

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011  
FOR  
NORTHWEST BUSINESS LINK**

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FOR  
NORTHWEST BUSINESS LINK**

Presented to Parliament Pursuant to Paragraph 6 of the Government  
Resources and Accounts Act 2000 (Audit of Non-profit-making  
Companies) Order 2009

Ordered by the House of Commons to be printed on 19th July 2011

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ISBN: 9780102974348

Printed in the UK by The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office

ID: 2440677      07/11

Printed on paper containing 75% recycled fibre content minimum

**NORTHWEST BUSINESS LINK**

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FOR THE YEAR ENDED 31 MARCH 2011**

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**NORTHWEST BUSINESS LINK**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2011**

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

**SECRETARY:** A Wetton

**REGISTERED OFFICE:** Brian Johnson Way  
Preston  
Lancashire  
PR2 5PE

**REGISTERED NUMBER:** 06060925

**AUDITORS:** Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1 9SP

**NORTHWEST BUSINESS LINK**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

The Directors present their report with the Financial Statements of the Company for the year ended 31 March 2011.

Northwest Business Link is a company limited by guarantee and is incorporated and domiciled in the UK. The address of its registered office is Brian Johnson Way, Preston, Lancashire, PR2 5PE.

**PRINCIPAL ACTIVITY**

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

**REVIEW OF BUSINESS**

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

During 2010/11, following the election of the Coalition Government, Northwest Business Link has been subject to budget cuts and restrictions on activity, as a result of funding reductions for the Regional Development Agencies which fund the Business Link service. The Northwest Regional Development Agency, our primary funder, has implemented in-year budget cuts for Northwest Business Link in 2010/11 and advised a substantially reduced budget for 2011/12, in anticipation of closure. These cuts have led to significant redundancies (171) to allow operation within the reduced budget for 2011/12, and have affected operational performance in 2010/11.

The closure date for the Northwest Business Link service was confirmed in early January 2011 as the 25 November 2011. It is expected that Northwest Business Link will proceed to a Members' Voluntary Liquidation thereafter. We will engage an Insolvency Practice in early summer 2011 who will work with us prior to their formal appointment as liquidator, probably in December 2011. The NWDA, as our only member, is leading the tendering process for this engagement. The initial work will consist of reviewing and monitoring our closure plans. This is intended to enable us to complete an efficient and timely transition to formal solvent liquidation.

Despite the budget cuts Northwest Business Link has continued to deliver a valuable service for North West businesses, with a clear and consistent offering across the region. 48,653 businesses used the service in 2010/11. These businesses have benefited from a wide and varied array of business support ranging from simple one-to-one telephone advice to intensive face-to-face assistance addressing complex business issues. 77% of Northwest Business Link activity has been with companies that employ less than 50 people placing the service at the heart of the SME economy of the North West.

One significant feature of the 2010/11 results was that we delivered intensive, tailored, one to one support to 7,644 companies, keeping our resources focused on this high value adding service. The support has contributed to the economic recovery of the North West by enabling businesses to identify areas for improvement, develop an action plan and work with specialist suppliers from the region to source relevant and effective solutions, helping these businesses to survive and thrive.

This performance has been achieved against a backdrop of 94% customer satisfaction and a growing willingness to recommend the service to others with 73% of customers prepared to do this.

**GOING CONCERN**

In accordance with their responsibilities, the Directors have considered the appropriateness of the going concern basis for the preparation of the Financial Statements. The closure date for the Northwest Business Link service having been confirmed as the 25 November 2011, the Directors have determined that the Financial Statements should be prepared on a break up basis. Further details on this matter are disclosed in notes 1 and 20 of the Financial Statements.

**RISK REVIEW**

The Company has created a Transition Risk Register as it moves to closure and recognises the fact that the two biggest risks to the business are retaining key staff and the lack of clarity or timetable for successor services. The Company has therefore taken actions to mitigate these risks to the best of its ability.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2011.

**NORTHWEST BUSINESS LINK**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**DIRECTORS**

The Directors shown below have held office during the whole of the period from 1 April 2010 to the date of this report.

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

The Directors shown below have held office for part of the period:

P Watson – resigned 17 December 2010  
D E Edwards – appointed 18 January 2011

**COMPANY'S POLICY ON PAYMENT OF CREDITORS**

The Company pays its creditors within the designated credit terms.

**ENVIRONMENTAL STATEMENT**

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

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

**FINANCIAL RESULTS**

There was a deficit for the year after taxation of £588,516 (2010 - Surplus £173,918) arising from a turnover of £24,486,372 (2010 - £30,494,163) administrative costs of £25,076,480 (2010 - £30,321,953) and interest (net of tax) received of £1,592 (2009 - £1,708).

**INTERNAL CONTROLS**

During the period the Directors commissioned 31 days of internal audit work in the areas of:

- Leadership & Management business support project
- Payroll & expenses
- Risk management
- Budgetary control
- Follow up of issues raised

There were two significant internal control issues identified relating to payroll and risk management which have since been addressed by management. Overall, these audits did not identify any significant control weaknesses that were considered to be pervasive in their effect on the system of internal control.

**STAFF**

The Company employed 165 persons on the 31 March 2011. The average number of people employed in the year was 280. The Company has an established employee forum at which all staff are represented. The employee forum played a significant role in the redundancy consultations conducted in Autumn/Winter 2010.

There is a company-wide intranet which, together with a weekly communication bulletin, provides staff with regular updates on company performance and other matters of interest.

**NORTHWEST BUSINESS LINK**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

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

**DISABILITY**

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

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company Law requires the Directors to prepare Financial Statements for each financial year. Under that Law the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The Financial Statements are required by law and IFRS as adopted by the EU to present fairly the position and performance of the Company. The Companies Act 2006 provides in relation to such Financial Statements that references in the relevant part of the Act to the Financial Statements giving a true and fair view are references to their achieving a fair presentation.

Under Company Law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they are prepared in accordance with IFRS as adopted by the EU;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDITORS**

The Comptroller and Auditor General is appointed by statute to audit Northwest Business Link and reports on the truth and fairness of the annual Financial Statements and regularity of income and expenditure.

**ON BEHALF OF THE BOARD:**

.....  
D E Edwards – Managing Director

Date: 23<sup>rd</sup> June 2011

**THE CERTIFICATE AND REPORT OF THE COMPROLLER AND  
AUDITOR GENERAL**

**TO THE MEMBERS OF NORTHWEST BUSINESS LINK**

I certify that I have audited the financial statements of Northwest Business Link for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Comprehensive Income and the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

**Respective responsibilities of the directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities, the directors 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Report of the Directors 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 certificate.

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

**Opinion on Regularity**

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

**Opinion on Financial Statements**

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

**Emphasis of Matter – Going Concern**

Without qualifying my opinion, I draw attention to the disclosures in Note 1 to the financial statements. The Directors were formally notified by the Northwest Development Agency (sole member and principal funder of Northwest Business Link) on 5 May 2011 that grant funding would not continue beyond 2011-12. This is as a result of the Department for Business, Innovation and Skills' announcement on 4 January 2011 that the regional Business Link advisory service will close from 25 November 2011. As a consequence, the Directors do not consider Northwest Business Link to be a going concern and the financial statements have been prepared on a basis other than going concern. Details of the impact of this are disclosed in Note 1 and Note 20 to the financial statements.

**Opinion on other matters**

In my opinion:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters for which I report by exception**

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

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit;

**Report**

I have no observations to make on these financial statements.

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

Date: 7<sup>th</sup> July 2011

**NORTHWEST BUSINESS LINK**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	2011 £	2010 £
Revenue	2	24,486,372	30,494,163
Administrative expenses		<u>(25,076,480)</u>	<u>(30,321,953)</u>
<b>OPERATING (LOSS) / PROFIT</b>		(590,108)	172,210
Finance income	4	<u>2,015</u>	<u>2,162</u>
<b>(LOSS) / PROFIT BEFORE INCOME TAX</b>	5	(588,093)	174,372
Income tax	6	<u>(423)</u>	<u>(454)</u>
<b>(LOSS) / PROFIT FOR THE YEAR</b>		(588,516)	173,918
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE YEAR</b>		<u><u>(588,516)</u></u>	<u><u>173,918</u></u>

The notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION**  
**31 MARCH 2011**

	Notes	2011 £	2010 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	7	-	211,988
Property, plant and equipment	8	-	693,283
Trade and other receivables	9	<u>-</u>	<u>25,469</u>
		<u>-</u>	<u>930,740</u>
<b>CURRENT ASSETS</b>			
Intangible assets	7	81,089	-
Property, plant and equipment	8	230,800	-
Trade and other receivables	9	3,043,072	2,637,412
Cash and cash equivalents	10	<u>1,455,116</u>	<u>1,284,374</u>
		<u>4,810,077</u>	<u>3,921,786</u>
<b>TOTAL ASSETS</b>		<u><u>4,810,077</u></u>	<u><u>4,852,526</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Retained earnings		<u>3,563,440</u>	<u>4,151,956</u>
<b>TOTAL EQUITY</b>		<u><u>3,563,440</u></u>	<u><u>4,151,956</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	375,664	504,866
Tax payable		423	454
Provisions	14	<u>870,550</u>	<u>195,250</u>
<b>CURRENT AND TOTAL LIABILITIES</b>		<u><u>1,246,637</u></u>	<u><u>700,570</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>4,810,077</u></u>	<u><u>4,852,526</u></u>

The Financial Statements were approved and authorised for issue by the Board of Directors on 23<sup>rd</sup> June 2011 and were signed on its behalf by:

.....  
D E Edwards – Managing Director

**NORTHWEST BUSINESS LINK**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2011**

	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2009</b>	3,978,038	3,978,038
<b>Changes in equity</b>		
Profit for the financial year and total comprehensive income	<u>173,918</u>	<u>173,918</u>
<b>Balance at 31 March 2010</b>	<u>4,151,956</u>	<u>4,151,956</u>
<b>Changes in equity</b>		
Loss for the financial year and total comprehensive expense	<u>(588,516)</u>	<u>(588,516)</u>
<b>Balance at 31 March 2011</b>	<u><u>3,563,440</u></u>	<u><u>3,563,440</u></u>

The notes form part of these financial statements



**NORTHWEST BUSINESS LINK**

**NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2011**

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

	2011	2010
	£	£
(Loss) / profit before income tax	(588,093)	174,372
Depreciation of property, plant and equipment	494,785	916,294
Amortisation of intangible assets	194,043	82,383
Loss on disposal of property, plant and equipment	-	607
Increase / (decrease) in provisions	675,300	(604,750)
Finance income	<u>(2,015)</u>	<u>(2,162)</u>
	774,020	566,744
(Increase) / decrease in trade and other receivables	(380,191)	435,757
Decrease in trade and other payables	<u>(129,202)</u>	<u>(1,268,981)</u>
<b>Cash generated from / (used in) operations</b>	<u><u>264,627</u></u>	<u><u>(266,480)</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of the following amounts included in the Statement of Financial Position:

**Year ended 31 March 2011**

	31.3.11	1.4.10
	£	£
Cash and cash equivalents	<u><u>1,455,116</u></u>	<u><u>1,284,374</u></u>

**Year ended 31 March 2010**

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

## NORTHWEST BUSINESS LINK

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

#### 1. ACCOUNTING POLICIES

##### **Basis of preparation**

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

The Financial Statements have been prepared under the historical cost convention.

The Financial Statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the Financial Statements, the results and financial position are expressed in pounds sterling, which is the functional currency of the Company, and the presentational currency for the Financial Statements.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

##### **Going concern**

The Northwest Regional Development Agency is the Company's parent organisation. It is also currently the majority funder of the Company's activities. Following the general election last year, the coalition Government outlined a series of proposed changes to how local economic development will be delivered, including its intention to abolish the Regional Development Agencies. Since the Northwest Regional Development Agency was established by statute through the Regional Development Agencies Act 1998, further legislation is required to effect its abolition. To this end, the Public Bodies Bill published in Parliament on 29 October 2010, seeks Parliamentary approval to authorise the Secretary of State to lay Orders in Parliament to abolish the Northwest Regional Development Agency. Should the Bill gain Royal Assent and should approval of the Order by a resolution of each House of Parliament follow, it will give legislative authority and set the date for the abolition of the Northwest Regional Development Agency.

The Directors were formally notified by the Northwest Regional Development Agency on 5 May 2011 that grant funding provided to the Company would not continue beyond 2011-12 as a result of the Department for Business, Innovation and Skills' announcement on 4 January 2011 that the regional Business Link advisory service will close from 25 November 2011.

In light of the closure announcement and the absence of future funding from the Northwest Regional Development Agency, the Directors have considered the appropriateness of the going concern basis for the preparation of the 2010-11 financial statements. For the above reasons, the Directors have determined that the going concern basis is no longer appropriate, and the 2010-11 financial statements have been prepared on a break-up basis.

The funding available to Northwest Business Link from the Northwest Regional Development Agency is expected to be sufficient to meet all anticipated liabilities arising up to 25 November 2011, thereby allowing for an orderly winding down of the Company's activities.

The Company has prepared forward financial forecasts for the period ending 25 November 2011. Based on these forecasts the Directors have concluded that there has been no significant financial impairment of the company's assets as a result of adopting a break up basis of accounting. The expected useful lives of purchased intangible assets and property plant and equipment have been reviewed so as to ensure that their carrying value will be written down to the expected residual amounts by 25 November 2011. Further details are disclosed in notes 7 and 8 of the financial statements.

Provision has been made in the financial statements for all contractual commitments extending past 25 November 2011 which cannot be avoided by the company, and where a present obligation existed at 31 March 2011. Further details are included in note 14 of the financial statements.

## NORTHWEST BUSINESS LINK

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2011

#### 1. ACCOUNTING POLICIES - continued

##### Standards, interpretations and amendments adopted early by the company

The Company has chosen not to adopt any of these early

##### Standards, interpretations and amendments effective during the year

The directors have considered the impact of these and concluded that their implementation has not had a material effect on the financial position or performance of the Company.

##### Standards, interpretations and amendments issued but not yet effective

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

Interpretations and amendments thereto that are not predicted to have an impact on the Company:

- o IFRIC 13 'Customer loyalty programmes' (1 January 2011)
- o IFRIC 14 Amendment - 'Prepayments of a minimum funding requirement' (1 January 2011)
- o IFRIC 19 'Extinguishing financial liabilities with equity instruments' (1 July 2010)

IFRS 1 'First time adoption of IFRS' - Revision and amendments. As the Company adopted IFRS in the period to 31 March 2010 these revisions and amendments will not impact the Company in future periods.

IFRS 3 'Business combinations' - Amendments. The amendments relate to the transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS, the measurement of non-controlling interests and un-replaced and voluntarily replaced share-based payment awards. The revision is effective for periods commencing on or after 1 July 2010. As the Company does not have any business combinations these amendments are not predicted to have an impact on the Company.

IFRS 7 'Financial instruments: disclosures' - Amendments. The amendments relate to clarifications of disclosures and the transfer of financial assets. The amendments are effective for periods commencing on or after 1 January 2011. The Directors do not believe that these amendments will have a significant impact on the Company.

IFRS 9 'Financial instruments' - This standard is expected to replace IAS 39 Financial Instruments: Recognition and measurement and is expected to be effective for periods commencing on or after 1 January 2013. The Directors do not believe this change will have an impact on the Company as it is anticipated it will have been wound up before the change becomes effective.

IAS 1 'Presentation of financial statements' - Amendments. These amendments clarify the items to be included in the statement of changes in equity and are effective for periods commencing on or after 1 January 2011. The Directors do not believe that the amendment will have a significant impact on the financial statements of the Company.

IAS 12 'Income Taxes' - Amendment. This amendment relates to the measurement of deferred tax in respect of investment properties measured at fair value. Since the Company does not have any investment properties, this is not expected to have an impact.

IAS 24 'Related party disclosures' - Revised. These revisions relate to the disclosures required for related party transactions for government-related entities. Previously a government controlled, or significantly influenced, entity was required to disclose information about all transactions with other entities controlled or significantly influenced by the same government. The revisions require only disclosure of such transactions if they are individually or collectively significant. The revision has also simplified the definition of a related party. The revision is effective for periods commencing on or after 1 January 2011. The Directors expect that this may simplify the Company's related party transaction disclosures in future financial statements.

IAS 34 'Interim financial reporting' - Amendments. The amendments relate to the reporting of significant events and transactions in interim financial statements. The amendments are effective for periods commencing on or after 1 January 2011. The Directors do not believe these amendments will have any impact on the Company.

## NORTHWEST BUSINESS LINK

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2011

#### 1. ACCOUNTING POLICIES - continued

##### **Revenue recognition**

The Company's revenue relates to funding received from the Government and the European Commission. The Company measures its revenue at the fair value of the consideration received and receivable. Revenue is recognised when the amount can be reliably measured; it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below:

##### ***Government funding***

Northwest Business Link activities are funded primarily by funds provided by the Northwest Regional Development Agency (NWDA) and grants from The Skills Funding Agency and European Regional Development Fund for specified types of expenditure. Revenue grants are brought into profit in the year in which the underlying event or activity giving entitlement to the grant occurs. Capital grants are amortised over the life of the asset to which they relate.

Funding in respect of capital expenditure is credited to deferred income and is released to income over the expected useful life of the asset.

##### ***Enterprise Europe Network***

Northwest Business Link activities are funded in part by The European Commission via a contract with the NWDA for specified types of activity. Funding of a revenue nature is credited to the statement of comprehensive income in the year to which they relate. Funding in respect of capital expenditure is credited to deferred income and released to income over the expected useful life of the asset.

##### **Purchased intangible assets**

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the licences over their estimated useful lives of up to 3 years. At 31 March 2011, the purchased intangible assets have been included in current assets because of the closure of the service in November 2011. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. As a result of the closure on 25 November 2011 the useful lives of all assets have been reviewed and adjusted to reflect their net realisable value at that date.

##### **Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Improvements to property - straight line over 5 years  
Fixtures and fittings - straight line over 3 years  
Computer equipment - straight line over 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. As a result of the closure on 25 November 2011 the useful lives of all assets have been reviewed and adjusted to reflect their net realisable value at that date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## NORTHWEST BUSINESS LINK

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2011

#### 1. ACCOUNTING POLICIES - continued

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the Statement of Comprehensive Income.

At 31 March 2011, the property, plant and equipment have been included in current assets because of the closure of the service in November 2011.

#### **Impairment of non-financial assets**

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### **Financial instruments**

##### *Classification*

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company has become a party to the contractual provisions of the instrument. Management determine the classification of its financial instruments at initial recognition. The Company's financial assets are classified as loans and receivables in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'. The classification depends on the purpose for which the financial assets were acquired. Financial liabilities are recognised when the Company has a contractual obligation to deliver cash or other financial assets to a third party. The Company has not designated any financial asset or liability to be measured at fair value through profit and loss.

##### *Trade receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment provision is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income within 'administration expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administration expenses' in the Statement of Comprehensive Income.

##### *Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities.

##### *Trade payables*

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **Taxation**

Taxation expense includes the amount of current income tax payable.

The income tax payable is based on an estimation of the amount due on the taxable profit for the year. Taxable profit is different from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expenditure which are not taxable or deductible in the year as a result of either the nature of the item or the fact that it is taxable or deductible in another period. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantially enacted by the reporting date.

## NORTHWEST BUSINESS LINK

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2011

#### 1. ACCOUNTING POLICIES - continued

##### Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

##### Employee benefit costs

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

##### Finance income

Finance income relates to interest earned on cash and cash equivalents. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

##### Provisions

Provisions are recognised when the entity has a present constructive or legal obligation, the transfer of future economic benefits is probable and the amount can be measured with sufficient reliability. They are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

##### Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 2. SEGMENTAL REPORTING

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

The Company has 2 (2010 - 2) customers that contribute more than 10% of the Company's revenue as follows:

	Year Ended 2011	Year Ended 2010
	£	£
Customer 1	18,000,000	22,348,800
Customer 2	5,116,087	7,623,653
Others - individually less than 10% of total	<u>1,370,285</u>	<u>521,710</u>
	<u>24,486,372</u>	<u>30,494,163</u>

#### 3. EMPLOYEES AND DIRECTORS

	2011	2010
	£	£
Wages and salaries	10,799,166	13,267,989
Termination costs	2,310,834	29,588
Social security costs	1,282,716	1,365,887
Other pension costs	<u>1,233,354</u>	<u>1,244,161</u>
	<u>15,626,070</u>	<u>15,907,625</u>

The notes form part of these financial statements

**NORTHWEST BUSINESS LINK**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2011**

**3. EMPLOYEES AND DIRECTORS - continued**

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

	2011	2010
Management	43	51
Brokers	199	246
Administrative	<u>38</u>	<u>49</u>
	<u>280</u>	<u>346</u>

	2011 £	2010 £
Directors' remuneration	179,584	173,244
Contributions to money purchase schemes for Directors' pensions	<u>10,493</u>	<u>11,458</u>

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

Money purchase schemes	<u>2</u>	<u>1</u>
------------------------	----------	----------

**4. FINANCE INCOME**

	2011 £	2010 £
Finance income:		
Deposit account interest	<u>2,015</u>	<u>2,162</u>

**5. (LOSS) / PROFIT BEFORE INCOME TAX**

The loss before income tax (2010 - profit before income tax) is stated after charging:

	2011 £	2010 £
Hire of plant and machinery	30,832	13,192
Operating leases	599,076	417,529
Depreciation - owned assets	494,785	916,294
Loss on disposal of property, plant and equipment	-	607
Computer software amortisation	194,043	82,383
Onerous costs	<u>639,776</u>	<u>-</u>

Onerous costs have been recognised in accordance with IAS 37. The operating leases expense includes £194,495 in relation to onerous costs for leases of property for which the company will gain no economic benefit. The other onerous costs of £639,776 relate to other contractual commitments which continue beyond the anticipated date of closure.

**Auditor's remuneration**

	2011 £	2010 £
Amounts payable to National Audit Office in respect of statutory audit services	<u>28,500</u>	<u>27,500</u>

The notes form part of these financial statements

**NORTHWEST BUSINESS LINK**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2011**

**6. INCOME TAX**

**Analysis of the tax charge**

	2011 £	2010 £
Current tax	<u>423</u>	<u>454</u>
Total tax charge in the statement of total comprehensive income	<u><u>423</u></u>	<u><u>454</u></u>

**Factors affecting the tax charge**

The tax assessed for the year is higher (2010 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2011 £	2010 £
(Loss) / profit on ordinary activities before tax	<u><u>(588,093)</u></u>	<u><u>174,372</u></u>
(Loss) / profit on ordinary activities multiplied by the small companies rate of corporation tax in the UK of 21% (2010 - 21%)	(123,500)	36,618
Effects of: Income and expenditure not subject to Corporation Tax	<u>123,923</u>	<u>(36,164)</u>
Total income tax	<u><u>423</u></u>	<u><u>454</u></u>

**7. INTANGIBLE ASSETS**

	Computer software £
<b>COST</b>	
At 1 April 2010	306,539
Additions	<u>63,144</u>
At 31 March 2011	<u><u>369,683</u></u>
<b>AMORTISATION</b>	
At 1 April 2010	94,551
Amortisation for year	<u>194,043</u>
At 31 March 2011	<u><u>288,594</u></u>
<b>NET BOOK VALUE</b>	
At 31 March 2011	<u><u>81,089</u></u>

The notes form part of these financial statements

**NORTHWEST BUSINESS LINK**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2011**

**7. INTANGIBLE ASSETS - continued**

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

The amortisation charge has been recognised within administrative expenses. The remaining amortisation period of the software licenses is 0.7 years (2010: 1.8 years).

Additional amortisation of £70,926 (2010: £nil) has been recognised as a result of the change in accounting estimate relating to the useful life of the assets and their residual values. This is as a result of the anticipated closure in November 2011.

**8. PROPERTY, PLANT AND EQUIPMENT**

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 April 2010	34,348	544,797	2,420,440	2,999,585
Additions	<u>-</u>	<u>4,214</u>	<u>28,088</u>	<u>32,302</u>
At 31 March 2011	<u>34,348</u>	<u>549,011</u>	<u>2,448,528</u>	<u>3,031,887</u>
<b>DEPRECIATION</b>				
At 1 April 2010	17,181	355,852	1,933,269	2,306,302
Charge for year	<u>12,588</u>	<u>144,675</u>	<u>337,522</u>	<u>494,785</u>
At 31 March 2011	<u>29,769</u>	<u>500,527</u>	<u>2,270,791</u>	<u>2,801,087</u>
<b>NET BOOK VALUE</b>				
At 31 March 2011	<u><u>4,579</u></u>	<u><u>48,484</u></u>	<u><u>177,737</u></u>	<u><u>230,800</u></u>

The notes form part of these financial statements

**NORTHWEST BUSINESS LINK**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2011**

**8. PROPERTY, PLANT AND EQUIPMENT – continued**

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

The depreciation expense has been charged to administrative expenses. The remaining depreciation period of property, plant and equipment is 0.7 years (2010: 1.8 years).

Additional depreciation of £75,507 (2010: £nil) has been recognised as a result of the change in accounting estimate relating to the useful life of the assets and their residual values. This is as a result of the anticipated closure in November 2011.

**9. TRADE AND OTHER RECEIVABLES**

	2011 £	2010 £
Current:		
Trade receivables	139,244	326,534
Amounts owed by group undertakings	1,996,254	226,520
Prepayments and accrued income	<u>907,574</u>	<u>2,084,358</u>
	<u><u>3,043,072</u></u>	<u><u>2,637,412</u></u>
Non-current:		
Prepayments and accrued income	<u>-</u>	<u>25,469</u>

All trade and other receivables are denominated in Sterling (£). The average credit period taken on the provision of services is 26 days (2010: 18 days). The Company holds no collateral against these receivables at the reporting date. The Company has no allowance account for trade receivables. The trade receivables are made up of claims submitted, and as such do not have an overdue date and there is no average credit period.

**10. CASH AND CASH EQUIVALENTS**

	2011 £	2010 £
Bank accounts	<u>1,455,116</u>	<u>1,284,374</u>

**NORTHWEST BUSINESS LINK**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2011**

**11. TRADE AND OTHER PAYABLES**

	2011	2010
	£	£
Current:		
Trade payables	167,603	10,177
Social security and other taxes	-	2,404
Other payables	16,356	16,356
Accruals and deferred income	<u>191,705</u>	<u>475,929</u>
	<u>375,664</u>	<u>504,866</u>

All trade and other payables are denominated in Sterling (£). Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 3 days (2010: 1 day). The Directors consider that the carrying amount of trade payables approximates to their fair value as all balances are current.

**12. LEASING AGREEMENTS**

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

	Year ended 31.3.11	Year ended 31.3.10
	£	£
Plant and machinery	30,832	13,192
Land and buildings	<u>599,076</u>	<u>417,529</u>

The amount recognised as an expense during the year includes amounts recognised relating to onerous contracts.

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

Land and buildings:

	2011	2010
	£	£
Amounts payable:		
Within one year	433,234	403,880
Between one and five years	-	368,880
After five years	-	-
	<u>433,234</u>	<u>772,760</u>

	2011	2010
	£	£
Amounts payable:		
Within one year	28,915	11,804
Between one and five years	-	18,108
After five years	-	-
	<u>28,915</u>	<u>29,912</u>

## NORTHWEST BUSINESS LINK

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2011

#### 12. LEASING AGREEMENTS - continued

It is the Company's policy to acquire the use a number of assets under operating leases. Land and buildings lease payments represent rentals payable by the Company for its office properties. One of the leases has been negotiated for a term of ten years, expiring in March 2017. There is a review date of 1 April 2012, at which point the Company has the option to terminate the lease, having given six months notice to the Landlord. The other property lease has a negotiated term of five years, expiring in August 2012. Other lease payments represent rentals payable by the Company for office equipment. These leases are negotiated for a term of three years. The obligations above include amounts payable under onerous contracts which have been recognised as an expense during the year and have been provided for at the year end.

All leases have been classified as payable within 1 year of the financial statements due to the Directors' assessment that the Company is no longer a going concern.

#### 13. FINANCIAL INSTRUMENTS

	2011 £	2010 £
Financial assets:		
Trade and other receivables	2,550,592	1,858,548
Cash and cash equivalents	<u>1,455,116</u>	<u>1,284,374</u>
	<u>4,005,708</u>	<u>3,142,922</u>
	2011 £	2010 £
Financial liabilities:		
Trade and other payables	<u>183,959</u>	<u>383,930</u>
	<u>183,959</u>	<u>383,930</u>

Given their short term nature, the carrying value of the above financial assets are assumed to approximate their fair values.

#### FINANCIAL RISK MANAGEMENT

##### Financial risk factors

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

Under policies approved by the Directors, the Accountant identifies and evaluates financial risk with the Company's operating units and the NWDA.

##### Credit risk

The Company's maximum exposure to credit risk is represented by the carrying amount of its financial assets above. Credit risk arises from deposits with banks and financial institutions, outstanding receivables and committed transactions. The Directors are of the opinion that there is a significant concentration of credit risk attached to the trade receivables with NWDA but this is mitigated by the fact that the NWDA is a Government Funded Body. Cash and cash equivalents are held with one financial institution, Barclays Bank PLC, whose Standard & Poor credit rating is A-1. If the credit rating of the financial institution is changed, the Directors would consider whether to continue to hold funds with that financial institution. As the Company only banks with authorised institutions and does not use an overdraft, this risk is deemed to be minimal.

## NORTHWEST BUSINESS LINK

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2011

#### 13. FINANCIAL INSTRUMENTS - continued

##### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves. Management monitors rolling forecasts of the Company's liquidity reserve. In addition, the Company's liquidity management policy involves projecting cashflows and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements.

##### Market risk and other risk

Market risk is not deemed to be significant. There is no currency risk as there are no foreign currency balances or transactions. Interest rate risk is not considered to be significant as the company has no borrowings and interest receivable is immaterial.

##### CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management policy is to ensure the Company retains a strong credit rating and maintains liquidity. The Company has no borrowings and ensures that grant income is available in the form of liquid funds held in the Company's current account to procure the goods and services required to deliver the service.

The Company maintains strong working relationship with its bankers and is proactive in drawing down grant income sufficient to pay its creditors; cash flow modelling techniques are used to do this, and these are presented monthly to NWDA.

#### 14. PROVISIONS

The provisions relate to the following:

	Performance Bonuses £	Redundancy Costs £	Onerous Contracts £	Total £
Balance brought forward	195,250	-	-	195,250
Charge to statement of comprehensive income	-	36,279	834,271	870,550
Utilisation	(167,951)	-	-	(167,951)
Amount written off	(27,299)	-	-	(27,299)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Balance carried forward	<u>          </u>	<u>36,279</u>	<u>834,271</u>	<u>870,550</u>

The provision for onerous contracts relates to contractual payments for property leases and software support contracts which extend beyond the planned closure date of 25 November 2011.

The provision for redundancy costs relates to amounts for individuals at risk of redundancy at the reporting date.

#### 15. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme, the assets of which are held in the funds administered by Friends Provident Limited. During the year, Company contributions of £1,233,354 (2010 - £1,244,161) were made and charged to the Statement of Comprehensive Income. At 31 March 2011 and 31 March 2010 there were no pension contributions owed by the Company.

#### 16. TRANSACTIONS WITH DIRECTORS

None of the Directors had any transactions with Northwest Business Link during the year, save as disclosed in note 17.

**NORTHWEST BUSINESS LINK**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2011**

**17. RELATED PARTY DISCLOSURES**

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

	Year ended 31.3.11 £	Year ended 31.3.10 £
Transactions during the period:-		
Grant funding received	<u>18,000,000</u>	<u>22,348,800</u>
	2011 £	2010 £
Balances owed to the Company by the Northwest Regional Development Agency -	<u>1,996,254</u>	<u>226,520</u>
Remuneration of key management personnel (including Directors): -		
	Year ended 31.3.11 £	Year ended 31.3.10 £
Wages and salaries	403,533	559,060
Compensation for loss of office	-	29,588
Benefits in kind	2,909	4,896
Employer's NI	<u>43,790</u>	<u>63,569</u>
Short-term employee benefits	450,232	657,113
Post-employment benefits	<u>36,045</u>	<u>53,008</u>
	<u>486,277</u>	<u>710,121</u>

The directors are connected to various organisations which have transactions with the Company. The total value of these transactions during the period and the balance receivable or payable at the period end are as follows:

Director	Income	Purchases	Balance Receivable/(Payable)
<b>Year Ended 31 March 2011</b>			
P R W Hensman*		£20,965	
R E Hough*		£7,195	
J C Dwek CBE*		£1,670	
D N Roberts		£1,000	
I Hakim		£1,670	
V Murray OBE*			
C A Gaskell			
M Blakemore		£27,609	(£18,300)
<b>Year Ended 31 March 2010</b>			
P R W Hensman*		£26,360	
R E Hough*	£6,488,241	£2,545	£305,025
J C Dwek CBE*		£2,545	
D N Roberts		£47,058	
I Hakim		£28,750	
V Murray OBE*		£7,000	
C A Gaskell	£6,488,241		£305,025
M Blakemore		£31,252	(£5,400)

\*Are also Board members of the NWDA

The notes form part of these financial statements

## **NORTHWEST BUSINESS LINK**

### **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2011**

#### **17. RELATED PARTY DISCLOSURES - continued**

Some of the above transactions are duplicated where more than one director is connected to the same organisation.

The Income from the various organisations connected to the directors is in respect of grants received. The Purchases are in respect of services provided by, or grants awarded to the various connected organisations.

The Balance represents amounts included on the Statement of Financial Position as Receivable (owed to the Company), or Payable (owed to the various connected organisation).

In addition to the above transactions there were further contacts with entities connected to the directors, which were made in the normal course of Business Link activities. These ranged from appointments to standard E-mails via mail merge. As these services are free and impartial no value can be assigned to them.

#### **18. ULTIMATE CONTROLLING PARTY**

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

#### **19. STRUCTURE OF THE COMPANY**

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

#### **20. EVENTS AFTER THE REPORTING PERIOD**

As a result of the proposed closure of the Northwest Regional Development Agency, and the announcement on the cessation of the regional Business Link advisory service from 25 November 2011 described in note 1 of the financial statements, ongoing funding for Northwest Business Link will not continue past 25 November 2011.

Consequently the Board decided that it would cease the operations of Northwest Business Link in an orderly manner with an anticipated date for closure of 25 November 2011. Therefore these financial statements have been prepared on the break up basis. The financial statements do not include any provision for the future costs of terminating the operations of the company except to the extent that these costs were committed at the reporting date.

The redundancy payment costs relating to the closure will be incurred and paid in the 2011-12 financial reporting period. An estimated £2.1m has been included in the budget for the redundancy costs and these costs will be covered by core funding from the Northwest Development Agency for 2011-12. This figure is based on the costs of making all staff redundant; however there is work underway to transfer some functions to other Government funded bodies and a number of staff have applied to leave prior to the closure date of 25 November 2011. This figure is therefore disclosed to ensure the reader of the accounts is aware of the approximate cost to be incurred in 2011-12 which will be accounted for at its actual cost when all transfers and redundancies have been agreed.

The Northwest Regional Development Agency has provided assurance that it will continue to fund the Company's operations until the date of cessation, thereby allowing for an orderly winding down of the Company's activities.



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ISBN 978-0-10-297434-8



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