

Strategic Report,

Report of the Directors and

Financial Statements

for the Year Ended 31 March 2022

for

The Marches Local Enterprise Partnership
Ltd

The Marches Local Enterprise Partnership
Ltd

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for the Year Ended 31 March 2022

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The Marches Local Enterprise Partnership
Ltd

Company Information
for the Year Ended 31 March 2022

DIRECTORS:

Mrs C E Baxter
Mrs E Chowns
S Davies
C D Hitchiner
P Kalinauckas
A R Manning-Cox
F Myers MBE
Mrs S H Roberts
Mrs C I Snell
Mrs A J Thorn MBE
Mrs S E Williams
Mrs B Heath
W Westley
E A Potter
Ms L M Picton
G Guest
L Carter
Cllr Richard Overton

REGISTERED OFFICE:

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

REGISTERED NUMBER:

11822614 (England and Wales)

AUDITORS:

James, Holyoak & Parker Limited
1 Knights Way
Archers Way
Battlefield Enterprise Park
Shrewsbury
Shropshire
SY1 3GA

The directors present their strategic report for the year ended 31 March 2022.

Local Enterprise Partnerships (LEPs) are private sector led partnerships between local authorities and businesses set up in 2010 by the former Department of Business, Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within the regions. There are 38 LEPs across England.

Covering Herefordshire, Shropshire and Telford & Wrekin, the Marches 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.

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 LEP aims 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 their place based Strategic Economic Plan. Once this funding has been secured, it is contracted to a wide range of delivery partners including local authorities, universities, colleges, private training providers, the voluntary and community sector and private sector businesses.

Following central Government's direction for all LEPs to become a legal company from 1st April 2019, the Marches LEP has been operating as a Company Limited by Guarantee since February 2019. Shropshire Council, acting as the accountable body, receives funding allocations from Government in the form of Section 31 Grant on behalf of the Marches LEP and provides financial and legal support to the LEP to enable it to carry out its activities.

REVIEW OF BUSINESS

The 2021/22 financial year was a very busy year for the Marches Local Enterprise Partnership (LEP) as it strove to deliver the Local Growth Fund (LGF) and Getting Building Fund (GBF) programmes which needed to be financially completed by the end of March 22. This was against a backdrop of considerable uncertainty for LEPs while we waited for the Levelling Up White Paper and LEP review to be published.

In the Levelling Up White paper, published in January 2022, the Government set out its desire to devolve powers to regions. The paper and subsequent review of LEPs confirmed that LEPs would continue to operate in areas not covered by a devolution deal and were recognised as a key body for engaging with and representing the private sector. The announcement of continued support for LEPs was tempered by the announcement of a cut in core funding for LEPs of 25% and a 50% reduction in funding for Growth Hubs.

Steps were taken during the financial year to reduce overheads to make the business more sustainable. We have reduced our headcount and made savings in other areas of the business which now means that the company can continue to trade through to at least March 2024, giving staff and stakeholders confidence. It will be important as we move forward that grant funding is received in a timely manner as the LEP no longer has large amounts of funds in reserve to manage cashflow. It will also be imperative that any new programmes that the LEP delivers are self-financing as we no longer have the core funding to support delivery of schemes.

However, we are keen to continue to support economic development and will look to secure new opportunities as we move forward.

We were able to successfully spend all the LGF and GBF by the end of March, bringing total investment, including match, across these programmes to more than £270m. This investment is expected to create more than 15,000 jobs, 12,600 new homes and 11,000 learners assisted with new learning opportunities when the projects complete delivery. We will continue to work with these projects to see the outputs delivered over the next three years and maximise the benefits to local communities and businesses.

The year saw a number of staff changes, with Gill Hamer retiring as Chief Executive in July 2021 and replaced by Rachel Laver, who started in September 21. We also had a number of changes within the board which are detailed in the report and are grateful to all the individuals who have committed their time and energy to the LEP. Our board membership stands at 44% female - above the requirement by government and we will work hard to maintain or improve this level through the next round of board recruitment.

The LEP continues to look to improve its transparency and accountability. We updated the Local Assurance Framework in line with government guidance and went further by publishing all our papers from not only the board but also our sub-committees. We also continue to offer to attend local authority scrutiny meetings to discuss any specific elements of LEP work or to give an overview, again hopefully providing full transparency and confidence in the processes and procedures the LEP follows to administer public funds.

The Marches Growth Hub supported more than 15,000 businesses, providing a vital source of information and advice for companies as they navigate new procedures as a result of Brexit and the impact of Covid. We also continued to benefit from Department for International Trade funding for Key Account Management which enabled us to support 29 foreign-owned businesses creating or safeguarding more than 400 jobs and attracting over £19m of funding.

Skills development remains a key priority for the Marches LEP with businesses consistently reporting recruitment as a key issue. Through the careers hub we worked with more than 62 schools/colleges last year and attracted 15 new Enterprise Advisers (business volunteers) and will continue to develop this work through 22/23.

Local authorities have been awarded Shared Prosperity Funds and Levelling Up Funds which has seen capital funds shift away from LEPs. We will work with the authorities to support the development of the projects and the delivery of projects however we can.

While we have been able to continue to deliver through 21-22, continued uncertainty about the future of LEPs is not helpful to the staff or stakeholders. The need to support businesses remains essential as we continue to navigate the choppy waters caused by the war in Ukraine and the impact of the energy crisis. We need to be able to support businesses and retain our skills team of staff and board members and so will continue to work with LEP network and local authorities to highlight the delivery capabilities of LEPs and the need for an early funding settlement for 23/24.

Priorities for 22/23

We will focus on appointing new board members and strengthening the board, securing new funding opportunities, and working with the local authorities to maximise the potential that a devolution deal/s may be able to offer to the Marches, to ensure that we get a fair share of funding to continue to help the area grow and prosper.

ON BEHALF OF THE BOARD:

.....
Mrs A J Thorn VIBE - Director

Date: 27 | 9 | 2022

The Marches Local Enterprise Partnership
Ltd

Report of the Directors
for the Year Ended 31 March 2022

The directors present their report with the financial statements of the company for the year ended 31 March 2022.

EVENTS SINCE THE END OF THE YEAR

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

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

Mrs C E Baxter
Mrs E Chowns
C D Hitchiner
P Kalinauckas
A R Manning-Cox
F Myers MBE
Mrs S H Roberts
Mrs C I Snell
Mrs A J Thorn MBE
Mrs S E Williams
Mrs B Heath

Other changes in directors holding office are as follows:

S F Charmley - resigned 25 May 2021
P A Hinkins - resigned 25 May 2021
P Nutting - resigned 25 May 2021
Mrs R E Sheppherd - resigned 1 July 2021
J R Staniforth - resigned 28 September 2021
D Wright - resigned 1 January 2022
W Westley - appointed 20 July 2021
E A Potter - appointed 20 July 2021
Ms L M Picton - appointed 20 July 2021
G Guest - appointed 30 November 2021
L Carter - appointed 25 January 2022
S Davies - resigned 28 June 2022
Cllr Richard Overton - appointed 28.06.22

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.

The Marches Local Enterprise Partnership
Ltd

Report of the Directors
for the Year Ended 31 March 2022

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.

AUDITORS

The auditors, James, Holyoak & Parker Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

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

Date: 27/9/2022

Report of the Independent Auditors to the Members of
The Marches Local Enterprise Partnership
Ltd

Opinion

We have audited the financial statements of The Marches Local Enterprise Partnership (the 'company') for the year ended 31 March 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and with the exception of the emphasis of matter specifically outlined below, we have not identified any other material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Emphasis of matter - Going concern

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in Note 2 of the financial statements concerning the company's ability to continue as a going concern.

A government commissioned review of Local Enterprise Partnerships has yet to report, and as such there is a lack of clarity over the future funding and operation of the company.

The ongoing government review and unknown outcome indicate a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Report of the Independent Auditors to the Members of
The Marches Local Enterprise Partnership
Ltd

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The audit team obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS102 and the Companies Act 2006), the relevant tax compliance regulations, employment law, Health and Safety Regulations and the EU General Data Protection Regulation (GDPR).

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with key management to understand where they considered there was a susceptibility to fraud. Based on our understanding, our procedures involved enquiries of management and those charged with governance, manual journal entry testing, cashbook reviews for large and unusual items and the challenge of significant accounting estimates used in preparing the financial statements.

Report of the Independent Auditors to the Members of
The Marches Local Enterprise Partnership
Ltd

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. The notes form part of these financial statements

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Robert Humphreys BEng FCA (Senior Statutory Auditor)
For and on behalf of James, Holyoak & Parker Limited

Chartered Accountants and Statutory Auditors

1 Knights Court
Archers Way
Battlefield Enterprise Park
Shrewsbury
Shropshire
SY1 3GA

The Marches Local Enterprise Partnership
Ltd

Income Statement
for the Year Ended 31 March 2022

	Notes	31.3.22 £	31.3.21 £
GRANT AND OPERATIONAL INCOME		10,736,972	48,516,105
Grant and Operational costs		<u>(10,345,329)</u>	<u>(47,864,091)</u>
OPERATING SURPLUS	4	391,643	652,014
Interest receivable and similar income	5	<u>25,344</u>	<u>149,734</u>
SURPLUS BEFORE TAXATION		416,987	801,748
Tax on surplus	6	<u>(84,423)</u>	<u>(42,509)</u>
SURPLUS FOR THE FINANCIAL YEAR		<u><u>332,564</u></u>	<u><u>759,239</u></u>

The notes form part of these financial statements

The Marches Local Enterprise Partnership
Ltd

Other Comprehensive Income
for the Year Ended 31 March 2022

	Notes	31.3.22 £	31.3.21 £
SURPLUS FOR THE YEAR		332,564	759,239
OTHER COMPREHENSIVE INCOME		—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>332,564</u>	<u>759,239</u>

The Marches Local Enterprise Partnership
 Ltd (Registered number: 11822614)

Balance Sheet
 31 March 2022

	Notes	31.3.22 £	31.3.21 £
CURRENT ASSETS			
Debtors	7	14,381,271	35,714,229
CREDITORS			
Amounts falling due within one year	8	<u>(10,285,988)</u>	<u>(31,951,510)</u>
NET CURRENT ASSETS		<u>4,095,283</u>	<u>3,762,719</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,095,283</u>	<u>3,762,719</u>
RESERVES			
Income and expenditure account	10	<u>4,095,283</u>	<u>3,762,719</u>
		<u>4,095,283</u>	<u>3,762,719</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27.9.2022 and were signed on its behalf by:

.....
 Mrs A J Thorn MBE Director

The Marches Local Enterprise Partnership
Ltd

Statement of Changes in Equity
for the Year Ended 31 March 2022

	Retained earnings £	Total equity £
Balance at 1 April 2020	3,003,480	3,003,480
Changes in equity		
Total comprehensive income	<u>759,239</u>	<u>759,239</u>
Balance at 31 March 2021	<u>3,762,719</u>	<u>3,762,719</u>
Changes in equity		
Total comprehensive income	<u>332,564</u>	<u>332,564</u>
Balance at 31 March 2022	<u><u>4,095,283</u></u>	<u><u>4,095,283</u></u>

The notes form part of these financial statements

The Marches Local Enterprise Partnership
Ltd

Cash Flow Statement
for the Year Ended 31 March 2022

	Notes	31.3.22 £	31.3.21 £
Cash flows from operating activities			
Cash generated from operations	1	17,165	(113,839)
Tax paid		<u>(42,509)</u>	<u>(35,895)</u>
Net cash from operating activities		<u>(25,344)</u>	<u>(149,734)</u>
Cash flows from investing activities			
Interest received		<u>25,344</u>	<u>149,734</u>
Net cash from investing activities		<u>25,344</u>	<u>149,734</u>
Increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		<u>-</u>	<u>-</u>

The notes form part of these financial statements

The Marches Local Enterprise Partnership
Ltd

Notes to the Cash Flow Statement
for the Year Ended 31 March 2022

1.	RECONCILIATION OF SURPLUS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS	31.3.22	31.3.21
		£	£
	Surplus before taxation	416,987	801,748
	Finance income	<u>(25,344)</u>	<u>(149,734)</u>
		391,643	652,014
	Decrease in trade and other debtors	21,332,958	3,920,900
	Decrease in trade and other creditors	<u>(21,707,436)</u>	<u>(4,686,753)</u>
	Cash generated from operations	<u>17,165</u>	<u>(113,839)</u>

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 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.

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.

The government have commissioned a review of the role and future of Local Enterprise Partnerships with the aim of ensuring that such organisations are positioned to support productivity and growth most effectively and to compliment Central Government policy in the coming years. This report has yet to conclude, and as such there is a lack of clarity over the future funding and operation of the Marches Local Enterprise Partnership.

Under current conditions and government policy, and if this policy were to remain unchanged, then the going concern basis remains appropriate.

3. 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 2021/22 was twelve (2020/21:ten).

	31.3.22	31.3.21
Directors' remuneration	£ -	£ -

4. OPERATING SURPLUS

The operating surplus is stated after charging:

	31.3.22	31.3.21
Auditors' remuneration	£ 7,080	£ 7,290

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

5.	INTEREST RECEIVABLE AND SIMILAR INCOME	31.3.22	31.3.21
		£	£
	Deposit account interest	24,831	143,256
	Current asset investment income	513	6,478
		<u>25,344</u>	<u>149,734</u>
6.	TAXATION		
	Analysis of the tax charge		
	The tax charge on the surplus for the year was as follows:	31.3.22	31.3.21
		£	£
	Current tax:		
	UK corporation tax	<u>84,423</u>	<u>42,509</u>
	Tax on surplus	<u>84,423</u>	<u>42,509</u>
	UK corporation tax was charged at 19% in 2021.		
7.	DEBTORS	31.3.22	31.3.21
		£	£
	Amounts falling due within one year:		
	Trade debtors	4,000	44,940
	Other debtors	53,395	2,338,392
	Cash held by Shropshire Council	11,723,035	29,827,577
	Cash held by Hereford	-	301,180
	Accrued income	122,137	708,339
	Prepayments	34,903	-
		<u>11,937,470</u>	<u>33,220,428</u>
	Amounts falling due after more than one year:		
	Other debtors	<u>2,443,801</u>	<u>2,493,801</u>
	Aggregate amounts	<u>14,381,271</u>	<u>35,714,229</u>
8.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.3.22	31.3.21
		£	£
	Trade creditors	132,220	967,361
	Tax	84,519	42,605
	Accrued expenses	5,788,737	24,053,029
	Rev-Grants received in advance	147,675	311,678
	Cap-Grants received in advance	4,132,837	6,576,837
		<u>10,285,988</u>	<u>31,951,510</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

9. LEASING AGREEMENTS

The Marches Local Enterprise Partnership has operating leases including the lease of the furnished rooms used by the company.

10. RESERVES

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

	31.3.2022 £	31.3.2021 £
Capital Projects		
Marches Investment Fund	<u>2,493,801</u>	<u>2,532,193</u>
	2,493,801	2,532,193
Revenue Projects		
Core	1,020,172	1,164,920
Marches Investment Fund	<u>581,310</u>	<u>65,606</u>
	<u>4,095,283</u>	<u>3,762,719</u>

11. 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.

At the year-end, grants of £Nil (£6.4m in 2020-21) had been agreed by the board but not drawn down, for projects within the Tri-County area of Shropshire, Herefordshire and Telford & Wrekin.

12. 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 2021/22 £'000	Herefordshire Council 2020/21 £'000	Shropshire Council 2021/22 £'000	Shropshire Council 2020/21 £'000	Telford & Wrekin Council 2021/22 £'000	Telford & Wrekin Council 2020/21 £'000
Income received during the year:						
Match funding	(23)	(23)	(40)	(38)	(22)	(21)
Enterprise Zone Projects	(100)	(100)	-	-	(420)	(74)
Interest on balances	(13)	(6)	(24)	(143)	-	-
Total income	(136)	(129)	(64)	(181)	(442)	(95)
Income outstanding at year-end						
		-		-		-
Expenditure during the year:						
Projects	1,162	7,017	5,016	11,563	1,433	10,861
LEP Management Overheads	-	-	717	651	-	-
S151 Financial & Legal Services for LEP	-	-	52	30	-	-
Governance Services for LEP	-	-	-	-	-	-
Total expenditure	1,162	7,017	5,785	12,244	1,433	10,861
Net (Income)/Expenditure	1,026	6,888	5,721	12,063	1,433	10,766
Amounts owing at year-end						
	770	6,988	4,090	8,208	479	2,079

Phase 1 of the development and refurbishment of the Blackfriars Premises was underwritten by Herefordshire Council to the amount of £0.847m (£0.847m in 2020-21).

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

13. POST BALANCE SHEET EVENTS

Due to the outbreak of COVID-19 /Ukraine conflict during 2020-2022, the company has assessed the impact of the issues on its activities.

14. ULTIMATE CONTROLLING PARTY

There is no one ultimate controlling party.

15. 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.

16. 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.

17. GRANT INCOME

Grant can only be applied to the Income Statement once the grant conditions are met, any unused grant income received in the financial year (subject to the conditions of individual grants) is held on the balance sheet until those conditions can be met.

The table below shows grant received and grant sources.

	2021/22		2020/21	
	Revenue £'000	Capital £'000	Revenue £'000	Capital £'000
Department of Business, Energy & Industrial Strategy				
Growth Hub	462	-	205	-
EU Transitional Business Readiness	-	-	111	-
Peer Networking	45	-	67	-
Additional Growth Hub	-	-	257	-
Total	507	-	640	-
Department for Levelling Up, Housing and Communities				
Core	500	-	500	-
Growth Deal	-	-	-	12,626
Getting Building	-	7,000	50	7,000
Total	500	7,000	550	19,626
Other				
Careers & Enterprise	203	-	213	-
Department for International Trade	48	-	58	-
Education & Skills Funding Agency	75	-	75	-
Hereford EZ Contribution	100	-	100	-
Midland Energy Hub	15	-	-	-
Telford Land Deal	419	-	74	-
Total	860	-	520	-
Total	1,867	7,000	1,710	19,626

The Marches Local Enterprise Partnership
Ltd

Detailed Income and Expenditure Account
for the Year Ended 31 March 2022

	31.3.22		31.3.21	
	£	£	£	£
Grant and Operational income				
Match Funding	85,000		83,000	
Enterprise Zone	100,000		100,000	
Projects	12,960		5,760	
Grant income	10,119,364		48,327,345	
Income	<u>419,648</u>		<u>-</u>	
		10,736,972		48,516,105
Other income				
Deposit account interest	24,831		143,256	
Current asset investment income	<u>513</u>		<u>6,478</u>	
		<u>25,344</u>		<u>149,734</u>
		10,762,316		48,665,839
Expenditure				
Employee Costs	584,650		724,426	
Team Costs	19,447		17,750	
Operational - LGF & GBF	43,321		118,455	
Operational - Growth Hub	188,584		445,360	
Operational - Careers Sector	242,589		70,681	
Operational - Other	189,410		91,008	
Support Costs	125,411		98,723	
Accountancy	2,570		2,700	
Legal & Professional fees	21,896		56,603	
Auditors' remuneration	9,105		7,290	
Project costs - Core	50,155		129,395	
Project costs - Review	-		46,416	
Project costs - Growth Hub	256,773		53,494	
Project costs - Growth Deal	2,250,000		36,621,023	
Project costs - Skills	81,017		74,669	
Project costs - MIF	(144,000)		1,730,499	
Project costs - Getting Building	<u>6,424,401</u>		<u>7,575,599</u>	
		<u>10,345,329</u>		<u>47,864,091</u>
NET SURPLUS		<u>416,987</u>		<u>801,748</u>