

Yorkshire Forward

Report and Accounts

for the period 1 April 2012 to 30 June 2012

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Presented to Parliament pursuant to sections 15 (2) and 17 (3) of the
Regional Development Agencies Act 1998.

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Introduction by the Accounting Officer

These Accounts cover the final three month period leading up to the abolition of Yorkshire Forward (“the Agency”) on 1 July 2012.

The Agency ceased operations on the transfer of all remaining operational activity to the Department for Business, Innovation and Skills (BIS) on 30 March 2012. The results for the last year of operations are set out in the Agency’s 2011/12 Annual Report and Accounts which were published in June 2012.

In the final three month period a small number of Agency staff remained in post to complete the Agency’s Report and Accounts for 2011/12, to prepare a draft Report and Accounts for the period 1 April to 30 June 2012 for completion by BIS after abolition, and to transfer to BIS all remaining records and residual rights and obligations. The Agency’s former Chief Executive and Accounting Officer, Thea Stein, remained in post until 30 June 2012. I became the responsible Accounting Officer for the Agency when the Agency’s Chief Executive and Accounting Officer was made redundant and I take full responsibility for the Report and Accounts for the period to 30 June 2012.

At 00.01am on 1 July 2012, all of Agency’s residual rights and obligations were legally transferred to BIS. At 00.02am on 1 July 2012 the eight remaining Regional Development Agencies, including the Agency, were abolished by an Order commencing section 30(1) of the Public Bodies Act 2011. The appointments of the Agency’s Chair and the other Board members terminated on the Agency’s abolition.

On abolition, the Regional Development Act 1998 was repealed save for the provisions concerning the completion of a report and statement of accounts for the accounting period from 1 April 2012 to 30 June 2012.

After the abolition of the Agency, the Report and Accounts have been completed by my staff, using drafts provided by Agency and drawing on additional supporting evidence and information provided by the Agency. The draft Report and Accounts were reviewed and approved in draft by Agency’s Audit Committee on 14 June 2012 and Board on 14 June 2012. I have received assurances from the former Accounting Officer about the controls exercised by her, the officers and Board of the Agency during its existence to ensure compliance with the principles of Managing Public Money and in particular in relation to governance, decision-making and financial management. I am content that these assurances are sufficiently accurate and robust to allow me to place reliance on them to discharge my role as Accounting Officer and to sign the Report and Accounts for the period ending 30 June 2012.

The Report includes statements by the former Chairman and former Chief Executive to provide additional context. I would like to record my thanks to them and to the Board and staff of the Agency for their work on this document and in the final accounting period.

Martin Donnelly

**Permanent Secretary and Accounting Officer
Department for Business, Innovation & Skills**

Former Chair's Statement

This has been a somewhat unusual final period for Yorkshire Forward in that from its start, all the projects developed during our lifetime had already either been closed or transferred leaving us to focus entirely on ensuring our abolition is achieved smoothly, swiftly and at minimal cost to the public purse.

Over this period I have continued to be impressed with the professionalism of Yorkshire Forward staff. Their determination in achieving a seamless closure whilst anticipating their own redundancies has been admirable and I would like to place on public record my thanks for this. I would also like to thank the Board of Yorkshire Forward for their support which has been invaluable.

Finally, I would like to give a heartfelt thanks to my Chief Executive, Thea Stein, for her hard work and commitment in leading the organisation so effectively in this difficult period. She and all of the staff can be proud of the legacy Yorkshire Forward has left for the Yorkshire and Humber region which, I am sure, will feel the benefits of for years to come.

Julie A. Kenny CBE, DL
Chair (until 30 June 2012)

Former Chief Executive's Statement

This final accounting period has been solely focussed on the abolition of Yorkshire Forward and has, therefore, been completely different to any previous period. As an organisation, we have been fully committed to deliver our abolition tasks with the same professionalism and diligence as when we worked, in previous years, with partners to develop our projects. I am confident that the Department for Business, Innovation and Skills, our sponsor Department has received from Yorkshire Forward all the resources and information it requires to complete any residual work. I have no doubt whatsoever that the legacy of Yorkshire Forward will continue to remain visible for years to come.

I would like to thank our Chair, Julie A. Kenny, who has provided support and leadership and all Yorkshire Forward staff over the years for their hard work, resilience and dedication.

Thea Stein
Chief Executive (until 30 June 2012)

Accounting Officer's report

The Accounting Officer presents his Report and Accounts for the period 1 April 2012 to 30 June 2012.

Principal activities

All of the Agency's investments, projects and initiatives were ended or passed on to new delivery bodies by 30 March 2012. Business activities in the period solely focussed on final residual matters relating to abolition.

The main tasks for the Agency between 1 April and 30 June 2012 were to:

- a) prepare the Agency's 2011/12 Annual Report and Accounts for certification by the NAO;
- b) prepare a draft Report and Accounts for the period 1 April to 30 June 2012, and hand these over to BIS for completion, with supporting documentation; and
- c) prepare to transfer to BIS before abolition all remaining rights and obligations and residual assets and liabilities, so that BIS were in a position to complete any outstanding work.

The Agency was abolished under the Public Bodies Act 2011 on 1 July 2012.

Former Non Executive Directors (the Board)

Board Members were appointed by the Secretary of State. Individuals who served on the Board during the period were as follows:

Julie A. Kenny CBE DL (Chair)
Linda Pollard OBE JP DL (Deputy Chair)
Cllr Kath Pinnock
Barry Dodd OBE
Cllr John Weighell
Cllr Mark Kirk
Ajaz Ahmed
Bill Adams
John Vincent
Sharon Allen
Heidi Mottram

Board Members had a duty to comply at all times with an established Code of Practice, which included following the seven principles of public life as set out by the Committee of Standards in Public Life. The Agency maintained a register of Board Members' interests which is available for inspection at BIS's offices at 1 Victoria Street, London SW1H 0ET by prior arrangement.

Former Directors

Individuals who served as Directors during the period were as follows:

Thea Stein – Chief Executive (until 30 June 2012)
Trevor Shaw – Executive Director Finance (until 30 June 2012)
Dave Custance – Director of Urban Renaissance and Property (until 18 May 2012)

Accountability and Financial Framework

The Secretary of State issued the Agency with an Accountability and Financial Framework in October 2011. The document set out the financial framework under which the Agency should operate. The Agency complied in all material respects with the terms of this framework during the period to 30 June 2012.

Financial results and review

The results for the period ended 30 June 2012 are set out in the financial statements on pages 21 to 24. The Statement of Comprehensive Net Expenditure shows net expenditure taken to Taxpayers' Equity amounting to £1,064,000.

Events after the reporting period

Events after the reporting period are disclosed in note 16 to the financial statements.

Principal risks and uncertainties

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

Going Concern

The Public Bodies Act, which paved the way for the abolition of the Regional Development Agencies (RDAs), received Royal Assent on 14 December 2011. The Department for Business Innovation and Skills (BIS) issued two individual transfer schemes for each RDA under the Act. The first came into effect on the 1 January 2012, transferring the majority of the remaining projects and some staff to BIS. The second was made on the 30 March 2012 to transfer most of the remaining assets and liabilities so that RDAs achieve operational closure by 31 March 2012. A third transfer scheme took effect on 1 July 2012, transferring the Agency's remaining assets and liabilities to BIS and the Agency was then abolished on 1 July 2012. Accordingly, I concluded that the Agency was no longer a going concern as at 30 June 2012, and these accounts have, therefore, been prepared on a basis other than that of a going concern.

Pension costs

The treatment of pension costs and the relevant pension scheme details are set out in Notes 1 and 3 to the financial statements and in the Remuneration Report.

Special purpose entities

The Agency had no interest or shareholding in any other bodies corporate at 30 June 2012 or 31 March 2012.

Health and safety

The Agency's Health and Safety Policy set out how its responsibilities were fulfilled to staff, visitors and those who might be affected by its activities. The Policy was reviewed by the Health & Safety Committee at the end of 2011/12 to re-focus upon health and safety risks associated with closure and was shared with all remaining staff.

Single Equality Scheme

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

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

Sickness absence

No sickness absence was taken by staff during the period ending 30 June 2012.

Prompt payment code

The Agency was committed to the 'Better Payment Practice Code' (previously the CBI Prompt Payment Code) and aimed to pay all undisputed invoices within 30 days and to pay all small to medium sized enterprises within 5 working days. In the period to 30 June 2012 the Agency paid 100% of all invoices within 30 days (2011/12 100%) and paid 93% of small to medium sized enterprises within 5 days (2011/12 94%).

Environmental sustainability

The Agency surrendered its ISO14001 status. During the close down period, the Agency remained committed to complying with relevant legislation, preventing pollution and minimising resource use. The Agency was granted an exemption for HM Treasury requirements on sustainability reporting because it fell below the size threshold.

Political and charitable donations

No political or charitable donations were made during the period.

The Agency's former Audit Sub-Committee

The Sub-Committee, chaired by John Weighell, met twice during the period to 30 June 2012 to review the Accounts and the assurance work of Internal Audit; to meet with the National Audit Office (NAO) as external auditors; and to oversee the closure process, in particular the CAT Board's management of the associated risks.

Auditor

The Comptroller and Auditor General is appointed by statute to audit Yorkshire Forward and reports to Parliament on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The following costs have been incurred in relation to services provided by the Comptroller and Auditor General:

Audit Fee £13,500

The Comptroller and Auditor General also has statutory powers to report on the economy, efficiency and effectiveness with which the Agency has used its resources.

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

Remuneration Report

This report deals with the remuneration of the former Chair, Chief Executive, Board Members and Executive Directors who had influence over the decisions of the Agency as a whole.

Remuneration policy

No pay increases were awarded to staff in the period. However, in accordance with the Agency's scheme approved by BIS in December 2010, a number of staff were eligible to receive retention payments on exit, provided they remained with the Agency until their work was deemed complete and performed to the standard required. No other performance-related payments were made.

Service contracts

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

In order to take the Agency Board through to final closure with the relevant experience and skills to support a successful closure, further extensions to five contracts were granted by the Department for Business, Innovation and Skills. These extensions resulted in all 11 remaining Board Members being under contract until 14 December 2012. These appointments terminated on the date of abolition.

The emoluments table gives details of the terms of appointment of the former Board Members. Board Members' appointments were made by BIS ministers in accordance with the Commission of Public Appointments code.

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

Audited part of the Remuneration Report

Emoluments of former Board Members

NAME	DATE OF APPOINTMENT/ REAPPOINTMENT	TERM OF APPOINTMENT	SALARY 1.4.2012 to 30.6.12 £	SALARY 1.4.11 to 31.3.12 £
Julie A. Kenny CBE DL (Chair)	14 December 2010	2 years	20,429	89,327
Linda Pollard OBE JP DL (Deputy Chair)	14 December 2010	2 years	4,333	17,332
Ajaz Ahmed	14 July 2011	1.5 years	2,166	8,666
Bill Adams	14 July 2011	1.5 years	2,166	8,666
Cllr Kath Pinnock	14 July 2011	1.5 years	2,166	8,666
John Vincent	14 July 2011	1.5 years	2,166	8,666
Barry Dodd OBE	14 July 2011	1.5 years	2,166	8,666
Cllr Mark Kirk	14 December 2010	2 years	2,166	8,666
Heidi Mottram	14 December 2009	3 years	2,166	8,666
Sharon Allen	14 December 2009	3 years	2,166	8,666
Cllr John Weighell	14 December 2009	3 years	2,166	8,666

Emoluments of former Chief Executive and former senior managers

NAME AND POSITION	SALARY	OTHER BENEFITS	PENSION CONTRIBUTIONS	COMPENSATION COSTS	TOTAL SALARY 1.4.12 to 30.6.12	TOTAL SALARY 1.4.11 to 31.3.12
	£'000	£	£'000	£'000	£'000	£'000
Thea Stein - Chief Executive	35-40	450	5-10	0	40-45	235-240
Trevor Shaw - Executive Director of Finance	25-30	450	5-10	103	130-135	185-190
Dave Custance - Director of Urban Renaissance and Property	10-15	-	0-5	71	80-85	165-170

The full year equivalent salaries (in bands) of the former Chief Executive and former senior managers are as follows: Thea Stein: £130-135k, Trevor Shaw: £100-105k, Dave Custance - £75-80k.

Compensation arrangements for former senior staff

During the period compensation for loss of office was paid to the Chief Executive & two Directors.

Thea Stein (Chief Executive) left on 30 June 2012, on closure of the Agency, and was paid £61,820 redundancy (accrued 2011/12). As set out in note 15, BIS approved a retention payment of £129,000 to Thea Stein in November 2012. This payment will be accounted for by BIS and is not included in the emoluments shown in the table above.

Trevor Shaw (Executive Director of Finance) also left on 30 June 2012 and was paid £51,509 redundancy (accrued 2011/12) and received a retention payment of £103,017 having satisfactorily met the required conditions. Dave Custance (Director of Urban Renaissance and Property) left on 18 May 2012 and was paid £85,388 redundancy (accrued 2011/12) and received a retention payment of £70,655 having satisfactorily met the required conditions.

Redundancy payments are repayable, on a sliding scale, if within six months an individual takes up employment with another Civil Service employer.

Median pay

Following the Hutton 'Review of Fair Pay' the Treasury's Financial Reporting Manual (FRm) requires disclosure of the mid-point of the highest paid director's salary and the ratio of this to the median remuneration of the reporting entity's staff. The Agency's ratio is as set out in the table below.

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

Period from 1.4.12 To 30.6.12 (annualised)		Year ending 31 March 2012	
Band of Highest Paid Director's total Remuneration (£'000)	205-210	Band of Highest Paid Director's total Remuneration (£'000)	140-145
Median Total Remuneration	100,232	Median Total Remuneration	51,444
Ratio	2.1	Ratio	2.8

Total remuneration comprises annualised salary, including benefits in kind and non-consolidated performance related pay (including retention pay). It excludes employer pension contributions and the cash equivalent transfer value of pensions.

Senior staff contracts

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

For the Chief Executive and senior management team, early termination was under the terms of the Principal Civil Service Pension Scheme (PCSPS). This is per the terms under the Civil Service Compensation Scheme.

Pension benefits of former Board Members

No former Board Members, nor the Chair, received pension benefits from the Agency. A previous Chair, Terry Hodgkinson, has retired. The Agency's liability to pay his pension, which has benefits identical to the Principal Civil Service Pension Scheme, transferred to BIS on 30 March 2012.

Pension benefits of former Chief Executive and senior managers

All former senior managers and the former Chief Executive were members of PCSPS. Trevor Shaw and Dave Custance were in the Classic scheme. Thea Stein was in the Premium scheme.

NAME AND POSITION	REAL INCREASE IN PENSION	REAL INCREASE IN LUMP SUM	PENSION AT 30/06/12	LUMP SUM AT 30/06/12	CETV AT 30/06/12	CETV AT 31/03/12	REAL INCREASE IN CETV AS FUNDED BY EMPLOYER
					NEAREST	NEAREST	NEAREST
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Thea Stein Chief Executive	0-2.5	-	35-40	-	524	516	6
Trevor Shaw Executive Director of Finance	0-2.5	0-2.5	45-50	145-150	1,125	1,118	7
Dave Custance Director of Urban Renaissance and Property	0-2.5	0-2.5	20-25	65-70	435	420	2

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Non cash remuneration

No non-cash remuneration was received by former Directors or Board members during the period ended 30 June 2012.

Compensation costs

In the period to 30 June 2012 compensation payments totalling £174k were made to former senior managers. The details are disclosed under the heading 'Compensation' in the Emoluments of the former Chief Executive and former Senior Managers table on page 7. (In 2011/12 compensation payments totalled £514,649).

Principal Civil Service Pension Scheme

The Principal Civil Service Pension scheme is an unfunded multi-employer defined benefit scheme, but the Agency is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). The actuarial review of the PCSPS was due in 2010, but has been suspended due to issues arising from the Hutton Report. For the three month period to 30 June 2012 employer's contributions of £42,865 (2011/12 £983,475) were payable to the PCSPS at rates in the range of 16.7% to 24.3% of pensionable pay. Employer contribution rates are reviewed every four years following a scheme valuation by the Scheme Actuary. The contribution rates reflect as they accrue, not when the costs are actually incurred, and they reflect past experience of the scheme. At the Statement of Financial Position date there were no outstanding contributions to the scheme.

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

All employees of the Agency were members of the PCSPS pension scheme unless otherwise stated.

(a) Classic scheme

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of between 1.5% and 3.9% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed ten years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

(b) Premium scheme

Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of between 3.5% and 5.9% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths of the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed ten years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at the age of 60.

(c) Classic plus scheme

This is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic. Pensions payable under classic, premium and classic plus are increased in line with the Consumer Prices Index.

(d) NUVOS pension scheme

The Nuvos Pension Scheme was introduced for new entrants from 30 July 2007. This is not a final salary pension scheme, but one based on an average of pensionable earnings over an employee's career. The employee contributes between 3.5% and 5.9% of their pensionable earnings. The Agency contributed between 16.7% and 24.3%, depending on the employee's salary.

(e) Partnership pension account

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute, but where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (Death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 (from 2010 the age range has changed 55 to 75) and use the accumulated fund to purchase a pension. The member may choose to take up to 25% of the fund as a lump sum. For the period ended 30 June 2012 normal employer contributions of £0 (2011/12 - £6,031) were payable to the Scottish Widows and Standard Life schemes at a maximum rate of 12.5% of pensionable pay.



Martin Donnelly
Permanent Secretary and Accounting Officer
Department for Business, Innovation & Skills

Date 5 December 2012

Statement of Accounting Officer's responsibilities

Under the Regional Development Agencies Act 1998, the Secretary of State with the consent of HM Treasury directed the Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The Accounts Direction for the final accounting period required the statement of accounts to cover the Agency's final accounting period from 1 April 2012 to 30 June 2012. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency and of its income and expenditure, changes in taxpayers' equity and cash flows for the period.

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

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government's Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis, unless it is no longer appropriate to do so.

HM Treasury has appointed the Permanent Secretary of BIS as the Principal Accounting Officer for BIS and, as such, for the Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in Managing Public Money, published by HM Treasury.

Governance Statement

1. Context

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

1.2 The RDAs were established under the Regional Development Agencies Act 1998. The Government's decision to abolish RDAs, announced in June 2010, was enshrined in statute with the enactment of the Public Bodies Act in December 2011.

1.3 Governance of the Agency during the period has been informed by the RDA Accountability and Financial Framework, by Action Notes issued by BIS, and by Managing Public Money.

1.4 The former Board kept the Agency's governance arrangements under review during the period ended 30 June 2012 to ensure they remained fit for purpose. As the responsible Accounting Officer, I have received robust assurances from the former Chief Executive and Accounting Officer about the governance, risk management and internal control in the period ending 30 June 2012.

1.5 After the transfer of all of the Agency's remaining rights and obligations to BIS and its abolition on 1 July 2012, the conclusion of the Agency's remaining business was handled by BIS and was subject to BIS's governance framework and systems of risk management and internal control.

2. Scope and purpose of the statement

2.1 This Governance Statement sets out the governance structures, risk management and internal control procedures that have operated in the Agency and within BIS during the period from 1 April 2012 to the date of the approval of the Report and Accounts.

3. The Agency's Governance Framework up to 30 June 2012

3.1 The Agency's Board ('the Board') was responsible for fulfilling the aims and objectives set by the Secretary of State, and for the efficient and effective use of resources. The former Chief Executive established, in accordance with these aims and objectives, a detailed Plan to focus on those final tasks required to achieve the abolition of the Agency on 1 July 2012. Each task was allocated to a named owner responsible for its implementation. The former Chief Executive has advised the Board and BIS on the Agency's performance against the Plan which was fully completed.

3.2 The Closure and Transition Board, chaired by the former Chief Executive and including the former Executive Director for Finance and former Director of Urban Renaissance & Property, represented the senior officer forum of the Agency and met weekly to monitor progress against the Plan. Each Closure and Transition Board meeting was followed by an all staff meeting to ensure messages and decisions relating to the Plan could be disseminated quickly and feedback received.

3.3 Throughout the period the Agency had comprehensive policies and procedures in place covering financial, legal, human resource and information security management and worked with BIS and other RDAs to ensure that these remained fit for purpose.

3.4 The relationship between the Agency and BIS is codified in formal documents issued by BIS, such as the Accountability & Financial Framework. Given the significantly reduced size of the Agency in the period, a final review of the Agency's Financial Regulations and Delegations was undertaken to ensure that decision making remained at the appropriate level and that the standards specified in the Accountability & Financial Framework were met. Action Notes have formally defined requests for

information, guidance and instructions from BIS to enable clarity and consistency across RDAs. The Agency's implementation of Action Notes was monitored to ensure all were responded to within the required timeframe. The Agency also aimed to comply with *Managing Public Money*, relevant *Dear Accounting Officer* letters and the Government Financial Reporting Manual (FRoM), all issued by HM Treasury.

4. The Board and Sub-Committee Structure in the period to 30 June 2012

4.1 General

4.1.1 The Agency Board met twice in the period to 30 June 2012 to provide oversight and responsibility for all major decisions arising from the delivery of the Plan, particularly with regard to its overall direction and performance.

4.1.2 The Agency Board delegated the detailed review of assurance of the Agency's systems of Corporate Governance, Risk Management and Internal Control to the Audit Sub-Committee.

4.1.3 Attendance at all Agency Board and Sub-Committee meetings was recorded and absences and interests declared were reported.

4.2 Performance

4.2.1 In 2011/12 each Agency Board member met with the Chair to discuss their performance, training requirements and any actions arising. The Chair also received a 360 degree appraisal of her own performance. No issues arose as a result of this. The outcome of the annual self-assessment of Board performance was reported to the March 2012 Board concluding that the Board was operating effectively and receiving appropriate reports concerning the governance of the Agency. This exercise was not repeated in the period to 30 June 2012.

4.2.2 The Agency's Audit Sub-Committee produced a report on its activities since 1 April 2011 which was presented to the meeting on 17 May 2012 and to the Board. This report concluded that the Sub-Committee was content with the assurances it had received leading to the Sub-Committee to have confidence in the ability of the Agency to effectively manage risk.

4.2.3 The meetings of the Agency Board and its Sub-Committees and the attendance at each is indicated in the table below. No meetings had to be rescheduled due to the quorum not being attained and attendance has been considered adequate to enable the Board and its Sub-Committees to fulfil their responsibilities. Throughout the period these meetings have also been attended by BIS Senior Officers and this additional perspective has been welcomed by both members and officers.

Date of meeting	Type of meeting	Attendance (actual / invited attendees)
17 May 2012	Audit Sub-Committee	4/5
17 May 2012	Board	10/11
14 June 2012	Audit Sub-Committee	4/5
14 June 2012	Board	9/11

4.3 Key Reports

- 4.3.1 In the period ending 30 June 2012, the Agency Board
- reviewed regular reports from the Chief Executive on closure and transition progress;
 - reviewed financial and closure performance;
 - reviewed the work of the Audit Sub-Committee, and
 - approved the Annual Report and Accounts for 2011/12 and the draft Report and Accounts for the period ending 30 June 2012.
- 4.3.2 In the period ending 30 June 2012, the Agency's Audit Sub-Committee
- reviewed the Annual Report and Accounts for 2011/12 and the draft Report and Accounts for the period ending 30 June 2012;
 - reviewed the management of risks and issues relating to the closure of the Agency;
 - reviewed the Governance Statement for 2011/12 and the draft Governance Statement for the period ending 30 June 2012, and
 - reviewed assurances from Internal Audit and the reports of the National Audit Office.
- 4.3.3 There were no meetings of the Compensation Sub-Committee in the period ending 30 June 2012. Compensation issues were dealt with by the Board.

5. Corporate Governance in the period to 30 June 2012

5.1 Performance

5.1.1 The Agency's system of internal control was designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve the Agency's objective to achieve a smooth and orderly abolition. The system of internal control could, therefore, only provide reasonable and not absolute assurance of effectiveness. It was based upon a process that identified and prioritised risks to the achievement of the objective, evaluated the likelihood of those risks being realised and impact should they be realised, and managed them efficiently, effectively and economically. This system was in place in the Agency for the period ending 30 June 2012, and accorded with HM Treasury guidance.

5.2 Compliance with the Code of Corporate Governance

5.2.1 HM Treasury has issued a *Code of Corporate Governance for Central Government Departments*. Whilst its focus is ministerial departments, in the interest of striving to meet best practice the Agency has considered and, where necessary, adopted the relevant principles to enhance the existing system of internal control.

5.3 Internal Audit

5.3.1 Whilst responsibility for managing risk lay with the Board, the Closure and Transition Board, the Agency's staff and Internal Audit played an important role in the risk management process by:

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

5.3.2 No new Internal Audit work was commissioned in the period, however, Internal Audit activity undertaken immediately prior was fully focussed on reviewing the effectiveness of the system of internal control through to abolition. In addition the Head of Internal Audit post was retained until 18 May 2012, enabling ad-hoc requests for support to be met.

5.4 Accountability for Grants to Locally Governed Organisations

5.4.1 During the period the Agency had no responsibility for external funding streams and was not party to any grant agreements with locally governed organisations, nor were any payments made under such agreements.

6. Risk Assessment and Management in the period to 30 June 2012

6.1 General

6.1.1 The Agency had a process for identifying, assessing, evaluating and managing risks, which was in place and operating during the period. The Executive Director Finance was charged with operational responsibility for the maintenance of an effective risk management system which was reviewed by the Audit Sub-Committee immediately prior to the period, on behalf of the Board.

6.1.2 The Agency's Closure and Transition Board led on the identification of risks, the consideration of mitigating actions and the assessment of their effectiveness as detailed within the Risk Register. This was overseen by Internal Audit, the Board and Audit Sub-Committee to provide assurance that the risks faced by the Agency in achieving a smooth and orderly abolition were identified, reported and effectively managed. Significant risks, i.e. those outside the Agency's risk appetite, were addressed as a matter of priority by the Closure and Transition Board until mitigating actions reduced the level of risk to an acceptable level, after which such risks were monitored to ensure they were being managed effectively.

6.1.3 The Risk Policy ('the Policy') was reviewed and approved by the Agency Board in 2011/12 to cover this final period. The Policy reflected the Agency's commitment to good risk management, recognising that this gave added confidence in our capacity to achieve an orderly closure, to constrain threats to within our risk appetite and to take informed decisions. The Policy clearly defined where ownership and accountability for risk lay and was underpinned by a Risk Management Procedure which closely followed the guidance set out in HM Treasury's *Orange Book*.

6.1.4 A key risk in this period concerned the satisfactory completion of the Agency's Annual Report and Accounts for 2011/12 and preparing financial statements for the period ending 30 June 2012. The risk of delay or other obstacles has been mitigated by:

- a) the transfer of most of the Agency's assets, liabilities and activities to BIS and other bodies during 2011/12;
- b) the production, audit and approval of a draft Report and Accounts for the period, for handover to BIS, with the supporting documents and accounting records; and
- c) the close partnership working between staff at BIS and the Agency to achieve an effective handover, including attendance by BIS staff at Agency Board and Audit Committee meetings.

6.2 Risk Appetite

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

6.3 Managing Risks

6.3.1 The Agency continued to 'horizon scan' for risks that may have prevented the achievement of a smooth and orderly abolition. Risks were allocated to a responsible officer to personally manage and report on to the Board and Closure and Transition Board. Additionally, a schedule of key issues was maintained and monitored closely. The closure and transition risk register has been reviewed at each

Board meeting, with more detailed oversight delegated to the Audit Sub-Committee which provided challenge in this area. Throughout the period BIS, as sponsor Department, was kept fully informed by way of regular meetings with the Agency and attendance at each Board and Audit Sub-Committee meeting. Whilst this has not eradicated risk entirely, it has allowed resources to be focussed towards mitigating risk wherever possible.

6.4 Information Security

6.4.1 Information security was an important part of the internal control agenda, led by the Executive Director Finance as Senior Information Risk Officer. All employees were required to adhere to the Agency's ICT Security Policy, which ensured the continued delivery of appropriate standards of collection, use, control and access to the organisation's information. The Agency aimed to comply with the Government's Security Policy Framework as required by BIS and liaised with the BIS Security Team to ensure there was joint understanding of the materiality of security incidents.

6.4.2 During the period there were no significant lapses of data security.

7. Governance in the period after 30 June 2012

7.1 All the Agency's rights and obligations transferred to BIS on 1 July 2012. The conclusion of the Agency's remaining business after this date was handled by BIS and was subject to BIS's governance framework and systems of internal control.

7.2 All the Agency's rights and obligations transferred to BIS on 1 July 2012. The conclusion of the Agency's remaining business after this date was handled by BIS and was subject to BIS's governance framework and systems of internal control.

A key risk in this period concerned the satisfactory completion of the Agency's accounts. The risk of delay or other obstacles has been mitigated by:

- a) the transfer of most of the Agency's assets, liabilities and activities to BIS and other bodies during 2011/12;
- b) the production, audit and approval of a draft Report and Accounts for the period, for handover to BIS, with the supporting documents and accounting records; and
- c) the close partnership working between staff at BIS and the Agency to achieve an effective handover, including attendance by BIS staff at Agency Board and Audit Committee meetings.

7.3 The final adjustments to the Agency's accounts were made by staff in BIS. The BIS Audit and Risk Committee (ARC) met on 3 December 2012 to review and recommend the approval of the final Report and Accounts. The members of the BIS ARC, and their attendance at that meeting are as follows:

BIS Audit and Risk Committee members	
Name	Attendance
Alan Aubrey (chair)	Yes
Grenville Hodge	Yes
Nigel Johnson	Yes

7.4 The governance structures in BIS are set out in more detail in the BIS Annual Report and Accounts for 2011-12.

8. Review of Effectiveness

8.1 As Accounting Officer, I have responsibility for reviewing the effectiveness of the governance, risk management and internal control systems in the Agency and in BIS for the period from 1 April 2012 to the date of the approval of the Report and Accounts. This review is informed by the work of senior managers within the Agency, by the internal control frameworks in place, by the past work of the internal auditors and by comments made by the external auditor in a management letter and other reports. The former Chief Executive and Accounting Officer of the Agency has provided me with formal assurances about the effectiveness of systems of governance, risk management and control for the period up to the abolition date. My review also takes account of the governance, risk management and internal control systems within BIS. This Governance Statement represents the end product of the review.

9. Conclusion

9.1 I have considered the evidence provided regarding the production of this Governance Statement, including the assurances provided by the Agency's former Board and former Accounting Officer, BIS Audit and Risk Committee and others, and I conclude that both organisations' overall governance and internal control structures have been effective. There are no significant control issues to report.



Martin Donnelly

**Permanent Secretary and Accounting Officer
Department for Business, Innovation & Skills**

Date 5 December 2012

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

I have audited the financial statements of Yorkshire Forward for the period ending 30 June 2012 under the Regional Development Agencies Act 1998. The financial statements comprise: the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the 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 in accordance with the Regional Development Agencies Act 1998. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Yorkshire Forward's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Yorkshire Forward; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Report and Accounts 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.

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Yorkshire Forward's affairs as at 30 June 2012 and of the net expenditure after tax for the period then ended; and
- the financial statements have been properly prepared in accordance with the Regional Development Agencies Act 1998 and Secretary of State directions issued thereunder.

Emphasis of Matter – Preparation on a basis other than Going Concern

Without qualifying my opinion, I draw attention to note 1.2 to the financial statements which discloses that the financial statements have been prepared on a basis other than going concern as Yorkshire Forward was abolished on 1 July 2012.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Regional Development Agencies Act 1998; and
- the information given in the Former Chair's Statement, Former Chief Executive's Statement, Accounting Officer's Report and Remuneration Report for the period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Amyas C E Morse
Comptroller and Auditor General

Date 7 December 2012

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

Financial statements

Statement of Comprehensive Net Expenditure for the period ended 30 June 2012

	Notes	Period ended 30 June 2012 £'000	Restated Year ended 31 March 2012 £'000
Expenditure			
Programme expenditure	2	-	52,986
European funded programme expenditure	2	-	6,186
Staff costs	3	986	13,625
Depreciation	4	-	1,144
Other administration costs	4	166	5,263
Other expenditure	5	-	56,177
Disposal of inventories	6	-	3,330
Disposal of property, plant and equipment		-	7,160
Loss on disposal Subsidiaries, Joint Ventures & Associates		-	596
Transfer losses		-	25,627
TOTAL EXPENDITURE		1,152	172,094
Income			
European funded income	7	-	(7,161)
Other income	8	(51)	(20,641)
Gain on transfers		-	(41,102)
Proceeds from sale of operating asset		-	(8,405)
Proceeds from sale of inventories		-	(4,097)
TOTAL INCOME		(51)	(81,406)
NET EXPENDITURE		1,101	90,688
Group share of deficit in Joint Ventures and Associates		-	12,147
Interest receivable	9	(3)	(885)
NET EXPENDITURE AFTER INTEREST		1,098	101,950
Taxation	10	(34)	827
NET EXPENDITURE AFTER TAX		1,064	102,777
PROPORTION OF NET EXPENDITURE RELATING TO DISCONTINUED OPERATIONS	14	1,064	83,184
TOTAL COMPREHENSIVE EXPENDITURE FOR THE PERIOD ENDED 30 JUNE 2012		1,064	102,777

Net expenditure is financed by Grant in Aid as explained in accounting policy note 1.9. All activities are from discontinuing operations.

The notes on pages 25 to 35 form part of these accounts.

Statement of Financial Position as at 30 June 2012

	Notes	As at 30 June 2012 £'000	Restated As at 31 March 2012 £'000
Current Assets			
Trade and Other Receivables	11	266	57
Cash and Cash Equivalents	12	1,117	5,875
TOTAL CURRENT ASSETS		1,383	5,932
Current Liabilities			
Trade and Other Payables	13	(798)	(4,283)
TOTAL CURRENT LIABILITIES		(798)	(4,283)
ASSETS LESS LIABILITIES		585	1,649
Taxpayers' Equity			
Grant in Aid Reserve		585	1,649
TOTAL TAXPAYERS' EQUITY		585	1,649

The notes on pages 25 to 35 form part of these accounts.

The financial statements on pages 21 to 24 were approved by



Martin Donnelly
Accounting Officer

Date 5 December 2012

Statement of Cash Flows for the period ended 30 June 2012

	Period ended 30 June 2012 £'000	Year ended 31 March 2012 £'000
Cash Flows from Operating Activities		
Cash generated from operations	(4,488)	(103,654)
Corporation Tax Paid	(273)	(1,071)
NET CASH USED IN OPERATING ACTIVITIES	(4,761)	(104,725)
Cash Flows from Investing Activities		
Purchase of property plant and equipment	-	(206)
Interest received	3	885
NET CASH USED GENERATED FROM INVESTING ACTIVITIES	3	679
Cash Flows from Financing Activities		
Cash inflows Grant in Aid and other grants	-	47,600
NET CASH GENERATED FROM FINANCING ACTIVITIES	-	47,600
Net decrease in Cash and Cash Equivalents	(4,758)	(56,446)
Opening cash and cash equivalents	5,875	62,321
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,117	5,875

	Period ended 30 June 2012 £'000	Restated Year ended 31 March 2012 £'000
Reconciliation of net expenditure to net cash outflow from operating activities		
Net expenditure	(1,101)	(90,688)
Non-cash asset entries on I&E	-	15,372
Movement in operating receivables	(116)	66,598
Movement in operating payables	(3,305)	(91,318)
Movement in provisions	-	(3,304)
Removal of Non-Cash items in net expenditure	34	1,051
Removal of Non-Cash items from merger and acquisition accounting	-	(1,365)
CASH OUTFLOW GENERATED FROM OPERATIONS	(4,488)	(103,654)

The notes on pages 25 to 35 form part of these accounts.

The Group Statement of Cash Flows in the 2011-12 published accounts included a reconciling item to bring the closing group cash position to £nil as Yorkshire Forward was no longer a group at year-end. The reconciling item represented the Agency's closing cash position and has been removed in these accounts.

Statement of Changes in Taxpayers' Equity for the period ended 30 June 2012

	Grant in Aid Reserve £'000	General Reserve £'000	Restated Total Reserves £'000
Balance at 31 March 2011	48,049	11,988	60,037
Changes in Taxpayers' Equity 2011/12			
Activities in relation to Subsidiaries, Joint Venture & Associate	12,147	-	12,147
Disposals of company investments	(1,646)	(12,180)	(13,826)
Machinery of Government Transfer to HCA	(1,532)	-	(1,532)
Transfers between reserves	(192)	192	-
Comprehensive expenditure for 2011/12	(102,838)	-	(102,838)
Prior period adjustment (note 20)	61	-	61
Grant in Aid from BIS	47,600	-	47,600
Balance at 31 March 2012 (restated – see note 20)	1,649	-	1,649
Changes in Taxpayers' Equity in the period to 30 June 2012			
Comprehensive expenditure for the period	(1,064)	-	(1,064)
Balance at 30 June 2012	585	-	585

The notes on pages 25 to 35 form part of these accounts.

Notes to the financial statements for the period ended 30 June 2012

1. Accounting Policies

(1.1) Basis of accounting

These financial statements are for the period from 1 April 2012 to 30 June 2012. The comparative figures are for the year from 1 April 2011 to 31 March 2012. The comparative figures have been restated to take account of a prior year adjustment as set out in Note 20.

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

(1.2) Going Concern

The Public Bodies Act, which paved the way for the abolition of the Regional Development Agencies (RDAs), received Royal Assent on 14 December 2011. In 2011/12 the Department for Business Innovation and Skills (BIS) issued two Transfer Schemes for each RDA under the Act. The first came into effect on the 1 January 2012, transferring the majority of the remaining projects and some staff to BIS. A second was made on the 30 March 2012 to transfer most remaining assets and liabilities so that RDAs achieved operational closure by 31 March 2012. A third transfer scheme took effect on 1 July 2012, transferring the Agency's remaining assets and liabilities to BIS and the Agency was then abolished on 1 July 2012.

These accounts have, therefore, been prepared on the basis other than that of a going concern.

(1.3) Review of accounting policies

The Agency reviewed its accounting policies in light of no longer being a going concern and concluded that there was no material impact.

(1.4) Accounting convention

The Agency has prepared its accounts under the historical cost convention. The accounting policies set out below have been applied consistently to both periods presented in the financial statements.

(1.5) Other income

Revenue consists of proceeds from sale of assets, rents and other income. Proceeds from sale of assets were recognised at the point of sale. Rents - amounts were recognised as income when the rent is due.

Other income was recognised in revenue based on the terms of the agreement.

(1.6) Property, Plant and Equipment

Due to the closure of the Agency all operational assets were written down to net realisable value in 2011/12.

(1.7) Depreciation

Due to the closure of the Agency all operational assets were written down to net realisable value in 2011/12.

(1.8) Pension costs

The Agency's employees were covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), a defined benefit scheme. Further details of this pension schemes is given in the Remuneration Report pages 7 to 12. The Agency recognised the cost of employees' pensions in the periods which it benefits from the employees services.

(1.9) Grant Receivable

The Agency's activities were funded by Grant in Aid provided through BIS. Grant in Aid received was treated as financing and credited to the Grant in Aid Reserve.

(1.10) VAT

The financial statements were prepared net of recoverable VAT.

(1.11) Financial instruments

Financial Assets

The financial assets of the Agency consisted of cash and cash equivalents and trade and other receivables.

The cash and cash equivalents comprise cash on hand. The Agency did not have short-term, highly liquid investments.

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

Financial Liabilities and Equity Instruments

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

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

The Agency derecognised financial liabilities when the Agency's obligations were discharged, cancelled or when they expired.

(1.12) Programme expenditure

Programme expenditure consisted of grants and other project costs. These costs were recognised when the underlying activity had taken place. The Agency did not have any programme expenditure in the period to 30 June 2012.

(1.13) Cash and cash equivalents

Cash and cash equivalents comprised cash on hand. The Agency did not hold short term highly liquid investments.

(1.14) Future IFRS amendments and FREM

The Agency applied new or amended International Financial Reporting Standards (IFRS) in line with their adoption to the FREM.

There were no changes FREM, beginning 1 April 2012, identified as having an impact on the Agency's accounts for the period ending 30 June 2012.

(1.15) Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the accounting policies above, management made no individual judgements that had a significant impact on the Financial Statements.

2. Programme expenditure

	Period to 30 June 2012			Year to 31 March 2012		
	TOTAL	YF	ERDF	TOTAL	YF	ERDF
	£'000	£'000	£'000	£'000	£'000	£'000
Keep as many people as possible in jobs or work related training.	-	-	-	7,412	6,844	568
Work to maintain and build the number of competitive, innovative and resilient businesses and develop new industries and new jobs.	-	-	-	22,476	17,207	5,269
Sustain the momentum of economic renaissance schemes in key cities and towns and support business start-ups and growth with a property offer that meets their needs.	-	-	-	29,284	28,935	349
TOTAL	-	-	-	59,172	52,986	6,186

	Period to 30 June 2012			Year to 31 March 2012		
	TOTAL	YF	ERDF	TOTAL	YF	ERDF
	£'000	£'000	£'000	£'000	£'000	£'000
Grants to public sector	-	-	-	28,901	21,064	7,837
Grants to private sector	-	-	-	26,982	28,984	(2,002)
Other programme expenditure	-	-	-	3,289	2,938	351
TOTAL	-	-	-	59,172	52,986	6,186

3. Staff costs

(a) Salaries and wages summary	Period to 30 June 2012 £'000	Restated Year to 31 March 2012 £'000
Board Members		
Board member fees	44	187
Pension costs	-	52
Social security costs	3	15
TOTAL	47	254
Staff engaged by the Agency		
Salaries and wages including overtime	208	6,599
Pension costs	43	1,056
Social security costs	103	929
Pension enhancements/redundancy	585	4,558
	939	13,142
Seconded and temporary staff	-	55
TOTAL	986	13,451
Salaries and wages are included in the Statement of Comprehensive Net Expenditure Account under the following headings:		
Salaries and wages	986	13,625
Programme expenditure – YF	-	(174)
TOTAL	986	13,451

(b) Staffing numbers

The average number of staff employed during the period was 13 analysed as follows:

	Period to 30 June 2012	Year to 31 March 2012
Corporate management team and Chief Executive office	2	38
Business directorate	-	49
Finance directorate	11	66
TOTAL	13	153
Permanent staff	13	150
Temporary staff	-	3
TOTAL	13	153

Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band (total cost £)	
	Period to 30 June 2012	Year to 31 March 2012	Period to 30 June 2012	Year to 31 March 2012	Period to 30 June 2012	Year to 31 March 2012
<£20,001	-	2	2	41	2 (38,056)	43 (561,113)
£20,001 - £40,000	-	8	4	48	4 (121,961)	56 (1,615,999)
£40,001 - £100,000	-	12	5	20	5 (293,429)	32 (1,965,989)
£100,001 - £150,000	-	2	1	8	1 (103,017)	10 (1,101,821)
£150,001 - £200,000	-	-	-	-	-	-
Total number of exit packages by type	-	24	12	117		
					Total cost of exit packages	
TOTAL RESOURCE COST	-	1,175,557	556,463	4,069,365	556,463	5,244,922

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The redundancy costs for all staff exits in the period to 30 June 2012 were accrued in full in the 2011/12 financial statements because all of their redundancy contracts were in place by 31 March 2012. The staff numbers and costs in the period ending 30 June 2012 are in respect of retention payments agreed and paid in that period (see note 18) and all of these staff are also included in the staff numbers for 2011/12 as their redundancies were agreed in that year. Where the Agency agreed early retirements, the additional costs were met by the Agency and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the Pension Scheme and are not included in the table.

4. Other administrative costs

	Period to 30 June 2012 £'000	Year to 31 March 2012 £'000
Office costs	59	2,415
Depreciation	-	1,144
Operating lease rentals – other	-	266
Other staff costs	6	1,307
IT and communication	47	369
Professional costs	38	585
Travel, subsistence and hospitality	3	112
Marketing and PR	-	20
Operating lease rentals - plant and machinery	-	79
Amortisation on intangible assets	-	9
Auditor's remuneration		
- for statutory audit of this account	13	84
- for audit of subsidiaries	-	17
TOTAL	166	6,407

5. Other expenditure

	Period to 30 June 2012 £'000	Year to 31 March 2012 £'000
Impairment of DRL Loan	-	28,809
ERDF clawback provision	-	26,949
Book value of property, plant and equipment written off	-	2,555
Bad and doubtful debts	-	526
Book value of inventories revaluations (see note 6)	-	450
Provisions for liabilities and charges	-	(3,112)
TOTAL	-	56,177

The prior year impairment of £28.809m against the DRL Loan and the provision for ERDF clawback relating to Digital Region Ltd transferred to BIS on the 30 March 2012.

6. Inventories

	30 June 2012 £'000	31 March 2012 £'000
Opening balances at 1 April	-	3,780
Disposals	-	(3,330)
Amounts re-valued down	-	(450)
VALUATION AT PERIOD END	-	-

7. European funded income

	Period to 30 June 2012 £'000	Year to 31 March 2012 £'000
European Regional Development Fund (ERDF) grants	-	7,161
TOTAL	-	7,161

8. Other income

	Period to 30 June 2012 £'000	Year to 31 March 2012 £'000
ERDF clawback recovery from DRL	-	11,561
Sundry and events	-	5,180
Clawback	-	1,960
Grants other	-	1,284
Rents	-	610
Sale of property plant and equipment	51	46
TOTAL	51	20,641

9. Interest receivable

	Period to 30 June 2012 £'000	Year to 31 March 2012 £'000
Other interest received	3	885
TOTAL INTEREST RECEIVABLE	3	885

10. Taxation

	Period to 30 June 2012 '000	Restated Year to 31 March 2012 £'000
Corporation tax for the period - Agency	1	414
Corporation tax for the period - subsidiaries	-	58
Release of deferred taxation	-	729
Over provision of corporation tax in previous years	(35)	(374)
TOTAL	(34)	827

The corporation tax charge for the current year is lower than the standard rate of corporation tax for the UK of 24% (2011/12: 26%). The differences are explained below:

Reconciliation to tax at current rate	Period to 30 June 2012 £'000	Restated Year to 31 March 2012 £'000
Net expenditure on Ordinary Activities Before Taxation	1,098	101,950
Tax arising on net expenditure at 24% (2011/12: 26%)	264	26,507
Corporation Tax for the prior year	35	374
Non-deductible expenditure	-	183
Non-allowable Deficit on Non Taxable Activities	(298)	(26,237)
CORPORATION TAX CURRENT YEAR CHARGE FOR THE PERIOD	1	(827)

11. Trade and other receivables

AMOUNTS RECEIVABLE WITHIN ONE YEAR	30 June 2012 £'000	31 March 2012 £'000
Trade and other receivables	-	9
Value added tax	173	-
Corporation tax	93	-
Prepayments	-	48
TOTAL	266	57

RECEIVABLES – INTRA GOVERNMENT BALANCES	30 June 2012 £'000	31 March 2012 £'000
Balances with other Central Government bodies	266	-
Balances with bodies external to Government	-	53
Balances with Local Authorities	-	4
TOTAL	266	57

12. Cash and cash equivalents

	30 June 2012 £'000	31 March 2012 £'000
Cash at bank and in hand at 1 April	5,875	61,709
Net cash outflow during the year	(4,758)	(55,834)
CASH AT BANK / IN HAND AT PERIOD END	1,117	5,875

13. Trade and other payables

AMOUNTS PAYABLE WITHIN ONE YEAR	30 June 2012 £'000	Restated 31 March 2012 £'000
Accruals and deferred income	788	2,114
Trade Payables	-	63
Value Added Tax	-	1,641
Other Payables	10	2
Corporation Tax	-	180
Other taxes and social security	-	283
TOTAL	798	4,283

PAYABLES – INTRA GOVERNMENT BALANCES	30 June 2012 £'000	Restated 31 March 2012 £'000
Balances with bodies external to Government	798	2,124
Balances with other Central Government bodies	-	2,159
TOTAL	798	4,283

14. Discontinued operations

In the year ended 31 March 2012 some of the activities were continuing and some were discontinuing. In the period 1 April to 30 June 2012 all activities were discontinued. As required under IFRS 5 the discontinued activities impacts on the Statement of Comprehensive Net Expenditure and the cash flows are disclosed below.

	Period to 30 June 2012 £'000	Restated Year to 31 March 2012 £'000
Expenditure		
Programme expenditure	-	51,237
Staff costs	986	13,481
Depreciation	-	1,144
Other administration costs	166	5,254
Other expenditure	-	56,177
Disposal of inventories	-	3,330
Disposal of property, plant and equipment	-	7,160
Losses on transfer of Subsidiaries, Joint Ventures & Associates	-	596
Loss on transfer of acquisition accounting - Other	-	7,932
TOTAL EXPENDITURE	1,152	146,311
Income		
Other income	(51)	(20,641)
Other gains on acquisition accounting	-	(41,102)
Proceeds from sale of operating assets	-	(8,405)
Proceeds from sale of inventories	-	(4,097)
TOTAL INCOME	(51)	(74,245)
NET EXPENDITURE	1,101	72,066
Surplus in relation to Share in Joint Venture & Associates	-	12,147
Interest receivable	(3)	(885)
Taxation	(34)	(144)
NET EXPENDITURE AFTER TAX RELATING TO DISCONTINUED OPERATIONS	1,064	83,184

Cash flows from discontinued operations are as follows:

	Period to 30 June 2012 £'000	Year to 31 March 2012 £'000
Cash flows from operating activities	(4,761)	(107,564)
Cash flows from investing activities	3	679
Cash flows from financing activities	-	47,411
Net cash outflow	(4,758)	(59,474)

15. Contingent liabilities

Thea Stein, the former Chief Executive, left the Agency on 30 June 2012. At 30 June 2012, the Agency had a contingent liability to pay her a retention payment, subject to the assessment of her performance against the required conditions by BIS. The assessment was dependent on meeting specific criteria and on the outcome of future events. The timing and the amount of any payment were therefore uncertain. This contingent liability transferred to BIS on 1 July 2012. In November 2012, after the end of the reporting period, BIS completed its performance assessment and approved a retention payment of £129,000. This transaction is accounted for by BIS and the cost is not accrued in these accounts.

There were no other contingent liabilities at 30 June 2012 (2011/12 – Nil).

16. Events after the reporting period

All remaining rights and obligations of the Agency transferred to BIS on 1 July 2012 by virtue of a transfer scheme under the authority of the Public Bodies Act 2011. The net assets transferred totalled £585,000 as shown in the Statement of Financial Position. The Agency was abolished on 1 July 2012 by virtue of an Order commencing section 30(1) of the Public Bodies Act 2011.

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

17. Financial instruments

The Agency has no borrowings and relied primarily on departmental funding for its cash requirements, and was, therefore, not exposed to liquidity risks.

All assets and liabilities are denominated in Sterling. The Agency was not exposed to material currency risk.

The Agency did not have any interest bearing loans at 30 June 2012 or at 31 March 2012.

All other financial instruments related to contracts to buy non financial items and therefore the Agency was exposed to little credit, liquidity or market risk.

18. Losses and special payments

The Agency incurred no losses during the period 1 April to 30 June 2012 requiring disclosure under the guidance contained in 'Managing Public Money'.

In order to ensure an effective closure of the Agency, a retention scheme was put in place that identified key individuals with the necessary skills and experience to close the Agency. This scheme was approved by the Department for Business, Innovation and Skills (BIS), in conjunction with HM Treasury in December 2010. In the period ending 30 June 2012, 12 staff (2011/12 – 5 staff) received retention payments totalling to £556,000 (2011/12 - £121,000), having met the required conditions. These payments fall under the definition of special payments as set out in Annex 4.10 of Managing Public Money.

During the course of the accounting period, the Agency made no other special payments (2011/12 £400).

19. Related party transactions

The Agency was a Non-Departmental Public Body whose sponsor was the Department for Business, Innovation and Skills (BIS). BIS was regarded as a related party. No significant transactions took place with this body. BIS was the sponsor of the other Regional Development Agencies in England and therefore the other RDAs were regarded as related parties. There were no outstanding balances with the other RDAs at 30 June 2012.

In the period 1 April to 30 June 2012, the following senior members of staff purchased surplus IT and communications equipment from the Agency at market value:

	£
Thea Stein	75
Trevor Shaw	240
Dave Custance	20

20. Prior period adjustment

The Corporation Tax charge for 2011-12 and redundancy costs were estimated and accrued for at 31 March 2012. During the period to 30 June 2012 more information came to light in respect of these costs and the 2011-12 figures have been adjusted to reflect the change in these costs which is material to the results for the period. These changes have resulted in a decrease in the 2011-12 Corporation Tax charge of £40k and a decrease in staff costs of £21k, resulting in a consequential decrease in the accruals figure of £61k.

The impact of these changes is to increase Taxpayers' Equity at 31 March 2012 to £1,649k. This is £61k above the Taxpayers' Equity figure of £1,588k that is disclosed in the Agency's 2011/12 Report and Accounts.

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

Julie A. Kenny

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

Linda Pollard

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

Ajaz Ahmed

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

Barry Dodd

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

John Weighell

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT
Conservative Party	Member	November 1999
County Council Networks	Executive Member	January 2006
ERDF Programme Monitoring Committee	Member	December 2007
J K Weighell	Partner Son is Partner	1990
Leeds City LEP	Board Member	April 2011
Leeds City Region Board	Member of Leaders Board	October / November 2006
Local Government North Yorkshire and York	Alternating Chair/Vice Chair	April 2009
North Yorkshire County Council	Leader Member	June 2001 May 1993
North Yorkshire Local Government Pension Fund	Chairman	May 2005
North Yorkshire LEP	Board Member	June 2011

Bill Adams

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

Kathryn Pinnock

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

Mark Kirk

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT
Ashdown Club	Member	1976
BBC	Son is an employee	2008
Caravan Club	Member	2000
Caravanning and Camping Club	Member	2000
Community Union	Member	1974
Labour Councillor Forum	Member	2010
Labour Party	Member	1976
LGA Urban Commission	Member	2007
North Lincolnshire Council	Elected Member Leader (Labour Group)	May 1995
North Lindsey College	Son is an employee	October 2009
Yorkshire & Humber Assembly	Chair of Transport Board	Resigned May 2011

John Vincent

NAME OF ORGANISATION	NATURE OF INTEREST	DATE OF APPOINTMENT
Institute of Civil Engineers	Member	1973
Institute of Highways and Transport	Fellow	1986
Leeds University	Alumni	1973
York Civic Trust	Member	2007
York College	Wife is an employee	1996

Sharon Allen

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

Heidi Mottram

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



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