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The Humber Economic Partnership Limited

Report and Financial Statements

31 March 2010



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The Humber Economic Partnership Limited

Directors

R Brough
M Foers
M Kirk
E R C Lewis
T Martin
S Parnaby
P Sewell
C Minns
G Lewis
S Taylor (resigned 15 December 2009)
C Thomsett
S Hudson
A Brooke
J Fitzgerald
C Pistorius (appointed 21 September 2009)
D J Drewry (resigned 31 August 2009)

Secretary

N Pearson

Auditors

Ernst & Young LLP
PO Box 3
Lowgate House
Lowgate
Hull
HU1 1JJ

Bankers

National Westminster Bank PLC
PO Box 944
34 King Edward Street
Hull
HU1 3YN

Registered Office

21 Marina Court
Castle Street
Hull
HU1 1TJ

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2010

Results and dividends

The profit for the year after taxation amounted to £172,729 (2009 – deficit of £47,066) In accordance with the company's Memorandum of Association, no dividend payment can be made

Principal activities

The aim of the company is to act as an exclusive body in relation to the economic promotion of the Humber estuary and its area of economic influence, and as a consultative and advisory forum to local authorities and other partner organisations on strategic planning, strategic transportation and economic development and promotion. Funds are raised from local councils involved with the company to provide afore mentioned services and through other contractual arrangements (e.g. Yorkshire Forward, the regional development agency and the European Commission in Brussels), where these additional services complement and contribute to the company's aim and purpose

The purpose of the Humber Economic Partnership is to provide leadership to enable the realisation of sustainable economic development for the Hull and Humber Ports City Region area, concerning itself with those issues that are best tackled at a city region level, adding value to and providing appropriate co-ordination to existing activities of the four individual local authorities and other partners

Review of the business

There was one addition to the Board of Directors during the year, Professor Calie Pistorius, who was appointed as a Director on 21 September 2009. Professor David Drewry retired from the board after 8 years of valued membership, and Simon Taylor also resigned following 2 years as a valued Director

The structure of the company's Council of Members remained unchanged from the previous year end, and there were 87 Members registered as at 31 March 2010, the private sector making up 41% of that total. Members were invited to participate in a range of meetings, events and consultation exercises and also received HEP publications including the Annual Report and a number of economic, marketing and intelligence publications. All of these, and a wide range of other information, was also made available on the company's website. The structure of the Executive experienced a minor change, still totalling seven people, but with one member currently on a two-year secondment to the Department of Communities and Local Government

The company's first medium-term Strategic Plan (2006 – March 2009) was not replaced by a subsequent Strategic Plan but was instead substituted by an interim arrangement of a set of seven 'Key Challenges' for the year, agreed at the AGM in November 2008. This was because Directors resolved to wait until the conclusions of the three-year review of the performance of the company, undertaken in spring 2009, and the Development Panel (peer review) exercise, undertaken in September 2009, were agreed. Progress on the Key Challenges was reported to Directors on an exception basis throughout 2009/10

During 2009-10 the company benefited from a full level of core funding from the Humber Unitary Local Authorities and project funding from Yorkshire Forward, Yorkshire Futures, the Regional Improvement and Efficiency Partnership, in addition to in-kind support from a number of private sector partners. Consequently at the year-end the annual accounts showed an operating surplus of £172,729 before taxation

In 2009-10 the company invested £549,090 of partnership funding in delivering its activities, including £85,600 of single pot funding from Yorkshire Forward and secured £200,000 of funding from the Regional Improvement and Efficiency Partnership for the period July 2009 to December 2010. This facilitated partnership activity that resulted in, inter alia, a number of external projects including Humber Business Week 2009, Business Education Day 2009, Progress in the Humber 2009 triennial review and development of the Integrated City Region Strategy and Local Economic Assessments

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Directors' report

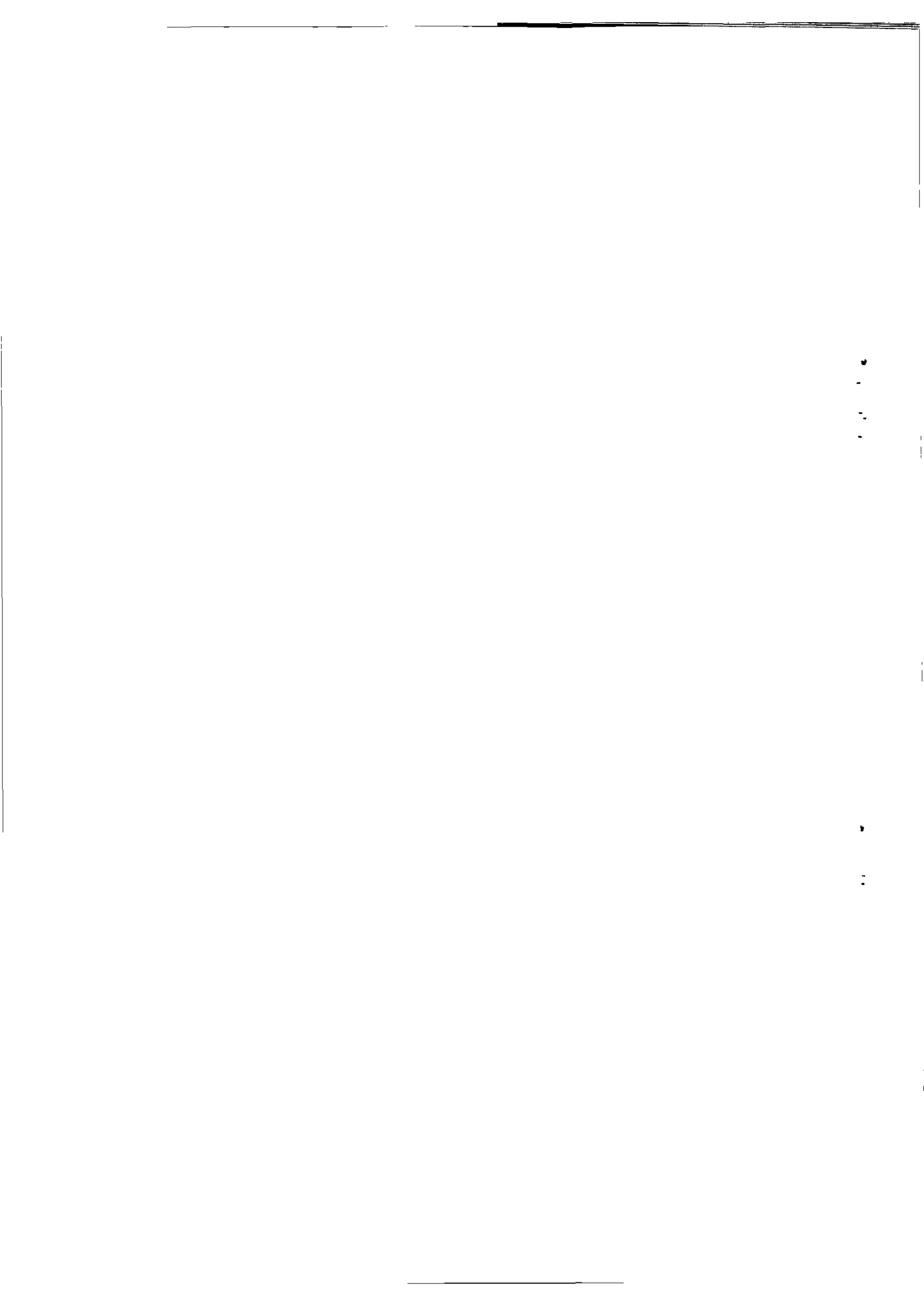
A major focus of the company's activity is helping to strategically shape the national economic development policy agenda. In 2009/10 this included coordinating and submitting agreed, sub regional, responses to one national and two regional policy consultations. The company is the sub regional representative on the Northern Way City Regions Forum, Northern Way Research Forum, Y&H City Regions Network, Y&H ERDF Programme Management Board (PMB), Y&H ESF Regional Committee, Regional Transnational European Funding Group, Regional Rural Affairs Forum (RAF), Regional Business Support Partnership (BSP), Regional Economic Delivery Group - Infrastructure Sub-group, Regional Work & Skills Partnership (RWSP) Board Officer Group, Yorkshire Futures Steering Group, plus sub-groups for the Regional Econometric Model and Acxiom Lifestyle Database, World Trade Centre Hull & Humber Partnership Board, the Humber Education Business Partnership (EBP) Board and the Yorkshire & Humber East Lifelong Learning Network (YHELLN) Steering Group, in each instance ensuring that the sub region plays a full part in regional affairs. Additionally the company is invited from time to time to represent the sub region on various regional project management groups, in 2009/10 these included the Y&H Sub National Review Officer Working Group and the Y&H Integrated Regional Strategy (IRS) Coordination Group.

During 2008/09, as agreed by Directors, the company's Executive established Hull & Humber Ports city region Boards for Employment, Enterprise & Skills (EES), Transport, Planning and Housing, and an Employment, Enterprise & Skills Officer Working Group. The Housing Board was an evolution of the existing Humber Housing Partnership Executive, which was, and remains, supported by a Humber Housing Partnership Action Group. In May 2009 an officer working group was also established to support the Planning Board (the Humber Planning Officers Group - HumPOG) and in June 2009 a Transport Officers Group was also established. These arrangements are viewed by Yorkshire Forward and Local Government Yorkshire & Humber as regional best practice, and to date the Boards have undertaken various activities including consultation responses, input to the Regional Funding Advice 2008 (RFA 2) exercise and 2009 review, and advocacy work. The Executive's role now is to provide policy support to all Boards and secretariat support to the EES, Transport and Planning Boards. At each of its meetings the company's Board of Directors considers a resumé of activity for each of the Boards, prepared by the Executive, this is presented in the form of a summary of decisions made, compared to the objectives of each Board, as noted in its Terms of Reference, this serves as a form of performance management. The same paper is copied to each of the thematic Boards, enabling them to keep updated with each others' activities.

In 2008 Directors agreed that the company would lead on the re-refresh of the City Region Development Programme 2006 and its evolution into an Integrated City Region Strategy (ICRS). The new document will have an advocacy purpose for the Hull and Humber Ports City Region and aim to have a greater influence at the regional and national level, setting out the overarching strategic framework for sustainable economic growth in the area, informed and shaped by region, sub-regional and local partners.

In June 2009, a review of the city region's challenges and issues was undertaken by the ICRS Policy Working Group, led by the company's Executive, and used the latest available evidence. This exercise provided an insight into the gaps that existed in the evidence base, at local and city regional levels. A budget for supporting the Local Authority-led Local Economic Assessments was established following a successful bid by the company to the Regional Improvement and Efficiency Partnership (RIEP). This continues to be used to fill the gaps in the evidence identified by the review. The new research will be used to inform both the development of the ICRS and deepen the breadth of intelligence available to local authorities.

The Hull and Humber Ports City Region Economic Assessment was produced by the company in March 2010. The document is the most up to date interpretation of intelligence for the city region's economy and is complemented by research completed subsequently, such as the Work Foundation's City Relationship study. Also in March 2010 the company and Local Government Yorkshire & Humber jointly produced the first draft of a Spatial Planning Assessment for the city region. This focuses on the key strategic spatial planning issues that have been addressed previously by regional spatial strategies and provides the direction for Local Development Frameworks (LDFs) to regenerate major towns and cities like Hull, Scunthorpe and Grimsby.



Directors' report

The company continues to enjoy recognition as the leading and respected authority in the area for research, intelligence and evidence, securing to date in excess of £250,000 from Yorkshire Futures, the regional intelligence network, including almost £63,673 for the current three-year period from April 2008 to March 2011 (£20,600 in 2009-10) to provide a research and intelligence service. The company published in March 2010 the well-respected Progress in the Hull & Humber Ports City Region 2010. Other intelligence services provided in 2009-10 included the monthly electronic Market Intelligence Bulletin and Humber Intelligence Updates, the printed, quarterly Economic Bulletin and the bi-monthly electronic Humber Economic Monitor.

The company holds two events each year for its Members and both events in 2009-10 were popular successes. In June 2009 "The 'Can do' Biz Debate - Planning for Economic Recovery" was attended by over 90 delegates and again, by popular demand, the keynote speaker was Professor Peter Spencer, University of York, and Economic Adviser to the Ernst and Young ITEM Club. This was followed by a lively debate with a business panel comprising of the company's Chair, Professor Spencer, Yorkshire Forward's Chief Executive, the Managing Partner of Andrew Jackson Solicitors and the Chair of the East Yorkshire (Humber) branch of the Institute of Directors. In December 2009 over 50 people including Members attended an event which was coupled with the company AGM and the keynote speaker was Peter Jones, Chief Executive of Associated British Ports Holdings Limited who described the Humber as 'the industry's centre of gravity for seaborne trade'. The company contracted with Yorkshire Forward to coordinate Humber Business Week 2009, making it for the second year running a pan-Humber initiative that was even more successful than in 2008. Over the week 29 events took place, with over 50 speakers, and an estimated 1,500 businesses were involved, with around 7,000 delegates attending the various events. These included Business Education Day, which the company also contracted with Yorkshire Forward to manage, and which involved 16 secondary schools and 30 invited guests. The culmination of Humber Business Week 2009 was provided by the Humber version of the Yorkshire International Business Convention (YIBC). The company continues to sponsor Humber YIBC, having been a founder sponsor. There were over 700 delegates at the June 2009 Convention including, as guests of the Executive, a number of company members from both banks of the Humber along with local, senior guests from the wider business community. In September 2009, at the invitation of Directors, the Northern Way led a Development Panel (peer review) exercise for the company. The purpose of the Development Panel was to support the overall economic development of the Hull & Humber Ports city region by informing the future strategy development of the city region and of HEP as the City Region Strategic Partnership, and to review the governance and capacity arrangements necessary to deliver those strategies. The Development Panel involved nine respected experts from academia, think tanks, the private sector, the Northern Way, local government and central government, and considered five lines of enquiry. At their November meeting Directors considered the Expert Panel's final report, and its conclusions and recommendations, as presented by two of the experts on the Development Panel and asked Unitary Authority Chief Executives' Group to consider it in detail and report back in January 2010 with their views on how to take it forward. Directors agreed to take forward six of the Panel's recommendations and three of the studies that it proposed.

Also In September 2009 the company's Executive successfully bid to hold the UK Economic Development Conference 2010 (the Institute of Economic Development's annual conference) in Hull. The conference will be held on 6th and 7th October 2010 at the Royal Hotel in Hull, but will include field trips to all parts of the Hull and the Humber Ports City Region. The conference will bring around 100 industry professionals from across the UK to the area and provide an excellent showcasing opportunity.

In December 2009 the company contracted with Yorkshire Forward to create a 'Humber Global Gateway' Marketing Toolkit comprising a brochure containing a suite of marketing leaflets based on the area's key sectors to showcase the Humber Global Gateway, a website supporting the brochure giving detailed information, downloads, links to partners' websites, etc, a map (both a printed and digital version, housed on a micro site) detailing the Humber 'Global Gateway' detailing its topography, settlement, infrastructure, administrative boundaries, top 100 businesses and key development locations. The Brochure and printed map were subsequently launched in June 2010.

Directors' report

Future developments

It is the company's intention to review future projects on their merits with a view to undertaking those which are compatible with the company's aims

Principal risks and uncertainties

The company's operations expose it to a variety of environmental legislation and financial risks that include credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board are implemented by the company's management

Environmental legislation

The company is subject to environmental laws and regulations. We have incurred and expect to continue to incur costs to comply with environmental legislation

Price risk

The company is exposed to price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to price risk exceed any potential benefits. The board will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity price risk as it holds no listed or other equity instruments

Liquidity risk

The company retains sufficient cash to ensure it has sufficient available funds for operations

Interest rate cash flow risk

The company has interest bearing assets, which include only cash balances earning interest at a floating rate. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

Going concern

The company faces significant challenges ahead as a result of directives from Government in respect of the abolition of Regional Development Agencies and the proposals to establish Local Enterprise Partnerships. In addition, other significant public expenditure reductions announced in the Comprehensive Spending Review in October affect all local authorities who currently fund Humber Economic Partnership Limited. A review of the future operations and funding of the Humber Economic Partnership has been undertaken including all options available to the company. The funders of the Humber Economic Partnership have indicated that there will be no new funding beyond 31st March 2011

At the Board meeting on 15th November 2010, the Directors therefore resolved that the company will cease operations on 31st March 2011. The company has sufficient funds to discharge all of its liabilities should it not operate past 31 March 2011

Directors

The directors of the company who served during the year were as follows

R Brough
M Foers
M Kirk

Directors' report

E R C Lewis
T Martin
S Parnaby
P Sewell
C Minns
G Lewis
S Taylor (resigned 15 December 2009)
C Thomsett
S Hudson
A Brooke
J Fitzgerald
C Pistorius (appointed 21 September 2009)
D J Drewry (resigned 31 August 2009)
All directors are guarantors of the company

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office as the Company's auditors and a resolution proposing their reappointment as auditors will be put to the members at the Annual General Meeting.

Special provisions relating to small companies

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the Board



Nigel Pearson
Secretary

15 November 2010

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Independent auditors' report

to the members of The Humber Economic Partnership Limited

We have audited the financial statements of Humber Economic Partnership Limited for the year ended 31 March 2010 which comprise of the Profit and Loss Account, the Balance Sheets, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

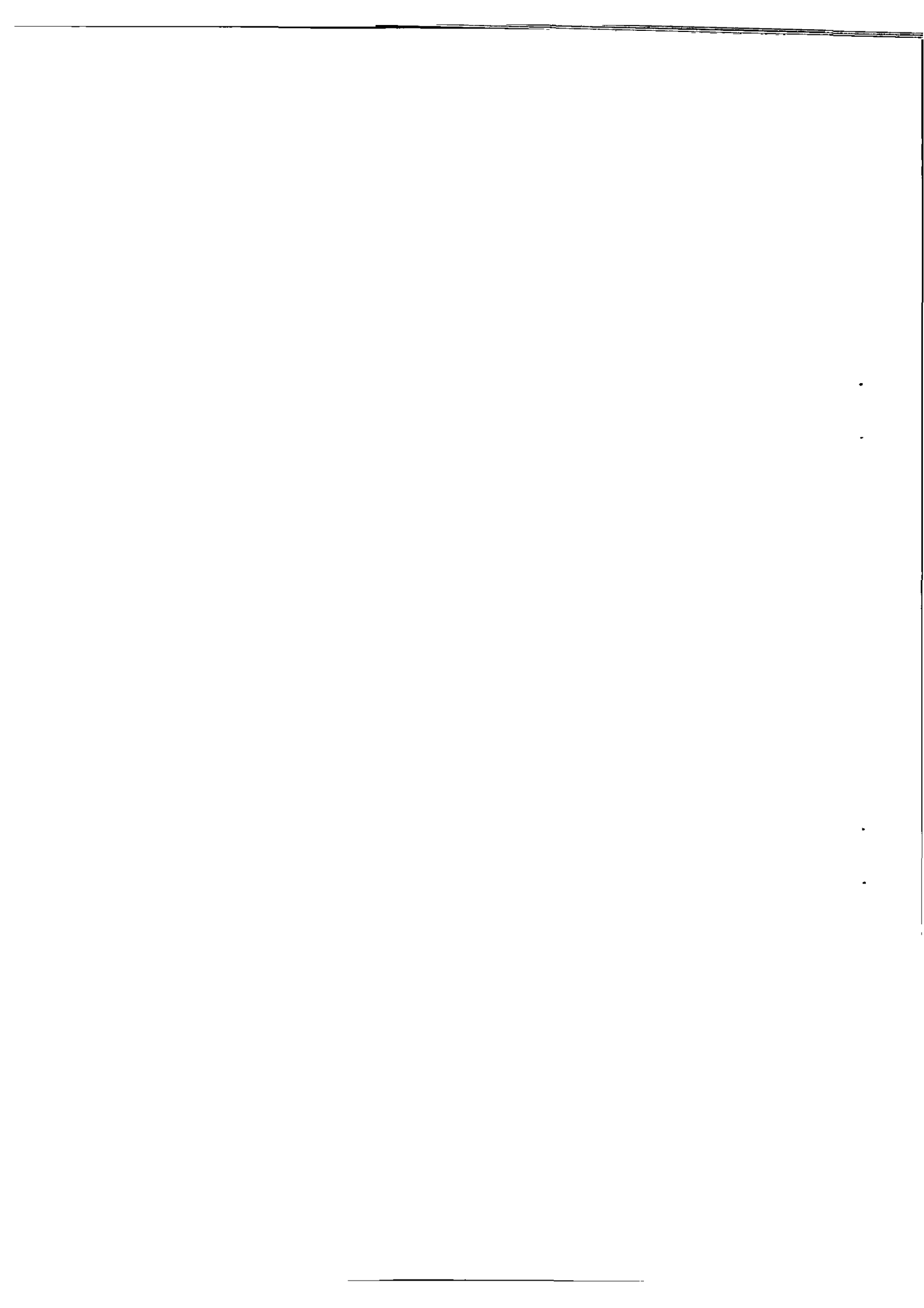
Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of the it's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent auditors' report

to the members of The Humber Economic Partnership Limited

Matters on which we are required to report by exception

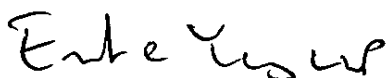
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. As a result of government change the future funding of the company is uncertain and as such the company's activities are now under review. There is significant uncertainty as to the continuing operations of the company and a strong possibility of the closure of current operations which impact the company's ability to continue to prepare its financial statements as a going concern.

These conditions are explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



Richard Frostick (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Hull

15 November 2010

Income and expenditure account

for the year ended 31 March 2010

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
Operating income	2	695,814	681,473
Operating costs		(517,299)	(757,400)
Operating surplus / (deficit)	3	178,515	(75,927)
Interest receivable		271	3,621
Other finance costs	5	(6,000)	26,000
Surplus / (deficit) on ordinary activities before taxation		172,786	(46,306)
Taxation	6	(57)	(760)
Surplus / (deficit) retained for the financial year attributable to members¹⁰		172,729	(47,066)

Statement of total recognised gains and losses

for the year ended 31 March 2010

	<i>2010</i> £	<i>2009</i> £
Surplus / (deficit) for the financial year	172,729	(47,066)
Actuarial losses recognised in the pension scheme	(460,000)	(337,000)
Total recognised gains and losses relating to the year	(287,271)	(384,066)

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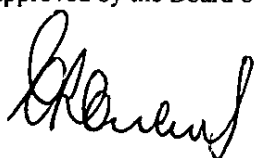
Balance sheet

at 31 March 2010

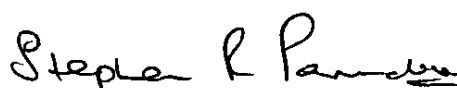
	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	7	11,519	11,858
Current assets			
Debtors	8	34,910	162,809
Cash at bank and in hand		640,111	419,290
		675,021	582,099
Creditors amounts falling due within one year	9	(221,639)	(259,785)
Net current assets		453,382	322,314
Total assets less current liabilities excluding pension liability		464,901	334,172
Pension liability	12	(460,000)	(41,000)
Total assets less current liabilities including pension liability		4,901	293,172
Reserves			
Income and expenditure account	10	4,901	293,172

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities

Approved by the Board on 15 November 2010



E R C Lewis
Director



S R Parnaby
Director

Notes to the financial statements

at 31 March 2010

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities

Going Concern

- The company faces significant challenges ahead as a result of directives from Government in respect of
- the abolition of Regional Development Agencies and the proposals to establish Local Enterprise Partnerships. In addition, other significant public expenditure reductions announced in the
- Comprehensive Spending Review in October affect all local authorities who currently fund Humber Economic Partnership Limited. A review of the future operations and funding of the Humber Economic Partnership has been undertaken including all options available to the company. The funders of the Humber Economic Partnership have indicated that there will be no new funding beyond 31st March 2011

At the Board meeting on 15th November 2010, the Directors therefore resolved that the company will cease operations on 31st March 2011. The company has sufficient funds to discharge all of its liabilities should it not operate past 31 March 2011.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited so as to match them with the expenditure to which they relate.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its useful economic life, as follows:

Computer equipment	3 years
Furniture and fittings	3 years

Taxation

- The company is run as a not-for-profit company. The charge for taxation is based only on its income derived from investments such as bank interest receivable, rental income and chargeable gains. Any profit/loss on operating activities is not chargeable to tax/allowed as a deduction for corporation tax purposes. The tax charge takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and account purposes. Deferred tax is recognised when required in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

Balances at the year end denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Pensions

The company participates in the Local Government Superannuation Scheme. Contributions are made to a separately administered fund. Pension scheme assets are measured at fair value and scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at an interest rate equivalent to the current rate of return on a high quality corporate bond.

The service cost of providing pension and other post-retirement benefits to employees for the year is charged to the operating profit or loss in the year. The full cost of providing amendments to benefits in

Notes to the financial statements

at 31 March 2010

respect of past service is also charged to the operating surplus or deficit in the year

The expected return on defined benefit pension scheme assets based on the market value scheme assets at the start of the financial year is included within other finance costs

This also includes a charge representing the expected increase in liabilities of the scheme during the year, arising from the liabilities being one year closer to payment. Differences between actual and expected returns on assets during the year are recognised in the statement or recognised gains and losses in the year, together with differences from changes in assumptions. The net surplus or deficit on defined benefit schemes is reported on the balance sheet within the person liability.

2. Operating income

Operating income represents the amount of subscriptions, contributions and fees receivable, exclusive of VAT, during the year in relation to the company's principal activity

Notes to the financial statements

at 31 March 2010

3. Operating gain

This is stated after charging/(crediting)

	2010	2009
	£	£
Auditors' remuneration	5,000	4,500
Pension costs	46,482	115,673
Receipt of government grant	–	(7,093)
Receipt of other grant income	(695,814)	(674,380)
Depreciation	6,832	14,923
Difference on foreign exchange	(78,488)	17,469
	<u> </u>	<u> </u>

4. Staff costs

	2010	2009
	£	£
Wages and salaries	157,856	231,973
Social security costs	15,878	18,741
Pensions	46,482	115,673
	<u> </u>	<u> </u>
	<u>220,216</u>	<u>366,387</u>

Directors' emoluments for the year were £6,147 (2009 – £6,147)

The average number of persons employed by the company during the year was as follows

	2010	2009
	No	No
Management	1	1
Administration	2	2
Operations	5	5
	<u> </u>	<u> </u>
	<u>8</u>	<u>8</u>

5. Other finance costs

	2010	2009
	£	£
Expected return on pension scheme assets	(74,000)	(107,000)
Interest on pension scheme liability	80,000	81,000
	<u> </u>	<u> </u>
	<u>6,000</u>	<u>(26,000)</u>

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Notes to the financial statements

at 31 March 2010

6. Tax

(a) Tax on surplus on ordinary activities

The tax charge is made up as follows

	2010 £	2009 £
<i>Current tax</i>		
UK corporation tax	57	760
Adjustment in respect of previous period	-	-
Total current tax (note 6(b))	<u>57</u>	<u>760</u>

(b) Factors affecting current tax charge

The differences are reconciled below

	2010 £	2009 £
Surplus / (loss) on ordinary activities before taxation	172,786	(46,306)
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2009 – 21%)	<u>36,285</u>	<u>9,724</u>
<i>Effects of</i>		
Net income not chargeable to tax	(36,228)	(8,964)
Total current tax allowable/charge (note 6(a))	<u>57</u>	<u>760</u>

Notes to the financial statements

at 31 March 2010

7. Tangible fixed assets

	<i>Computer equipment</i> £	<i>Furniture and fittings</i> £	<i>Total</i> £
Cost			
At 1 April 2009	60,485	33,784	94,269
Additions	–	6,493	6,493
Disposals	–	–	–
At 31 March 2010	<u>60,485</u>	<u>40,277</u>	<u>100,762</u>
Depreciation			
At 1 April 2009	51,430	30,981	82,411
Charge for year	4,194	2,638	6,832
At 31 March 2010	<u>55,624</u>	<u>33,619</u>	<u>89,243</u>
Net book value			
At 31 March 2010	<u>4,861</u>	<u>6,658</u>	<u>11,519</u>
At 1 April 2009	<u>9,055</u>	<u>2,803</u>	<u>11,858</u>

8. Debtors

	<i>2010</i> £	<i>2009</i> £
Other debtors	10,186	140,749
Prepayments and accrued income	24,724	22,060
	<u>34,910</u>	<u>162,809</u>

9. Creditors: amounts falling due within one year

	<i>2010</i> £	<i>2009</i> £
Corporation tax	57	760
Other taxes	10,527	–
Other creditors	62,557	64,489
Accruals on deferred income	148,498	194,536
	<u>221,639</u>	<u>259,785</u>

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Notes to the financial statements

at 31 March 2010

10. Reserves

	2010	2009
	£	£
At 1 April	293,172	677,238
Gain / (deficit) for the year	172,729	(47,066)
Actuarial losses recognised in the pension scheme	(461,000)	(337,000)
At 31 March	4,901	293,172

11. Members' liability

The company was incorporated as a company limited by guarantee and therefore it has no share capital. The liability of each member in the event of winding up is limited to £1 each.

12. Pension commitments

SSAP 24 disclosures

The company is a member of the multi-employer local government pensions scheme, East Riding pension Fund, operated by the East Riding of Yorkshire Council. The scheme is funded defined benefit scheme and the pension cost and provision are assessed in accordance with the advice of a professionally qualified actuary. The results of the most recent actuarial valuation of the scheme, as at 31 March 2007, are contained in the East Riding of Yorkshire council financial statements.

The pension cost charged to the company for the year amounted to £46,482 (2009 – £115,673).

FRS 17 disclosures

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 31 March 2007 and updated by Hymans Robertson to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 March 2010 and 31 March 2009. Scheme assets are stated at their market values at the respective balance sheet dates.

Main assumptions	2010	2009
	%	%
Rate of salary increase	5.3	4.6
Rate of increase in pensions in payment	3.8	3.1
Discount rate	5.5	6.9
Inflation assumption	3.8	3.1
Mortality		
Current Pensioners at 65 – male	22.7	21.5
Current Pensioners at 65 – female	22.7	24.4
Future Pensioners at 65 – male	24.8	22.6
Future Pensioners at 65 – female	24.8	25.5

Notes to the financial statements

at 31 March 2010

12. Pension commitments (continued)

Assets – company share

	2010		2009	
	Expected	Value	Expected	Value
	long-term	£000	long-term	£000
	rate of return		rate of return	
	%		%	
Equities	7.8	1,302	7.0	867
Bonds	5.0	161	5.4	135
Property	5.8	64	4.9	56
Cash	4.8	80	4.0	68
Total market value of assets		<u>1,607</u>		<u>1,126</u>

Net pension assets/(liabilities) – company share

	2010	2009
	£000	£000
Estimated company share of assets	1,607	1,126
Present value of scheme liabilities	(2,067)	(1,167)
Net pension liability	<u>(460)</u>	<u>(41)</u>

Notes to the financial statements

at 31 March 2010

12. Pension commitments (continued)

Analysis of the defined benefit cost

	2010 £000	2009 £000
Current service cost	(15)	(19)
Past service cost	-	(7)
Total operating charge	(15)	(26)
Expected return on company's share of pension scheme assets	74	107
Interest on company's share of pension scheme liabilities	(80)	(81)
Total other finance income	(6)	26
Actual return on scheme assets	446	(355)
Expected return on scheme assets	(74)	(107)
Experience gains arising on company's share of pension scheme liabilities	-	-
(Loss) / gain arising from changes in assumptions underlying the present value of the company's share of pension scheme liabilities	(832)	124
Actuarial loss recognised in the statement of total recognised gains and losses	(460)	(338)

Analysis of movement in surplus/(deficit) during the year

	2010 £000	2009 £000
(Deficit) / gain at 1 April	(41)	296
Change in accounting standard	-	(4)
Total operating charge	(15)	(19)
Total other finance income	(6)	26
Actuarial losses	(460)	(338)
Employer contributions	62	64
Past service costs	-	7
Losses on curtailments	-	59
Deficit at 31 March	(460)	(41)

Notes to the financial statements

at 31 March 2010

12. Pension commitments (continued)

Changes in the fair value of plan assets

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Fair value of employer assets	1,607	1,126	1,441	1,189	920
Present value of defined benefit obligation	(2,067)	(1,167)	(1,149)	(1,021)	(962)
Surplus / (deficit)	<u>(460)</u>	<u>(41)</u>	<u>292</u>	<u>168</u>	<u>(42)</u>
Experience gains / (losses) on assets	371	(461)	112	8	125
Experience gains / (losses) on liabilities	-	-	(38)	-	2

The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases from April 2011. In accordance with paragraph 21 of Financial Reporting Standard 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS17 liabilities in the East Riding Pension Fund by around 6-8%.

Notes to the financial statements

at 31 March 2010

13. Related party transactions

The Directors G Lewis, C Minns, S Parnaby and M Kirk are councillors for North East Lincolnshire Council, Kingston Upon Hull City Council, East Riding of Yorkshire Council and North Lincolnshire Council respectively. During the year the company received the following core funding from the Councils

	2010	2009
	£	£
North East Lincolnshire Council	95,468	94,741
Kingston Upon Hull City Council	122,159	121,228
East Riding of Yorkshire Council	150,185	149,041
North Lincolnshire Council	95,579	94,851

In addition the company purchased services from each of the councils amounting to

	2010	2009
	£	£
North East Lincolnshire Council	160	–
Kingston Upon Hull City Council	7,011	6,586
East Riding of Yorkshire Council	671	8,881
North Lincolnshire Council	4,516	4,475

Prof D J Drewry was also the Vice Chancellor of the University of Hull until August 2009 and then Prof C Pistorius since September 2009. The company purchased services from the University of Hull amounting to £3,450 (2009 – £4,214). Amounts owed to the University of Hull at the year end were £nil (2009 – £nil).

During the year S R Parnaby was a Director of Arvato Government Services. The company purchased services from Arvato Government Services amounting to £14,491 (2009 – £15,038). Amounts owed to Arvato Government Services at the year end were £592 (2009 – £7,260).

During the year P Sewell was a Director of Hull & Humber Chamber of Commerce. The company purchased services from Hull & Humber Chamber of Commerce amounting to £740 (2009 – £444). Amounts owed to Hull & Humber Chamber of Commerce at the year end were £nil (2009 – £nil).

S F Taylor is also the Managing Director of Mercury Design & Marketing. At the time of his resignation in December 2009, the company purchased services from Mercury Design & Marketing amounting to £25,788 (2009 – £62,894). Amounts owed to Mercury Design & Marketing at the year end were £nil (2009 – £6,067).

During the year M Kirk was a Director of Yorkshire Forward. The company purchased services from Yorkshire Forward amounting to £1,493 (2009 – £nil). Amounts owed to Yorkshire Forward at the year end were £nil (2009 – £nil).