

Statement of Accounts

Financial Year

1st April 2018 to 31st March 2019

Contents

The Statement of Accounts is the formal financial report on the Marches LEP's activities.

The statement includes:

Introduction	1
Statement of Responsibilities	4
Statement of Accounts comprising:-	
The Comprehensive Income and Expenditure Statement	5
The Movement in Reserves Statement	6
The Balance Sheet	7
The Notes to the Statement of Accounts	8

Introduction

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.

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 the 31st March 2019 the Marches LEP was an unincorporated informal partnership. To facilitate the operations of the Marches LEP, Shropshire Council acts as the Accountable Body for the partnership. This means that the Council receives funds and makes payments on behalf of the Marches LEP, oversees contract management with suppliers and ensures the Partnership has sufficient cash flow. During 2018/19 Central Government issued a requirement for all LEPs to become a legal company from 1st April 2019. Legal advice was sought on the most suitable vehicle for the company and it was agreed that a private company limited by guarantee should be established. Shropshire Council, acting as the accountable body, will still receive funding on behalf of the Marches LEP.

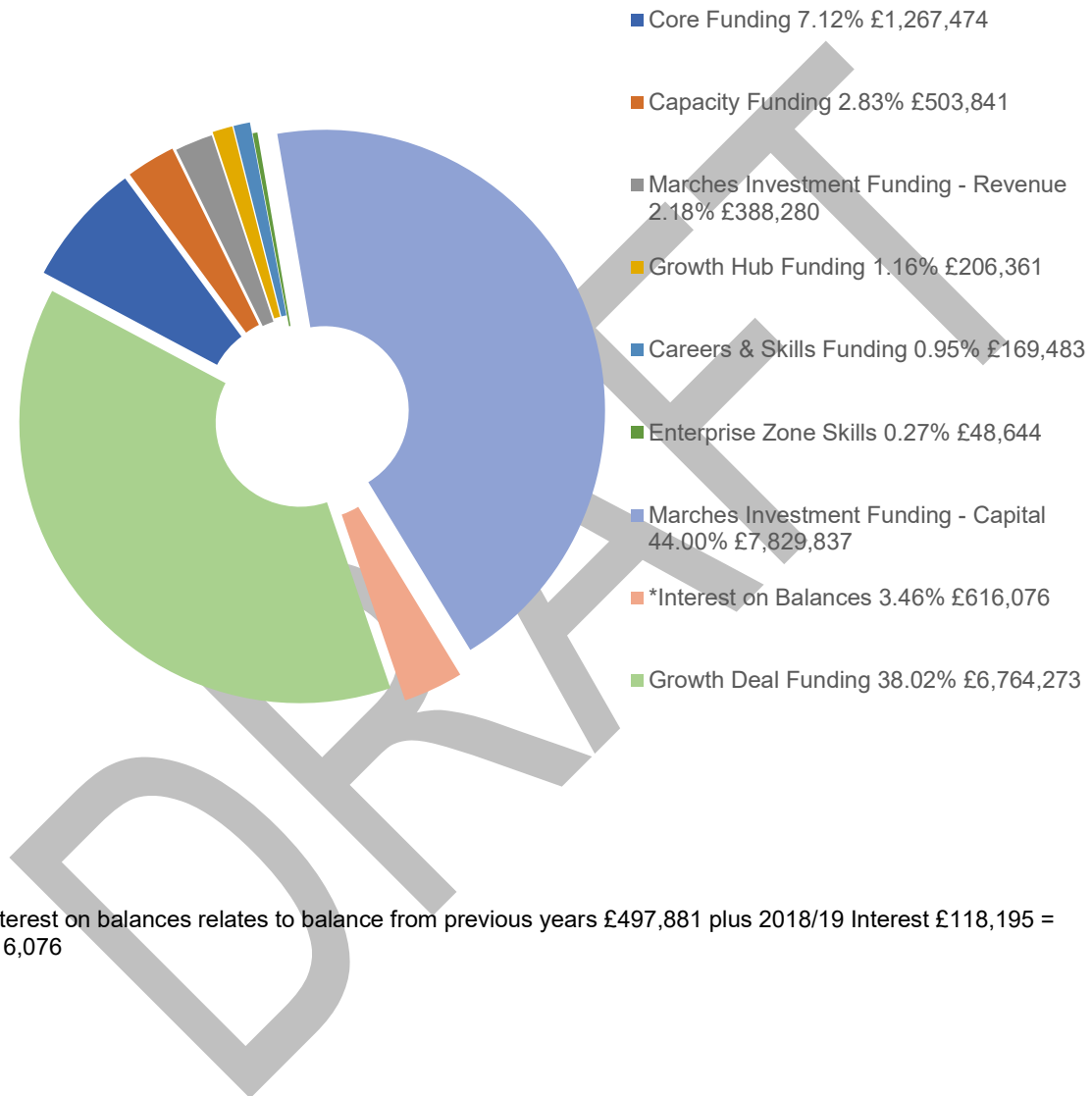
During 2018/19 the Marches LEP continued to support projects including Growth Deal and Growth Hub. Overall funding received by the Marches LEP reduced in 2018/19 due to the Growth Deal grant reducing as a result of a number of Growth Deal 3 projects not commencing until 2019/20. The Marches LEP Core 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.

Details of the funding and expenditure allocated to the different projects can be found on pages 2 and 3.

Introduction

Funding and Expenditure for 2018/19

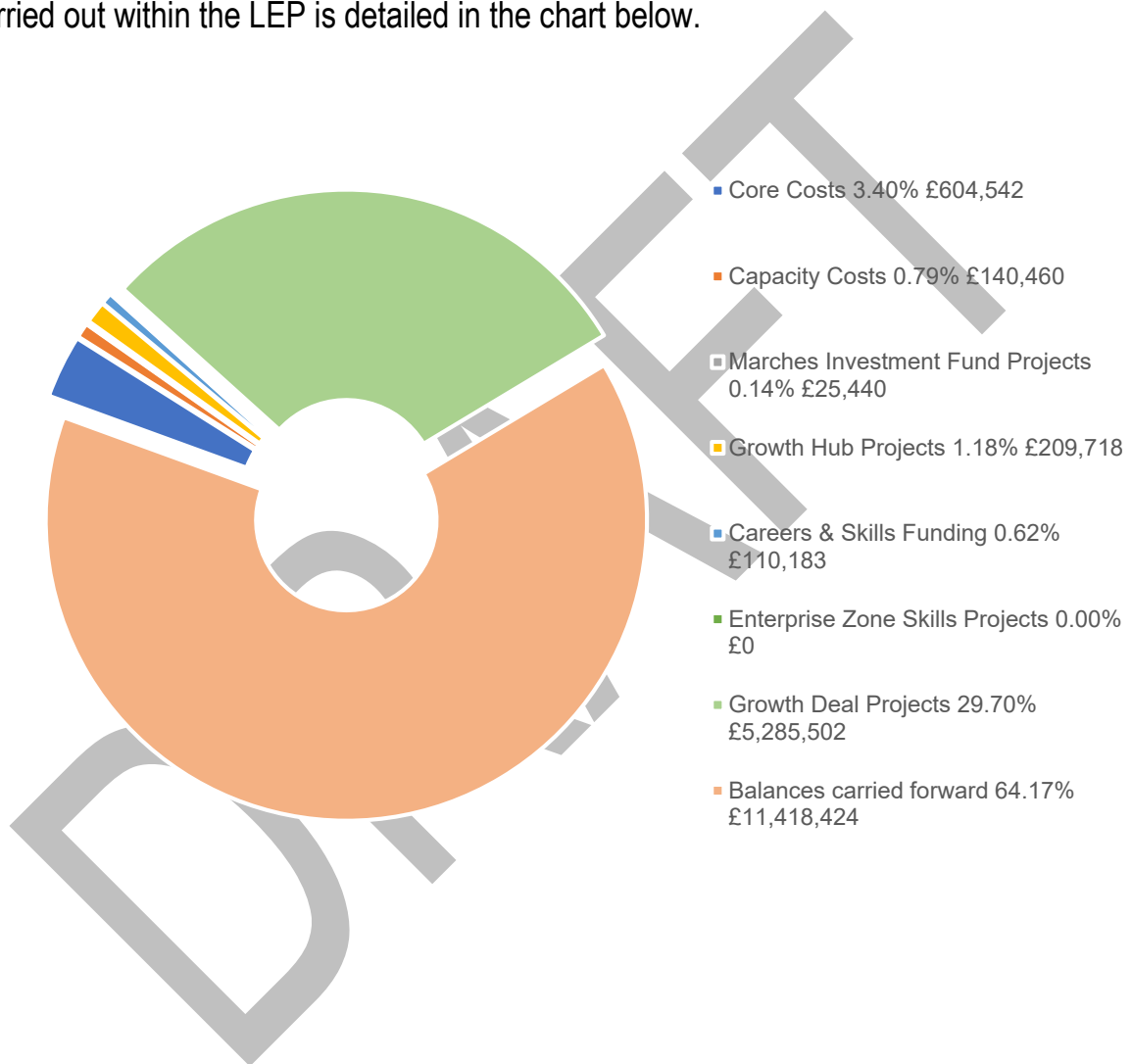
The total funding and income available in 2018/19 is £17,794,269. The funding received from the various sources is detailed in the chart below.



* Interest on balances relates to balance from previous years £497,881 plus 2018/19 Interest £118,195 = £616,076

Introduction

Total expenditure in 2018/19 across the various programmes was £6,375,845, therefore a balance of £11,418,424 has been carried forward to 2019/20 within grant accounts and revenue reserves. A breakdown of expenditure against the programme of activities carried out within the LEP is detailed in the chart below.



Statement of Responsibilities

Responsibilities of the Director of Finance, Governance & Assurance

The Director of Finance, Governance & Assurance is responsible for the preparation of the Marches LEP's Statement of Accounts in accordance with proper practices as set out in CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Director of Finance, Governance & Assurance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code;
- Kept proper, up to date, accounting records;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Director of Finance, Governance & Assurance

I hereby certify that the Statement of Accounts present a true and fair view of the financial position and the income and expenditure of the Marches Local Enterprise Partnership for the year ended 31 March 2019.

James Walton
Director of Finance, Governance & Assurance
Shropshire Council
Section 151 Officer for the Accountable Body of Marches LEP

Certificate of the Chairman of the Marches LEP Board

I approve these accounts on behalf of the Marches Local Enterprise Partnership Board and confirm that they were considered by the Marches Local Enterprise Partnership Board at its meeting on 23rd July 2019.

Graham Wynn OBE
Chairman of the Marches Local Enterprise Partnership

Statement of Accounts

Comprehensive Income & Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2017/18			2018/19		
Gross Expenditure £000	Income £000	Net Expenditure £000	Gross Expenditure £000	Income £000	Net Expenditure £000
7,338	(7,338)	-	5,286	(5,286)	-
26	(26)	-	25	(261)	(236)
324	(256)	68	320	(316)	4
676	(740)	(64)	745	(771)	(26)
8,364	(8,360)	4	6,376	(6,634)	(258)
-	(88)	(88)	-	(145)	(145)
-	-	-	-	-	-
8,364	(8,448)	(84)	6,376	(6,779)	(403)
(Surplus)/Deficit on activities			(Surplus) or Deficit on the Provision of Services		

¹ Includes; Careers & Enterprise project, Growth Hub project and Enterprise zone skill project

² Includes; Capacity Fund Costs and Core Costs

Statement of Accounts

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Marches LEP, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves.

	General Fund Balance £000	Earmarked Reserves** £000	Total Usable Reserves £000	Total Unusable Reserves* £000	Total Reserves £000
Balance as at 31 March 2017	1,249	120	1,369	936	2,305
<u>Movement in reserves during 2017/18</u>					
Surplus on provision of services	84	-	84	-	84
Total Comprehensive Income and Expenditure	84	-	84	-	84
Adjustments between accounting basis & funding basis under regulations	-	-	-	-	-
Transfers to/(from) Earmarked Reserves	30	(30)	-	(251)	(251)
Increase/(decrease) in 2017/18	114	(30)	84	(251)	(167)
Balance at 31 March 2018	1,363	90	1,453	685	2,138
<u>Movement in reserves during 2018/19</u>					
Surplus on provision of services	403	-	403	-	403
Total Comprehensive Income and Expenditure	403	-	403	-	403
Adjustments between accounting basis & funding basis under regulations	-	-	-	-	-
Transfers to/(from) Earmarked Reserves	(26)	26	-	(251)	(251)
Increase/(decrease) in 2018/19	377	26	403	(251)	152
Balance at 31 March 2019	1,740	116	1,856	434	2,290

*Unusable reserves relates to Marches Investment Fund Loans

** Earmarked reserves includes Redundant Buildings revenue funding and Marches Investment Fund interest

Statement of Accounts

Balance Sheet

31 March 2018		31 March 2019	
£000		£000	£000
433	Long Term Debtors	182	
433	Long Term Assets	182	
12,873	Short Term Debtors	15,064	
13,306	Current Assets		15,246
(3,658)	Creditors	(3,631)	
(169)	Grants Receipts in Advance - Revenue	(253)	
(7,342)	Grants Receipts in Advance - Capital	(9,072)	
(11,169)	Current Liabilities		(12,956)
2,137	Net Assets		2,290
1,452	Usable Reserves		1,856
685	Unusable Reserves		434
2,137	Total Reserves		2,290

1 Accounting Policies

1.1 General

The Statement of Accounts summarises the Partnership's transactions for the 2018/19 financial year, and its position as at 31 March 2019. The accounting policies explain the basis for the recognition, measurement and disclosure of transactions and other events within the Statement of Accounts.

The Partnership's Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, insofar as that is applicable to the activities of the Partnership, supported by International Financial Reporting Standards (IFRS).

1.2 Accruals of Income and Expenditure

The Partnership accounts for income and expenditure in the year the effects of the transactions are experienced, not simply when the cash payments are made or received. In particular:

Receipt of goods and services: expenditure is recognised when the goods are consumed and the services received by the Partnership.

Interest: Amounts payable on borrowings and receivable on investments are accounted for on the basis of the effective interest rate for the relevant financial instrument rather than according to the cash flows fixed or determined by the contract.

Debtors and Creditors: where income and expenditure has been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

1.3 Government Grants and Contributions

Government grants and third party contributions and donations are recognised as due and credited as income in the Comprehensive Income and Expenditure Statement, when there is reasonable assurance that:

- There are no conditions attached to them or that the Partnership has complied with the conditions attached to them; and
- The monies will be received.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the grant or condition are required to be consumed by the Partnership as specified, or future economic benefits or service potential must be returned to the awarding body.

Where a grant or contribution has been received, but the conditions are not satisfied, the amount will be carried in the Balance Sheet as a grant receipt in advance.

2 Expenditure and Income analysed by nature

The Partnership's expenditure and income is analysed as follows:

Expenditure/Income	2018/19 £000	2017/18 £000
Expenditure		
Employee Benefit Expenses	416	332
Other service expenses	97	159
Support service recharges	45	35
Revenue Project Costs	533	500
Capital Project Costs	5,285	7,338
Total Expenditure	6,376	8,364
Income		
Fees, charges and other service income	(130)	(100)
Interest and investment income	(145)	(88)
Government grants and contributions	(6,504)	(8,260)
Total Income	(6,779)	(8,448)
(Surplus) or Deficit on the Provision of Services	(403)	(84)

3 Grant Income

The Partnership credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2018/19

	2018/19		2017/18	
	Revenue £000	Capital £000	Revenue £000	Capital £000
Department of Business, Energy & Industrial Strategy				
Growth Hub	205	-	205	-
Enterprise Zone Skills Fund	-	-	5	-
Total	205	-	210	-
Department for Transport				
Delivery Excellence Scheme	-	-	21	-
Growth Deal	-	-	-	-
Total	-	-	21	-
Ministry of Housing, Communities and Local Government				
Marches Investment Fund	25	-	26	-
Core and Capacity Fund	500	-	500	-
LEP Implementation Review Funding	65	-	-	-
Growth Deal	-	5,286	-	7,338
Total	590	5,286	526	7,338
Welsh Government				
Economy and Infrastructure	-	-	18	-
Total	-	-	18	-
Other				
Education & Skills Funding Agency	4	-	-	-
Learning & Work Institute	3	-	-	-
Careers & Enterprise	103	-	47	-
Hereford EZ Contribution	100	-	100	-
Telford Land Deal	236	-	-	-
Total	446	-	147	-
Total	1,241	5,286	922	7,338

The Partnership received grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned to the giver. The balances at the year end are as follows:

	31 March 2019 £000	31 March 2018 £000
Grants Receipts in Advance (Revenue)		
Department of Business, Energy & Industrial Strategy		
Enterprise Zone Skills Fund	49	49
LEP Implementation Review Funding	135	-
Department for Transport		
Delivery Excellence Scheme	-	-
Ministry of Housing, Communities and Local Government		
Marches Investment Fund	10	36
Other		
Careers & Enterprise	50	80
Skills Funding Agency	9	4
Total	253	169
Grants Receipts in Advance (Capital)		
Ministry of Housing, Communities and Local Government		
Marches Investment Fund	7,593	7,342
Growth Deal	1,479	-
Total	9,072	7,342

4 Financing & Investment Income and Expenditure

	2018/19 £000	2017/18 £000
Interest Received On Cash Balances	(118)	(51)
Interest Received from Loan Agreements	(27)	(37)
Total	(145)	(88)

5 Financial Instruments

Categories of Financial Instruments

Marches LEP has the following categories of financial instruments carried in the Balance Sheet. These categories are all classified as having insignificant risk.

Financial Assets

	Long Term				Short Term				Total	
	Investments		Debtors		Investments		Debtors		31/3/19 £'000	31/3/18 £'000
	31/3/19 £'000	31/3/18 £'000	31/3/19 £'000	31/3/18 £'000	31/3/19 £'000	31/3/18 £'000	31/3/19 £'000	31/3/18 £'000		
Amortised Cost										
Debtors	-	-	182	433	-	-	15,087	12,873	15,269	13,306
Total Financial Activities	-	-	182	433	-	-	15,087	12,873	15,269	13,306
Non- Financial Assets	-	-	-	-	-	-	(23)	-	(23)	-
TOTAL	-	-	182	433	-	-	15,064	12,873	15,246	13,306

Financial Liabilities

	Long Term				Short Term				Total	
	Investments		Creditors		Investments		Creditors		31/3/19 £'000	31/3/18 £'000
	31/3/19 £'000	31/3/18 £'000	31/3/19 £'000	31/3/18 £'000	31/3/19 £'000	31/3/18 £'000	31/3/19 £'000	31/3/18 £'000		
Amortised Cost										
Creditors	-	-	-	-	-	-	3,610	3,603	3,610	3,603
Total Financial Activities	-	-	-	-	-	-	3,610	3,603	3,610	3,603
Non- Financial Assets	-	-	-	-	-	-	21	55	21	55
TOTAL	-	-	-	-	-	-	3,631	3,658	3,631	3,658

6 Long Term Debtors

Long term debtors are the loan advances made to organisations under the Marches Investment Fund which provides capital loan funding for stalled projects that, following the injection of capital funding, will be able to start quickly and unlock economic growth.

As at 31st March 2019, the cash value of loan advances made was £433,534 of which £182,391 is classified as long term.

7 Short Term Debtors

The Partnership's cash is held by Shropshire Council, as part of the Council's role as Accountable Body for the Partnership. The cash held by the Accountable Body is recognised on the Balance Sheet of the Partnership as a short term debtor.

	2018/19 £000	2017/18 £000
Central Government Bodies	3	1,455
Local Authorities	14,769	11,167
Other Entities and Individuals	271	251
	15,043	12,873

8 Short Term Creditors

These are amounts owed by the Partnership for work done, goods received or services rendered which had not been paid by 31 March.

	2018/19 £000	2017/18 £000
Local Authorities	2,670	2,504
Other Entities and Individuals	961	1,154
	3,631	3,658

9 Related Party Transactions

The Partnership is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Partnerships or to be controlled or influenced by the Partnership.

The formal decision making body for the Marches LEP is the Marches Enterprise Joint Committee. The committee consists of the three political Leaders of the partner Councils. 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:			
Match Funding	(29)	(47)	(26)
Enterprise Zone Projects	(100)	-	-
Interest on balances	(4)	(118)	(237)
	-		-
Total Income Received	(133)	(165)	(263)
Expenditure:			
Growth Deal Projects	-	3,383	878
Growth Hub	9	33	9
Careers & Enterprise Skills Projects	27	33	33
Capacity Projects	-	16	-
Marches Investment Fund	-	21	-
LEP Management Overheads	-	256	-
S151 Financial & Legal Services for LEP	-	45	-
Governance Services for LEP	-	-	-
Total Expenditure	36	3,787	920
Net (Income)/Expenditure	(97)	3,622	657

Statement of Accounts of

**THE MARCHES
LOCAL ENTERPRISE
PARTNERSHIP
2018 - 2019**



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

01743 462 026

enquiries@marcheslep.org.uk

www.marcheslep.org.uk