

# West Northamptonshire Development Corporation

Report and Accounts for the  
period 1 April 2014 to 31 July  
2014

# West Northamptonshire Development Corporation

## Report and Accounts for the period 1 April 2014 to 31 July 2014

Presented to Parliament pursuant to paragraph 13(3) of  
Schedule 31 to the Local Government, Planning and Land Act  
1980.

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Department for Communities and Local Government  
Fry building, 2 Marsham Street  
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## **General Information**

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This report covers the four month dissolution phase of the Corporation following its operational closure on 31 March 2014 to its final dissolution on 31 July 2014.

The Chair's contract ended on 31 July 2014 when the Corporation was formally dissolved and ceased to exist. A formal Chair's Statement is not therefore included within the Report.

# Strategic Report

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## Overview

On 4 June 2013, the then Minister for Housing, Mark Prisk MP, announced plans to close the Corporation on 31 March 2014. On 27 March 2014, other than for the property, rights and liabilities retained for the purposes of winding up the Corporation, the property, rights and liabilities of the Corporation transferred to local authorities in whose area the relevant urban development area is situated. The assets transferred to local authorities on 27 March 2014 and the functions of the Corporation transferred on 31 March 2014. Staff numbers at the Corporation were reduced from twenty-five to fourteen (including six Board members) from 1 April 2014. The Corporation was dissolved by Statutory Instrument on 31 July 2014. Two members of staff were made redundant by 31 May 2014. The remaining six staff were made redundant on 30 June 2014. The six Board members' contracts came to an end on 31 July 2014.

These events had a significant impact on the Corporation for the period ending 31 July 2014.

Post dissolution, responsibility for the finalisation and laying of the Corporation's final Report and Accounts was passed onto the Department for Communities and Local Government (DCLG). The Accounting Officer remained the same throughout this period following the arrangements put in place on 1 February 2014.

## Statutory Context

"Sustainable Communities: building for the future" (ODPM, February 2003) set out the Government's aim of achieving a step change to deliver successful, thriving and inclusive communities. As part of the Plan, four Growth Areas were identified, including Milton Keynes South Midlands. West Northamptonshire is a key area within the Milton Keynes South Midlands (MKSM) Growth Area and the West Northamptonshire Development Corporation (WNDC) was the delivery vehicle established to lead delivery of new jobs, homes and investment. The Order establishing an Urban Development Corporation (UDC) for West Northamptonshire – specifically the towns of Northampton, Daventry and Towcester – was approved by Parliament in December 2004. The Corporation was set up with an indicative life

span of ten years and in June 2013 DCLG formally instructed the Corporation to cease activities on 31 March 2014.

The West Northamptonshire Development Corporation (Transfer of Property, Rights and Liabilities) Order 2014 (SI 217/2014) and The Urban Development Corporations in England (Area and Constitution) Order 2014 (SI 1181/2014) transferred the property, rights and liabilities and planning functions to local authorities in whose area the relevant urban development area is situated on 27 March 2014 and 31 March 2014 respectively. Dissolution of the Corporation took effect on 31 July 2014, under West Northamptonshire Development Corporation (Dissolution) Order 2014 (SI 857/2014).

## **Accounts Direction**

The Financial Statements contained within this Report and Accounts have been prepared under the Accounts Direction given by the Secretary of State, with the consent of the Treasury in accordance with Paragraph 10(3) of Schedule 31 to The Local Government, Planning and Land Act 1980. As required the Accounts Direction is reproduced in full, together with the attached Schedules 1 on pages 39 to 42 of this report.

## **Principal activities of the Corporation**

The Corporation was a non-departmental public body, which was sponsored by the Department for Communities and Local Government (DCLG). The principal activities of the Corporation during the period from 1 April 2014 to 31 July 2014 were to wind up its affairs.

## **Reporting Periods**

The final reporting period was the four months ending 31 July 2014. The reporting period for 2013-14 was the year ending 31 March 2014. Thus, where prior period comparative figures are given, there cannot be a direct comparison due to this difference in the length of the two reporting periods.

## **Financial Performance**

The net expenditure for the period 1 April 2014 to 31 July 2014 was £0.231m (2013-14: £24.458m). This net expenditure was not a loss but instead was fully met by Grant-in-Aid which was taken direct to reserves as it is considered to be financing. As all remaining assets and liabilities have transferred to the Corporation's sponsor body, DCLG, the Statement of Financial Position at 31 July 2014 shows Total Assets Less Liabilities of nil (2013-14: £ 2.005 m).

## **Estimates**

### **Principal risks and uncertainties**

The principal risks and uncertainties during the four months ending 31 July 2014 arose because of the limited resources available to undertake the dissolution requirements of the Corporation by the end of July 2014. These principal risks were:

- ensuring that necessary activities could be completed on schedule
- staff being available to carry out the necessary activities to dissolve the Corporation; and
- effective governance and system of controls being compromised due to reduced workforce and Board composition.

The Corporation maintained a system of risk registers to record and manage the risks it faced during the period. Mitigation measures were put in place to reduce these key risks and, where the risks were still identified as significant, actions were identified to manage their impact.

## **Going Concern Basis of Accounting**

As a result of the Corporation's abolition on 31 July 2014 by the West Northamptonshire Development Corporation (Dissolution) Order 2014 (SI 857/2014) the accounts for the period to that date have not been prepared on a going concern basis.



## **Payment Performance**

The Corporation's policy was to pay a supplier within 30 days of the submission date of a valid invoice, unless the terms of contract dictate otherwise.

WNDC recognised that the government's extant prompt payment policy is to pay 80 per cent of undisputed invoices within 5 days. The Corporation's internal processes were not able to ensure full compliance with this policy; however suppliers, the majority of whom were local, were consistently paid within their payment terms.

During the period under review, WNDC paid supplier invoices promptly upon receipt and did not incur any interest charges with respect to late payments against submitted invoices (as defined by the Payment of Commercial Debts (Interest) Act 1988).

## **Environmental Policy**

We aimed to minimise our impact on the environment by reducing our consumption, re-using resources wherever possible, and recycling what cannot be re-used. Working practices included participating in an approved recycling programme, whereby all discarded office stationery and packaging was collected and passed to recycling contractors each week, and wherever possible, all new office stationery was ordered from sustainable or recycled products.

## **Corporate Performance**

The Corporation had developed key corporate policies and had an internal audit programme, which was provided under a service level agreement by the Cross-Departmental Internal Audit Services and carried out to Public Sector Internal Audit Standards.

## **Employee Policies**

The Corporation aimed to be a responsible employer and to this end produced and distributed to all staff a guidance document (the Corporation's 'Employee Handbook') modelled on the terms and conditions of employment of other non-departmental public bodies and DCLG. The Corporation was fully committed to a policy of equal opportunities in respect of employment and to ensure the fair and equal treatment of all employees, customers and contractors regardless of race, colour, age, nationality,

ethnic or national origin, disability, sex or marital status, sexual orientation, religion or belief.

In the period to 31 July 2014, there were no personal data related incidents and, therefore, none reported to the Information Commissioner's Office.

## **Disclosures to Auditor**

The Comptroller and Auditor General is the statutorily appointed auditor under the provisions of the Government Resources and Accounts Act 2000.

So far as I am aware there is no relevant audit information of which the Corporation's auditor is unaware. I have taken all the steps I should as Accounting Officer in order to make myself aware of any relevant audit information and to establish that the Corporation's auditor is aware of that information.

The cost of work performed by the auditors in respect of the period ended 31 July 2014 is as follows:

Fee to NAO for statutory audit work	£25,500
Fee to NAO for non audit work	£0

## **Key Objectives**

The functions previously provided by WNDC had transferred to other local public sector entities by 31 March 2014 therefore there are no key objectives or milestones to be reported on in 2014-15.

# Accounting Officer's Report

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## Board Members to 31 July 2014

Chairman	John Markham
Deputy Chairman	John Weir
Northampton Borough Council nominees	Cllr Joy Capstick Cllr Tim Hadland
Daventry District Council nominee	Cllr Chris Millar
Appointed by open competition	Deirdre Newham

## Executive Directors

Deputy Chief Executive and Chief Operating Officer (to 30 June 2014) - Roger Mendonca.

The Accounting Officer from 1 March to 31 July 2014 was not an Executive Director.

## The Board

During the period, WNDC's Board was made up of six members. Three members were nominated by local authorities, the other three members including the Chair and Deputy Chair, were selected in open competition. The six members who also constituted the WNDC Audit & Risk Committee remained until the dissolution of the Corporation on 31 July 2014.

All six members were selected on merit by the Secretary of State in accordance with the rules for Ministerial appointments set out by the Office of the Commissioner for Public Appointments (OCPA).

Board members were collectively responsible for the conduct of all business undertaken by the Corporation. In addition to the statutory powers and duties of the Corporation, members had both fiduciary duties and general duties of skill and care. This means that they were responsible for the Board's strategic direction and policies, and for ensuring that the Corporation was properly and effectively managed.

In particular, members were responsible for the stewardship of the public funds entrusted to the Board.

From 1 April 2014, a closure team consisting of eight members of staff were in post, including the Chief Financial Officer, to manage the close down of the organisation and the production of the WNDC Report and Accounts for the period to 31 July 2014. Two employees were made redundant by 31 May 2014 and the remaining six employees were made redundant on 30 June 2014.

### **Performance Related Pay**

The Corporation does not operate a performance-related pay scheme. The Corporation may make an award on the basis of exceptional performance in the period. There were no exceptional performance awards in the period to 31 July 2014 (2013-14, Nil).

As a result of the closure of the Corporation, and in order to reduce risk of the loss of key staff, a payment based on the completion of closure milestones was made available to staff. Details are not included here as amounts were accrued in 2013-14 and the detail is recorded in those Accounts.

### **Directors' Contracts**

Deputy Chief Executive & Chief Operating Officer (COO)	Service Agreement Commenced 1 August 2010 6 months notice for both parties Redundant on 30 June 2014
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### **Board Member Costs (subject to audit)**

	<b>to July 2014</b>	<b>2013-14</b>
	<b>Salary</b>	<b>Salary</b>
	<b>£</b>	<b>£</b>
John Markham – Chair	15-20	45-50
John Weir – Deputy Chair	10-15	35-40
Cllr Joy Capstick	0-5	10-15
Cllr Chris Millar	0-5	10-15
Deirdre Newham	0-5	10-15

Cllr Tim Hadland	0-5	10-15
Cllr Richard Church (to 31 March 2014)	-	10-15
Cllr Jim Harker (to 31 March 2014)	-	10-15
Cllr Mary Clarke (to 31 March 2014)	-	10-15

John Markham, as Chair, had not taken up the offer of a 'by-analogy' pension scheme by 31 March 2014. The Deputy Chair has declined to take up the offer of a 'by-analogy' pension scheme. No other Board members were entitled to any by-analogy pension arrangements.

### Salaries of Senior Managers (subject to audit)

	Salary £'000		Redundancy £'000		Contractual Bonus £'000		Pension benefits (to nearest £1,000)		Total £'000	
	To 31 July 2014	2013-14	To 31 July 2014	2013-14	To 31 July 2014	2013-14	To 31 July 2014	2013-14	To 31 July 2014	2013-14
Peter Mawson Chief Executive	-	*110-115	-	*15-20	-	*5-10	-	128,000	-	265-270
Roger Mendonca Deputy Chief Executive/ Chief Operating Officer (COO)	**30-35	135-140	-	**125-130	-	-	9,400	25,000	40-45	160-165
Christopher Garden Director of Regeneration and Development	-	90-95	-	105-110	-	0-5	-	14,000		220-225

\*The Chief Executive's 2013-14 salary and contractual bonus and redundancy is to 31 January 2014. Full disclosure and narrative of the figures included above was given in the 2013-14 Annual Report and Accounts.

\*\*The Chief Operating Officer's 2014 salary is to 30 June 2014. The redundancy figure includes the unavoidable pay in lieu of notice (PILON) of £1,476 which was due to the COO.

These Accounts do not include his redundancy which was paid to the COO on 30 June 2014 as it was included as an accrual in the 2013-14 Accounts.

There were no severance payments made and no Directors received benefits in kind in the period ending 31 July 2014 (2013-14 £Nil).

The new Accounting Officer is not an employee of WNDC and, therefore, not included above.

## **Pensions**

WNDC was an admitted body within the Local Government Pension Scheme (LGPS) as administered by Northamptonshire County Council (NCC). The LGPS is a contributory defined benefit final salary scheme. The appointed actuaries to the scheme are Hymans Robertson LLP.

As a result of the closure of WNDC a Cessation Valuation was undertaken by the actuaries as at 31 March 2014. WNDC made a payment on account of £3,136,000 in respect of the forecast pension deficit with funds drawn down from DCLG. The final calculated pension deficit totalled £2,048,000.

The refund due of £1,088,000 was received on 20 May 2014.

For further details of the pension scheme please refer to the 2013-14 Accounts, where it is reported in full.

In the period to 31 July 2014, WNDC made monthly contributions to the LGPS in respect of staff who were members of the pension scheme until they were made redundant on 30 June 2014. The final pension deficit calculation had taken into account these payments which totalled £10,807.

As regards to individual members of the scheme, the following details apply to senior management (subject to audit).

	Accrued pension at age 65 as at 30/06/14 and related lump sum	Real increase in pension and related lump sum at age 65	CETV at 30/06/2014	CETV at 31/03/2014	Real Increase in CETV
	£'000	£'000	£'000	£'000	£'000
Peter Mawson Chief Executive	-	-	-	303	-
Roger Mendonca Deputy Chief Executive/Chief Operating Officer	30-35 Plus lump sum of 60-65	0-2.5 Plus lump sum of £nil	464	458	2
Christopher Garden Director of Regeneration & Development	-	-	-	520	-

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which this disclosure applies.

The CETV figures also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

## 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.

## Hutton Review of Fair Pay

WNDC is required to disclose the relationship between the remuneration of the highest-paid director in the organisation and the median remuneration of the organisation's workforce. The median is calculated based on the annualised full-time equivalent remuneration of the total workforce excluding the highest paid director.

There were no off payroll transactions in the period (2013-14, none).

	<b>Period ending 31 July 2014 Salary &amp; Benefits</b>	<b>2013-14 Salary &amp; Benefits</b>
Band of highest paid director's total (£'000)	135-140*	150-155
Median total	£35,020	£41,090
Ratio of highest paid director to median salary	3.9	3.7

\*This represents the annualised salary and benefits.

The significant reduction in staffing levels over the period reduced the median remuneration of the workforce for the period. As a result, the ratio of highest paid director to median salary increased to 3.9 (2013-14 3.7).

In the period to 31 July 2014, there were no employees receiving remuneration in excess of the highest-paid director 2013-14 - no employees).



Total remuneration includes salary, severance payments, non-consolidated performance-related pay and benefits-in-kind. The total remuneration does not include redundancy payments, employer pension contributions and the cash equivalent transfer value of pensions.

The calculations above are annualised. The director disclosed as the highest paid director in 2013-14 left on 31 January 2014 as a result the highest paid director has changed since 2013-14 and is the only director who remained in post after WNDC functions transferred by 31 March 2014. The Hutton Review of Fair Pay information above is subject to audit.

## **Employee Policies**

The Corporation aimed to be a responsible employer and to this end it produced and distributed to all staff a guidance document (the Corporation's 'Employee Handbook') modelled on the terms and conditions of employment of other non-departmental public bodies and DCLG. The Corporation was fully committed to a policy of equal opportunities in respect of employment and to ensure the fair and equal treatment of all employees, customers and contractors regardless of race, colour, age, nationality, ethnic or national origin, disability, sex or marital status, sexual orientation, religion or belief.

Our sickness level per employee over the period was 0 days (2013-14; 7 days).

D Rossington

Accounting Officer

Date: 17 October 2014

The signature covers the Strategic Report, the Accounting Officer's Report and the Remuneration Report

## Statement of Accounting Officer's Responsibilities

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Under the Local Government, Planning and Land Act 1980 the Secretary of State with the consent of the Treasury has directed West Northamptonshire Development Corporation to prepare, for each reporting period, 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 West Northamptonshire Development Corporation and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Corporation 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 including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements 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 Financial Statements on a going concern basis, if appropriate.

The Secretary of State has appointed the DCLG Finance Director as Accounting Officer of West Northamptonshire Development Corporation. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the West Northamptonshire Development Corporation's assets, are set out in *Managing Public Money* published by HM Treasury.

# Governance Statement

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## **Purpose and Scope**

This Governance Statement provides an overview of the risks the Corporation has faced over the period to 31 July 2014 and the level of controls WNDC has put in place to manage and mitigate those risks. As set out in Managing Public Money, this Governance Statement provides an overview of the dynamics of the organisation and its control structure, its stewardship, its vulnerabilities and how successfully the organisation has coped with the challenges it faces.

## **WNDC's Risk Profile**

In 2014, DCLG tasked WNDC with closing itself as a statutory body and, as reported in the last Governance Statement, in order to mitigate this risk, WNDC put in place governance arrangements to manage the closure of WNDC.

## **Business as usual organisational governance**

WNDC's powers and functions had transferred to the local authorities in its area by 31 March 2014 at which time business as usual came to an end.

No major communications issues arose during the period to 31 July 2014.

WNDC identified the expenditure required for the closure of the organisation and made a submission to DCLG for an administration budget allocation in respect of closure costs to cover the period to 31 July 2014 which was approved.

## **Closure Governance**

During 2013-14 WNDC, together with DCLG, established formal arrangements for its transition and closure. Operational closure was achieved as planned on 31 March 2014.

The objective for the period to 31 July 2014 was to deliver:

- the closure of WNDC as a statutory body, which the WNDC Board and Executive Team were keen should be exemplary.

Under the West Northamptonshire Development Corporation (Dissolution) Order 2014 (SI 857/2014) dissolution of the Corporation took effect on 31 July 2014. Those Board members who constituted the Audit and Risk Committee had their contracts extended to that date.

A small closure team made up of key staff, predominantly the finance team led by the Chief Financial Officer, remained in post to manage the wind down of the statutory body in conjunction with the DCLG Arm's Length Body Sponsorship team. All staff were made redundant on 30 June 2014.

During the closure period WNDC identified two key risks:

1. ensuring that necessary activities could be completed on schedule
2. staff being available to carry out the necessary activities to dissolve the Corporation; and
3. effective governance and system of controls being compromised due to reduced workforce and Board composition.

Mitigating actions were put in place to reduce these key risks and manage their impact.

### **Significant internal control issues**

The significant reduction in staff in April 2014 increased the risk of a breakdown in the control environment and management override of controls.

The finance team remained in post until 30 June 2014 which enabled WNDC to maintain the controls in place as well as an appropriate level of delegation and segregation of duties.

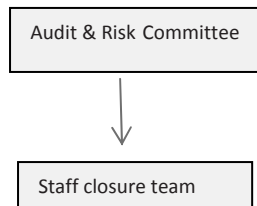
In their Interim Audit Progress Report covering the first two months of the period ending 31 July 2014, the external auditors concluded that there were no concerns or significant issues to report at that time.

I met regularly with the CFO to discuss the risks to the organisation and to review the plans for the preparation of the Annual Report and Accounts for the period ending 31 July 2014.

Other than the internal control issue identified above, I have not been made aware of, nor have I found any other major issues to report. The Corporation continued to deliver against its objective throughout the period.

## **Governance Framework**

### **Board and Committee Closure Structure**



WNDC had a robust governance framework that has allowed prompt and effective decision during the period to 31 July 2014.

The Audit and Risk Committee continued meeting. It was made up of the Chairman and Deputy Chairman, members from two local authorities and an external independent member. Good working relationships have been maintained within the Committee, and between the members and the Closure Team throughout the period. Throughout the period, the Committee took considered decisions after careful debate and were keen to guide and support the Closure Team.

As Accounting Officer, I attended all Audit and Risk Committee meetings along with the Chief Financial Officer.

Three Committee meetings were held in the period, in April, June and July 2014, with an average of 89% attendance from members. The reports which were presented to the April and June Committee meetings dealt with the 2013-14 Annual Report and Accounts as well as other organisational items such as audit findings. The draft Report and Accounts for the period ending 31 July 2014 were reported at the final Committee meeting on 15 July 2014.

Information continued to be reported to DCLG through various channels in addition to Committee meetings.

Due to the operational closure of WNDC, when the majority of staff were made redundant, the Remuneration Committee was disbanded on 31 March 2014.

WNDC had had financial controls in place to safeguard public funds and to ensure compliance with the 2014-15 Government Financial Reporting Manual (FReM) issued by HM Treasury. Internal controls, such as segregation of duties, have been applied and continually assessed to ensure good financial management and best practice.

In the period ending 31 July 2014, there were no requests made under the Freedom of Information Act 2000.

### **Audit and Risk Committee Meeting attendance between April – July 2014**

<b>Board Member</b>	<b>Attendance</b>
Cllr Chris Millar (Chair)	100%
Cllr Tim Hadland	67%
Cllr Joy Capstick	100%
Deirdre Newham	100%
John Markham (Chairman) ex-officio	100%
John Weir (Vice-Chairman) e-officio	67%

### **Review of Effectiveness**

WNDC has a history of reviewing its effectiveness each year in order to build on lessons learned and identify more efficient ways of working. With this in mind, WNDC continued to commission internal audits.

The role of internal audit is to independently evaluate these controls and make any recommendations for improvements.

The Audit and Risk Committee commissioned an audit of the process plans in place to transfer the remaining WNDC data files and information to DCLG by 30 June 2014. The audit work was carried out in February 2014 by the Cross Departmental Internal Audit Team (XDIAS):

The audit rating was green denoting full assurance and the audit opinion found WNDC to have a strong control environment for its proposed transfer process for finance and payroll/pensions. All internal audit findings were reported to the Audit and Risk Committee. Audit actions were coordinated by WNDC's Chief Financial Officer.

The transfer of data and information was carried out in line with the audited plan and completed successfully prior to the dissolution of WNDC on 31 July 2014.

WNDC has a clear and documented delegation chain for administration expenditure. Regular feedback was provided to Committee members by the Chief Financial Officer. Monthly feedback was also provided to DCLG on each expenditure line within the overall WNDC budget.

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

The detailed provisions of the Corporate Governance Code (the Code) published by HM Treasury and the Cabinet Office relate to ministerial departments. However, this statement details WNDC's compliance, as far as appropriate, with the principles set out in the Code. I am satisfied that it gives a fair picture of WNDC's governance in the period to 31 July 2014.

David Rossington

Accounting Officer

Date: 17 October 2014

# **Comptroller and Auditor General's Certificate**

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## **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

I certify that I have audited the financial statements of West Northamptonshire Development Corporation (“the Corporation”) for the period ended 31 July 2014 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, 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, 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, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Corporation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; 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 and to identify any



information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

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

### **Opinion on regularity**

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

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of Corporation's affairs as at 31 July 2014 and of the net expenditure for the period then ended; and
- the financial statements have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 and Secretary of State directions issued thereunder.

### **Emphasis of matter – financial statements prepared on a basis other than going concern**

Without qualifying my opinion, I draw your attention to the disclosures made in note 1(a) concerning management's decision to apply a basis other than going concern in the preparation of the financial statements as the Corporation was abolished on 31 July 2014. The abolition was a result of the West Northamptonshire Development Corporation (Dissolution) Order 2014 (SI 857/2014).

## **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Local Government, Planning and Land Act 1980; and
- the information given in the Strategic Report and the Accounting Officer's Report included within the Report for the period for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I report by exception**

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

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

## **Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**

**21 October 2014**

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

# Financial Statements

## Statement of Comprehensive Net Expenditure for the period ended 31 July 2014

Expenditure	Note	Period ended	Year ended
		31 Jul 14	31 Mar 14
		£'000	£'000
Staff Costs	3	(175)	(2,438)
Other Expenditure	4	(62)	(809)
Grants Payable (Project Costs)	5	-	(14,372)
Impairment / Write Off	6	-	(4,615)
Pension Deficit Crystallisation		-	(1,171)
Capital Grants in Kind to Northampton Borough Council		-	(1,547)
Capital Grants in Kind to Northamptonshire County Council		-	(25)
		<b>(237)</b>	<b>(24,977)</b>
<b>Income</b>			
Income from Activities		-	184
Other Income	2	6	378
		<b>6</b>	<b>562</b>
<b>Net Expenditure before Interest and Taxation</b>		<b>(231)</b>	<b>(24,415)</b>
Net interest		-	(21)
<b>Net Expenditure after Interest</b>		<b>(231)</b>	<b>(24,436)</b>
Taxation	11	-	(22)
<b>Net Expenditure retained for the year</b>		<b>(231)</b>	<b>(24,458)</b>
<b>Other Comprehensive Expenditure</b>			
Pension re-measurements		-	(338)
<b>Total Comprehensive Expenditure for the period ended 31 July 2014</b>		<b>(231)</b>	<b>(24,796)</b>

The notes on pages 28 to 38 form part of these accounts.

## Statement of Financial Position as at 31 July 2014

	Note	31 July 2014 £'000	31 Mar 14 £'000
<b>Current Assets</b>			
Trade and Other Receivables	8	-	1,473
Cash and Cash Equivalents	9	-	1,184
<b>Total Current Assets</b>		-	<b>2,657</b>
<b>Total Assets</b>			<b>2,657</b>
<b>Current Liabilities</b>			
Trade and Other Payables	10	-	(652)
<b>Total Current Liabilities</b>		-	<b>(652)</b>
<b>Non-Current Assets less Net Current Liabilities</b>		-	<b>2,005</b>
<b>Total Assets Less Liabilities</b>		-	<b>2,005</b>
<b>Taxpayers' Equity</b>			
General Reserve		-	2,005
<b>Total Taxpayers' Equity</b>		-	<b>2,005</b>

The financial statements of pages 24 to 27 were approved and were signed by;

(Signed)

(Accounting Officer)

Date: 17 October 2014

The notes on pages 28 to 38 form part of these accounts

## Statement of Cash Flows as at 31 July 2014

	Note	To 31 July 2014 £'000	Year ended 31 Mar 14 £'000
<b>Cash Flows from operating activities</b>			
<b>Net expenditure before interest and taxation</b>		(231)	(24,415)
Depreciation / amortisation		-	35
Decrease / (increase) in inventories		-	3,651
Decrease / (increase) in intangible assets		-	46
Transfer to from Pension reserve		-	(741)
(Increase) / decrease in trade and other receivables		1,473	(1,250)
Decrease in trade and other payables		(652)	(396)
		<b>590</b>	<b>(23,070)</b>
Corporation tax		-	(22)
<b>Net cash outflow from operating activities</b>		<b>590</b>	<b>(23,092)</b>
<b>Cash Flows from investing activities</b>			
Purchase of intangible assets		-	(13)
<b>Net cash outflow from investing activities</b>		<b>-</b>	<b>(13)</b>
<b>Cash Flows from financing activities</b>			
Grants in Aid from Sponsor Department		-	20,236
Repayment of Grant in aid to Sponsor Department		(1,774)	-
<b>Cash from financing activities</b>		<b>(1,774)</b>	<b>20,236</b>
<b>Net decrease in cash and cash equivalents in the period</b>		<b>(1,184)</b>	<b>(2,869)</b>
Cash and cash equivalents at the beginning of the period		1,184	4,053
Cash and cash equivalents at the end of the period		-	1,184

The notes on pages 28 to 38 form part of these accounts.

## Statement of Changes in Taxpayers' Equity as at 31 July 2014

	General Reserve	Pension Reserve	Total Reserves
	£'000	£'000	£'000
<b>Balance at 31 March 2013</b>	<b>6,947</b>	<b>(382)</b>	<b>6,565</b>
<b>Changes in taxpayers' equity 2013-14</b>			
Transfers between reserves	-	720	720
Total Comprehensive expenditure	(25,178)	(338)	(25,796)
<b>Total Comprehensive Expenditure for 2013-14</b>	<b>(25,178)</b>	<b>-</b>	<b>(24,796)</b>
Grant in Aid from Sponsor Department	20,236	-	20,236
<b>Balance at 31 March 2013</b>	<b>2,005</b>	<b>-</b>	<b>2,005</b>
<b>Changes in taxpayers' equity 2013-14 for the period ended 31 July 2014</b>			
Total Comprehensive expenditure	(231)	-	(231)
	<b>1,774</b>	<b>-</b>	<b>1,774</b>
Grant in Aid from Sponsor Department	-	-	-
Repayment of Grant in Aid to Sponsor Department	(1,774)	-	(1,774)
<b>Balance at 31 July 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **Notes to the Accounts**

### **1(a) Statement of Accounting Policies**

These Financial Statements have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by H.M. 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 for the West Northamptonshire Development Corporation (Corporation hereafter) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Corporation are described below:

The Corporation's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts. WNDC has considered, in accordance with IAS 8, whether there have been any changes to accounting policies (either voluntary or arising from IFRS and/or the FReM) which have an impact on the current or prior period. There have been no changes in accounting policy as a result of accounting standards and/or FReM changes in the current financial year.

### ***Going Concern***

As a result of the Corporation's dissolution on 31 July 2014 by the West Northamptonshire Development Corporation (Dissolution) Order 2014 (SI 857/2014) the accounts for the period to that date have not been prepared on a going concern basis. Management has presented transactions at fair value and there are no balances to report. This alternative basis of presentation has had no impact on the amounts reported.

### **1(b) Accounting Convention**

These accounts have been prepared under the historical cost convention.

### **1(c) Grant-in-Aid**

The Corporation's activities during the four months to 31 July 2014 were to wind up its affairs and were funded by Grant-in-Aid provided by the Corporation's sponsor, the Department of Communities and Local Government (DCLG). In accordance with the Government Financial Reporting Manual, Grant-in-Aid was credited directly to the General Reserve.

## **1(d) Employee Benefits**

### ***Retirement Benefit Costs***

Past and present employees were covered by the provisions of the Local Government Pension Scheme (LGPS). WNDC employees were invited to join the LGPS administered by Northamptonshire County Council, a final salary defined benefit scheme. Pension costs were accounted for under IAS 19 as calculated by the scheme appointed Actuaries, Hymans Robertson LLP. Due to the cessation of WNDC on the 31 July 2014 a final calculation was carried out by the actuary to assess the deficit attributable to the Corporation. This was reported in the 2013-14 accounts.

### ***Holiday Pay***

It was agreed that employees remaining at WNDC until 30 June 2014 would be entitled to 14 days paid leave to 30 June 2014 (pro rata where necessary). The balance of untaken leave at 30 June 2014 was paid on the last day of employment. Therefore there is no accrued unpaid leave at 31 July 2014.

### ***Redundancy Pay***

WNDC had a Redundancy Policy based on the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006 under which the compulsory redundancy payments were made. Exit costs for staff being made redundant to 30 June 2014 were accrued in the 2013-14 accounts.

## **1(e) Property, Plant and Equipment (PPE)**

All Property, Plant and Equipment owned by WNDC was transferred to local authorities or sold to third parties by 31 March 2014. Any PPE utilised by the Corporation between 1st April and 31 July 2014 in order to wind up its affairs were either on short term leases or loaned by third parties.

## **1(g) Inventories - Stock of Development Assets**

Development Assets were held by WNDC for regeneration purposes, were shown as inventories and, in line with FReM requirements, were held at the lower of cost and net realisable value under IAS 2.

The West Northamptonshire Development Corporation (Transfer of Property, Rights and Liabilities) Order 2014 (Transfer Order) came into force on 27 March 2014. This meant that all of the Corporation's inventories transferred to local authorities on that date and the



transfer was recorded as a capital Grant in Kind in the 2013-14 Annual Report and Accounts.

#### **1(h) Provisions, Contingent Liabilities and Contingent Assets**

As WNDC ceased operational activities on 31 March 2014 and all assets and liabilities of the Corporation had been disposed of or transferred to the local authorities, there are no operational provisions, contingent liabilities or contingent assets.

There are no provisions, contingent liabilities or contingent assets relating to close down activities.

#### **1 (i) VAT**

None of the Corporation's activities in the period between 1 April 2014 and 31 July 2014 were VAT-recoverable as the Corporation deregistered for VAT following the cessation of its operations on 31 March 2014. However, with the approval of HMRC, a final VAT claim was made on 25 April 2014 covering taxable sales and purchases for the period up to 31 March 2014. The claim resulted in a refund of VAT.

#### **1(j) Corporation Tax**

Corporation Tax was provided in full on surpluses arising from the Corporation's trading activities. In the period ended 31 July 2014, the Corporation had no trading activities and so no Corporation Tax was incurred.

#### **1(k) Financial Instruments**

Financial assets and liabilities are valued in the Statement of Financial Position at fair value. This is usually the amount expected to be received or paid unless the terms of the contract make the use of such a basis of valuation misleading.

#### **1(l) Cash and Cash Equivalents**

Cash was cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents were investments that mature in 3 months or less from the date of acquisition and that were readily convertible to known amounts of cash with insignificant risk of change in value. Investments made complied with WNDC's Treasury Management Policy.

#### **1(n) Leases**

All WNDC leases were reviewed in accordance with IAS17 and were operating leases.

Expenditure under operating leases was recognised in the Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease. The Corporation had no outstanding leases after 30<sup>th</sup> June 2014.

### 1(o) Operating Segments

As the Corporation's activities during the four months to 31 July 2014 were to wind up its affairs, the previous segments used in this note are no longer valid. All costs relate to the support function and therefore a note has not been produced.

## 2. Income

	Period ended 31 July 2014 £'000	Year ended 31 March 2014 £'000
<b>a. Income from Activities</b>		
Project Contributions from third parties	-	184
	<u>-</u>	<u>184</u>
<b>b. Other Income</b>		
Project Management Recharge	-	145
Bank Interest	6	70
Other Income	-	163
Total other income in the year	<u>6</u>	<u>378</u>

### 3a. Staff numbers and related costs

	Permanent Staff	Agency & Temp Staff	Board Members	Period ended 31 July 2014 £'000	Year ended 31 March 2014 £'000
	£'000	£'000	£'000	£'000	£'000
Wages and salaries	104	-	44	148	1,386
Social security costs	12	-	4	16	138
Redundancy costs	-	-	-	-	561
Other pension costs	11	-	-	11	353
Total net costs	<u>127</u>		<u>48</u>	<u>175</u>	<u>1,976</u>

### 3b Pension deficit crystallisation costs

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- 1,171

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Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS).

Due to the dissolution of WNDC on the 31 July 2014 a Cessation valuation was provided by the actuary to assess the pension deficit, or surplus, attributable to the Corporation. WNDC made a payment in 2013-14 in full and final settlement of the deficit which, after interest charges and the utilisation of the pension reserves, resulted in a transfer from the General Reserve in 2013-14 of £1,307k. A full breakdown is provided in the 2013-14 Accounts.

There were no loans to employees (2013-14: no loans)

The average number of full-time equivalent persons employed during the period to 31 July 2014 was as follows:

	<b>Permanent Staff</b>	<b>Others</b>	<b>Period ended 31 July 2014</b>	<b>Year ended 31 March 2014</b>
Directly Employed	5	2	7	25
Other	-	-	-	1
<b>Total</b>	<b>5</b>	<b>2</b>	<b>7</b>	<b>26</b>

### Reporting of Civil Service and Other Compensation Schemes – Exit Packages

Two members of staff left under compulsory redundancy terms by 31 May 2014 and six on 30 June 2014. Total compensation payments were £225,477. These payments were accrued in the 2013-14 accounts

Exit Package Cost Band	Number of Compulsory Redundancies	Total number of Exit Packages by Cost Band (Total Cost)
< £10,000	- (11)	- (11)
£10,001 - £25,000	- (8)	- (8)
£25,001 - £50,000	- (2)	- (2)
£50,001 - £100,000	- (-)	- (-)
£100,001- £150,000	- (2)	- (2)
<b>Total for the period ending 31 July 2014</b>	<b>- (23)</b>	<b>- (23)</b>

2013-14 data is shown in brackets. Redundancy costs for staff made redundant up to 30<sup>th</sup> June 2014 were accrued in 2013-14 accounts and are included in 2013-14 comparative data.

#### 4. Other Expenditure

	Period ended 31 July 2014 £'000	Year ended 31 March 2014 £'000
Legal and Professional fees	1	294
IT Services and External consultancy fees	14	51
Training	-	64
Rentals under operating leases and licences	12	132
Office running costs	7	62
Local Authority Support	-	66
Travel and Subsistence	2	38
General Goods and services	-	12
Actuary's Fee	-	3
<b>Auditor's remuneration for audit work:</b>		
National Audit Office – statutory audit work	26	40
Cross-Departmental Internal Audit Service (XDIAS)	-	12
	<b>62</b>	<b>774</b>
<b>Non-Cash Items:</b>		
Depreciation	-	12
Amortisation	-	23
	-	<b>35</b>
<b>Total Other Expenditure</b>	<b>62</b>	<b>809</b>

## 5. Grants Payable (Project Costs)

	Period ended 31 July 2014 £'000	Year ended 31 March 2014 £'000
<b>Grants payable to the public sector in respect of the following approved growth area projects:</b>		
Northampton Innovation Centre	-	2,250
Northampton Grosvenor/Greyfriars	-	2,145
Net Revenue	-	5
	<hr/>	<hr/>
	-	<b>4,400</b>
	<hr/>	<hr/>

## Amounts payable directly to suppliers for WNDG projects:

	Period ended 31 July 2014 £'000	Year ended 31 March 2014 £'000
WNG Project Northampton Castle Station	-	5,010
WNG Project Northampton Waterside National Grid	-	2,305
WNG Project Northampton Waterside	-	1,942
WNG Project Northampton Avon Nunn Mills	-	201
WNG Project Heritage Gateway	-	200
Construction Futures	-	157
Northampton Arts Council	-	50
WNG Project Avon Nunn Mills Brackmills Branch Line	-	49
Sea Cadets	-	20
Arts Council Arts Monitoring Officer	-	13
WNG Project Northampton Project Angel	-	9
WNG Project Northampton Waterside Innovation Centre	-	6
WNG Project Northampton Grosvenor/Greyfriars	-	5
Waterside Agency	-	5
	<hr/>	<hr/>
	-	<b>9,972</b>
<b>Total Project Costs</b>	<hr/>	<hr/>
	-	<b>14,372</b>
	<hr/>	<hr/>

## 6. Impairment / Write Off

### Impairment / Write Off:

Impairment of Inventories	-	2,575
Inventories Write Off	-	2,040
	<hr/>	<hr/>
	-	<b>4,615</b>
	<hr/>	<hr/>

## 7. Operating Leases

WNDC had a number of operating leases for office premises and office equipment which expired by 30th June 2014. These leases had been extended to this date in order for the remaining staff to wind up the Corporation's affairs.

After 30 June 2014 WNDC had no operating or finance leases.

## 8. Receivables

### a Amounts falling due within one year

	31 July 2014	31 March 2014
	£'000	£'000
Trade Receivables	-	5
Other Receivables – VAT	-	336
Prepayments and accrued income	-	44
Pension crystallisation	-	1,088
<b>Total</b>	<b>-</b>	<b>1,473</b>

### b Intra Government Balances

The following balances at 31 July were held at:

	31 July 2014	31 March 2014
	£'000	£'000
Balances with other central government bodies	-	336
Balances with local authorities	-	1,088
Balances with bodies external to government	-	49
<b>Total</b>	<b>-</b>	<b>1,473</b>

## 9. Cash and Cash Equivalents

	31 July 2014	31 March 2014
	£'000	£'000
Balance as at 1 April	1,184	5,281
Net change in cash balances	(1,184)	(4,097)
<b>Balance as at 31 July 2014</b>	<b>-</b>	<b>1,184</b>

The following balances at 31 March were held at:

Commercial banks and cash in hand	-	1,184
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Cash held by the Corporation at closure was returned to the DCLG as a repayment of grant-in-aid.

## 10. Payables

Analysis by type

<b>a. Amount falling due within one year</b>	<b>31 July 2014</b>	<b>31 March</b>
	<b>£'000</b>	<b>2014</b>
		<b>£'000</b>
Other taxation and social security	-	86
Trade Payables	-	28
Accruals and deferred income	-	516
Corporation Tax	-	22
<b>Total</b>	<b>-</b>	<b>652</b>
<b>b. Intra Government balances</b>		
Balance with other central government bodies	-	152
Balance with local authorities	-	181
Balance with bodies external to government	-	319
<b>Total</b>	<b>-</b>	<b>652</b>

## 11. Taxation

	<b>31 July 2014</b>	<b>31 March</b>
	<b>£'000</b>	<b>2014</b>
		<b>£'000</b>
Current year taxation charges		22
	<b>-</b>	<b>22</b>

## 12. Pension Cost

The Local Government Pension Scheme run by Northampton County Council (NCC) to which WNDC belonged is a defined benefit final salary scheme.

WNDC ceased operations on 31 March 2014 at which time the pension position for all staff was agreed. A Cessation valuation was carried out at 31 March 2014 by Hymans Robertson LLP, qualified independent actuaries appointed by NCC to determine the final cessation contribution payment due.

As the cessation contributions were made in 2013-14 there is no further pension reporting for this final period of account.

	31 July 2014	Full Cessation basis 31 March 2014
<b>Present value of scheme obligations</b>	-	-
<b>Deficit in the scheme</b>	-	-
<b>Analysis of the amount charged to operating profit</b>	<b>£'000</b>	<b>£'000</b>
Current service cost	-	(210)
Losses on Curtailment	-	(85)
Loss on Settlement (Cessation)	-	(1,171)
<b>Total operating charge</b>	<b>-</b>	<b>(1,466)</b>

	31 July 2014	Full Cessation Basis 31 March 2014
	£'000	£'000
Interest on pension scheme assets	-	283
Interest on pension scheme liabilities	-	(304)
<b>Net charge</b>	<b>-</b>	<b>(21)</b>

	31 July 2014	Full Cessation basis 31 March 2014
	£'000	£'000
Actuarial Gains / (Losses) on Plan Assets	-	(172)
Actuarial Losses on Obligation	-	(166)
<b>Actuarial Losses recognised in SOCITE</b>	<b>-</b>	<b>(338)</b>

### 13. Financial Instruments

Except for short-term receivables and payables the only financial instrument maintained by WNDC was cash held at bank. International Financial Reporting Standard (IFRS) 7 requires WNDC to disclose information on the significance of financial instruments to its financial position and performance.

As a Non-Departmental Public Body (NDPB) funded almost exclusively by DCLG and with no borrowings, WNDC was not exposed to any market or liquidity risk. WNDC had no material deposits in interest bearing accounts. As all material assets and liabilities were denominated in Sterling, WNDC was not exposed to any significant interest rate or current risk.



#### 14. Related Party Transactions

As WNDC is a NDPB sponsored by DCLG, DCLG is regarded as a related party, as are other entities that it sponsors.

During the period to 31 July 2014 the following transactions occurred with related parties:

Organisation	Amount paid by WNDC	Amount owing to WNDC	Nature of transactions	Related party connection	WNDC position
DCLG	£1,774K		Repayment of Grant-in-Aid	Sponsor Department	Sponsor Department

No other Board member, key management staff or other related parties have undertaken any material transactions with WNDC during the period to 31 July 2014.

#### 15. Commitments

As at 31 July 2014 WNDC had no outstanding capital commitments.

#### 16. Statement of Losses and Special Payments

WNDC had no special payments or losses during the period (£nil 2013-14).

#### 17. Events after the Reporting Period

WNDC's Financial Statements are laid before the Houses of Parliament by the Secretary of State for Communities and Local Government. IAS 10 requires WNDC to disclose the date on which the accounts are authorised for issue, this is the date on which the accounts are dispatched to HM Treasury.

**The authorised date for issue is 21 October 2014**

# Accounts Direction

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## WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION

### ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE WITH THE CONSENT OF THE TREASURY, IN ACCORDANCE WITH PARAGRAPH 10(3) OF SCHEDULE 31 TO THE LOCAL GOVERNMENT, PLANNING AND LAND ACT 1980

1. The accounts of West Northamptonshire Development Corporation (hereafter in this accounts direction referred to as “the Corporation”) shall give a true and fair view of the income and expenditure and cash flows for the period and the state of affairs at the period end. The Dissolution Order specifies that the Corporation will cease to exist after 31 July 2014. The accounts should be prepared to this date in accordance with:-

(a) the accounting and disclosure requirements given in the Government Financial Reporting Manual issued by the Treasury (“the FReM”) as amended or augmented from time to time, and subject to Schedule 1 of this direction;

(b) any other relevant guidance that the Treasury may issue from time to time;

(c) any other specific disclosure requirements of the Secretary of State;

insofar as these requirements are appropriate to the Corporation and are in force for the period for which the accounts are prepared, and except where agreed otherwise with the Secretary of State and the Treasury, in which case the exception shall be described in the notes to the accounts.

2. Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards and also gives any exceptions to standard Treasury requirements.

3. This direction shall be reproduced as an appendix to the accounts.

4. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State

An officer in the Department for Communities and Local Government

Date: 8 October 2014

## SCHEDULE 1

The accounts for the period ended 31/07/2014 shall be signed and dated by the Accounting Officer.

### **ADDITIONAL DISCLOSURE REQUIREMENTS**

The following information shall be disclosed in the Annual Accounts, as a minimum, and in addition to the information required to be disclosed by paragraph 1 of this direction.

(a) an analysis of grants from:

- (i) government departments
- (ii) European Community funds
- (iii) other sources identified as to each source;

(b) an analysis the total amount of grant from the Department for Communities and Local Government, showing how the grant was used;

(c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;

(d) details of employees, other than board members, showing:-

(i) the average number of persons employed during the period, including part-time employees, agency or temporary staff and those on secondment or loan to the Corporation, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)

(ii) the total amount of loans to employees

(iii) employee costs during the period showing separately:-

(1) wages and salaries

(2) early retirement costs

(3) social security costs

(4) contributions to pension schemes

(5) payments for unfunded pensions

(6) other pension costs

(7) amounts recoverable for employees on secondment or loan to other organisations

The above analysis shall be given separately for the following categories:

- (i) employed directly by the Corporation
- (ii) on secondment or loan to the Corporation
- (iii) agency or temporary staff
- (iv) employee costs that have been capitalised;

(e) in the note on receivables, prepayments and payments on account shall each be identified separately;

(f) a statement of debts written off and movements in provisions for bad and doubtful debts;

(g) a statement of losses and special payments during the period, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £300,000.

Disclosure shall also be made of any loss or special payment of £300,000 and below if it is considered material in the context of the Corporation's operations.

\*(h) particulars, as required by the accounting standard on related party disclosures, of material transactions during the period and outstanding balances at the period end (other than those arising from a contract of service or of employment with the Corporation), between the Corporation and a party that, at any time during the period, was a related party. For this purpose, notwithstanding anything in the accounting standard, the following assumptions shall be made:

- (i) transactions and balances of £5,000 and below are not material
- (ii) parties related to board members and key managers are as notified to the Corporation by each individual board member or key manager
- (iii) the following are related parties:

(1) subsidiary and associate companies of the Corporation

(2) pensions funds for the benefit of employees of the Corporation or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds)

(3) board members and key managers of the Corporation

(4) members of the close family of board members and key managers

(5) companies in which a board member or a key manager is a director

(6) partnerships and joint ventures in which a board member or a key manager is a partner or venture

(7) trusts, friendly societies and industrial and provident societies in which a board member or a key manager is a trustee or committee member

(8) companies, and subsidiaries of companies, in which a board member or a key manager has a controlling interest

(9) settlements in which a board member or a key manager is a settler or

Beneficiary

(10) companies, and subsidiaries of companies, in which a member of the close family of a board member or of a key manager has a controlling interest

(11) partnerships and joint ventures in which a member of the close family of a board member or of a key manager is a partner or venture

(12) settlements in which a member of the close family of a board member or of a key manager is a settler or beneficiary

(13) the Department for Communities and Local Government, as the sponsor department for the Corporation.

For the purposes of this sub-paragraph:

(i) A key manager means a member of the Corporation's management board.

(ii) The close family of an individual is the individual's spouse, the individual's relatives and their spouses, and relatives of the individual's spouse. For the purposes of this definition, "spouse" includes personal partners, and "relatives" means brothers, sisters, ancestors, lineal descendants and adopted children.

(iii) A controlling shareholder of a company is an individual (or an individual

acting jointly with other persons by agreement) who is entitled to exercise (or control the exercise of) 30% or more of the rights to vote at general meetings of the company, or who is able to control the appointment of directors who are then able to exercise a majority of votes at Corporation meetings of the company.

\* Note to paragraph (h) of Schedule 1: under the Data Protection Act 1998

individuals need to give their consent for some of the information in these

sub-paragraphs to be disclosed. If consent is withheld, this should be

stated next to the name of the individual.

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