

DRAFT

Strategic Report,

Report of the Directors and

Financial Statements

for the Period

12 February 2019 to 31 March 2020

for

The Marches Local Enterprise Partnership
Ltd

The Marches Local Enterprise Partnership
Ltd

Contents of the Financial Statements
for the Period 12 February 2019 to 31 March 2020

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Income Statement	7
Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the Cash Flow Statement	12
Notes to the Financial Statements	13
Detailed Income and Expenditure Account	19

The Marches Local Enterprise Partnership
Ltd

Company Information
for the Period 12 February 2019 to 31 March 2020

DIRECTORS:

Dr C E Baxter
Mr P K Bennett
Mr S F Charmley
Mrs E Chowns
Mr S Davies
Mr P A Hinkins
Mr C D Hitchiner
Mr P Kalinauckas
Mr A R Manning-Cox
Mr F Myers MBE
Mr P Nutting
Mrs S H Roberts
Mrs R E Sheppherd
Mrs C I Snell
Mr J R Staniforth
Mrs A J Thorn MBE
Mrs S E Williams
Mr D Wright
Mr L Carter
Mrs P P Marsh
Dr D G Llewellyn
Mr G R Wynn, OBE

resigned 27.01.2020
resigned 24.03.2020
resigned 24.01.2020
resigned 23.07.2019

SECRETARY:

REGISTERED OFFICE:

Marches LEP, Cameron House
Knights Court, Archers Way
Battlefield Enterprise Park
Shrewsbury
Shropshire
SY1 3GA

REGISTERED NUMBER:

11822614 (England and Wales)

AUDITORS:

The Marches Local Enterprise Partnership
Ltd

Strategic Report
for the Period 12 February 2019 to 31 March 2020

The directors present their strategic report for the period 12 February 2019 to 31 March 2020.

The Marches Local Enterprise Partnership (LEP) was launched to create the conditions for economic vitality and sustainable employment across this diverse region, globally recognised for its pioneering industrial heritage and entrepreneurial spirit.

REVIEW OF BUSINESS

Covering Shropshire, Telford & Wrekin and Herefordshire, the Marches LEP was in the first tranche of partnerships approved by the Government in 2010, joining some of the country's urban powerhouses at the cutting edge of economic development. There are 38 LEPs across the UK, each tasked with driving economic growth in their region.

By leading co-ordinated action to stimulate economic development, through programmes and projects focused on housing, transport, infrastructure, broadband availability, inward investment and skills, the Marches Local Enterprise Partnership is aiming to improve the economic prosperity of the Marches area and create sustainable private sector employment.

The Marches LEP receives funds from the Government which have been made solely available to LEPs to address priorities identified in the Strategic Economic Plan. Once this funding has been secured it is contracted to a wide range of delivery partners including local authorities, universities, colleges, voluntary community sector and private training partners to deliver projects that address the economic needs of the Marches area.

Up until 31st March 2019 the Marches LEP was an unincorporated informal partnership. During 2018/19 Central Government issued a requirement for all LEPs to become a legal company from 1st April 2019. Independent legal advice was sought on the most suitable vehicle and the recommendation to form a private company limited by guarantee was followed and the Marches Local Enterprise Partnership Limited was incorporated. Shropshire Council, acting as the accountable body, continues to receive the funding allocations from Government in the form of s31 grants on behalf of the Marches LEP.

During 2019/20 the Marches LEP continued to support projects including Growth Deal and Growth Hub. Overall funding received by the Marches LEP increased in 2019/20 as a result of a number of Growth Deal 3 projects commencing in 2019/20. The Marches LEP Core Team continues to support projects within Growth Deal 1 and 2 by monitoring outputs as per the funding agreements and are working with Growth Deal 3 projects.

The Marches LEP, like all other LEPs, was subject to an annual performance review in Spring 2020 for the 2019-20 financial year across the three themes: governance, delivery and strategic impact. The Marches LEP was awarded good for governance and delivery and met the requirements for strategic impact.

With the prime ministers announcement on Covid 19 in effect announcing a lock down from March 23rd. The LEP's operations have continued largely as before lockdown. Staff have successfully operated remotely and will continue to do so until it is safe to operate from the office. Board meetings and other similar activities have been held remotely since 23 March 2020

It is not anticipated that Covid 19 will significantly impact operations during 2020/21.

On 1 July 2020 Ministry of Housing, Communities and Local Government advised that the government will be making £900m available to LEPs through the new Getting Building Fund investing in local infrastructure projects to drive economic growth and confirmed that the Marches LEP will receive up to £14m to support capital projects which has to be committed and spent by January 2022.

ON BEHALF OF THE BOARD:

.....
Mrs A J Thorn MBE - Director

Date:

The Marches Local Enterprise Partnership
Ltd

Report of the Directors
for the Period 12 February 2019 to 31 March 2020

The directors present their report with the financial statements of the company for the period 12 February 2019 to 31 March 2020.

INCORPORATION

The company was incorporated on 12 February 2019.

DIVIDENDS

No dividends will be distributed for the period ended 31 March 2020.

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS

The directors who have held office during the period from 12 February 2019 to the date of this report are as follows:

Mrs C E Baxter - appointed 24 March 2020
P K Bennett - appointed 19 March 2019
S F Charmley - appointed 19 March 2019
Mrs E Chowns - appointed 24 March 2020
S Davies - appointed 24 September 2019
P A Hinkins - appointed 12 February 2019
C D Hitchiner - appointed 23 July 2019
P Kalinauckas - appointed 19 March 2019
A R Manning-Cox - appointed 19 March 2019
F Myers MBE - appointed 19 March 2019
P Nutting - appointed 23 July 2019
Mrs S H Roberts - appointed 19 March 2019
Mrs R E Shepherd - appointed 23 July 2019
Mrs C I Snell - appointed 24 March 2020
J R Staniforth - appointed 19 March 2019
Mrs A J Thorn MBE - appointed 7 November 2019
Mrs S E Williams - appointed 23 July 2019
D Wright - appointed 27 January 2020

All the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

MEMBERS LIABILITY

Each member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

.....
Mrs A J Thorn MBE - Director

Date:

DRAFT

DRAFT

The Marches Local Enterprise Partnership
Ltd

Income Statement
for the Period 12 February 2019 to 31 March 2020

	Notes	£
GRANT AND OPERATIONAL INCOME	3	11,420,208
Grant and Operational costs		<u>(8,570,164)</u>
OPERATING SURPLUS	5	2,850,044
Interest receivable and similar income	6	<u>189,427</u>
SURPLUS BEFORE TAXATION		3,039,471
Tax on surplus	7	<u>(35,991)</u>
SURPLUS FOR THE FINANCIAL PERIOD		<u><u>3,003,480</u></u>

The notes form part of these financial statements

The Marches Local Enterprise Partnership
Ltd

Other Comprehensive Income
for the Period 12 February 2019 to 31 March 2020

	Notes	£
SURPLUS FOR THE PERIOD		3,003,480
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>3,003,480</u>

DRAFT

Balance Sheet
31 March 2020

	Notes	£
CURRENT ASSETS		
Debtors falling due within one year	8	39,596,737
Debtors falling due after more than one year	8	<u>38,392</u>
		39,635,129
CREDITORS		
Amounts falling due within one year	9	<u>(36,631,649)</u>
NET CURRENT ASSETS		<u>3,003,480</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,003,480</u>
RESERVES		
Income and expenditure account	11	<u>3,003,480</u>
		<u>3,003,480</u>

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

.....
Director

The Marches Local Enterprise Partnership
Ltd

Statement of Changes in Equity
for the Period 12 February 2019 to 31 March 2020

	Retained earnings £	Total equity £
Changes in equity		
Total comprehensive income	<u>3,003,480</u>	<u>3,003,480</u>
Balance at 31 March 2020	<u><u>3,003,480</u></u>	<u><u>3,003,480</u></u>

DRAFT

The Marches Local Enterprise Partnership
Ltd

Cash Flow Statement
for the Period 12 February 2019 to 31 March 2020

	Notes	£
Cash flows from operating activities		
Cash generated from operations	1	<u>(189,427)</u>
Net cash from operating activities		<u>(189,427)</u>
Cash flows from investing activities		
Interest received		<u>189,427</u>
Net cash from investing activities		<u>189,427</u>
Increase in cash and cash equivalents		<u>-</u>
Cash and cash equivalents at beginning of period	2	-
Cash and cash equivalents at end of period	2	<u>-</u>

The notes form part of these financial statements

1. RECONCILIATION OF SURPLUS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	£
Surplus before taxation	3,039,471
Finance income	<u>(189,427)</u>
	2,850,044
Increase in trade and other debtors	(39,635,129)
Increase in trade and other creditors	<u>36,595,658</u>
Cash generated from operations	<u><u>(189,427)</u></u>

2. CASH AND CASH EQUIVALENTS

The Accountable Body funds are held on deposit on behalf of The Marches LEP by Shropshire Council, funds being interest-bearing. See debtors for detailed breakdown.

1. **STATUTORY INFORMATION**

The Marches Local Enterprise Partnership Ltd is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Income is recognised on an accruals basis based on an estimate of the income due in the relevant period.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Income

Grant and Operational income is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Recognition and measurement

A reporting entity cannot recognise a government grant until the recognition criteria has been met. In order to meet the recognition criteria there must be reasonable assurance that:

- the entity will comply with the conditions attaching to the grant; and
- the grants will be received.

Grants are recognised under the accrual model which requires the grant to be classified as either a revenue-based grant or a capital-based grant.

Grants received for a specific project which relate to revenue shall be recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Non-specific revenue grants which are used to cover operational cost and projects run internally are recognised fully in the year that the funds are received.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset.

Interest income

Interest income is recognised in the Income Statement on a cash basis when received.

2. **ACCOUNTING POLICIES - continued**

Financial instruments

Basic financial instruments are initially recognised at the transaction price unless the arrangement constitutes a financing transaction where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when:

- The contractual rights to the cash flows from the asset expire or are settled; or
- Substantially all the risks and rewards of the ownership of the asset are transferred to another party; or
- Control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Taxation

The company operates as a not for profit entity, it does not carry on a trade for tax purposes, as a result, the net surplus arising from these activities is not trading and is exempt from corporation tax. The company is liable to corporation tax on bank interest and other investment interest.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Going concern and Covid-19

The financial statements have been prepared on a going concern basis as the Directors believe that no material uncertainties exist. The Directors have considered the level of reserves held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the company to continue as a going concern.

Refer to the Strategic Report for information regarding the company's response to Covid-19 and its affect on the company. This highlights the directors belief that the company will be a going concern for the foreseeable future.

3. **GRANT AND OPERATIONAL INCOME**

The whole of the income is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

Income arising in the year includes revenue income received to cover the day to day core funding requirements of the LEP such as administration costs and staff remuneration. It also includes revenue income to fund certain projects undertaken directly by the LEP. Grant income includes capital income received for specific projects which are then distributed by the LEP to third parties. They are generally funds provided by Government or other agencies. Costs directly attributable to projects are charged against this income and shown as an expense.

4. **EMPLOYEES AND DIRECTORS**

The LEP has no directly employed staff. All staff are employed by Shropshire Council and are then hosted by the LEP. The average number of staff hosted in 2019/20 was seven.

Directors' remuneration

£
-

5. OPERATING SURPLUS

The operating surplus is stated after charging:

Auditors' remuneration	£ <u>5,400</u>
------------------------	-------------------

6. INTEREST RECEIVABLE AND SIMILAR INCOME

Deposit account interest	£ 172,992
Interest receivable on loans	<u>16,435</u>
	<u>189,427</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the surplus for the period was as follows:

Current tax:	£
UK corporation tax	35,991
Tax on surplus	<u>35,991</u>

UK corporation tax has been charged at 19%.

8. DEBTORS

Amounts falling due within one year:	£
Trade debtors	41,744
Other debtors	144,000
Cash held by Shropshire Council	38,416,044
Cash held by Hereford EZ Skills	48,644
Accrued income	<u>946,305</u>
	<u>39,596,737</u>

Amounts falling due after more than one year:	
Other debtors	<u>38,392</u>

Aggregate amounts	<u>39,635,129</u>
-------------------	-------------------

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade creditors	101,160
Tax	35,991
Accrued expenses	4,786,302
Deferred income	21,165
Rev-Grants received in advance	206,393
Cap-Grants received in advance	<u>31,480,638</u>
	<u><u>36,631,649</u></u>

10. LEASING AGREEMENTS

The Marches Local Enterprise Partnership has operating leases that are made on behalf of the entity through Shropshire Council. Including the lease of the furnished rooms used by the entity.

11. RESERVES

The reserves represent cumulative surpluses or deficits, net of other adjustments, as follows:

	£
Capital Projects	
Marches Investment Fund	<u>182,392</u>
	182,392
Revenue Projects	
Core	1,162,629
Capacity	71,553
Marches Investment Fund	<u>1,586,906</u>
	<u>2,821,088</u>
	<u><u>3,003,480</u></u>

12. CAPITAL COMMITMENTS

Grant agreements span several financial years, typically involving a plan for spend and any grant payments due. Grant drawdowns are usually subject to claims.

13. RELATED PARTY DISCLOSURES

Marches Local Enterprise Partnership Limited is a strategic organisation which has a revenue budget that covers operating costs that is reflected in these accounts. The majority of the revenue is given by Government for this purpose via the accountable body.

The LEP also secures large amounts of Capital funding from Government that is used to invest in transport schemes, infrastructure and to provide loans and grants to companies. The requirement of the Government is to use 'accountable bodies' to hold and manage these large amounts of public money, the LEP as a newly created company does not qualify as an 'accountable body'. To date, Shropshire Council with established and robust systems in place and with a track record of dealing with substantial amount of public money, have acted as the 'accountable body' to manage and deploy all capital on behalf of the LEP, which currently include Local Growth Fund, and Marches Investment Fund.

During the year, the Partnership received income and made payments to the three partner Councils for the following amounts:

	Herefordshire Council £'000	Shropshire Council £'000	Telford & Wrekin Council £'000
Income received during the year:			
Match funding	(23)	(38)	(21)
Enterprise Zone Projects	(100) (6)	- -	- -
Interest on balances	-	(172)	-
Total income	(129)	(210)	(21)
Income outstanding at 31/03/2020	-	-	-
Expenditure during the year:			
Projects	87	562	3,943
LEP Management Overheads	1	476	-
S151 Financial & Legal Services for LEP	-	56	-
Governance Services for LEP	-	-	-
Total expenditure	88	1,094	3,943
Amounts owing at 31/03/2020	7	48	-
Net (Income)/Expenditure	(41)	884	3,922

14. POST BALANCE SHEET EVENTS

Due to the outbreak of COVID19, in the UK during March 2020, the company has assessed the impact of the virus on its activities. We would like to draw your attention to the accounting policies note for further details.

On 1 July 2020 Ministry of Housing, Communities and Local Government advised that the government will be making £900m available to LEPs through the new Getting Building Fund investing in local infrastructure projects to drive economic growth and confirmed that the Marches LEP will receive up to £14m to support capital projects which has to be committed and spent by January 2022.

15. ULTIMATE CONTROLLING PARTY

There is no one ultimate controlling party.

16. MEMBERS LIABILITY

Each member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

The Marches Local Enterprise Partnership
Ltd

Detailed Income and Expenditure Account
for the Period 12 February 2019 to 31 March 2020

	£	£
Grant and Operational income		
Match Funding	83,022	
Enterprise Zone	100,000	
Projects	5,760	
Grant income	7,974,575	
Transfer of reserves on incorporation	<u>3,256,851</u>	
		11,420,208
Other income		
Deposit account interest	172,992	
Interest receivable on loans	<u>16,435</u>	
		<u>189,427</u>
		11,609,635
Expenditure		
Employee Costs	500,188	
Team Costs	149,149	
Operational - Growth Hub	149,008	
Operational - Careers Sector	81,637	
Operational - Promotional	13,870	
Operational - Other	65,299	
Support Costs	55,843	
Accountancy	2,700	
Legal & Professional fees	33,217	
Auditors' remuneration	5,400	
Project costs - Core	45,000	
Project costs - Review	247,289	
Project costs - Capacity	271,829	
Project costs - Growth Hub	57,215	
Project costs - Growth Deal	<u>6,892,520</u>	
		<u>8,570,164</u>
NET SURPLUS		<u><u>3,039,471</u></u>