
Firebuy Ltd

Annual Report and Accounts 2010-11 and 2011-12

Firebuy Ltd

Annual Report and Accounts
2010-11 and 2011-12
(For the years ended 31 March 2011 and 31 March
2012)

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Presented to Parliament pursuant to the Government Resources and Accounts 2000, (Audit of Non-profit making Companies) Order 2009 (S.I. 2009/476), articles 3, 6(2)(b) and its Schedule, and the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2012 (S.I. 2012/854), article 7(2)(a)

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Report and background

Firebuy Limited (Firebuy) was incorporated and domiciled in England. Firebuy was set up as a company limited by guarantee on 20 September 2005 under the provisions of the Fire and Rescue Services Act 2004. The Secretary of State for the Department for Communities and Local Government was the only member of the Company. Firebuy was also an executive Non Departmental Public Body sponsored by the Department. Its relationship with the Department was set out formally in a Management Statement and Financial Memorandum. Firebuy's main role was to help deliver procurement efficiencies for Fire and Rescue Authorities in England through nationally negotiated contracts with suppliers.

On 14 October 2010 it was announced that Firebuy was closing as part of the Government's wider review of Arm's Length Bodies. All of Firebuy's procurement functions have been transferred to alternative organisations. The national framework contracts were formally novated to Wiltshire County Council on 31 May 2011 with The Consortium for Purchasing and Distribution Ltd managing these on the Councils behalf. The management of the New Dimension contract, Integrated Clothing Project, Technical Services and Enprotex were transferred to the Department on 9 April 2011 pending further consideration of longer term arrangements.

Firebuy went into voluntary liquidation and ceased trading on 13 July 2011 when joint Liquidators Malcolm Cohen of BDO LLP, 55 Baker Street, London, W1U 7EU and Francis Graham Newton of BDO LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU ("the Liquidators") were appointed to wind up the company. Liquidation fees of £57,535.07 plus disbursements of £983.44 have been charged to these accounts with final liquidation fees of £15,469.08 being paid by DCLG.

These Report and Accounts cover the period from 1 April 2010 to 13 July 2011 (date of liquidation) and all subsequent transactions up to 31 March 2012. At that date significant liabilities had been discharged and all assets and debtors sold or paid up. The remaining cash balance shown in these accounts was remitted to the Department on 18 February 2013. Any remaining liabilities in respect of audit fees have been met by the Department. In addition, the Department has agreed to meet final liquidators fees of £15,469.08 not presented in these accounts.

Governance

Firebuy prior to liquidation was managed on a day to day basis by the Firebuy Chief Executive and senior staff reporting to a Board made up of non-Executive Directors appointed by the Secretary of State.

Post liquidation, when Firebuy was no longer trading, the discharge of its final financial liabilities was taken on by the Liquidators, appointed at the final Board meeting on 13 July 2011. The Department, as sponsor body and the Secretary of State for the Department as the sole member of the company oversaw this process and the Liquidators reported to the Department for their activities.

Auditors

The audit of Firebuy's final accounts was carried out by the Comptroller and Auditor General at special request by the Accounting Officer of Firebuy as there was no legal requirement to prepare final accounts under the Companies Act 2006. Total auditor's remuneration disclosed in these accounts is £24,000 for 2011-12 and £48,000 for 2010-11 (£14,521 for 2009-10).

Directors 1 April 2010 to 13 July 2011

Chair:	Peter Holland (appointed 16 December 2009)
Non Executive Directors:	Chris Hetherington (appointed 16 December 2009) Jane Moorhouse (appointed 16 December 2009) Robert Light (appointed 16 December 2009) Sir Peter Spencer (appointed 16 December 2009)
Independent	Paul Fuller (appointed 5 April 2006) Kevin Robson (appointed 28 April 2010, resigned 1 March 2011)

Senior Management

Chief Executive Officer	Terry Brewer (to 8 April 2011)
Company Secretary	Jill Strong (to 13 July 2011)

Company information

Registered Office and Business Address	St David's 70 Wray Park Road Reigate, Surrey RH2 0EJ
Bankers	Office of Paymaster General Bank of England Threadneedle Street London EC2R 7DB
Auditors – External	Comptroller & Auditor General National Audit Office 157-197 Buckingham Palace Road London SW1W 9SP
Auditors – Internal (to 31.07.2011)	Department for Communities and Local Government Internal Audit Service Eland House, London SW1E 5DU

Solicitors
(to 13.07.2011)Pinsent Masons
1 Park Row
Leeds
LS1 5ABCompany Registration
Number

05568715

Remuneration Report

The Chair and Directors of Firebuy's Board were appointed by the Secretary of State, who determined levels of remuneration and allowances payable in respect of the performance of their duties. Board member's reasonable expenses, including those incurred on travel and subsistence were reimbursed by Firebuy. Their remuneration was not pensionable. Details of fees paid to each individual Director, along with comparatives, were as follows:

Audited	Basic emoluments			Other benefits and expenses			Total emoluments			Contract terms	
	year to 31 Mar 12	year to 31 Mar 11	year to 31 Mar 10	year to 31 Mar 12	year to 31 Mar 11	year to 31 Mar 10	year to 31 Mar 12	year to 31 Mar 11	year to 31 Mar 10	Term (yrs)	Notice (mths)
L Barron	-	-	13,933	-	-	1,060	-	-	14,993	3	3
E Bennett	-	-	2,533	-	-	155	-	-	2,688	3	3
G Herbert	-	-	2,533	-	-	381	-	-	2,914	3	3
M Kitchen	-	-	2,533	-	-	485	-	-	3,018	3	3
R Light	3,340	10,800	5,732	177	976	775	3,517	11,776	6,507	3	3
D Rowe	-	-	-	-	-	-	-	-	-	3	3
K Dodds	-	-	2,533	-	-	212	-	-	2,745	3	3
R Hewitson	-	-	1,764	-	-	-	-	-	1,940	3	
L Byrom	-	-	-	-	-	176	-	-	-	*	
Cllr C Tandy	-	-	-	-	-	550	-	-	550	**	3
P Holland	17,829	57,600	17,058	-	72	-	17,829	57,672	17,058	4	3
C Hetherington	3,340	10,800	3,199	29	148	-	3,369	10,948	3,199	3	3
J Moorhouse	7,797	12,150	3,199	50	-	-	7,847	12,150	3,199	3	3
Sir P Spencer	3,515	10,800	3,199	313	326	407	3,828	11,126	3,606	4	3
	35,821	102,150	58,216	569	1,522	4,201	36,390	103,672	62,417		

*Lifetime of LGA – Local Government Association

**Lifetime of LFEPA – London Fire Emergency & Planning Authority

Neil O'Connor

Accounting Officer

Department for Communities and Local Government on behalf of Firebuy

11 March 2013

Statement of Accounting Officer's responsibilities

Under Government Resources and Accounts Act 2000 (Audit of Non-profit making Companies) Order 2009 (SI 2009/476) the Secretary of State directed Firebuy to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction¹. The accounts were prepared on an accruals basis and give a true and fair view of the state of affairs of Firebuy and of its income and expenditure, recognised gains and losses and cash flows for the period 1 April 2010 to 31 March 2011 and 1 April to 13 July 2011 (date of liquidation) and for all subsequent transactions up to 31 March 2012.

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

- observe the Accounts Direction issued by the Department 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 accounts
- prepare the accounts on a going concern basis, where appropriate to do so

Following liquidation, there was no requirement under Companies Act 2006 to produce final accounts. However, as Firebuy were a Non Departmental Public Body and, in order to properly account to Parliament for expenditure incurred, it was agreed with HM Treasury that accounts would be produced and the Accounts Direction would be varied to allow the accounts to be prepared on a UK GAAP basis.

The Accounting Officer of the Department designated Accounting Officers of Firebuy as follows.

Accounting Officer:	Terry Brewer	1 April 2010 to 08 April 2011
	Chief Executive Officer, Firebuy	
	Jill Strong	9 April 2011 – 13 July 2011
	Company Secretary, Firebuy	
	Neil O'Connor	14 July 2011 onwards
	Director Fire, Resilience and Emergencies, Department for Communities and Local Government	

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 Firebuy's assets; in conjunction with the liquidators on liquidation, are set out in Managing Public Money published by HM Treasury.

¹ See page 33

Governance Statement

Introduction

On 14 October 2010 the Fire Minister announced that Firebuy was closing as part of the wider Government's review of Arm's Length Bodies. Firebuy went into voluntary liquidation and ceased trading on 13 July 2011. The national framework contracts were formally novated to Wiltshire County Council on 31 May 2011 with The Consortium for Purchasing and Distribution Ltd managing these on Wiltshire's behalf. The management of the New Dimension contract, Integrated Clothing Project, Technical Services and Enprotex were transferred to the Department on 9 April 2011 pending further consideration of longer term arrangements.

The purpose of this statement is to set out the systems of governance, risk management and internal control that Firebuy had in place prior to liquidation and the processes that the Department put in place to complete closure and to authorise the final accounts.

This statement covers the period from 1 April 2010 to 31 March 2012 and includes the systems that Firebuy had in place until 13 July 2011 and the Department's processes following entry into the liquidation process.

Scope of responsibility 1 April 2010 to 13 July 2011

The designated Accounting Officer for Firebuy was responsible, until 13 July 2011, for maintaining a sound system of control that supported the achievement of the companies' policies, aims and objectives whilst safeguarding public funds and departmental assets in accordance with the responsibilities assigned in Chapter 3 Managing Public Money – HM Treasury.

Scope of responsibility 14 July 2011 to 31 March 2012

I was designated as Accounting Officer in July 2011 to complete the closure process and to authorise final accounts. My responsibilities as Accounting Officer are set out in Chapter 3 Managing Public Money – HM Treasury.

Governance framework 1 April 2010 to 13 July 2011

Firebuy Board structure and responsibilities

Prior to liquidation, the Firebuy Board consisted of a Chair, four Non-Executive Directors and two independent members.

The Chair was responsible for:

- chairing the Firebuy Board and any sub-groups as necessary - setting the strategic direction through business planning; achieving strategic objectives by monitoring progress and taking action
- handling key correspondence
- being the outward face of the Board

- having accountability for the Board's action

The Board members were responsible for:

- membership of the Firebuy Board and any sub-groups as necessary
- taking decisions on behalf of membership
- representing the Board to the fire sector

Prior to liquidation, Firebuy's Board and Audit Committee met quarterly, and the Remuneration Committee met twice per year. The Board's role was to provide strategic direction to management and to consider any issue which would have a significant effect upon the company's reputation or a strategic impact. The Audit Committee had responsibility for reviewing the internal auditor's report in accordance with the audit plan initially approved by the Audit Committee, and for reviewing the external auditor's management letter and regulatory compliance report.

Following the announcement of the closure of Firebuy, the Board established a Closure Committee to approve all issues relating to staff and contracts. The Audit and Remuneration Committees were consequently closed. Firebuy engaged independent legal and Human Resource advice, with the Department's approval, to help with closure.

Performance

Making and Managing Public Appointments (Cabinet Office 2006) requires that the performance and contributions of all Board members should be assessed. The Chair was responsible for assessment of the members and the Department was responsible for the assessment of the Chair. The Firebuy staff had annual performance appraisals.

Governance framework 14 July 2011 to 31 March 2012

The Department oversaw the liquidation process and took on the accounting role from 13 July 2011.

The Sponsor team in the Department worked with the Liquidator to finalise closure and the Liquidator's reported to the Department for their activities in winding up the company. The Accounts team in the Department produced the 2010-11 and 2011-12 (closure) accounts based upon information contained within Firebuy's accounting system and other records, where available, including information provided by the Liquidator. I oversaw the overall process including regular meetings with Sponsor and Accounts teams.

Control framework 1 April 2010 to 13 July 2011

System of internal control

Firebuy had a system of internal control, up to the period ended 13 July 2011, to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it could, therefore, only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control was based on an

ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. In addition, the system of internal control included regular reviews by senior management and the Firebuy Board of monthly financial reports which indicate financial forecasts against budget.

Risk management

Firebuy maintained an up to date risk register which was included in the business plan. The risks were regularly reviewed through the use of software and reports presented to the Board and to the Audit Committee. The company developed strategies to deliver appropriate standards of secure information collection, use, control and access, which included a Senior Information Risk Owner appointed at Board level. The Audit Committee and the Firebuy Board were responsible for reviewing the risk register.

Firebuy operated a risk management strategy. Risk was predominantly identified through Firebuy's four workstreams which maintained registers of the various risks, controls and responsible persons were attached to each potential risk event. The Senior Information Risk Owner acted as an advocate on information risk to the Board and was responsible for implementing the Information Risk Policy and ongoing annual risk assessments in relation to identifying and managing information risks in accordance with Cabinet Guidelines.

The Firebuy Board was responsible for receiving reports from the management of the Company regarding risks and the effectiveness of managing risks. Reports were submitted at each Board meeting concerning the progress made in managing risks and any impending ones.

Until October 2010 the main risks identified were ongoing funding, business continuity, legal challenges to procurement processes and increasing revenue streams. Following the announcement of closure the main risks were identified as retaining staff to allow closure, transfer of contracts and related staff, redundancy issues and costs of closure.

Audit

Firebuy engaged the Department's Internal Audit Service to provide Internal Audit arrangements during 2010-11. A three year rolling programme was adopted to ensure that key areas of risk for the company were regularly reviewed on a risk based approach. There were no significant outstanding issues arising out of Internal Audit reports completed during 2010-11. The opinion of the Head of Internal Audit stated that:

'As a consequence of our work, on the adequacy and effectiveness of the system of internal control over the course of the year we give Substantial assurance on Risk Management and Moderate assurances on Control and also Governance'.

For the 2010-11 and 2011-12 accounts Firebuy's external auditor function was carried out by the National Audit Office (NAO).

Control framework 14 July 2011 to 31 March 2012

System of internal control

Following entry into the liquidation process all procedures were managed within the Department's system of internal control – which is described in the Department's Group Annual Report and Accounts.

Risk management

Following entry into the liquidation process the Department identified the main risks as ensuring all closure actions within budget, future legal challenges, production of accounts without Firebuy staff, gaining tax clearance and maintaining appropriate audit trail. These were included within Sponsor team's risk register.

Review of effectiveness 1 April 2010 to 13 July 2011

Firebuy's review of the effectiveness of the system of internal control was informed by the work of the internal auditors and the executive managers who had responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. NAO also published a report in July 2010 on Reducing the cost of procuring Fire and Rescue Service vehicles and specialist equipment assessing Firebuy's effectiveness. Firebuy had been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Board, the Audit Committee and the plan to address weaknesses and ensure continuous improvement of the system was in place before the company was put into liquidation.

Review of effectiveness 14 July 2011 to 31 March 2012

I recognise from their records that Firebuy had a system of governance and controls in place though I am not able to certify the level of assurance that may have been provided by the Firebuy Board in relation to these accounts.

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system for closure and authorising the accounts following Firebuy's liquidation. This responsibility was discharged by maintaining an oversight of the closure process and regular meetings with Sponsor and Accounts teams who were involved with the day to day activities e.g. liaising with Liquidator, production of accounts.

It is noted that, in hindsight, some of the systems used by Firebuy could have been improved upon including: recognition of supplier's commission from framework contracts; measurement of procurement savings and general record maintenance. There was also difficulty for the Department in producing the accounts when not the body directly responsible and without detailed knowledge to underpin some of the entries made by Firebuy. These issues and strategic lessons learnt from Firebuy's closure have been shared with the Department's other Arm's Length Bodies that are being restructured and with the Department's Senior Management Team.

Following entry into the liquidation process, although not required under the Companies Act, in order to account to Parliament for Firebuy expenditure whilst Firebuy were a Non Departmental Public Body (NDPB), accounts were produced under UK GAAP, using the information available, by the Department following consultation and agreement with HM

Treasury and NAO were asked to audit these accounts and provide a written report of their findings to the Department as ultimate owners of Firebuy.

Neil O'Connor

11 March 2013

Accounting Officer

Department for Communities and Local Government on behalf of Firebuy.

Independent Auditor's Report to the Secretary Of State for Communities and Local Government

I have audited the financial statements of Firebuy Limited for the year ended 31 March 2011 and the year ended 31 March 2012 which comprises the Income and Expenditure Account, Balance Sheet, Cash Flow Statement, Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements. 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 Firebuy Ltd's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Firebuy Ltd; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report and Background for the years ended 31 March 2011 and 31 March 2012 to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

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

Opinions on the 2010-11 financial statements

Basis for disclaimers of opinion on regularity and financial statements

The audit evidence available to me was limited because Firebuy Ltd had not prepared financial statements for the year ended 31 March 2011 before it went into liquidation in July 2011. The Accounting Officer (an official of the Department for Communities and Local Government) has prepared the accounts for 2010-11 from Firebuy Ltd's accounting data. Firebuy Ltd did not transfer all of its financial documentation to the Department and, therefore, evidence was not available to support both the in-year transactions and the majority of significant balances at the year-end. As a result I was

unable to obtain sufficient, appropriate audit evidence to support the financial statements for the year ended 31 March 2011.

Disclaimer of opinions on regularity and financial statements for year ended 31 March 2011

Because of the significance of the matter described in the basis for disclaimers of opinion paragraph I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly I do not express an opinion on whether the expenditure and income reported in the financial statements for the year ended 31 March 2011 have been applied to the purposes intended by Parliament or whether the financial transactions conform to the authorities which govern them. I also do not express an opinion on the financial statements.

Details of my modified opinions are discussed in further detail in my long form report on pages 15 to 16.

Opinion on other matters for year ended 31 March 2011

Notwithstanding my disclaimer of an opinion on the financial statements, in my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions; and
- the information given in the sections entitled "Annual Report" and "Background" for the year ended 31 March 2011 is consistent with the financial statements.

Matters on which I report by exception for year ended 31 March 2011

Arising from the limitation of my work referred to above:

- adequate accounting records have not been kept; and
- I have not received all of the information and explanations I require for my audit.

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

- the financial statements are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Opinions on the 2011-12 financial statements

Basis for disclaimer of opinion on regularity for year ended 31 March 2012

The Accounting Officer (an official of the Department for Communities and Local Government) has prepared the accounts for 2011-12 from Firebuy Ltd's accounting data. The audit evidence available to me was limited because Firebuy Ltd did not transfer all of its financial documentation to the Department for Communities and Local Government and, therefore, evidence to support the in-year transactions was not available. As a result I was unable to obtain sufficient, appropriate audit evidence to

support the income and expenditure transactions made during the year ended 31 March 2012. Despite this limitation I was able to audit the Balance Sheet at 31 March 2012.

Disclaimer of opinion on regularity for year ended 31 March 2012

Because of the significance of the matter described in the basis for disclaimer of opinion paragraph I have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly I do not express an opinion on whether the expenditure and income reported in the financial statements for the year ended 31 March 2012 have been applied to the purposes intended by Parliament or whether the financial transactions conform to the authorities which govern them.

Details of my modified opinions are discussed in further detail in my long form report on pages 15 to 16.

Basis for qualified opinion on financial statements for year ended 31 March 2012

The audit evidence available to me was limited because Firebuy Ltd did not transfer all of its financial documentation to the Department for Communities and Local Government and, therefore, evidence to support the transactions recorded in the Income and Expenditure Account was not available. This also impacted on the Cash Flow Statement and Statement of Changes in Taxpayers' Equity, as they are reliant on figures derived from the Income and Expenditure Account. Despite this limitation I was able to audit the Balance Sheet at 31 March 2012.

Qualified opinion on financial statements for year ended 31 March 2012

- except for the possible effects of the matter described in the "Basis for qualified opinion on financial statements for year ended 31 March 2012" paragraph, the financial statements give a true and fair view of the state of Firebuy Ltd's affairs as at 31 March 2012 and of the operating loss for the year then ended; and
- the financial statements have been properly prepared in accordance with Secretary of State directions.

Details of my modified opinions are discussed in further detail in my long form report on pages 15 to 16.

Opinion on other matters for year ended 31 March 2012

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions; and
- the information given in the sections entitled "Annual Report and Background" for the year ended 31 March 2012 is consistent with the financial statements.

Emphasis of Matter: Going Concern

I draw attention to Note 1 to the financial statements. Firebuy Ltd went into liquidation on 13 July 2011. As a consequence of this, the financial statements for both years have been prepared on a basis other than going concern. Details of the impact of this on the financial statements and the distribution of Firebuy Ltd's assets and liabilities are provided in Note 2 to the financial statements. My opinion is not qualified in this respect.

Matters on which I report by exception for year ended 31 March 2012

Arising solely from the limitation of my work described above:

- adequate accounting records have not been kept; and
- I have not received all of the information and explanations I require for my audit.

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

- the financial statements are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

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

Date 22 March 2013

Audit Report on the Financial Statements

Report of the Comptroller and Auditor General to the Houses of Parliament

Introduction

Firebuy Ltd was set up in September 2005 as a company limited by guarantee under the provisions of the Fire and Rescue Services Act 2004. The Secretary of State for the Department for Communities and Local Government (the Department) was the only member of the company. Firebuy was also a Non-Departmental Public Body and its main role was to help deliver procurement efficiencies for fire and rescue authorities in England through nationally negotiated contracts with suppliers.

On 14 October 2010, as part of its review of arm's length bodies, the Government announced the closure of Firebuy Ltd. All of Firebuy's procurement functions were transferred to other organisations. The key framework contracts were formally novated to Wiltshire County Council on 31 May 2011, with The Consortium for Purchasing and Distribution Ltd ("The Consortium") managing these on the Council's behalf.

Firebuy Ltd went into Members' Voluntary Liquidation and ceased trading on 13 July 2011.

These financial statements cover events up to the completion of liquidation. They include the transactions relating to the period when Firebuy Ltd was actively trading and transactions which have been processed by the liquidators since trading ceased.

Purpose of Report

The purpose of this Report is to explain the background to the qualification of my audit opinions.

Explanation for Qualified Audit Opinions

Firebuy Ltd went into liquidation without having prepared financial statements for 2010-11 or the short period thereafter in 2011-12. The Department for Communities and Local Government has prepared the accounts from Firebuy Ltd's accounting data. 'Managing Public Money' is clear that when a Non-Departmental Public Body closes, there should be procedures in place to gain independent assurance on key transactions, financial commitments, cash flows and other information needed for the Department (and, in this case, the liquidators) to handle the wind-up effectively. In this instance, Firebuy Ltd did not transfer all of its financial documentation to the Department.

As a result, there are transactions and account balances for which I have been unable to obtain sufficient documentary evidence. Further, there are no longer any Directors or staff of Firebuy Ltd to provide explanations for transactions, adjustments and events that the Department is not in a position to explain. There is, therefore, considerable uncertainty surrounding the accuracy of the financial statements of Firebuy Ltd for both 2010-11 and 2011-12.

Due to these circumstances I have been unable to express an opinion on the financial statements for the financial year 2010-11.

I have also had to limit the scope of my audit opinion for the financial year 2011-12. I am unable to express an audit opinion on the Income and Expenditure figures presented in the financial statements. However, in my opinion, the balance sheet gives a true and fair view of the state of Firebuy Ltd's affairs as at 31 March 2012, as sufficient, appropriate evidence was available to support these balances.

I have not given an opinion on whether expenditure and income in respect of either the year ended 31 March 2011 or the year ended 31 March 2012 have been applied to the purposes intended by Parliament or whether the financial transactions conform to the authorities which govern them. This arose because of the limitations in the evidence available to support the income and expenditure transactions for both years.

Conclusion

The extent of the missing documentation and explanations in relation to Firebuy Ltd's activity is so great that I cannot conclude with sufficient certainty whether the 2010-11 financial statements are free from material error. Similarly, I cannot conclude with sufficient certainty whether the 2011-12 income and expenditure figures are free from material error. However I can conclude that, in my opinion, the balance sheet gives a true and fair view of the state of Firebuy Ltd's affairs as at 31 March 2012. I cannot conclude for either year that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

As Firebuy Ltd no longer exists, I have not made any recommendations. The Department has already taken steps to ensure that lessons are learned from this company closure by communicating the problems encountered with Firebuy Ltd to key stakeholders in the Departmental group who are also preparing to face closure issues in relation to other bodies.

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

Date 22 March 2013

Income and Expenditure Account

For the period 1 April 2010 to 31 March 2012

		£		
	Note	2011-12	2010-11	2009-10 Restated
Income				
Contract management and commission income	2	7,155	1,098,134	1,032,868
Grant funding of Enprotex	2	-	-	158,666
Total income		7,155	1,098,134	1,191,534
Expenditure				
Staff costs	4	365,861	1,504,165	1,417,428
Administrative expenses	3	599,474	865,054	1,348,726
Total expenditure		965,335	2,369,219	2,766,154
Operating Loss on Ordinary Activities before Taxation		(958,180)	(1,271,085)	(1,574,620)

No Statement of Total Recognised Gains and Losses is required as there are no recognised gains and losses in the period other than the deficit for those periods. The company received Grant in Aid of £1,072,076 in 2011-12, and £1,213,500 in 2010-11 (£1,582,000 in 2009-10). The Income and Expenditure Account for 2009-10 was restated to remove Grant in Aid as income and recognise it in reserves in line with Government Financial Reporting requirements.

The Notes on pages 21 to 32 form part of these Financial Statements.

Balance Sheet

As at 31 March 2011 and 31 March 2012

		£		
	Note	31-Mar-12	31-Mar-11	31-Mar-10
Fixed assets				
Tangible assets	6a	-	8,647	18,564
Intangible assets	6b	-	609	-
Total fixed assets		-	9,256	18,564
Current assets				
Debtors	7	-	390,998	369,118
Cash and cash equivalents	12	332,452	119,978	141,591
Total current assets		332,452	510,976	510,709
Total assets		332,452	520,232	529,273
Current liabilities				
Creditors	8	332,452	634,410	577,059
Total current liabilities		332,452	634,410	577,059
Total assets less current liabilities		-	(114,178)	(47,786)
Capital and reserves				
Income and expenditure account	I&E	(1,072,076)	(1,327,678)	(1,629,786)
Revaluation reserve		-	-	-
Grant in Aid reserve	9	1,072,076	1,213,500	1,582,000
Total capital and reserves		-	(114,178)	(47,786)

Neil O'Connor
Accounting Officer
Firebuy

11 March 2013

Firebuy entered voluntary liquidation on 13 July 2011. The remaining bank balance (£332,452), return of unspent Grant in Aid (£260,452) and outstanding liabilities in respect of audit fees (£72,000) presented in these accounts were passed to the sponsor Department, Department for Communities and Local Government following the final liquidation period.

The Notes on pages 21 to 32 form part of these Financial Statements.

Cash Flow Statement

For the periods ended 31 March 2011 and 31 March 2012

		£		
	Note	2011-12	2010-11	2009-10
Cash flows from operating activities				
Net cash inflow/(outflow) from operating activities	10	(859,602)	(1,193,461)	(1,858,748)
Capital expenditure		-	(41,652)	(32,704)
Receipt of Grant in Aid funding	9	1,072,076	1,213,500	1,582,000
Increase/(Decrease) in cash in the year		212,474	(21,613)	(309,452)
Reconciliation of net cash flow to movement in net funds				
Increase/(decrease) in cash in the year		212,474	(21,613)	(309,452)
Movement in net funds in the year	12	212,474	(21,613)	(309,452)
Net funds at 1 April	12	119,978	141,591	451,043
Net funds at 31 March		332,452	119,978	141,591

Previously, capital expenditure was reflected in capital grant reserve. This reserve has now been removed and the Grant in Aid reserve restricted to Grant in Aid only. Therefore, the cash impact in respect of capital accruals needs to be adjusted for in this cash flow statement. The amounts above therefore, are not directly reconciled back to the underlying asset notes as they include capital accruals.

The Notes on pages 21 to 32 form part of these Financial Statements

Statement of changes in Taxpayers' Equity

For the period ended 31 March 2012

£

	Note	General Fund	Revaluation Reserve	Total Reserves
Balance at 31 March 2010		(47,786)	-	(47,786)
Changes in accounting policy				
Balance at 1 April 2010		(47,786)	-	(47,786)
Changes in taxpayers' equity for 2010-11				
Net gain / (loss) on revaluation of fixed assets		-	(2,538)	(2,538)
Release of reserves to the operating cost statement		(2,538)	2,538	-
Adj to Retained Earnings		(6,269)	-	(6,269)
Net operating cost for the year	I&E	(1,271,086)	-	(1,271,086)
Total recognised income and expense for 2010-11		(1,279,893)	-	(1,279,893)
Grant in Aid funding from DCLG		1,213,500	-	1,213,500
Balance at 31 March 2011		(114,179)	-	(114,179)
Changes in taxpayers' equity for 2011-12				
Adj to Retained Earnings		283	-	283
Net operating cost for the year	I&E	(958,180)	-	(958,180)
Total recognised income and expense for 2011-12		(957,897)	-	(957,897)
Grant in Aid funding from DCLG		1,072,076	-	1,072,076
Balance at 31 March 2012		-	-	-

The Notes on pages 21 to 32 form part of these Financial Statements.

Notes to the Accounts of Firebuy 2010-12

Note 1 Accounting Policies

Basis of accounting

- These Financial Statements of Firebuy have been prepared under the historical cost convention and in accordance with United Kingdom Generally Agreed Accounting Practice, the parts of the Companies Act 2006 applicable to companies reporting under UK GAAP, the 2010-11 Financial Reporting Manual, as interpreted for UK GAAP rather than International Financial Reporting Standards and the Accounts Direction issued by the Secretary of State for Communities and Local Government.
- As there was no requirement under Companies Act for these liquidation accounts to be prepared, the accounts are being prepared as a Non Departmental Public Body of the Department for Communities and Local Government. Accounts of an NDPB are generally prepared on an IFRS basis but HM Treasury have agreed, via the Accounts Direction, that these final accounts be prepared on a UK GAAP basis on the understanding that to adopt IFRS as part of the closure accounts would not result in material differences in presentation and application.
- As described in the Report on page 2, Firebuy entered voluntary liquidation when joint Liquidators Malcolm Cohen of BDO LLP, 55 Baker Street, London, W1U 7EU and Francis Graham Newton of BDO LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU (“the Liquidators”) were appointed on 13 July 2011. These accounts have therefore been prepared on a basis other than going concern. A letter of comfort was provided by the Department providing reassurance that the Department would continue to support Firebuy until it is formally closed including financial provision for the winding up of the organisation including managing out any commitments, liabilities and assets.

Going concern

The accounts have been prepared on a basis other than going concern. The impact of closure at 31 March 2012 was:

- No fixed assets as they had been impaired or fully written down and disposed of by the date of liquidation. The responsibility for the disposal of all tangible assets went to Fidonet, Firebuy’s IT provider, with some laptops purchased by Firebuy employees;
- The remaining cash balance, £332,452 was transferred back to the Department for Communities and Local Government.
- Receivables balances outstanding on procurement business commissions at 16 May 2011 were passed to The Consortium under the novation agreement in respect of Contract Management.
- The Balance Sheet at 31 March 2012 shows liabilities of £332,452. This reflects the inclusion of liabilities falling due prior to sign off of the Annual Report and Accounts and not discharged by the liquidator – restricted to return of Grant in Aid to the Department and NAO audit fees. Firebuy’s sponsoring department, the Department for Communities and Local Government, will meet the audit liabilities from the cash transferred in respect of return of Grant in Aid at bullet 2 above.

Change in accounting policies

- In order to comply with the terms of the Finance Reporting Manual (FReM), Grant in Aid has been recognised as financing, i.e. within reserves, and not as income flowing through the Income and Expenditure account as in previous years. The Grant in Aid reserve is cleared to general reserves in the year following recognition. As part of this change in accounting policy, the Capital Grant Reserve, previously recognised as a liability on the Balance Sheet but which was funded by Grant in Aid, has been de recognised. All prior year comparatives have been re-stated to reflect this change in accounting policy.
- During 2010-11, estimated lives of fixed assets were reviewed to reflect the liquidation of Firebuy at 13 July 2011 and, therefore, assets were impaired to reflect the amended unexpired useful life.

Tangible fixed assets

- Tangible fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
- Subsequent costs were included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it was probable that future economic benefits associated with the item 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 income or expenditure during the financial period in which they are incurred. The threshold for treatment of acquisitions as fixed assets is £1,000 net of VAT.
- All tangible fixed assets were impaired to reflect the date of liquidation and fully written down at 13 July 2011.

Intangible fixed assets

- Intangible fixed assets are stated at historical cost less amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
- All intangible fixed assets were impaired to reflect the date of liquidation and fully written down at 13 July 2011.

Depreciation

- Depreciation and amortisation on all fixed assets, other than freehold land, was calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:
 - IT hardware 3 years
 - IT software 4 years
 - Fixtures and fittings 5 years
- The assets' residual values and useful lives were reviewed, and adjusted if appropriate, at the end of each reporting period. As Firebuy is no longer a going concern the life of all assets were adjusted to ensure the assets were fully depreciated by 13 July 2011 at the latest with any impairment in value being charged to the Income and Expenditure Account.
- Gains and losses on disposals were determined by comparing the proceeds with the carrying amount, and were recognised within "Other (Losses)/Gains – Net" in income or expenditure.

Income recognition

- Income is recognised in the accounting period in which it arises.

Debtors

- Debts are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not they are presented as long term assets.
- Debtors are recognised at historic value.
- All debtor balances outstanding at 16 May 2011 which arose under the contract novated to The Consortium were transferred at this date.

Cash and cash equivalents

- Cash and cash equivalents comprise cash in hand. Bank balances are shown within current assets on the Balance Sheet.

Creditors

- Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These were classified as short term creditors if payment was due within one year or less (or in the normal operating cycle of the business if longer). If not, they were presented as long term creditors.
- Creditors were recognised at historic cost.

Employee benefits - pension obligations

- In 2010-11 the Company operated a defined contribution plan, under which the Company paid a fixed contributions into a separate entity. The Company had no legal or constructive obligations to pay further contributions where the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
- The contributions were recognised as employee benefit expenses when they were due. Prepaid contributions were recognised as an asset, to the extent that a cash refund or a reduction in the future payments was available.
- Following the Ministerial announcement regarding the closure of Firebuy the Department provided Firebuy with the following words of comfort on pensions:-
- “Firebuy is an employer in the Local Government Pension Scheme which means that employees are automatically eligible to be members of the scheme. When Firebuy is wound up, the Local Government Pension Scheme regulations require the relevant Local Government Pension Scheme administering authority, who administers pensions for Firebuy's employees, to obtain an actuarial valuation of the assets and liabilities in respect of those employees. Any shortfall, or pension deficit, would need to be paid by Firebuy. In the event that Firebuy had insufficient funds to meet this liability, the Department, as Firebuy's sponsoring Government Department, would meet any remaining liabilities”.

-
- Firebuy was a Scheme Employer in the Local Government Pension Scheme administered by the London Pension Fund Authority. Following liquidation a cessation report was prepared for the Department by Barnett Waddingham LLP on 12 October 2011 and the remaining liabilities were met by the Department in 2011-12.

Disclosure of related party transactions

- For the purposes of describing material transactions during the year and outstanding balances at the year end, notwithstanding anything in the accounting standard, it was assumed:
- Transactions and balances of £1,000 and below net of VAT were not material
- Parties related to Board Members and key managers were notified to the Board by each individual Board Member or key manager
- Up to liquidation the following were related parties:
- Subsidiary and associate companies of the Company
- Pension funds for the benefit of employees of the Company
- Board Members and key managers of the Company
- Members of the close family of Board Members and key managers
- Companies in which a Board Member or key manager is a director, partner or venturer
- Trusts, friendly societies and industrial and provident societies in which a Board Member or a key manager is a Trustee or Committee Member
- Companies and subsidiaries thereof in which a Board Member or a key manager has a controlling interest
- Settlements in which a Board Member or key manager is a settlor or beneficiary
- Companies and subsidiaries thereof in which a member of the close family of a Board Member or a key manager has a controlling interest
- Partnerships and joint ventures in which a member of the close family of a Board Member or a key manager is a settlor or beneficiary
- The Department, as the sponsoring Department for the Board
- For the purposes of this sub-paragraph:
- A key manager was defined as the Chief Executive Officer, Board Members and all employees reporting directly to the Chief Executive
- The close family of an individual was defined as their spouse, relatives of the individual and their spouses, and relatives of the individual's spouse. For the purposes of this definition 'spouse' includes personal partners, and 'relatives' means siblings, ancestors, lineal descendants and adopted children

Significant judgments and estimation techniques

- No significant judgments or estimations techniques have been made or required during preparation of these accounts.

Note 2 Income

	2011-12	2010-11	2009-10 restated
Income	7,155	1,098,134	1,032,868
Grant funding in respect of Enprotex	-	-	158,666
Total income	7,155	1,098,134	1,191,534

Note 3 Expenditure

	2011-12	2010-11	2009-10 restated
Administrative expenses			
Consulting costs	37,369	164,293	265,266
Legal and professional fees	291,593	123,207	229,866
External Audit	24,000	48,000	14,521
Internal Audit	(642)	31,339	33,566
Rent and rates	7,501	47,832	45,338
Management fee	(18,335)	26,872	23,512
Utility and cleaning charges	1,081	3,239	1,650
Travel and subsistence	9,113	83,109	87,425
IT costs	70,574	177,925	144,315
IT contract exit costs	150,000	-	-
Training	1,104	19,887	5,348
Advertising and conference costs	325	18,033	35,277
Recruitment	-	-	300
Government procurement card	1,734	-	37,257
Insurance	(120)	24,426	16,928
Hospitality	-	183	1,017
Telephone costs	9,414	11,328	11,169
Postage, printing and stationery	20	14,696	15,703
Subscriptions	-	878	2,077
Other administrative costs	452	5,392	726
Bank charges	975	1,718	1,651
Miscellaneous	-	(106,458)	254,578
Enprotex	-	105,247	53,442
Rentals under operating leases			
Car leasing	4,062	21,754	35,091
Non-cash items			
Depreciation	8,646	5,684	17,760
Amortisation	608	1,066	-
Impairment	-	35,404	14,943
Total Expenditure	599,474	865,054	1,348,726

Note 4 Employees**Note 4a Staff costs** (including Directors)

	2011-12	2010-11	2009-10
Wages and salaries	316,898	1,226,145	1,111,654
Social security costs	28,928	121,479	120,095
Pension contributions	20,035	156,541	185,679
Total costs	365,861	1,504,165	1,417,428

No loans were made to employees during 2010-11 or 2011-12. Firebuy offered to employees the option to contribute to the Local Government Pension Scheme a defined benefit superannuation scheme administered by the London Pensions Fund Authority. This was non-mandatory. Board members' remuneration was not pensionable.

Redundancy costs incurred as a result of the liquidation of Firebuy were included within 2011-12 figures. Compromise Agreements were entered into with 5 staff in place of formal redundancy, the total costs paid in respect of Compromise Agreements was £46,000.

Note 4b Average number of persons during the year

	2011-12	2010-11	2009-10
Directors (excluding independent members of the Board)	5	5	6
Permanent contracted employees	-	17	13
Fixed term contracted employees	-	4	3
Seconded employees	-	1	3
Temporary staff	5	-	-
Consultants	-	2	4
Total	10	29	29

Note 4c Compensation schemes – exit packages

The table below reflects the cost of exit packages made by Firebuy upon closure including payments made in respect of Compromise Agreements.

2011-12				
Exit package cost band		Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<10,000		4	-	4
£10,000 - £25,000		4	-	4
£25,000 - £50,000		1	-	1
Total number of exit packages by type		9	-	9
Total resource cost /£		123,105	-	9

Note 5 Taxation

The Company had not reported a profit in any of the periods covered by these accounts and, therefore, there was no liability to Corporation Tax arising out of its activities.

Note 6 Fixed Assets**Note 6a Fixed Assets**

		£		
		Fixtures and fittings	IT equipment	Total
Cost or valuation				
At 1 April 2011		3,461	97,507	100,968
At 31 Mar 2012		<u>3,461</u>	<u>97,507</u>	<u>100,968</u>
Depreciation				
At 1 April 2011		3,187	89,134	92,322
Impairment		-	-	-
Charged in-year		273	8,373	8,646
At 31 Mar 2012		<u>3,461</u>	<u>97,507</u>	<u>100,968</u>
Net book value:				
	31 Mar 2012	-	-	-
	31 Mar 2011	273	8,373	8,646

	Fixtures and fittings	IT equipment	Total
Cost or valuation			
At 1 April 2010	3,455	70,148	73,603
Additions	-	29,903	29,903
Revaluation	6	(2,544)	(2,538)
At 31 Mar 2011	3,461	97,507	100,968
Depreciation			
At 1 April 2010	1,751	53,288	55,039
Impairment	1,437	30,162	31,599
Charged in-year	-	5,684	5,684
At 31 Mar 2011	3,187	89,134	92,322
Net book value:			
31 Mar 2011	273	8,373	8,646
31 Mar 2010	1,704	16,860	18,564
	Fixtures and fittings	IT equipment	Total
Cost or valuation			
At 1 April 2009	3,455	50,948	54,403
Additions	-	19,200	19,200
At 31 Mar 2010	3,455	70,148	73,603
Depreciation			
At 1 April 2009	788	21,548	22,336
Impairment	278	14,665	14,943
Charged in-year	685	17,075	17,760
At 31 Mar 2010	1,751	53,288	55,039
Net book value:			
31 Mar 2010	1,704	16,860	18,564
31 Mar 2009	2,667	29,400	32,067

Note 6b Intangible Assets

	Software	Total
Cost or valuation		
At 1 April 2011	5,480	5,480
At 31 Mar 2012	5,480	5,480
Amortisation		
At 1 April 2011	4,872	4,871
Charged in-year	608	608
Impairment	-	-
At 31 Mar 2012	5,480	5,480
Net book value		
31 Mar 2012	-	-
31 Mar 2011	608	608

	Software	Total
Cost or valuation		
At 1 April 2010	-	-
Additions	5,480	5,480
At 31 Mar 2011	<u>5,480</u>	<u>5,480</u>
Amortisation		
At 1 April 2010	-	-
Impairment	3,806	3806
Charged in-year	1,067	1,067
At 31 Mar 2011	<u>4,872</u>	<u>4,872</u>
Net book value		
31 Mar 2011	608	608
31 Mar 2010	-	-

There are no opening or closing balances for intangibles for 2009-10

Note 7 Debtors

	31-Mar-12	31-Mar-11	31-Mar-10
Amounts falling due within one year:			
Trade debtors	-	68,369	43,629
Other debtors	-	103,043	79,515
Prepayments and accrued income	-	219,586	245,974
Total	<u>-</u>	<u>390,998</u>	<u>369,118</u>

Contract Management was transferred to The Consortium via a novation agreement on 16 May 2011. All outstanding receivables balances on procurement business commissions to 16 May 2011 became the legal property of The Consortium under the novation agreement and were, therefore, transferred at this date.

Note 8 Creditors

	31-Mar-12	31-Mar-11	31-Mar-10
Amounts falling due within one year:			
Trade creditors	-	-	28,989
Other taxation and social security	-	81,797	76,860
Other creditors	-	166,867	109,078
Accruals and deferred income	332,452	385,746	362,132
Total	<u>332,452</u>	<u>634,410</u>	<u>577,059</u>

The remaining amounts in respect of accruals and deferred income relate to return of Grant in Aid to DCLG of £260,452 and audit fees due to National Audit Office of £72,000.00. Balances to discharge these liabilities is held in the bank balance to be repaid to DCLG.

Note 9 Grant in Aid Reserve

	£		
	2011-12	2010-11	2009-10
At the beginning of the year	1,213,500	1,582,000	7,183,638
Received for the year	1,072,076	1,213,500	1,582,000
Credited to General Reserves	(1,213,500)	(1,582,000)	(7,183,638)
At the end of the year	1,072,076	1,213,500	1,582,000

Note 10 Reconciliation of Operating Deficit to Operating Cash Flows

		£		
	Note	2011-12	2010-11	2009-10
Operating deficit	I & E	(958,180)	(1,271,085)	(1,574,620)
Depreciation and amortisation charges	6a, 6b	9,256	6,749	17,760
Impairment	6a, 6b	-	35,404	14,943
Other non cash movements		283	-	-
Increase/(decrease) in debtors	7	390,998	(21,880)	133,168
(Increase)/decrease in creditors	8	(301,958)	57,351	(449,999)
Net cash inflow/(outflow) from Operating Activities		(859,602)	(1,193,461)	(1,858,748)

Note 11 Analysis of Cash Flows for headings netted in the Cash Flow Statement

	£		
	2011-12	2010-11	2009-10
Capital expenditure			
Payments to acquire tangible fixed assets	-	29,903	19,200
Payments to acquire intangible fixed assets	-	5,480	-
Net cash outflow for capital expenditure	-	35,383	19,200

Note 12 Analysis of Net Funds

	£		
	2011-12	2010-11	2009-10
Balance at 1 April	119,978	141,591	451,043
Net change in cash balances:	212,474	(21,613)	(309,452)
Balance at 31 March	332,452	119,978	141,591

Note 13 Commitments under Operating Leases

	£		
	31-Mar-12	31-Mar-11	31-Mar-10
Obligation under operating leases comprise:			
Other:			
Not later than 1 year	-	6,962	-
Later than 1 year and not later than 5 years	-	-	32,290
Later than 5 years	-	-	-
Total	-	6,962	32,290

Firebuy had exited all operating leases by the date of closure.

Note 14 Losses and Special Payments

Managing Public Money and the FReM require a statement showing losses and special payments by value and by type to be shown where they exceed £250,000 in total and those which individually exceed £250,000. These relate to cash losses, stores, fruitless payments and claims abandoned as well as frauds.

No losses were reported by Firebuy in 2011-12 and 2010-11.

	2011-12		2010-11	
	Cases	£'000	Cases	£'000
Payments made under compromise agreements	5	49	-	-
Fruitless payment (Fidonet contract exit costs)	1	150	-	-

No special payments reported in the accounts for 2011-12 were over £250,000.

Note 15 Related parties**Control**

Firebuy was an Executive Non Departmental Public Body sponsored by the Department who was regarded as a related party, along with other entities that it sponsors.

Transactions

During 2010-11 none of the Board members, key management staff or other related parties undertook any material transactions with Firebuy Limited. Related party transactions occurred between Firebuy and the Department being the sponsoring Department for Firebuy for 2010-11 and 2011-12.

Note 16 Post balance sheet events

As described in the Directors' Report, Firebuy Limited went into voluntary liquidation on 13 July 2011. The accounts have therefore been prepared on an other than going concern

basis. A letter of comfort was provided by the Department providing reassurance that the Department would continue to support Firebuy until it was formally closed including financial provision for the winding up of the organisation including managing out any commitments, liabilities and assets.

The date on which the accounts were authorised for issue is 22 March 2013.

Accounts Direction issued by the Secretary of State for Communities and Local Government

1. The annual financial statements of the Firebuy Limited [in liquidation] shall give a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs of the business. The end of the period will also represent the dissolution date of the company. Subject to this requirement, the financial statements for the period 01/04/2010 – 31/03/2012 shall:-

- (a) be prepared in accordance with the accounting and disclosure requirements of the Companies Act 2006 and UK GAAP
- (b) follow any other relevant guidance that the Treasury may issue from time to time in respect of the financial statements of non-departmental public bodies
- (c) include the accounts for the period 1/4/2010 – 31/3/2011 and the period 1/4/2011- 31/3/2012

insofar as the above are appropriate to Firebuy Limited [in liquidation] and are in force for the period for which the financial statements are prepared, and except where agreed otherwise with the Secretary of State or the Treasury in which case the exception shall be described in the notes to the financial statements. The accounts for the period 1/4/2011 – 31/3/2012 will be the closure accounts of Firebuy Limited [in liquidation].

2. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State for Communities and Local Government

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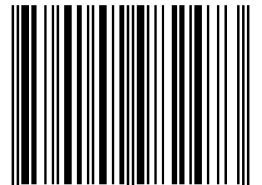
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