requirements, and is, therefore, not exposed to liquidity risks.

All material assets and liabilities are denominated in Sterling. Yorkshire Forward is not exposed to material currency risk.

The loan to Digital Region transferred to BIS on 30 March 2012 so there is no remaining interest rate risk to Yorkshire Forward.

All other financial instruments relate to contracts to buy non financial items and therefore Yorkshire Forward is exposed to little credit, liquidity or market risk.

## **27. Losses and special payments**

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In accordance with the provisions of Treasury's Managing Public Money , the Agency must summarise all losses and special payments made during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. During the financial year Yorkshire Forward paid retention payments of £0.121m (2010/11 £nil) for 5 staff. The purpose of these payments 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. These payments were fully approved by BIS and the Cabinet Office. These payments fall under the definition of special payments per Annex 4.1 of Managing Public Money. There was a further payment to a staff member to reimburse them for damage to personal property in the sum of £400 (2010/11 £nil).

As described in notes 15 and 16 all operating assets have been disposed of or written down to nil value and the total loss on disposal and write down in the year excluding the Victoria House sale was £0.054m. This loss was offset by proceeds of sale from servers and telecoms equipment leading to a nil net loss on disposal. There were no other significant write-offs during the year.

As shown in the other operating expenditure (note 5), £28.809m of loans to Digital Region Limited were fully impaired in the financial year. At 30 March these loans transferred to BIS. BIS will continue to monitor the loans and the likelihood of recovery from Digital Region following the closure of Yorkshire Forward.

The other expenditure (note 5) also contains a provision of £26.949m in respect of possible ERDF clawback against Digital Region. Other income also contains £11.561m of this to be recovered from Digital Region. Digital Region have built a network in South Yorkshire covering 80% of those properties connected to the BT network, on time and within budget. However there is currently some uncertainty about future funding of the remaining build and the projects ability to comply with all ERDF requirements. As this is currently unresolved a provision and a receivable for clawback have been recognised. On 30 March 2012 the Digital Region contracts and shares transferred to BIS. Thereafter BIS will monitor the situation and may reverse the clawback provision as the uncertainty is resolved.

A loss may occur with respect to an onerous contract with a third party. This loss is estimated to be £16.8m.

## 28. Related party transactions

Yorkshire Forward is an Executive Non-Departmental Public Body sponsored by BIS. BIS is regarded as a related party with which Yorkshire Forward has had a significant number of material transactions.

Yorkshire Forward has had a number of material transactions with other Government Departments, other Central Government bodies and various Local Authorities.

There were no payables or receivables outstanding at 31 March 2012.

In addition, the Agency was involved in the following related party transactions during the period which are considered to be significant:

RELATED PARTY	POSITION AT RELATED PARTY	RECEIVABLES £	PAYMENTS £	NATURE OF TRANSACTION
<b>Julie A. Kenny – Chair</b>				
Doncaster Metropolitan Borough Council	Commissioner (Ministerial Appointment)		841,501	Grant claims
Sheffield Hallam University	Honorary Doctorate		295,136 25,613	Grant claims Goods and services
Yorkshire Forward	Chair	79		Purchase of Yorkshire Forward assets

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**Linda Pollard – Deputy Chair**

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University of Leeds	Council Member	518,691	Grant claims
	Pro-Chancellor and Chair of the Governing Body	11,332	Goods and services

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**Ajaz Ahmed – Board Member**

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C3i	Share holder and Director	1,440	Goods and Services
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**Barry Dodd – Board Member**

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CO <sub>2</sub> Sense Yorkshire	Chair	1,825,228	Grant claims
		47,434	Goods and services

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**Bill Adams – Board Member**

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ACAS	Employee Relations Steering Group	55,000	Grant claims
NHS	Spouse is employee	32,748	Grant claims (NHS Yorkshire & Humber)

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**John Vincent – Board Member**

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University of Leeds	Alumni	518,691	Grant claims
		11,332	Goods and services

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**John Weighell – Board Member**

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North Yorkshire County Council	Leader	264,089	Grant claims
		40,721	Goods and services

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**Kathryn Pinnock – Board Member**

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Kirklees Metropolitan Council	Elected Member	2,212,636	Grant claims
		4,330	Goods and services
Yorkshire Water Services Limited	Non Executive Director	15,855	Goods and services

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**Mark Kirk – Board Member**

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No payments		-	
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**Sharon Allen – Board Member**

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Bradford Metropolitan District Council	Partner is employee.	112,877 9,201	Grant claims Goods and services
<b>Heidi Mottram – Board Member</b>			
No payments			-
<b>Thea Stein – Chief Executive Officer</b>			
Leeds Metropolitan University	Governor	171,490	Grant claims
The Prince's Trust Regional Council for Yorkshire & Humber	Member	84,048	Grant claims (The Prince's Trust)
<b>Trevor Shaw – Executive Director of Finance</b>			
Digital Region Limited	Director	16,024,670	Grant claims
Directions Finningley CIC	Director	50,000	Grant claims
<b>Simon Hill– Executive Director of Business</b>			
Creative Sheffield	Board Member	21,120	Grant claims
Finance Yorkshire	Director	1,680,219	Grant claims
Forward Ladies	Board Member	72,070	Grant claims
Kirklees Metropolitan Council	Board Member – Kirklees Metropolitan Council Regeneration and Sustainable Development Local Public Services Board Spouse is employed	2,212,636 4,330	Grant claims Goods and services
Science City York	Board Member	1,354,069	Grant claims
The Centre For Low Carbon Futures (CLCF)	Observer on the Board	382,673	Grant claims
Y & H IDB Ltd	Observer on the Board	7,715,301	Grant claims
Yorkshire Forward	Employee	83	Purchase of Yorkshire Forward assets
<b>Ruth Adams – Director of Business Transition</b>			



No payments			-
Yorkshire Forward	Employee	33	Purchase of Yorkshire Forward assets
<b>Jim Farmery – Director of Projects &amp; Programme</b>			
Finance Yorkshire	Director	1,680,219	
Partnership Investment Fund	Director		-
Yorkshire Forward	Employee	21	Purchase of Yorkshire Forward assets
<b>Dave Custance – Director of Urban Renaissance &amp; Programme</b>			
Creative Sheffield Ltd	Director	21,120	Grant claims
<b>Ruth Redfern – Assistant Chief Executive</b>			
The Prince's Trust Regional Council	Spouse is member		-
Yorkshire Forward	Employee	67	Purchase of Yorkshire Forward assets

## Annex A - Chair's and Board Members' Register of Interest

### Julie A. Kenny

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT
British Security Industry Association: Council	Chair	
British Security Industry Association: General Purposes Committee	Chair	
Castle Care-Tech Limited	Director	2004
Company Of Cutlers in Hallamshire	Freemen Friend	April 2008
Company of Security Professionals	Member	May 2004
	Freedom of the City of London	February 2006
	Liveryman	March 2008
Doncaster Metropolitan Borough Council	Commissioner	1 July 2010
Doncaster NHS	Brother is employee	c. 2006
English Heritage	Member	1998
Lieutenancy of South Yorkshire	Deputy Lieutenant	Sept 2005
Maltby Academy	Governor	January 2010
	Member/Chair	February 2010
Mount St Mary's College`	Governor	October 2008
National Trust	Member	1990
Pyronix Limited	Director/Employee	1986
Rotherham Titans Rugby Union Club	Business Club Member	August 2007
Royal Society for the encouragement of Arts, Manufacturers and Commerce	Fellow	May 2002
Secure Holdings Limited	Director/Shareholder	1996
Secure Protection Limited	Director	2001
Sheffield Hallam University	Honorary Doctorate	November 2006
	Sister is employee	c. 1999
UK Commission for Employment & Skills	Commissioner	December 2007
Whirlow Hall Farm Trust	Ambassador	November 2006

### Linda Pollard

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT
Coutts Plc	Regional Chair	1 April 2007
Inspirational Journey	Chair	2009
Leeds NHS Cluster Primary Care Trust	Chair	1 March 2009
University of Leeds	Council Member	1997
	Pro-Chancellor & Chair of the Governing Body	1 August 2007
2% Club	Chair	2009

**Ajaz Ahmed**

<b>NAME OF ORGANISATION</b>	<b>NATURE OF INTEREST</b>	<b>DATE OF APPOINTMENT</b>
Abduls	Partner	1998
Browzar	Shareholder, Director	2006
C3i	Shareholder, Director	2006
University of Huddersfield – Business School	Advisory Board member	2005
ZestMedia/Quba	Shareholder, Director	2002

**Barry Dodd**

<b>NAME OF ORGANISATION</b>	<b>NATURE OF INTEREST</b>	<b>DATE OF APPOINTMENT</b>
Addpower Technologies Ltd	Shareholder, Director	11 June 2001
CO2 Sense	Chair	2008
Gazelle Aviation LLP	Partner	27 May 2004
GSM Graphic Arts Ltd	Shareholder, Director	2 April 1974
GSM Group Ltd	Shareholder, Director	9 June 1998
GSM Industrial Graphics Ltd	Shareholder, Director	18 June 2001
GSM Printer and Label Systems Ltd	Shareholder, Director	22 May 2001
GSM Valtech Industries Ltd	Shareholder, Director	24 March 1997
Manufacturing Advisory Service Yorkshire and the Humber	Ambassador	2 October 2006
NFU Mutual Insurance Co	Regional Board Member	March 2007
Thirsk and Sowerby Civic Society	Member	2003
Thormanby Hall Farm	Partner	1989
Thormanby Parish Meeting	Chair	1989
UK Automotive Council	Member	2009
Varlink Ltd	Shareholder, Director	5 August 2005
Yorkshire Universities Proof of Commercial Concept Fund	Chair	Resigned April 2011
York, North Yorkshire with East Yorkshire Local Enterprise Partnership	Chair	April 2011

**John Weighell**

<b>NAME OF ORGANISATION</b>	<b>NATURE OF INTEREST</b>	<b>DATE OF APPOINTMENT</b>
Bedale and Upper Swale Drainage Board	Member	Ceased to be member May 2011
Conservative Party	Member	November 1999
County Council Networks	Executive Member	January 2006
ERDF Programme Monitoring Committee	Member	December 2007
Hambleton DC	Member	Ceased to be member May 2011
J K Weighell	Partner Son is Partner	1990
Leeds City LEP	Board Member	April 2011
Leeds City Region Board	Member of Leaders Board	October / November 2006
Local Government North Yorkshire and York	Alternating Chair/Vice Chair	April 2009
North Yorkshire County Council	Leader Member	June 2001 May 1993

North Yorkshire Local Government Pension Fund	Chairman	May 2005
North Yorkshire LEP	Board Member	June 2011

### Bill Adams

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT
ACAS	Committee Member	2007
Institute for Research into Organisations, Work and Employment	Board Member	July 2011
Labour Party	Member	1980
NHS	Wife is employee	2005
TUC	Employee	2001
Unison	Wife is a Member	2005
Unite	Member	1993
University of Central Lancashire	Deputy Chair	October 2009

### Kathryn Pinnock

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT
Association of Liberal Democrat Councillors	Member Chair	1995 September 2008
CAB	Sister is employee	1998
Environment Agency	Daughter is an employee	2001
Local Government Improvement & Development	Peer Regional Peer	2006 September 2008
Kirklees Metropolitan Council	Elected member	1987
Kirklees Metropolitan Council Mayors Charity Appeal Fund	Trustee	1995
LGA Children's and Young People's Board	Member	September 2011
LGA Councillor Forum	Member	October 2010
Liberal Democrats	Member	1973
Scholes Village Shelter Trust	Trustee	January 2008
St Lukes Church, Cleckheaton		1974
Whitcliffe Mount High School Governing Body	Chair	1991
Yorkshire Water Services Ltd	Non-Executive Director	1 March 2008

### Mark Kirk

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT
Ashdown Club	Member	1976
BBC	Son is an employee	2008
Caravan Club	Member	2000
Caravanning and Camping Club	Member	2000
Community Union	Member	1974
Humber Economic Partnership	Director	Resigned May 2011
Humberside Airport	Director	Resigned May 2011
Labour Councillor Forum	Member	2010

Labour Party	Member	1976
LGA Urban Commission	Member	2007
Lincolnshire Tourism	Director	Resigned May 2011
North Lincolnshire Council	Elected Member Leader (Labour Group)	May 1995
North Lindsey College	Son is an employee	October 2009
Yorkshire & Humber Assembly	Chair of Transport Board	Resigned May 2011

### John Vincent

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT
AECOM Hellas SA	Director	Resigned October 2011
AECOM Holdings Ltd	Director	Resigned October 2011
AECOM Ltd	Director	Resigned October 2011
AECOM Sp Zoo	Director	Resigned October 2011
Institute of Civil Engineers	Member	1973
Institute of Highways and Transport	Fellow	1986
Leeds University	Alumni	1973
OF TPA Ltd	Director	Resigned October 2011
Oscar Faber plc	Director	Resigned October 2011
Oscar Faber Trustees Ltd	Director	Resigned October 2011
York Civic Trust	Member	2007
York College	Wife is an employee	1996

### Sharon Allen

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT
ACEVO	Board Member Director	May 2011 to July 2011 July 2011
ACEVO North Steering Group	Vice Chair	July 2008
Bradford Metropolitan District Council	Partner is an employee	April 2010
Chartered Institute of Housing	Member	September 1995
Skills for Care	CEO	August 2010

### Heidi Mottram

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT
Green Economy Council	Member	February 2011
Hebble Insurance Management Services	Husband is an employee	December 1992
Newcastle University Council	Member	October 2011
Northumbrian Water Group PLC	Director	1 March 2010
Northumberland Water Limited	Director	1 March 2010
Salaned Dental Service North Yorkshire & York PCT	Sister is an employee	February 2009
Water UK	Director	April 2010



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