

Strategic Report,
Report of the Directors and
Financial Statements
for the Year Ended 31 March 2023
for
The Marches Local Enterprise Partnership
Ltd

The Marches Local Enterprise Partnership
Ltd

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for the Year Ended 31 March 2023

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The Marches Local Enterprise Partnership
Ltd

Company Information
for the Year Ended 31 March 2023

DIRECTORS: S H Roberts (Chairperson)
P Kalinauckas
F Myers MBE
S E Williams
W Westley
L M Picton
G Guest
L Carter
R A Overton
C J Fenton
N J A Green
D S Carroll
D E Courteen
G R Biggs
Dr S Clarke
J Lester

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 31st of March 2023.

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

The Marches LEP covers Herefordshire, Shropshire and Telford and Wrekin, and delivers government funding, covering skills, energy, business support and manages large capital programmes to support economic development and inward investment.

The Marches LEP became a company limited by guarantee in 2019 and Shropshire Council acts as the accountable body. The government set out in the levelling up white paper in 2022 its desire to see more power devolved from central government to local authorities. After much delay, the government announced in March that it was minded to cease funding of LEPs and launched a consultation process. This concluded in August with the government confirming that it will cease the funding of LEPs beyond 23/24 and that it expected LEP functions to be transferred to local authorities.

Review of Business

Following the publication of the white paper under review of LEPs it has been an uncertain time for LEPs across the country. However, the Marches LEP has continued to deliver a number of programmes across a number of work areas.

During the year, the LEP - in conjunction with partners - was able to financially complete the Local Growth Fund and Getting Building Fund programmes fully defraying the grants. The focus of work shifted to achieving the outputs and the outcomes of these programmes - the results of which will benefit the economies of the three local authority areas for several years to come.

We saw a number of board changes in the year, with Mandy Thorn MBE, chair of the LEP, stepping down in January and being replaced by Sonia Roberts. Sonia has served on the LEP board for eight years and so has a significant amount of knowledge of the LEP and how it operates and has seen it through its different iterations. A huge thank you goes out to Mandy for all her hard work and endless commitment to the LEP.

Sonia, who was awarded an MBE in the new year's honours for her work in the voluntary sector, has taken over seamlessly from Mandy, having been the deputy chair for the last two years. There have been several other changes in board members which have been listed in the report and thanks is given to all the members who have given up their time freely to support the LEP.

Against the continuing uncertain backdrop, further steps were taken to reduce the overheads of the company and to ensure that the maximum amount of grant funding was available to support businesses.

To this end the company reduced the headcount further, partly also reflective of the financial completion of the major capital programmes. The need to make savings was the result of a further cut to core funding from government. Core funding was cut by 25% to £375k and Growth Hub funding was cut by 50%. The LEP has been able to reduce its operating deficit this year and been able to continue trading using reserves built up over a number of years.

The Marches Growth Hub has continued to provide support to businesses, becoming ever more established in the business landscape, helping to signpost businesses to the most appropriate support available out of the wide range of business support programmes running across the region and nationally.

We have supported over 8,500 businesses in the year and have rolled out a programme of events addressing topics highlighted by businesses that they would like support on. In total 158 events were held by the Marches Growth Hubs in 22/23 attended by more than 3,300 businesses.

We have continued to support the net zero agenda, investing £1.5m into strategic energy projects, helping businesses to reduce their energy costs whilst also reducing their carbon footprint and also other schemes which help address the green skills gap and the energy grid constraints in the Marches.

Outputs and outcomes from the major capital programmes continue to be achieved and closely monitored by the LEP so the full impact of the investments can be realised.

The Marches Local Enterprise Partnership
Ltd

Strategic Report
for the Year Ended 31 March 2023

Some of the key outputs achieved in 22/23 are:

- 1,125 new homes created
- 773 new learners assisted a
- £29.1m of match funding secured.

We were also very pleased to see the opening of the historical Flaxmill building in Shrewsbury, the New Model Institute for Technology and Engineering (NMITE) building in Herefordshire open and progress on the Station Quarter redevelopment in Telford, all of which have benefited from significant grants from the LEP.

The priorities in 2023/24

While it is clear that the function and role of the LEP will have to change, the priority for this year is to work with partners to meet government ambitions for devolution whilst continuing to support businesses and further economic development across the Marches.

ON BEHALF OF THE BOARD:

S H Roberts (Chairperson)

Date: 19th September 2023

The Marches Local Enterprise Partnership
Ltd

Report of the Directors
for the Year Ended 31 March 2023

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

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 2022 to the date of this report.

P Kalinauckas
F Myers MBE
S H Roberts
S E Williams
W Westley
L M Picton
G Guest
L Carter

Other changes in directors holding office are as follows:

C E Baxter - resigned 21 March 2023
S Davies - resigned 28 June 2022
A R Manning-Cox - resigned 21 March 2023
A J Thorn MBE - resigned 29 November 2022
B Heath - resigned 12 September 2022
E A Potter - resigned 11 October 2022
C I Snell - resigned 18 May 2023
C D Hitchiner - resigned 19 May 2023
E Chowns - resigned 23 May 2023
R A Overton - appointed 28 June 2022
C J Fenton - appointed 27 September 2022
N J A Green - appointed 27 September 2022
D S Carroll - appointed 29 November 2022
D E Courteen - appointed 29 November 2022
S Clarke - appointed 5 June 2023
J Lester - appointed 7 August 2023
G R Biggs - appointed 7 August 2023

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 2023

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:

S H Roberts (Chairperson)

Date: 19th September 2023

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 2023 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 2023, 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 recently concluded. The government has confirmed that it will no longer provide core funding to Local Enterprise Partnerships after this financial year and that it expects LEP functions to be integrated into local authorities.

It is the intention of the organisation to continue for at least 12 months into the future in a streamlined capacity, either as alternative revenue streams are sourced, or as a managed and orderly winding down should such alternative revenue streams not be forthcoming. 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.

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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors report and from the requirement to prepare a strategic report.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

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 (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

Date:

The Marches Local Enterprise Partnership
Ltd

Income Statement
for the Year Ended 31 March 2023

	Notes	31.3.23 £	31.3.22 £
GRANT AND OPERATIONAL INCOME		1,047,484	10,736,972
Grant and Operational costs		<u>(1,194,087)</u>	<u>(10,345,329)</u>
OPERATING (DEFICIT)/SURPLUS	4	(146,603)	391,643
Interest receivable and similar income	5	<u>134,332</u>	<u>25,344</u>
(DEFICIT)/SURPLUS BEFORE TAXATION		(12,271)	416,987
Tax on (deficit)/surplus	6	<u>(28,582)</u>	<u>(84,423)</u>
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR		<u><u>(40,853)</u></u>	<u><u>332,564</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 2023

	Notes	31.3.23 £	31.3.22 £
(DEFICIT)/SURPLUS FOR THE YEAR		(40,853)	332,564
OTHER COMPREHENSIVE INCOME		_____ -	_____ -
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(40,853)</u>	<u>332,564</u>

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

Balance Sheet
31 March 2023

	Notes	31.3.23 £	31.3.22 £
CURRENT ASSETS			
Debtors	7	8,899,813	14,381,271
CREDITORS			
Amounts falling due within one year	8	<u>(4,845,383)</u>	<u>(10,285,988)</u>
NET CURRENT ASSETS		<u>4,054,430</u>	<u>4,095,283</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,054,430</u>	<u>4,095,283</u>
RESERVES			
Income and expenditure account	10	<u>4,054,430</u>	<u>4,095,283</u>
		<u>4,054,430</u>	<u>4,095,283</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19th September 2023 and were signed on its behalf by:

S H Roberts (Chairperson)

The Marches Local Enterprise Partnership
Ltd

Statement of Changes in Equity
for the Year Ended 31 March 2023

	Retained earnings £	Total equity £
Balance at 1 April 2021	3,762,719	3,762,719
Changes in equity		
Total comprehensive income	<u>332,564</u>	<u>332,564</u>
Balance at 31 March 2022	<u>4,095,283</u>	<u>4,095,283</u>
Changes in equity		
Total comprehensive income	<u>(40,853)</u>	<u>(40,853)</u>
Balance at 31 March 2023	<u><u>4,054,430</u></u>	<u><u>4,054,430</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 2023

	Notes	31.3.23 £	31.3.22 £
Cash flows from operating activities			
Cash generated from operations	1	(49,909)	17,165
Tax paid		<u>(84,423)</u>	<u>(42,509)</u>
Net cash from operating activities		<u>(134,332)</u>	<u>(25,344)</u>
Cash flows from investing activities			
Interest received		<u>134,332</u>	<u>25,344</u>
Net cash from investing activities		<u>134,332</u>	<u>25,344</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 2023

1. RECONCILIATION OF (DEFICIT)/SURPLUS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS	31.3.23	31.3.22
	£	£
(Deficit)/surplus before taxation	(12,271)	416,987
Finance income	<u>(134,332)</u>	<u>(25,344)</u>
	(146,603)	391,643
Decrease in trade and other debtors	5,481,458	21,332,958
Decrease in trade and other creditors	<u>(5,384,764)</u>	<u>(21,707,436)</u>
Cash generated from operations	<u><u>(49,909)</u></u>	<u><u>17,165</u></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

The financial statements have been prepared on a going concern basis, and the directors consider this appropriate as the difference in preparing financial statements on a break-up basis is immaterial. However, the government has confirmed that it will no longer provide core funding to LEPs after this financial year and that it expects LEP functions to be integrated into Local authorities.

It remains the opinion of the directors that the organisation could continue to function for at least 12 months after the approval of the financial statements in a streamlined capacity, relying on accumulated reserves whilst alternative revenue streams are sourced.

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 2022/23 was nine (2021/22: twelve).

	31.3.23	31.3.22
Directors' remuneration	£ - =====	£ - =====

4. **OPERATING (DEFICIT)/SURPLUS**

The operating deficit (2022 - operating surplus) is stated after charging:

	31.3.23	31.3.22
Auditors' remuneration	£ 5,520 =====	£ 7,080 =====

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.3.23	31.3.22
	£	£
Deposit account interest	134,332	24,831
Current asset investment income	-	513
	<u>134,332</u>	<u>25,344</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the deficit for the year was as follows:

	31.3.23	31.3.22
	£	£
Current tax:		
UK corporation tax	<u>28,582</u>	<u>84,423</u>
Tax on (deficit)/surplus	<u>28,582</u>	<u>84,423</u>

UK Corporation tax has been charged at 19% (2021-22 19%)

7. DEBTORS

	31.3.23	31.3.22
	£	£
Amounts falling due within one year:		
Trade debtors	11,500	4,000
Other debtors	207,144	53,395
Cash held by Shropshire Council	6,140,006	11,723,035
Accrued income	177,334	122,137
Prepayments	<u>20,028</u>	<u>34,903</u>
	<u>6,556,012</u>	<u>11,937,470</u>

Amounts falling due after more than one year:

Other debtors	<u>2,343,801</u>	<u>2,443,801</u>
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Aggregate amounts

	<u>8,899,813</u>	<u>14,381,271</u>
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8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23	31.3.22
	£	£
Trade creditors	97,540	132,220
Tax	28,678	84,519
Accrued expenses	374,902	5,788,737
Rev-Grants received in advance	101,026	147,675
Cap-Grants received in advance	<u>4,243,237</u>	<u>4,132,837</u>
	<u>4,845,383</u>	<u>10,285,988</u>

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:

	31.3.2023 £	31.3.2022 £
Capital Projects		
Marches Investment Fund	<u>2,443,801</u>	<u>2,493,801</u>
	2,443,801	2,493,801
Revenue Projects		
Core	966,280	1,020,172
Marches Investment Fund	<u>644,349</u>	<u>581,310</u>
	<u><u>4,054,430</u></u>	<u><u>4,095,283</u></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.

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, has 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 (including irrecoverable VAT) to the three partner Councils for the following amounts:

	Herefordshire Council 2022/23 £'000	Herefordshire Council 2021/22 £'000	Shropshire Council 2022/23 £'000	Shropshire Council 2021/22 £'000	Telford & Wrekin Council 2022/23 £'000	Telford & Wrekin Council 2021/22 £'000
Income received during the year:						
Match funding	(24)	(23)	(41)	(40)	(23)	(22)
Enterprise Zone	(52)	(100)		-		-
Projects	(100)	(13)		-	(16)	(420)
Interest on balances	-	-	(134)	(24)		-
Total income	(176)	(136)	(175)	(64)	(39)	(442)
Income outstanding at year-end						
		-		-		-
Expenditure during the year:						
Projects	2,117	1,162	142	5,016	590	1,433
LEP Management						
Overheads	-	-	587	717	-	-
S151 Financial & Legal						
Services for LEP	-	-	10	52	-	-
Governance Services for LEP	-	-	-	-	-	-
Total expenditure	2,117	1,162	739	5,785	590	1,433
Net (Income)/Expenditure						
	1,941	1,026	564	5,721	551	1,433
Amounts owing at year-end						
	222	770	93	4,090	114	479

13. **ULTIMATE CONTROLLING PARTY**

There is no one ultimate controlling party.

14. **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.

15. **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.

16. **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.

	2022/23		2021/22	
	Revenue £'000	Capital £'000	Revenue £'000	Capital £'000
Department for Business & Trade				
Growth Hub	231	-	462	-
Department for International Trade	48	-	48	-
Peer Networking	-	-	45	-
Total	279	-	555	-
Department for Levelling Up, Housing and Communities				
Core	375	-	500	-
Getting Building	-	-	-	7,000
Total	375	-	500	7,000
Other				
Careers & Enterprise	196	-	203	-
Education & Skills Funding Agency	55	-	75	-
Hereford EZ Contribution	100	-	100	-
Midland Energy Hub	-	-	15	-
Telford Land Deal	16	-	419	-
Total	367	-	812	-
Total	1,021	-	1,867	7,000

17. CONTINGENT LIABILITY

Shropshire County Council run a defined benefit pension scheme for its employees who work and whose services are invoiced across to The Marches LEP.

Under certain circumstances The Marches LEP becomes liable for a portion of the costs of this pension scheme. As at 31st March 2023 an estimate of that liability was in the region of £250,000.

The Marches Local Enterprise Partnership
Ltd

Detailed Income and Expenditure Account
for the Year Ended 31 March 2023

	31.3.23		31.3.22	
	£	£	£	£
Grant and Operational income				
Match Funding	87,500		85,000	
Enterprise Zone	100,000		100,000	
Projects	-		12,960	
Grant income	841,726		10,119,364	
Income	<u>18,258</u>		<u>419,648</u>	
		1,047,484		10,736,972
Other income				
Deposit account interest	134,332		24,831	
Current asset investment income	<u>-</u>		<u>513</u>	
		<u>134,332</u>		<u>25,344</u>
		1,181,816		10,762,316
Expenditure				
Employee Costs	587,487		584,650	
Team Costs	10,645		19,447	
Operational - LGF & GBF	-		43,321	
Operational - Growth Hub	76,161		188,584	
Operational - Careers Sector	-		242,589	
Operational - Other	136,060		189,410	
Support Costs	103,162		125,411	
Accountancy	3,482		2,570	
Legal & Professional fees	3,197		21,896	
Auditors' remuneration	6,996		9,105	
Project costs - Core	24,000		50,155	
Project costs - Growth Hub	56,895		256,773	
Project costs - Growth Deal	(114,644)		2,250,000	
Project costs - Skills	296,326		81,017	
Project costs - MIF	4,320		(144,000)	
Project costs - Getting Building	<u>-</u>		<u>6,424,401</u>	
		<u>1,194,087</u>		<u>10,345,329</u>
NET (DEFICIT)/SURPLUS		<u>(12,271)</u>		<u>416,987</u>