

Statement of Accounts

Financial Year
1st April 2015 to 31st March 2016

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

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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.

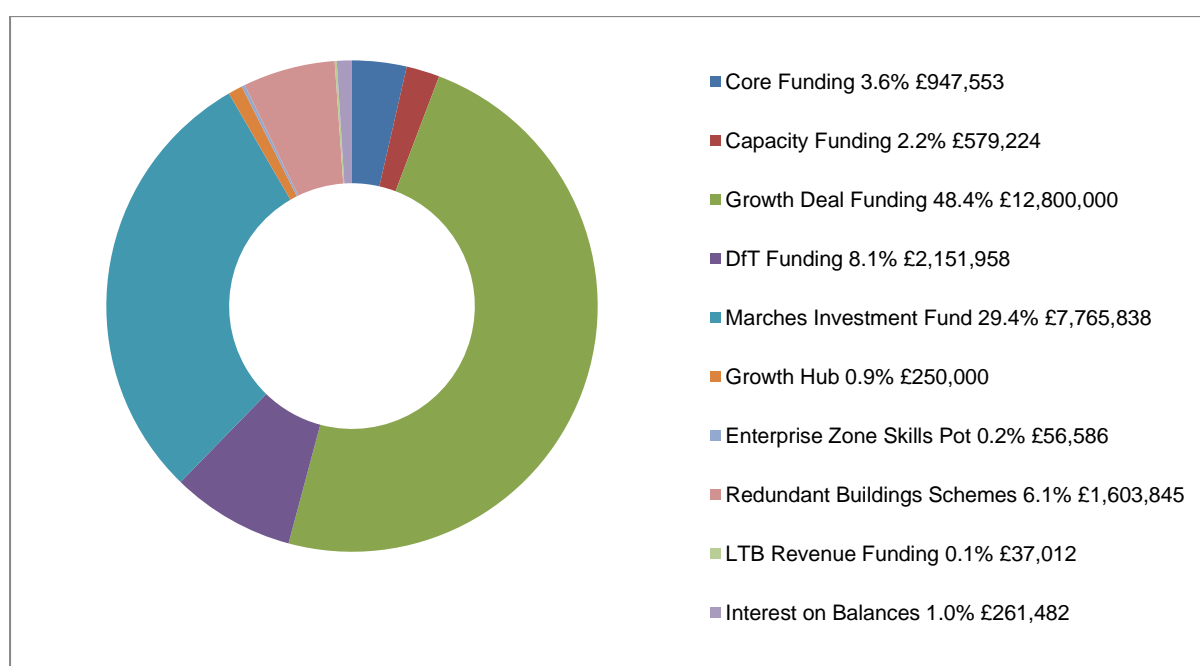
Covering Shropshire, Telford & Wrekin and Herefordshire, the Marches LEP was in the first tranche of partnerships approved by the Government in 2010, joining some of the country's urban powerhouses at the cutting edge of economic development. There are now 39 LEPs across the UK, each tasked with driving 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 is 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.

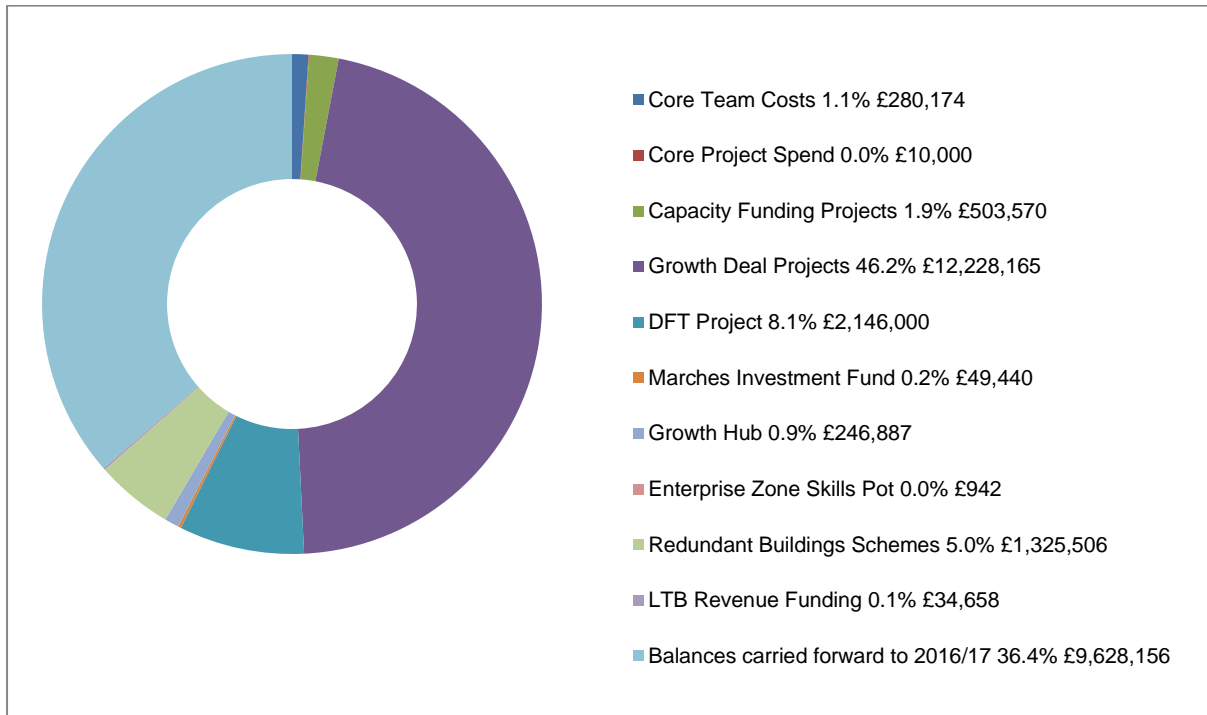
Funding and Expenditure for 2015/16

The Marches LEP had total funding available in 2015/16 of £26,453,498. The funding received from the various sources is detailed in the chart below.



Introduction

Total expenditure in 2015/16 across the various programmes was £16,825,342, therefore a balance of £9,628,156 has been carried forward to 2016/17 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. Further details of the specific projects supported can be found in the 2016 Marches LEP Annual Report.



Statement of Responsibilities

Responsibilities of the Head of Finance, Governance & Assurance

The Head 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 Head 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 Head 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 2016.

James Walton
Head 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 3rd August 2016.

Graham Wynn OBE
Chairman of the Marches Local Enterprise Partnership

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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 2014	572	47	619	621	1,240
<u>Movement in reserves during 2014/15</u>					
Surplus on provision of services	576	0	576	0	576
Total Comprehensive Income and Expenditure	576	0	576	0	576
Adjustments between accounting basis & funding basis under regulations	(22)	0	(22)	22	0
Transfers to/(from) Earmarked Reserves	(30)	30	0	(107)	(107)
(Increase)/decrease in 2014/15	524	30	554	(85)	469
Balance at 31 March 2015	1,096	77	1,173	536	1,709
<u>Movement in reserves during 2015/16</u>					
Surplus on provision of services	(56)	0	(56)	0	(56)
Total Comprehensive Income and Expenditure	(56)	0	(56)	0	(56)
Adjustments between accounting basis & funding basis under regulations	0	0	0	0	0
Transfers to/(from) Earmarked Reserves	(46)	46	0	(107)	(107)
(Increase)/decrease in 2015/16	(102)	46	(56)	(107)	(163)
Balance at 31 March 2016	994	123	1,117	429	1,546

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Comprehensive Income & Expenditure Statement

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

2014/15			2015/16			
Gross Expenditure £000	Income £000	Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
1,128	(1,506)	(378)	Marches LEP	16,825	(16,654)	171
1,128	(1,506)	(378)	(Surplus)/Deficit on activities	16,825	(16,654)	171
	(176)	(176)	Financing and Investment Income and Expenditure		(115)	(115)
	(22)	(22)	Taxation and Non Specific Grant Incomes		0	0
1,128	(1,704)	(576)	(Surplus) or Deficit on the Provision of Services	16,825	(16,769)	56

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Balance Sheet

31 March 2015		31 March 2016	
£000		£000	£000
429	Long Term Debtors	321	
429	Long Term Assets		321
9,773	Short Term Debtors	17,310	
9,773	Current Assets		17,310
(23)	Creditors	(7,574)	
(224)	Grants Receipts in Advance - Revenue	(149)	
(8,246)	Grants Receipts in Advance - Capital	(8,362)	
(8,493)	Current Liabilities		(16,085)
1,709	Net Assets		1,546
1,173	Usable Reserves		1,117
536	Unusable Reserves		429
1,709	Total Reserves		1,546

Notes to the Statement of Accounts

1. Accounting Policies

1.1 General

The Statement of Accounts summarises the Partnership's transactions for the 2015/16 financial year, and its position as at 31 March 2016. 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 2015/16, 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.

Notes to the Statement of Accounts

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. Grant Income

The Partnership credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2015/16:

	2015/16		2014/15	
	Revenue £000	Capital £000	Revenue £000	Capital £000
Department of Business, Innovation & Skills				
Redundant Buildings Grant	33	1,286	41	684
Growth Hub	247	0	0	0
Enterprise Zone Skills Fund	1	0	7	0
Total	281	1,286	48	684
Department for Transport				
Local Transport Body	35	0	56	0
Growth Deal	0	2,146	0	0
Total	35	2,146	56	0
Department of Communities and Local Government				
Marches Investment Fund	49	0	0	22
Core Fund	250	0	250	0
Capacity Fund	250	0	273	0
Growth Deal	0	12,228	0	0
Total	549	12,228	523	22
Total	865	15,660	627	706

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:

Notes to the Statement of Accounts

	31 March 2016 £000	31 March 2015 £000
Grants Receipts in Advance (Revenue)		
Department of Business, Innovation & Skills		
Growth Hub	3	0
Enterprise Zone Skills Fund	56	56
Department for Transport		
Local Transport Body	2	37
Delivery Excellence Scheme	6	
Department of Communities and Local Government		
Marches Investment Fund	82	131
Total	149	224
Grants Receipts in Advance (Capital)		
Department of Business, Innovation & Skills		
Redundant Buildings Grant	192	754
Department of Communities and Local Government		
Marches Investment Fund	7,598	7,492
Growth Deal	572	0
Total	8,362	8,246

3. Financing & Investment Income and Expenditure

	2015/16 £000	2014/15 £000
Interest Received On Cash Balances	(102)	(160)
Interest Received from Loan Agreements	(13)	(16)
Total	(115)	(176)

Notes to the Statement of Accounts

4. Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet.

	Long term		Current	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Debtors:				
Loans and receivables	321	429	107	107
Financial assets carried at contract amounts			17,203	9,666
Total Debtors	321	429	17,310	9,773
Creditors:				
Financial liabilities carried at contract amount	0	0	7,520	0
Total Creditors	0	0	7,520	0

5. 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. The Fund also provides loan assistance for projects to complete their final stage feasibility studies (revenue funding).

As at 31st March 2016, the cash value of loan advances made was £321,428.

6. 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.

	2015/16 £000	2014/15 £000
Central Government Bodies	14	8
Local Authorities	17,189	9,658
Other Entities and Individuals	107	107
	17,310	9,773

Notes to the Statement of Accounts

7. 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 2016.

	2015/16 £000	2014/15 £000
Local Authorities	7,573	23
Other Entities and Individuals	1	0
	7,574	23

8. 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	(26)	(42)	(23)
Interest on balances	0	(102)	0
Total Income Received	(26)	(144)	(23)
Expenditure:			
Growth Deal Projects	9,859	1,345	3,170
Project Development	164	200	87
Growth Hub	24	23	24
LEP Management Overheads	37	0	0
S151 (Financial) Services for LEP	0	16	0
Total Expenditure	10,084	1,584	3,281
Net (Income)/Expenditure	10,058	1,440	3,258

Statement of Accounts of

**THE MARCHES
LOCAL ENTERPRISE
PARTNERSHIP
2015 - 2016**



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