
Commission for the New Economy Limited (formerly Manchester Enterprises Limited)
(A company limited by guarantee)

Directors' Report and Financial Statements

for the year ended 31 March 2010

Commission for the New Economy Limited (formerly Manchester Enterprises Limited)
(A company limited by guarantee)

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Commission for the New Economy Limited (formerly Manchester Enterprises Limited)
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Officers and professional advisors

Directors:

Cllr R Bibby ^{3,7}	Mr M Blackburn ^{2,4,7}
Cllr M Colledge ^{4,5} (appointed 11/06/2009)	Ms J Davies ^{1,5,5a}
Mr M Dinsdale ⁶	Mr M Edge ^{2,7}
Mr I Fox ^{1,3}	Cllr J Merry ^{3,4,7}
Sir W Moorcroft ^{1,4}	Cllr K Quinn ^{1,7}
Lord P Smith ^{2,5}	Cllr H Sykes ^{4,6}
Ms S Woodward ^{5,6}	

Advisers:

Mr S Broomhead	Northwest Development Agency
Mr P Lowthian ⁴	JobCentre Plus
Ms A Robinson ^{4,6}	Greater Manchester Chamber Of Commerce
Ms B Spicer ^{4,5}	AGMA – Salford City Council
Ms K Evans ⁴	Learning and Skills Council/Skills Funding Agency
Mr G Burke	Government Office Northwest
Mr G Holmes	Bolton University

Key

1	Finance and Audit Committee
2	Remuneration Committee
3	14-19 Sub-Group
4	Skills and Employment Sub-Group
5	Manchester Innovation Group
5a	Innovation Investment Fund Gateway Review Group
6	Enterprise Sub-Group
7	Joint Investment Group

Secretary

Ms C Dodgson

Auditors

Hurst & Company Accountants LLP
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD

Bankers

The Co-operative Bank plc
1 Balloon Street
Manchester
M60 4EP

Commission for the New Economy Limited (formerly Manchester Enterprises Limited)
(A company limited by guarantee)

Solicitors

Addleshaw Booth & Co
100 Barbirolli Square
Manchester
M2 3AB

Registered office

Lee House
90 Great Bridgewater Street
Manchester
M1 5JW

Company number

5678007

Internet Web Site

www.neweconomymanchester.com

Commission for the New Economy Limited (formerly Manchester Enterprises Limited)
(A company limited by guarantee)

Directors' Report
for the year ended 31 March 2010

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

The Company is incorporated as a company limited by guarantee. On 2 October 2008, the members of the company became the Association of Greater Manchester Authorities' constituent local authorities.

On 2nd April 2009 the company started to trade as the Commission for the New Economy and formally changed its name to Commission for the New Economy Limited on 29 July 2009. It was one of a number of commissions created as part of changes to the governance arrangements for Greater Manchester. New Economy is the strategic leadership body for Greater Manchester's future economic prosperity and its operations are overseen by a business-led board chaired by Mike Blackburn of BT.

Principal activities

During the year the company changed its name from Manchester Enterprises Limited, to Commission for the New Economy Limited.

The Commission for the New Economy is the economic development agency for Greater Manchester, responsible for leading on economic development, employment and skills on behalf of the Manchester city region. New Economy has a remit to deliver economic analysis, economic development strategy formulation and implementation, and programme management. Through its work New Economy strives to improve the wealth of Greater Manchester to benefit businesses and the people who live and work here.

The role of the Commission for the New Economy is two-fold. Firstly, and most importantly, the Commission has a significant role in the strategic marshalling of resources in Greater Manchester that already exist to deliver such services. Key to this is challenging how current activity is delivered in order to drive efficiency and effectiveness gains, from commissioning and decommissioning activity, to driving new methods of delivery. Secondly, where there are gaps across Greater Manchester and the Commission is best placed to fill them (e.g. Future Jobs Fund), the Commission needs to facilitate the delivery of services to people or businesses.

Business review

The business of the Commission evolved over the period.

The City Employment Strategy Programme, managed by the Commission on behalf of the Greater Manchester Local Authorities and Government partners, continued to be implemented to better align the Welfare to Work policies of different government and local government partners, including the implementation of a substantial £4m contract with the North West Development Agency.

A major development during the period was the production of the Greater Manchester Strategy (GMS). This was very much built on the analysis and conclusions of the Manchester Independent Economic Review (MIER), whose recommendations shaped GMS's 11 Strategic Priorities. The GMS also incorporates Manchester's Multi Area Agreement (MAA). Both MIER and the MAA had previously been major priorities for the Commission/Manchester Enterprises.

In July 2009, the Executive Board adopted the GMS. Of those eleven priorities, the Commission for the New Economy has responsibility for the leadership and coordination of five: increasing the numbers of highly skilled; attracting, retaining and nurturing talent; increasing the economic base; increasing international connectivity; and improving life chances in GM's most deprived areas. The six remaining Strategic Priorities, led mainly by other Commissions, are early years, housing, transport, the low carbon economy, governance and the city region's "sense of place". The Commission for the New Economy also has a significant role in working with the other Commissions to support the economic aspects of these priorities.

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for the year ended 31 March 2010

Alongside the development of the GMS, the 2009 Budget confirmed Greater Manchester as a pilot Statutory City Region (SCR), thus recognising the potential that city regions in general, and Greater Manchester in particular, have to drive forward the UK's economy. In July 2009 Manchester signed an agreement with government that would progress GMS with a series of pilots and other interventions. Further work was undertaken and in December 2009 the pilot agreement was signed with Government which gave the Manchester City Region important new powers and responsibilities with regard to public service reform, skills, transport, data sharing, creating a low carbon economy, and reinforcing Greater Manchester as a place for science and dynamic international firms. In particular, the city region received new powers to deliver on local skills requirements (both for adults and post 16), assumes powers comparable to Transport for London and sees real gains on heavy rail, bus and highways. The Commission played a leading role throughout these developments.

As expected, the closure of European funding programmes in December 2008 required lengthy residual work throughout 2009/10 related primarily to finance, claims and audit, including CLG inspection. At the same time, in relation to successor European funded activity we have been supporting the management of new EU funds for Greater Manchester, following agreement with the NWDA to an alternative non-devolved approach. We have undertaken a programme of work throughout the year to ensure the efficient and strategically compliant use of EU funds, working diligently alongside NWDA and ensuring that eligibility rules allied to the financial support we receive to carry out this function are adhered to.

The innovation investment fund activity, funded by the National Endowment for Science Technology & the Arts, the North West Development Agency and Manchester City Council continued to be developed and implemented during the year under arrangements agreed in the previous year whereby its overall management is shared between Manchester Knowledge Capital (in terms of ideas generation) and delivery of the fund (by the Commission). The fund was used in this period to resource innovative projects to stimulate innovation in Greater Manchester.

Results

The surplus for the year, after taxation, amounted to £19,621 (2009 - deficit £41,859).

Income has reduced from £14.1m in 2009 to £6.8m in 2010, a reduction of £7.3m. This reduction relates to the ending or run down of the following projects:

	£'000
Manchester Sub Regional Action Plan	1,300
Greater Manchester Action Plan	1,400
North West Regional Action Plan	2,800
Midas	1,400
City Strategy	800
Irwell Corridor	400
Other	200
	<hr/>
	8,300
	<hr/> <hr/>

Offset by additional income from:

	£'000
Innovation/M:KC	400
NWOP Technical Assistance	300
Employment and Skills	300
	<hr/>
	1,000
	<hr/> <hr/>

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Directors' Report
for the year ended 31 March 2010

Future developments

A key priority for the Commission during the forthcoming year is the successful implementation of the GMS and the SCR.

Key to the success of this ambitious sub-regional agenda is the systemisation of the SCR by the creation of the Greater Manchester Combined Authority (CA). The CA brings together the 10 local councils in a new statutory flagship 'city region' and will enable us to better deliver on the commitments set out in the statutory city region agreement than the current arrangements afford. A 'scheme', which sets out the constitution and functions of the new CA, was approved by all of Greater Manchester's ten local authorities in March 2010 and is subject to a 15 week consultation by the Departments of Communities and Local Government (CLG) and Transport (DfT). Subject to approval, the intention is for the new CA to come into force on 1st April 2011.

Also important to highlight in terms of city-region governance is the newly formed Employment and Skills Board (ESB). Having ESB powers in place will establish a skills approach for Greater Manchester which garners the confidence of providers and national agencies so that we can start to influence their plans. As a start, the first skills priority statement developed through the ESB will set out our priorities, how we want to work, how we wish to involve others and will also include a timetable for a full Skills and Employment strategy along with a statement of how and why – here in GM - we want to do things differently.

Integral to skills development will be the provision of 16 to 19 years educational training. This is an area in which GM will have the freedom to determine the number of apprenticeships and in which spatial/occupational areas any provision, linked to economic need, will take place. Significantly, the city-region will have the capacity to determine the mix and number of educational places needed which will in turn determine funding based on national funding methodology. For example, in respect of apprenticeships there will be a clearly defined allocation that GM can treat as part of its Single Revenue Budget.

Principal risks and uncertainties

The directors have considered the principal risks and uncertainties facing the company; these are:

- Failure of Greater Manchester Partners to agree a robust Greater Manchester Strategy delivery plan with appropriate mechanisms and funding in place to ensure its effective delivery.
- Failure to effectively manage programmes, the impact this could have on the company's reputation and the subsequent impact this could have on the future funding of the company.
- Public expenditure and associated public sector reforms.

Going concern

The Commission's accounts are prepared on the going concern basis. The majority of key contracts have been secured for 2010/11. The Board is confident that the substantial accumulated expertise of and within the business will provide the basis for continued viability and success. The Reserves reported in these accounts are considered sufficient to provide funding for the foreseeable future.

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Directors' Report
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Corporate governance

The Commission fully supports good corporate governance and has sought to comply with the provisions of the Combined Code and the recommendations of the Higgs Review, insofar as it is appropriate given the Company's size and structure.

Features of the Company's corporate governance procedures are:

- The Company's Board meets bi-monthly, is open to the public in keeping with the 1972 Local Government Act, and brings independent judgement to bear. The Company formulates strategy and establishes key milestones to measure progress; promotes the Commission and its activities within the community and ensures community needs are reflected in the strategy and operations; seeks to achieve a policy and financial framework which is conducive to the achievement of the Commission's aims; monitors performance against agreed objectives; ensures the legality, financial probity, efficiency and cost effectiveness of the Commission's operations, and has obligations under the Freedom of Information Act.

The Board delegates day-to-day and business management control to the Chief Executive and Senior Management Team.

- The Board comprises non-executive directors who take an active role in Board matters concerning strategy, performance, resources, key appointments and standards of conduct.
- The Commission has Remuneration and Finance and Audit Committees, each with terms of reference approved by the Board. The Board appoints private sector directors to the Board in consultation with a search and selection committee established by AGMA and the Business Leadership Council.

The current members of the Finance and Audit Committee are Ms J Davies (Chairman), Cllr K Quinn, Mr I Fox and Sir W Moorcroft. The Finance and Audit Committee meets three times a year, and prior to the publication of final results.

The Finance and Audit Committee is responsible for assisting the Board with its responsibilities in respect of external financial reporting. This includes reviewing the Company's financial statements or other statements containing financial information, before submission to the Board for endorsement.

It is also responsible for overseeing all matters associated with the appointment, terms, remuneration and performance of the external auditors and for reviewing the scope and results of the audit and its cost effectiveness. The Committee reviews annually the independence and objectivity of the external auditors taking into account the non-audit services provided by them.

Only Committee members are entitled to attend a meeting. However the Chief Executive and Finance Director are normally invited to attend, with the external auditor being invited to attend at least annually. Others are also invited to attend as appropriate.

The current members of the Remuneration Committee are Mr M Blackburn, Lord P Smith and Mr M Edge. The Remuneration Committee meets at least once each year and is responsible for reviewing and recommending the framework and policy for remuneration of senior executives, which the Board as a whole is responsible for approving. Once approved, the Remuneration Committee is responsible for evaluation of the performance of, and determining specific remuneration packages for, each executive director. The Remuneration Committee also approves the overall level of annual pay award to staff.

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A search and selection committee meets to consider private-sector representatives for the Commission's Board. In considering an appointment to the Board, the search and selection committee evaluates the balance of skills, knowledge and experience of the Board.

- On appointment, have the opportunity to attend an induction workshop and may take additional support where necessary as part of their continuing development at the expense of the Company.
- The Boards of Directors recognise their overall responsibility for the company's systems of internal control and for monitoring their effectiveness. All activity is organised within a defined structure with formal lines of responsibility and delegation of authority. Performance information reports are produced on a quarterly basis. These reports, together with annual budgets and forecasts, enable the Board to monitor operational performance and the cash position each quarter.
- The key control procedures operating within the Company include, but are not limited to:
 - A comprehensive system of budgeting and forecasting, with a detailed yearly review of actual results compared to budgets;
 - Procedures for the appraisal, review and authorisation of capital expenditure;
 - Treasury procedures and banking arrangements;
 - Financial controls and procedures to be adopted by operational managers;
 - Monitoring and assessment of business risk and performance via yearly review; and
 - Secure storage and back-up of data held on computer systems.

Any system can only manage rather than eliminate the risk of failure to meet business objectives. Therefore, the system can provide only reasonable but not absolute assurance that the Company's assets are protected from material misstatement or loss, and that proper financial records are maintained.

- Board Directors are updated on particular issues via Board papers and away days where appropriate. Directors can request, at their discretion, a briefing with the Executive. Directors have access to independent professional advice, if necessary, at the Company's expense, and to advice and services from the Company Secretary whose appointment is a Board matter. The Board receives sufficient information in advance to enable it to discharge its duties.
- Appropriate levels of insurance cover are obtained for all Directors and Officers of the Company.
- All Directors offer themselves for re-election at the first opportunity after their initial appointment, and at least once every three years thereafter, except where they are direct nominees.
- The Commission operates a Whistleblowing procedure which all staff can access on the Intranet. The Finance and Audit Committee is responsible for the Whistleblowing procedure.
- A risk assessment is included in the business plan each year and performance is monitored against this at each Board meeting. Risk assessment is an ongoing process for which the Finance and Audit Committee is responsible.

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Directors' Report
for the year ended 31 March 2010

Directors

The directors who served during the year were:

Mr M Blackburn
Cllr R Bibby
Ms J Davies
Mr M Dinsdale
Mr M Edge
Mr I Fox
Cllr J Merry
Sir W Moorcroft
Cllr K Quinn
Lord P Smith
Cllr H Sykes
Cllr M Colledge (appointed 11/06/2009)
Ms S Woodward
Cllr S Williams (resigned 11/06/2009)

Disabled employees

The Commission gives full consideration to applications for employment from disabled persons, where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Commission's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

Regular meetings are held between management and employees to allow a free flow of information and ideas and in particular to provide information systematically to employees on areas that concern them as employees. Through monthly management meetings, written communications as well as the monthly all-staff meeting, employees are kept in touch with significant developments affecting the Company and they are encouraged to present their views on the Commission's performance. The Employee Consultative Committee is a key group for the two-way exchange of information, ideas and views.

The Commission is committed to effective and regular communication and information sharing with its employees. It believes that such dialogue will help to achieve the organisation's objectives and provide a harmonious working environment for all.

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Directors' Report
for the year ended 31 March 2010

Statement of directors' responsibilities

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

Auditors

The auditors, Hurst & Company Accountants LLP, will be considered as part of a reappointment exercise in accordance with section 485 of the Companies Act 2006.

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board and signed on its behalf.

.....
Ms J Davies
Director

Date:

Commission for the New Economy Limited (formerly Manchester Enterprises Limited)
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Independent Auditors' Report to the Members of Commission for the New Economy Limited (formerly Manchester Enterprises Limited)

We have audited the financial statements of Commission for the New Economy Limited (formerly Manchester Enterprises Limited) for the year ended 31 March 2010, set out on pages 12 to 25. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 its surplus 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.

Commission for the New Economy Limited (formerly Manchester Enterprises Limited)
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Independent Auditors' Report to the Members of Commission for the New Economy Limited (formerly Manchester Enterprises 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Helen Besant Roberts (Senior statutory auditor)

for and on behalf of

Hurst & Company Accountants LLP

Chartered Accountants & Registered Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Cheshire

SK1 1TD

Date:

Commission for the New Economy Limited (formerly Manchester Enterprises Limited)
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**Income and Expenditure Account
for the year ended 31 March 2010**

	Note	2010 £	2009 £
Income	1	6,787,285	<i>14,107,289</i>
Direct costs		(2,540,503)	<i>(9,105,914)</i>
Gross surplus	3	4,246,782	<i>5,001,375</i>
Administrative expenses		(4,228,909)	<i>(5,069,962)</i>
Operating surplus/(deficit)	3	17,873	<i>(68,587)</i>
Interest receivable & similar income	6	947	<i>33,833</i>
Other finance income	7	1,000	<i>-</i>
Surplus/(deficit) on ordinary activities before taxation		19,820	<i>(34,754)</i>
Tax on surplus/(deficit) on ordinary activities	8	(199)	<i>(7,105)</i>
Surplus/(deficit) for the financial year		19,621	<i>(41,859)</i>

All amounts relate to continuing operations.

There is no difference between the surplus on ordinary activities before taxation and the retained surplus for the year stated above, and their historical cost equivalent.

The notes on pages 16 to 25 form part of these financial statements.

Commission for the New Economy Limited (formerly Manchester Enterprises Limited)
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Statement of Total Recognised Gains and Losses
for the year ended 31 March 2010

	Note	2010 £	<i>2009</i> <i>£</i>
Surplus/(deficit) for the financial year		19,621	<i>(41,859)</i>
Actuarial gain related to pension scheme	13	9,000	<i>(4,000)</i>
Total recognised gains and losses relating to the year		28,621	<i>(45,859)</i>

The notes on pages 16 to 25 form part of these financial statements.

Commission for the New Economy Limited (formerly Manchester Enterprises Limited)
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Registered number: 5678007

Balance Sheet
as at 31 March 2010

	Note	£	2010 £	£	2009 £
Fixed assets					
Tangible fixed assets	9		20,278		-
Current assets					
Debtors	10	1,360,431		5,443,767	
Cash at bank	11	1,118,480		379,085	
		2,478,911		5,822,852	
Creditors: amounts falling due within one year	12	(2,120,167)		(5,451,451)	
Net current assets			358,744		371,401
Total assets less current liabilities			379,022		371,401
Defined benefit pension scheme asset	13		30,000		9,000
Net assets including pension scheme assets			409,022		380,401
Reserves					
Income and expenditure account	15		409,022		380,401
	16		409,022		380,401

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
Mr M Blackburn
Chairman

.....
Ms J Davies
Director

Date:

The notes on pages 16 to 25 form part of these financial statements.

Commission for the New Economy Limited (formerly Manchester Enterprises Limited)
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Cash Flow Statement
for the year ended 31 March 2010

	Note	2010 £	2009 £
Net cash flow from operating activities	18	783,137	(241,097)
Returns on investments and servicing of finance	19	947	33,833
Taxation	19	(19,341)	-
Capital expenditure and financial investment	19	(25,348)	-
Increase/(Decrease) in cash in the year		739,395	(207,264)

Reconciliation of Net Cash Flow to Movement in Net Funds
for the year ended 31 March 2010

		2010 £	2009 £
Increase/(Decrease) in cash in the year		739,395	(207,264)
Movement in net funds in the year		739,395	(207,264)
Net funds at 1 April 2009	20	379,085	586,349
Net funds at 31 March 2010	20	1,118,480	379,085

The notes on pages 16 to 25 form part of these financial statements.

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Notes to the Financial Statements
for the year ended 31 March 2010

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Income

Income represents amounts earned in accordance with the company's Business Plan, and is recognised on the basis of claims received/submitted or as work is delivered.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	20% straight line
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1.4 Taxation

The taxation status of the company is subject to an agreement with HM Revenue & Customs whereby surpluses arising on trading and investment activities are taxable. Corporation tax has therefore been provided on the trading and investment activity surpluses.

1.5 Pensions

One employee of the company participates in the Greater Manchester Pension Fund, part of the Local Government Pension Scheme. This is a defined benefit pension scheme and assets of the scheme are held separately from those of the company. The current service costs are charged to direct costs, and net returns on assets are charged to net interest receivable in the Income and Expenditure account. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses. Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using an AA corporate bond rate. Pension scheme assets are valued at market value at the balance sheet date. The net pension scheme asset/(liability) is recognised in full on the balance sheet.

The company contributes to personal pension plans of its employees. These contributions are charged to the Income and Expenditure Account as they become payable.

1.6 Operating leases

Rentals under operating leases are charged to the Income and Expenditure account on a straight line basis over the lease term.

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Notes to the Financial Statements
for the year ended 31 March 2010

1. Accounting Policies (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

2. Income

Income is wholly attributable to the company's principal continuing activity of delivering economic growth in Greater Manchester and is stated net of value added tax.

3. Operating surplus/(deficit)

The operating surplus/(deficit) is stated after charging:

	2010	<i>2009</i>
	£	<i>£</i>
Depreciation of tangible fixed assets:		
- owned by the company	5,070	-
Auditors' remuneration - audit services	11,000	<i>10,500</i>
Auditors' remuneration - non-audit services	5,650	<i>1,500</i>
Operating lease rentals:		
- plant and machinery	3,226	-
- land and buildings	153,104	<i>216,073</i>
Irrecoverable VAT	152,453	<i>236,241</i>
	=====	<i>=====</i>

4. Directors' remuneration

	2010	<i>2009</i>
	£	<i>£</i>
Emoluments	-	<i>69,450</i>
	=====	<i>=====</i>
Pension contributions	-	<i>8,940</i>
	=====	<i>=====</i>

There were no retirement benefits accruing for any of the directors (2009: 1 director).

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Notes to the Financial Statements
for the year ended 31 March 2010

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2010	<i>2009</i>
	£	<i>£</i>
Wages and salaries	1,747,111	<i>1,777,978</i>
Social security costs	163,928	<i>174,703</i>
Other pension costs (Note 13)	187,823	<i>137,853</i>
	2,098,862	<i>2,090,534</i>
	2,098,862	<i>2,090,534</i>

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

	2010	<i>2009</i>
	No.	<i>No.</i>
Operational delivery and administrative staff	44	<i>42</i>
	44	<i>42</i>

6. Interest receivable

	2010	<i>2009</i>
	£	<i>£</i>
Other interest receivable	947	<i>33,833</i>
	947	<i>33,833</i>

7. Other finance income

	2010	<i>2009</i>
	£	<i>£</i>
Expected return on pension scheme assets	4,000	<i>3,000</i>
Interest on pension scheme liabilities	(3,000)	<i>(3,000)</i>
	1,000	<i>-</i>
	1,000	<i>-</i>

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8. Taxation

	2010	<i>2009</i>
	£	£
UK corporation tax charge on surplus/deficit for the year	199	<i>7,105</i>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (*2009 - lower than*) the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2010	<i>2009</i>
	£	£
Surplus/deficit on ordinary activities before tax	19,820	<i>(34,754)</i>
Surplus/deficit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (<i>2009 - 28%</i>)	5,550	<i>(9,731)</i>
Effects of:		
Exempt activities	(3,963)	<i>19,204</i>
Tax rate lower than 28%	(1,388)	<i>(2,368)</i>
Current tax charge for the year (see note above)	199	<i>7,105</i>

9. Tangible fixed assets

	Fixtures & fittings
	£
Cost	
Additions in year	25,348
At 31 March 2010	25,348
Depreciation	
Charge for the year	5,070
At 31 March 2010	5,070
Net book value	
At 31 March 2010	20,278

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10. Debtors

	2010 £	2009 £
Trade debtors	210,846	4,431,838
Other debtors	207,244	148,942
Amounts owed by group undertakings	-	11,500
Prepayments and accrued income	942,341	851,487
	1,360,431	5,443,767

11. Cash at bank

	2010 £	2009 £
Cash at bank	1,118,480	379,085
	1,118,480	379,085

**12. Creditors:
Amounts falling due within one year**

	2010 £	2009 £
Trade creditors	398,334	3,534,773
Corporation tax	198	19,340
Social security and other taxes	115,617	50,629
Other creditors	10,711	609,734
Accruals and deferred income	1,595,307	1,236,975
	2,120,167	5,451,451

13. Pension commitments

One employee of the company participates in the Greater Manchester Pension Fund, part of the Local Government Pension Scheme. The scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an independent investment manager.

Pension contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. A full actuarial valuation was carried out at 31 March 2010.

Financial Reporting Standard (FRS) 17 requires that the calculation of the value of the scheme is based on different assumptions to the triennial valuation of the schemes assets and liabilities, and these are reported in the statutory accounts. The FRS 17 valuation, also calculated by a qualified independent actuary, assumes that the assets of the fund are held in AA corporate bonds, and the affect of the FRS17 calculation is reported through both the Profit & Loss account and through the Statement of Recognised Gains and Losses.

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13. Pension commitments (continued)

The amounts recognised in the balance sheet are as follows:

	2010	<i>2009</i>
	£	<i>£</i>
Present value of funded obligations	(71,000)	<i>(43,000)</i>
Fair value of scheme assets	101,000	<i>52,000</i>
	<hr/>	<hr/>
Net asset	30,000	<i>9,000</i>
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in income and expenditure are as follows:

	2010	<i>2009</i>
	£	<i>£</i>
Current service cost	(7,000)	<i>(9,000)</i>
Interest on obligation	(3,000)	<i>(3,000)</i>
Expected return on scheme assets	4,000	<i>3,000</i>
Past service cost	-	<i>(1,000)</i>
	<hr/>	<hr/>
Total	(6,000)	<i>(10,000)</i>
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	23,000	<i>(8,000)</i>
	<hr/> <hr/>	<hr/> <hr/>

Changes in the present value of the defined benefit obligation are as follows:

	2010	<i>2009</i>
	£	<i>£</i>
Opening defined benefit obligation	43,000	<i>28,000</i>
Current service cost	7,000	<i>9,000</i>
Interest cost	3,000	<i>3,000</i>
Contributions by scheme participants	9,000	<i>9,000</i>
Actuarial gains	9,000	<i>(7,000)</i>
Past service costs	-	<i>1,000</i>
	<hr/>	<hr/>
Closing defined benefit obligation	71,000	<i>43,000</i>
	<hr/> <hr/>	<hr/> <hr/>

Commission for the New Economy Limited (formerly Manchester Enterprises Limited)
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Notes to the Financial Statements
for the year ended 31 March 2010

13. Pension commitments (continued)

Changes in the fair value of scheme assets are as follows:

	2010	<i>2009</i>
	£	£
Opening fair value of scheme assets	52,000	<i>33,000</i>
Expected return	4,000	<i>3,000</i>
Actuarial gains and (losses)	18,000	<i>(11,000)</i>
Contributions by employer	18,000	<i>18,000</i>
Contributions by scheme participants	9,000	<i>9,000</i>
	101,000	<i>52,000</i>
	101,000	<i>52,000</i>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £5,000 gain (*2009 - £4,000 loss*).

The company expects to contribute £18,000 to its Defined benefit pension scheme in 2011.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2010	<i>2009</i>
Equities	67.00 %	<i>67.00 %</i>
Bonds	16.00 %	<i>15.00 %</i>
Property	6.00 %	<i>8.00 %</i>
Cash	11.00 %	<i>10.00 %</i>

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2010	<i>2009</i>
Discount rate at 31 March	5.90 %	<i>6.90 %</i>
Expected return on scheme assets at 31 March	6.90 %	<i>6.30 %</i>
Future salary increases	3.00 %	<i>4.60 %</i>
Inflation assumption	3.70 %	<i>3.10 %</i>

Amounts for the current and previous period are as follows:

	2010	<i>2009</i>
	£	£
Defined benefit obligation	(71,000)	<i>(43,000)</i>
Scheme assets	101,000	<i>52,000</i>
	30,000	<i>9,000</i>
Surplus	30,000	<i>9,000</i>
Experience adjustments on scheme liabilities	(9,000)	<i>7,000</i>
Experience adjustments on scheme assets	18,000	<i>(11,000)</i>

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14. Operating lease commitments

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2010	Other
	2010	2009		
	£	£	£	£
Expiry date:				
Between 2 and 5 years	153,104	-	4,046	-
After more than 5 years	-	<i>218,373</i>	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The company has an agreement in place to sub-let part of their office space to the North West Regional Development Agency for £47,552 per annum. This agreement runs until 25 January 2014.

15. Reserves

	Income and expenditure account £
At 1 April 2009	380,401
Surplus for the year	19,621
Pension reserve movement	9,000
	<u> </u>
At 31 March 2010	409,022
	<u> </u>

16. Reconciliation of movement in members' funds

	2010	2009
	£	£
Opening members' funds	380,401	<i>426,260</i>
Surplus/(deficit) for the year	19,621	<i>(41,859)</i>
Actuarial gain on pension scheme	9,000	<i>(4,000)</i>
	<u> </u>	<u> </u>
Closing members' funds	409,022	<i>380,401</i>
	<u> </u>	<u> </u>

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17. Company status

During the year the company change its name from Manchester Enterprises Limited to Commission for the New Economy Limited.

The company is incorporated as a company limited by guarantee and therefore has no share capital. On 2 October 2008, the Association of Greater Manchester Authorities' constituent local authorities became the members of the company. Commission for the New Economy is now the executive arm of the strategic Commission for Economic Development, Employment and Skills, one of seven commissions being established by Greater Manchester under its new governance arrangements.

Each member's liability is limited to £1.

18. Net cash flow from operating activities

	2010	2009
	£	£
Operating surplus/(deficit)	17,873	(68,587)
Depreciation of tangible fixed assets	5,070	-
Decrease in debtors	4,083,336	2,836,341
Decrease in creditors	(3,312,142)	(2,995,851)
Decrease in net pension assets/liabilities	(11,000)	(13,000)
	783,137	(241,097)
Net cash inflow/(outflow) from operating activities	783,137	(241,097)

19. Analysis of cash flows for headings netted in cash flow statement

	2010	2009
	£	£
Returns on investments and servicing of finance		
Interest received	947	33,833
	947	33,833

	2010	2009
	£	£
Taxation		
Corporation tax paid	(19,341)	-
	(19,341)	-

	2010	2009
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(25,348)	-
	(25,348)	-

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**Notes to the Financial Statements
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20. Analysis of changes in net funds

	1 April 2009 £	Cash flow £	Other non-cash changes £	31 March 2010 £
Cash at bank and in hand	379,085	739,395	-	1,118,480
Net funds	379,085	739,395	-	1,118,480

21. Related party transactions

The following material related party transactions have occurred where a director of Commission for the New Economy Limited is also a director or senior officer of an external organisation.

Organisation	Service	Annual income/ (expenditure) 2010 £	Balance at year end 2010 £	Annual income/ (expenditure) 2009 £	Balance at year end 2009 £
Tameside MBC	AGMA Contribution	-	-	175,409	13,828
Salford CC	Management of Future Jobs fund	196,885	2,215	96,842	14,127
Salford CC	Project delivery & secondment costs	(895,040)	(65,000)	(104,673)	-
Trafford MBC	Project income	-	-	151,303	13,788
Trafford MBC	Project delivery	(32,000)	-	-	-
Oldham MBC	Project income	11,679	-	173,265	14,149
Oldham MBC	Project delivery	-	-	(79,000)	-
Bury MBC	Project income	-	-	149,347	11,832
Bury MBC	Project delivery	(45,500)	-	-	-
Wigan MBC	Project income	-	-	156,250	19,734
Wigan MBC	Project delivery & contribution to office costs	(1,206,814)	(19,494)	(378,863)	(121,147)
KPMG	Funding audits	(3,230)	-	(42,920)	-