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The Humber Economic Partnership Limited

Report and Financial Statements

31 March 2008

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COMPANIES HOUSE

The Humber Economic Partnership Limited

Registered No 2784165

Directors as at 31 March 2008

R Brough
D J Drewry
M Foers
M Kirk (appointed 14 May 2007)
E R C Lewis
T Martin
S Parnaby
P Sewell
C Minns (appointed 21 January 2008)
G Lowis (appointed 14 May 2007)

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 accounts for the year ended 31 March 2008

Principal activities and review of business developments

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.

Summary Review of Business 2007/08 (from the Executive Manager)

Changes to the Board of Directors during the year comprised, Councillor Geoff Lewis replaced Councillor Andrew De Freitas on 14 May 2007 as the representative for North East Lincolnshire Council, Councillor Mark Kirk replaced Councillor Liz Redfern on 14 May 2007 as the representative for North Lincolnshire Council and Councillor Carl Minns replaced Councillor Andy Sloan on 21 January 2008 as the representative for Kingston upon Hull City Council. Mr Mike Fell also retired from the Board (on 20 July 2007) after several years of valued board membership. Since the year end, Simon Taylor, Stephen Hudson and Carol Thomsett were all appointed as Directors on 12 May 2008 and also Mr John Fitzgerald and Alan Brookes on 15 September 2008.

The company's Council of Members underwent a membership review during Summer 2007, after which there were 89 Members registered as at 31 March 2008, the private sector making up 38% of that total. Members were invited to participate in a range of meetings, events and consultation exercises. Events run for Members and key partners included Humber Futures – Looking to the Future, the Anticipating Change project conference, and the AGM.

The Executive totalled nine people by the end of the year from the previous year-end total of eight. This was due to the appointment of the Chair during September 2007.

The medium term-certainty resulting from the signing in 2007 of a five-year Funding Agreement, covering 2006 – 2011, between the Humber Unitary Local Authorities and the company continues to have a very stabilising effect on both the company's Executive and its relationship with key partners. The Agreement ties in its signatories to the delivery of a sequence of three-year Strategic Plans, including their strategic outcomes and operational objectives, whilst guaranteeing to make available sufficient core financial resources to enable this to happen. The first medium-term strategic plan (2006 – March 2009) and an Initial Operating Plan (summer 2006 – March 2008) continued to be delivered with progress reported to Directors every two months. The strategic outcomes are mainly of an on-going nature, and whilst the Strategic Plan does not currently contain key-performance indicators (KPIs) the second Operating Plan (2008/09), which was developed and agreed towards the end of 2007/08, does.

During 2007/08 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 European Regional Development Fund (ERDF) via Government Office - Yorkshire & Humber, the European Social Fund via the European Commission, 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 £107,123 before taxation.

Directors' report

In 2007/08 the company invested £792,919 of partnership funding in delivering its activities, including £302,058 of European funding and £90,861 of single pot funding from Yorkshire Forward. This facilitated partnership activity that resulted in, inter alia, a number of external projects including Humber Trade Zone, Northern Maritime Corridor, Anticipating Change, Humber Business Week 2007, Business Education Day 2008, Progress in the Humber and development of a Multi Area Agreement for Employment, Enterprise and Skills.

Much of the company's activity is concerned with helping to strategically shape the national economic development policy agenda. In 2007/08 this included coordinating and submitting agreed, sub regional, responses to two national policy consultations. The company was also the sub regional representative on the regional task & finish group for the development of the new ERDF Operational Programme 2007/13 and the Y&H ESF Regional Committee co-financing plans task & finish group, being constantly involved in this activity for around 18 months and is the sub regional representative on the Northern Way City Regions Forum, Y&H City Regions Network, Y&H ERDF Programme Management Board (PMB), Y&H ESF Regional Committee, Regional Interreg Group (RIG), Regional Rural Affairs Forum (RAF), Regional Transport Forum (RTF), Regional Business Support Partnership (BSP), World Trade Centre Hull & Humber Partnership Board, in each instance ensuring that the sub region plays a full part in regional affairs.

On a regional and sub regional level, following Directors' agreement of new strategic governance arrangements and strategic architecture for the Humber's sustainable economic development activity, viewed by Yorkshire Forward as regional best practice, the company and its partners began setting up a thematic Board for the Enterprise, Employment and Skills agenda, this will be followed by similar Boards for Housing, Planning and Transport. The company also co-ordinated City Region partners' efforts on developing proposals for a Multi Area Agreement (MAA) in the field of enterprise, employment and skills, the thematic Board will be responsible for overseeing the development and delivery of the MAA.

In late 2007 the company took on the coordination and servicing of the Hull and Humber Ports City Region Development Programme (CRDP) Policy Working Group and the Executive worked with partners to develop four implementation plans for the CRDP (Housing, Employment & Skills, Transport, Planning), agreeing leads and review arrangements for each of the actions within them.

The company's Executive is represented on the Hull Employment Land Review Group, which forms part of the Hull Local Development Framework. Consultants, ARUP, were commissioned in late 2007 to assist with the development of a strategy for bringing forward employment land in Hull. East Riding of Yorkshire Council is also represented on the group given the clear linkages on this issue between the neighbouring authorities.

The company was involved in the development of four Unitary Authority based skills action plans to guide LSC purchasing plans for learning provision for the next 5-10 years and an overarching forward-looking skills strategy for the City Region. The company made a contribution of £10,000, from the Anticipating Change project, to support the development of the forward looking strategy.

Following the company's successful Humber Employment Framework (HEF) project, which ended in December 2006, its key findings were fed into a new, transnational, European-funded project – Anticipating Change (AC), which facilitated joint working with partners to better anticipate and manage economic and employment restructuring challenges. AC included five local, thematic and futures-based work research projects covering an LSC City Region Skills Plan/Strategy, Anticipating Change Toolkit, Manufacturing Job Losses/Gains and Company Restructuring, Humber Energy Review, Worklessness Study. AC, which culminated in a well-received conference with speakers from Zebrugge, the European Commission, and the UK, ended in January 2008 and was supported by £1.7m from the European Commission. Both HEF and AC strengthened the company's respected authority in the area for research, intelligence and evidence.

Providing the UK and international face of the Humber through agreed, external and targeted City Region activities is a key area of partnership working. For 2007/08 Directors agreed that the focus would be on

Directors' report

establishing the new World Trade Centre Hull & Humber (WTCHH) as a City Regional asset and as the potential delivery mechanism for Humber trade and investment activities in the CRDP's priority product sectors. Marketing focus also included maximising the Clipper project and Transnational European links.

The company has established itself as the leading and respected authority in the area for research, intelligence and evidence, securing in excess of £250,000 from Yorkshire Futures (the regional intelligence network), including almost £110,000 for the current three-year period from April 2005 to March 2008 (including £37,500 in 2007/08) to produce a research and intelligence service. The company published in Spring 2007 a light-touch review of 'Progress in The Humber'. Other intelligence services provided in 2007/08 included the monthly electronic Market Intelligence Bulletin and Intelligence Updates, and the published four-monthly Economic Bulletin.

The company holds two events each year for its Members and both events in 2007/08 were popular successes. In July 2007 "Looking to The Future" was attended by 90 delegates and the keynote speaker was Hamish McRae, renowned economist and associate editor of the Independent. In March 2008 the event also included the AGM and the keynote speaker was Tom Riordan, Chief Executive, Yorkshire Forward, who continued the "Futures" theme, first introduced at the July event, and also gave YF's view of how the Humber fits into the region, and what its priorities should be.

HEP continues to sponsor, having been a founder sponsor, the Yorkshire International Business Convention (YIBC) in Hull. There were over 600 delegates at the June 2007 Convention including, as guests of the Executive, a number of company members from both banks of the Humber and international project partners, along with local, senior guests from the business community. YIBC formed the culmination to Hull and East Riding Business Week 2007, which also included a second annual International Logistics Convention, run by the University of Hull Logistics Institute and the company-managed project, HTZ, and attended by 130 delegates. Since the year end, the company has contracted with Yorkshire Forward to coordinate Business Week 2008, making it a pan-Humber initiative.

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.

Directors' report

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made

Liquidity risk

The company retains sufficient cash to ensure it has sufficient available funds for operations. The company also has access to longer term funding from its immediate parent and ultimate parent undertaking

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

Results and dividends

The surplus for the year after taxation amounted to £107,123 (2007 – surplus of £111,821). In accordance with the company's Memorandum of Association, no dividend payment can be made

Subsequent and future events

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

Directors

The Directors of the company who served during the year are those listed below

R Brough	
A De Freitas	(resigned 14 May 2007)
D J Drewry	
M Fell	(resigned 20 July 2007)
M Foers	
M Kirk	(appointed 4 May 2007)
E R C Lewis	
T Martin	
C Minns	(appointed 21 January 2008)
S Pamaby	
L Redfern	(resigned 14 May 2007)
P Sewell	
A Sloan	(resigned 21 January 2008)
G Lewis	(appointed 14 May 2007)

In addition, subsequent to the year end the following were appointed to the Board

S Taylor	(appointed 12 May 2008)
S Hudson	(appointed 12 May 2008)
C Thomsett	(appointed 12 May 2008)
A Brookes	(appointed 15 September 2008)
J Fitzgerald	(appointed 15 September 2008)

All directors are guarantors of the company

Directors' report

Statement of directors' responsibilities in respect of the accounts

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that the accounts comply with the above requirements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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

Directors' statements as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquires of fellow directors and of the company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

Auditors

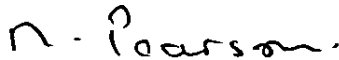
Ernst & Young LLP have expressed their willingness to continue in office as the Company's auditors and a resolution proposing their reappointed as auditors will be put to the members at the Annual General Meeting

Directors' report

Special provisions relating to small companies

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

By order of the Board



N Pearson
Secretary

10 November 2008

Independent auditors' report

to the members of The Humber Economic Partnership Limited

We have audited the company's financial statements for the year ended 31 March 2008 which comprise the Income and Expenditure Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 applicable to small companies. 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 auditors' 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

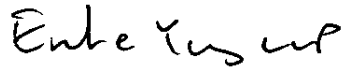
Independent auditors' report

to the members of The Humber Economic Partnership Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its surplus for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Ernst & Young LLP
Registered Auditor
Hull

10 November 2008

Income and expenditure account

for the year ended 31 March 2008

	Notes	2008 £	2007 £
Operating income	2	922,825	951,252
Operating costs		(854,417)	(867,819)
Operating surplus	3	68,408	83,433
Interest receivable		7,144	9,121
Other finance costs	5	33,000	21,000
Surplus on ordinary activities before taxation		108,552	113,554
Taxation	6	(1,429)	(1,733)
Surplus retained for the financial year attributable to members	10	107,123	111,821

Statement of total recognised gains and losses

for the year ended 31 March 2008

	2008 £	2007 £
Profit for the financial year	107,123	111,821
Actuarial gains/(losses) recognised in the pension scheme	63,000	88,000
Total recognised gains and losses relating to the year	170,123	199,821

Balance sheet

at 31 March 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible Assets	7	9,995	20,989
Current assets			
Debtors	8	459,279	254,846
Cash at bank and in hand		426,457	298,812
		<u>885,736</u>	<u>553,658</u>
Creditors amounts falling due within one year	9	(514,493)	(239,532)
Net current assets		<u>371,243</u>	<u>314,126</u>
Total assets less current liabilities excluding pension asset		<u>381,238</u>	<u>335,115</u>
Pension asset	12	296,000	172,000
Total assets less current liabilities excluding pension asset		<u><u>677,238</u></u>	<u><u>507,115</u></u>
Reserves			
Income and expenditure account	10	<u><u>677,238</u></u>	<u><u>507,115</u></u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

E C R Lewis

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) Directors

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S Parnaby

)

10 November 2008

Notes to the financial statements

at 31 March 2008

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

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 exchange

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 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 2008

3. Operating surplus

This is stated after charging/(crediting)

	2008	2007
	£	£
Auditors' remuneration	4,000	2,500
Pension costs	44,903	66,079
Receipt of government grant	(271,769)	(50,590)
Receipt of other grant income	(524,853)	(474,823)
Depreciation	10,994	13,839
Difference on foreign exchange	-	6,330
	<u> </u>	<u> </u>

4. Employee costs

	2008	2007
	£	£
Wages and salaries	277,638	373,283
Social security costs	22,192	29,802
Pensions	44,903	66,079
	<u> </u>	<u> </u>
	<u>344,733</u>	<u>469,164</u>

Directors emoluments for the year were £3,266 67 (2007 - £nil)

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

	2008	2007
	No	No
Management	1	1
Administration	2	2
Operations	5	9
	<u> </u>	<u> </u>
	<u>8</u>	<u>12</u>

5. Other finance costs

	2008	2007
	£	£
Expected return on pension scheme assets	89,000	70,000
Interest on pension scheme liability	(56,000)	(49,000)
	<u> </u>	<u> </u>
	<u>33,000</u>	<u>21,000</u>

Notes to the financial statements

at 31 March 2008

6. Taxation

(a) Tax on surplus on ordinary activities

The tax charge is made up as follows

	2008 £	2008 £
Current tax		
UK corporation tax	1,429	1,733
Adjustment in respect of previous period		-
Total current tax (note 6(b))	<u>1,429</u>	<u>1,733</u>

(b) Factors affecting current tax charge

The differences are reconciled below

	2008 £	2007 £
Surplus on ordinary activities before taxation	108,552	113,554
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2006 - 19%)	20,625	21,575
Net income not chargeable to tax	(19,196)	(19,842)
Rate differences	-	-
Adjustments in respect of previous period	-	-
Total current tax charge	<u>1,429</u>	<u>1,733</u>

7. Tangible fixed assets

	Computer equipment £	Furniture and fittings £	Total £
Cost			
At 1 April 2007	47,903	29,580	77,453
Additions	-	-	-
Disposals	-	-	-
At 31 March 2008	<u>47,903</u>	<u>29,580</u>	<u>77,483</u>
Depreciation			
At 1 April 2007	34,690	21,824	56,494
Charge for year	7,116	3,878	10,994
At 31 March 2008	<u>41,786</u>	<u>25,702</u>	<u>67,488</u>
Net Book Value			
At 31 March 2008	<u>6,117</u>	<u>3,878</u>	<u>9,995</u>
At 1 April 2007	<u>13,233</u>	<u>7,756</u>	<u>20,989</u>

Notes to the financial statements

at 31 March 2008

8. Debtors

	2008	2007
	£	£
Other debtors	434,988	240,249
Prepayments and accrued income	24,291	14,597
	<u>459,279</u>	<u>254,846</u>

9. Creditors: amounts falling due within one year

	2008	2007
	£	£
Corporation tax	1,429	1,733
Other creditors	270,655	123,215
Accruals on deferred income	242,409	114,584
	<u>514,493</u>	<u>239,532</u>

10. Reserves

	2008	2007
	£	£
At 31 March 2007	507,115	307,294
Surplus for the year	107,123	111,821
Actuarial gains recognised in the pension scheme	63,000	88,000
At 31 March 2008	<u>677,238</u>	<u>507,115</u>

The prior year adjustment relates to the implementation of the requirements of FRS17 "Retirement Benefits", as set out in note 1. There are no movements on members' fund other than those of the income and expenditure account.

Notes to the financial statements

at 31 March 2008

11. Members' liability

The company was incorporated as a company limited by guarantee and therefore it has no share capital. The liability of the members is limited with each member undertaking to contribute such amounts as may be required to the assets of the company on the winding up of the company, each member being liable whilst a member and for up to twelve months after ceasing to be a member for the payment of the debts and liabilities of the company contracted before they ceased to be a member. As at 31 March 2008 there were 89 full members upon whom calls can be made, each member being liable whilst a member and for up to 12 months after ceasing to be a member.

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 accounts.

The pension cost charged to the company for the year amounted to £44,903 (2006 - £ 66,079).

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 2008 and 31 March 2007. Scheme assets are stated at their market values at the respective balance sheet dates.

	2008	2007	2006	2005	2004
<i>Main assumptions</i>	%	%	%	%	%
Rate of salary increase	5.1	4.7	4.6	4.4	4.4
Rate of increase in pensions in payment	3.6	3.2	3.1	2.9	2.9
Discount rate	6.9	5.4	4.9	5.4	5.5
Inflation assumption	3.6	3.2	3.1	2.9	2.9

Notes to the financial statements

at 31 March 2008

12. Pension commitments (continued)

Assets – company share

		2008		2007		2006
	<i>Expected long-term rate of return</i>		<i>Expected long-term rate of return</i>		<i>Expected long-term rate of return</i>	
	<i>Value</i>		<i>Value</i>		<i>Value</i>	
	%	£'000	%	£'000	%	£'000
Equities	7.7	1,158	7.8	970	7.4	739
Bonds	5.7	130	4.9	96	4.6	86
Property	5.7	86	5.8	72	5.5	55
Cash	4.8	71	4.9	55	4.6	43
Total market value of assets		1,445		1,193		923

		2005		2004
	<i>Expected long-term rate of return</i>		<i>Expected long-term rate of return</i>	
	<i>Value</i>		<i>Value</i>	
	%	£'000	%	£'000
Equities	7.7	469	7.7	312
Bonds	5.1	73	5.1	57
Property	5.7	41	6.5	65
Cash	4.0	36	4.0	28
Total market value of assets		619		423

Notes to the financial statements

at 31 March 2008

12. Pension commitments (continued)

<i>Net pension assets/(liabilities) – company share</i>	<i>2008 £'000</i>	<i>2007 £'000</i>
Estimated company share of assets	1,445	1,193
Present value of scheme liabilities	(1,149)	(1,021)
Net pension asset	296	172
<i>Analysis of the defined benefit cost</i>	<i>2008 £'000</i>	<i>2007 £'000</i>
Current service cost	(44)	(70)
Total operating charge	(44)	(70)
Expected return on company's share of pension scheme assets	89	70
Interest on company's share of pension scheme liabilities	(56)	(49)
Total other finance income	33	21
Actual return less expected return on company's share of pension scheme assets	(148)	8
Experience gains arising on company's share of pension scheme liabilities	(38)	-
Gain/(loss) arising from changes in assumptions underlying the present value of the company's share of pension scheme liabilities	249	80
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	63	88
<i>Analysis of movement in surplus/(deficit) during the year</i>	<i>£'000</i>	<i>£'000</i>
Surplus/(deficit) at 1 April	172	(39)
Total operating charge	(44)	(70)
Total other finance income	33	21
Actuarial (loss)/gain	63	88
Employer contributions	72	172
Surplus/(deficit) at 31 March	296	172

Notes to the financial statements

at 31 March 2008

12. Pension commitments (continued)

<i>History of experience gains and losses</i>	2008 £'000	2007 £'000	2006 £'0000	2005 £'000
Difference between expected return and actual return on company's share of pension scheme assets				
– amount	(148)	8	125	26
– percentage of company's share of scheme assets	(10.2%)	0.78%	13.6%	4.2%
Experience loss/gain arising on company's share of pension scheme liabilities				
– amount	(38)	-	2	175
– percentage of company's share of the present value of scheme liabilities	(3.3%)	-%	0.2%	5.2%
Total actuarial gain/(loss) recognised in the statement of total recognised gains and losses				
– amount	63	88	(18)	186
– percentage of company's share of the present value of scheme liabilities	5.5%	8.6%	1.9%	6.7%

13. Related party transactions

The directors G Lewis/ A De Freitas, C Minns/A Sloan, S Parnaby and M Kirk/L Redfern 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 funding from the Councils

	2008 £	2007 £
North East Lincolnshire Council	82,408	82,646
Kingston Upon Hull City Council	105,488	107,200
East Riding of Yorkshire Council	129,640	127,833
North Lincolnshire Council	82,540	82,321

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

	2008 £	2007 £
North East Lincolnshire Council	-	90
Kingston Upon Hull City Council	11,518	7,086
East Riding of Yorkshire Council	17,754	34,033
North Lincolnshire Council	4,233	2,524

Prof D J Drewry is also the Vice Chancellor of the University of Hull. The University of Hull performed various research projects for the company amounting to £78,386 (2007 - £17,540). Amounts owed to University of Hull at the year end were £30,000 (2007 - £Nil).

Notes to the financial statements

at 31 March 2008

13. Related party transactions (continued)

During the year S R Parnaby was a director of Arvato Government Services Limited. The company purchased services from Arvato Government Services Limited amounting to £7,200 (2007- £nil). Amounts owed to Arvato Government Services Limited at the year end were £2,450 (2007- £nil).

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 £893 (2007 -£nil). Amounts owed to Hull & Humber Chamber of Commerce at the year end were £nil (2007 - £nil).

During the year R Brough was the Chairman of Learning and Skills Council. The company purchased services from Learning and Skills council during the year amounting to £11,750 (2007-£nil). Amounts owed to Learning and Skills Council at the year end were £nil (2007-£nil).

Detailed income and expenditure account

for the year ended 31 March 2008

	2008 £	2007 £
Operating and other income		
Subscriptions and contributions	506,966	425,839
ERDF grant income	271,769	50,590
Yorkshire Forward Project Income	88,703	177,866
European commission grant income	17,887	260,707
Yorkshire Forward other income	37,500	36,250
	<u>922,825</u>	<u>951,252</u>
Administration expenses		
Direct employee costs	344,733	469,164
Travel and subsistence	32,001	56,964
Telephone	12,488	8,240
Marketing	116,395	137,311
Consultancy fees	123,474	47,632
Auditors' remuneration	4,000	2,500
Auditors' remuneration – non-audit	-	10,000
Difference on foreign exchange	(9,938)	6,330
General office expenses	23,816	5,330
Premises	59,823	38,563
Insurance	2,837	2,601
Depreciation – computer equipment	7,116	9,690
Depreciation – fixtures & fittings	3,878	4,149
Profit/loss on sale of tangible assets	-	-
Indirect employee costs	2,257	9,479
Other expenses	445	2,998
Grants and subscriptions	51,386	24,500
Irrecoverable VAT	79,705	32,368
	<u>854,417</u>	<u>867,819</u>
	2008 £	2007 £
Interest receivable		
Bank interest receivable	7,144	9,121

Detailed income and expenditure account

for the year ended 31 March 2008

	2008 £	2007 £
Other finance income		
Expected return on pension scheme assets	89,000	70,000
Interest on pension scheme liabilities	(56,000)	(49,000)
	<u>33,000</u>	<u>21,000</u>