

# Statement of Accounts

**Financial Year**  
**1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017**

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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 38 LEPs across the UK, each tasked with driving economic growth in their region.

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

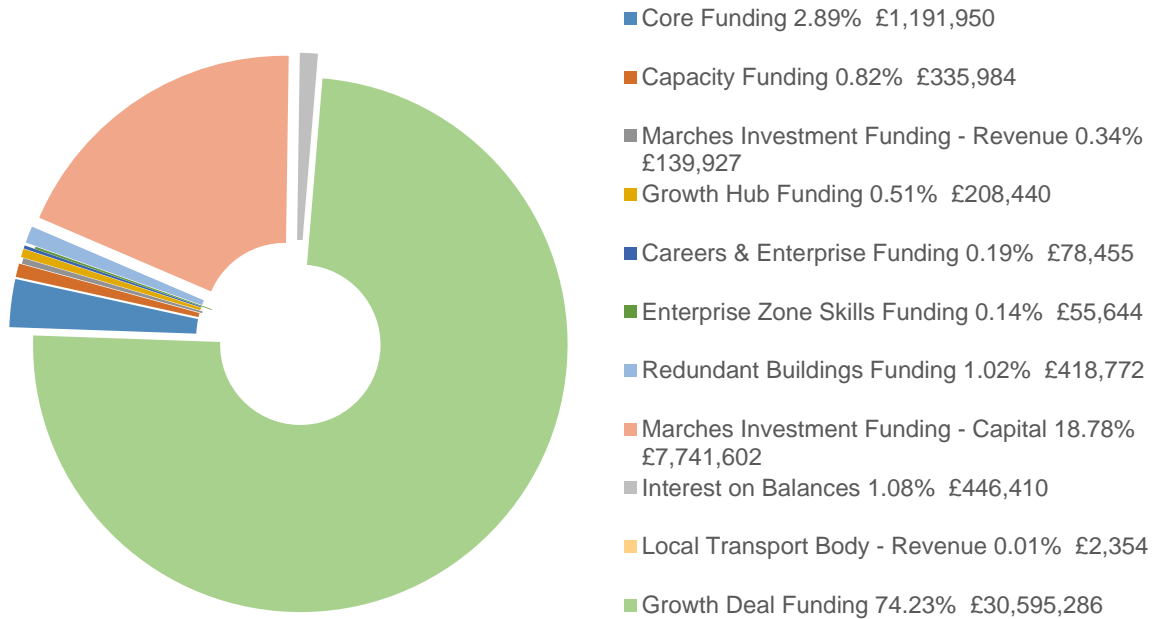
The Marches LEP receives funds from the Government which have been made solely available to LEPs to address priorities identified in the Strategic Economic Plan. Once this funding has been secured it is contracted to a wide range of delivery partners including local authorities, universities, colleges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

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.

# Introduction

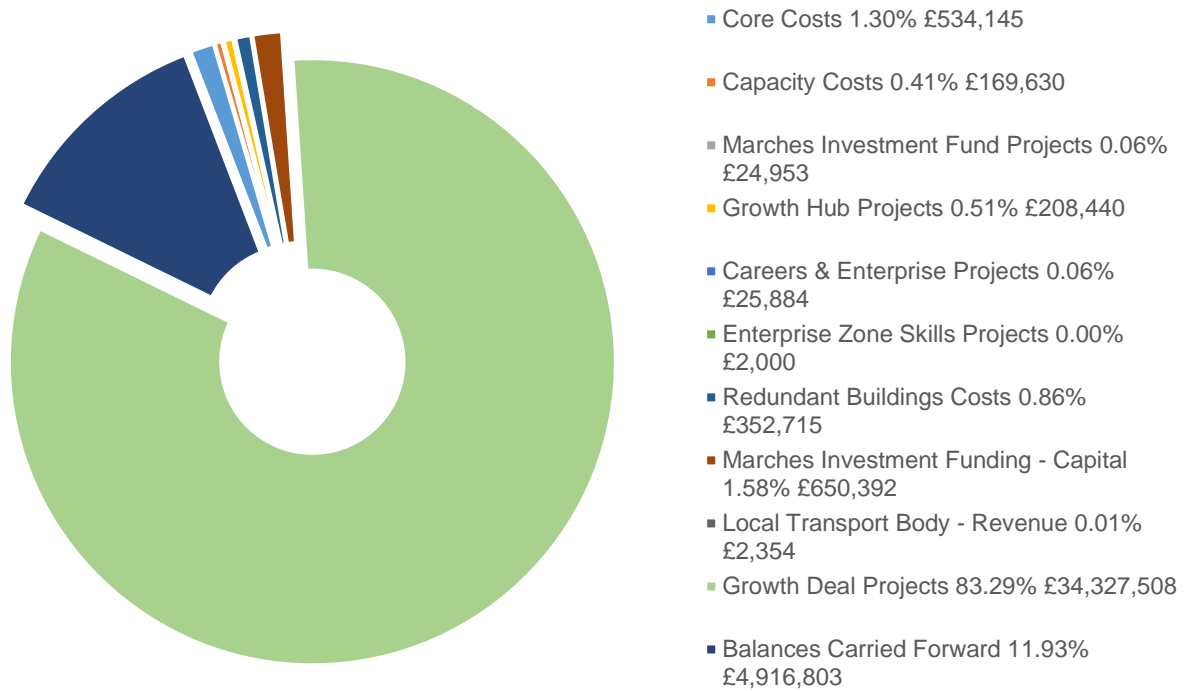
## Funding and Expenditure for 2016/17

The total funding and income available in 2016/17 is £41,214,824. The funding received from the various sources is detailed in the chart below.



## Introduction

Total expenditure in 2016/17 across the various programmes was £36,298,021, therefore a balance of £4,916,803 has been carried forward to 2017/18 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 2017 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 2017.

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 19<sup>th</sup> September 2017.

Graham Wynn OBE  
Chairman of the Marches Local Enterprise Partnership

# Statement of Accounts

## Comprehensive Income & Expenditure Statement

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

2015/16			2016/17			
Gross Expenditure £000	Income £000	Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
14,374	(14,374)	-	Growth Deal	34,327	(34,327)	-
49	(49)	-	Marches Investment Fund	25	(25)	-
1,609	(1,641)	(32)	Projects <sup>1</sup>	591	(572)	19
793	(590)	203	Other <sup>2</sup>	704	(773)	(69)
<b>16,825</b>	<b>(16,654)</b>	<b>171</b>	<b>(Surplus)/Deficit on activities</b>	<b>35,647</b>	<b>(35,697)</b>	<b>(50)</b>
	(115)	(115)	Financing and Investment Income and Expenditure		(202)	(202)
	-	-	Taxation and Non Specific Grant Incomes		(650)	(650)
<b>16,825</b>	<b>(16,769)</b>	<b>56</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>35,647</b>	<b>(36,549)</b>	<b>(902)</b>

<sup>1</sup> Includes; Careers & Enterprise project, Growth Hub project, Redundant Buildings project, Local Transport Body and Enterprise zone skill project

<sup>2</sup> Includes; Capacity Fund Costs and Core Costs

# Statement of Accounts

## Movement in Reserves Statement

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

	General Fund Balance £000	Earmarked Reserves** £000	Total Usable Reserves £000	Total Unusable Reserves* £000	Total Reserves £000
<b>Balance as at 31 March 2015</b>	<b>1,096</b>	<b>77</b>	<b>1,173</b>	<b>536</b>	<b>1,709</b>
<b><u>Movement in reserves during 2015/16</u></b>					
Surplus on provision of services	(56)	-	(56)	-	(56)
<b>Total Comprehensive Income and Expenditure</b>	<b>(56)</b>	<b>-</b>	<b>(56)</b>	<b>-</b>	<b>(56)</b>
Adjustments between accounting basis & funding basis under regulations	-	-	-	-	-
Transfers to/(from) Earmarked Reserves	(46)	46	-	(107)	(107)
<b>(Increase)/decrease in 2015/16</b>	<b>(102)</b>	<b>46</b>	<b>(56)</b>	<b>(107)</b>	<b>(163)</b>
<b>Balance at 31 March 2016</b>	<b>994</b>	<b>123</b>	<b>1,117</b>	<b>429</b>	<b>1,546</b>
<b><u>Movement in reserves during 2016/17</u></b>					
Surplus on provision of services	902	-	902	-	902
<b>Total Comprehensive Income and Expenditure</b>	<b>902</b>	<b>-</b>	<b>902</b>	<b>-</b>	<b>902</b>
Adjustments between accounting basis & funding basis under regulations	(650)	-	(650)	650	-
Transfers to/(from) Earmarked Reserves	3	(3)	-	(143)	(143)
<b>(Increase)/decrease in 2016/17</b>	<b>255</b>	<b>(3)</b>	<b>252</b>	<b>507</b>	<b>759</b>
<b>Balance at 31 March 2017</b>	<b>1,249</b>	<b>120</b>	<b>1,369</b>	<b>936</b>	<b>2,305</b>

\*Unusable reserves relates to Marches Investment Fund Loans

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



# Statement of Accounts

## Balance Sheet

31 March 2016		31 March 2017	
£000		£000	£000
321	Long Term Debtors	684	
<b>321</b>	<b>Long Term Assets</b>		<b>684</b>
17,310	Short Term Debtors	13,975	
<b>17,310</b>	<b>Current Assets</b>		<b>13,975</b>
(7,574)	Creditors	(5,069)	
(149)	Grants Receipts in Advance - Revenue	(194)	
(8,362)	Grants Receipts in Advance - Capital	(7,091)	
<b>(16,085)</b>	<b>Current Liabilities</b>		<b>(12,354)</b>
<b>1,546</b>	<b>Net Assets</b>		<b>2,305</b>
1,117	Usable Reserves		1,369
429	Unusable Reserves		936
<b>1,546</b>	<b>Total Reserves</b>		<b>2,305</b>

## 1. Accounting Policies

### 1.1 General

The Statement of Accounts summarises the Partnership's transactions for the 2016/17 financial year, and its position as at 31 March 2017. 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 2016/17, insofar as that is applicable to the activities of the Partnership, supported by International Financial Reporting Standards (IFRS).

### 1.2 Accruals of Income and Expenditure

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

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

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

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

### 1.3 Government Grants and Contributions

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

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

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

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

## 2. Expenditure and Income analysed by nature

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

<b>Expenditure/Income</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>£000</b>	<b>£000</b>
<b>Expenditure</b>		
Employee Benefit Expenses	365	266
Other service expenses	120	115
Support service recharges	38	19
Revenue Project Costs	474	765
Capital Project Costs	34,650	15,660
<b>Total Expenditure</b>	<b>35,647</b>	<b>16,825</b>
<b>Income</b>		
Fees, charges and other service income	(236)	(129)
Interest and investment income	(202)	(115)
Government grants and contributions	(36,111)	(16,525)
<b>Total Income</b>	<b>(36,549)</b>	<b>(16,769)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(902)</b>	<b>56</b>

### 3. Grant Income

The Partnership credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2016/17:

	2016/17		2015/16	
	Revenue £000	Capital £000	Revenue £000	Capital £000
<b>Department of Business, Energy &amp; Industrial Strategy</b>				
Redundant Buildings Grant	116	212	33	1,286
Growth Hub	208	-	247	-
Enterprise Zone Skills Fund	2	-	1	-
<b>Total</b>	<b>326</b>	<b>212</b>	<b>281</b>	<b>1,286</b>
<b>Department for Transport</b>				
Local Transport Body	2	-	35	-
Delivery Excellence Scheme	27	-	-	-
Growth Deal	-	-	-	2,146
<b>Total</b>	<b>29</b>	<b>-</b>	<b>35</b>	<b>2,146</b>
<b>Department of Communities and Local Government</b>				
Marches Investment Fund	20	650	49	-
Core Fund	250	-	250	-
Capacity Fund	250	-	250	-
Growth Deal	-	34,328	-	12,228
<b>Total</b>	<b>520</b>	<b>34,978</b>	<b>549</b>	<b>12,228</b>
<b>Welsh Government</b>				
Economy and Infrastructure	21	-	-	-
<b>Total</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other</b>				
Careers & Enterprise	25	-	-	-
<b>Total</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>921</b>	<b>35,190</b>	<b>865</b>	<b>15,660</b>

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

	31 March 2017 £000	31 March 2016 £000
<b>Grants Receipts in Advance (Revenue)</b>		
<b>Department of Business, Energy &amp; Industrial Strategy</b>		
Growth Hub	-	3
Enterprise Zone Skills Fund	54	56
<b>Department for Transport</b>		
Local Transport Body	-	2
Delivery Excellence Scheme	21	6
<b>Department of Communities and Local Government</b>		
Marches Investment Fund	61	82
<b>Other</b>		
Careers & Enterprise	58	-
<b>Total</b>	<b>194</b>	<b>149</b>
<b>Grants Receipts in Advance (Capital)</b>		
<b>Department of Business, Energy &amp; Industrial Strategy</b>		
Redundant Buildings Grant	-	192
<b>Department of Communities and Local Government</b>		
Marches Investment Fund	7,091	7,598
Growth Deal	-	572
<b>Total</b>	<b>7,091</b>	<b>8,362</b>

#### 4. Financing & Investment Income and Expenditure

	2016/17 £000	2015/16 £000
Interest Received On Cash Balances	(185)	(102)
Interest Received from Loan Agreements	(17)	(13)
<b>Total</b>	<b>(202)</b>	<b>(115)</b>

## 5. Financial Instruments

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

	Long term		Current	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
<b>Debtors:</b>				
Loans and receivables	684	321	251	107
Financial assets carried at contract amounts			13,697	17,203
<b>Total Debtors</b>	<b>684</b>	<b>321</b>	<b>13,948</b>	<b>17,310</b>
<b>Creditors:</b>				
Financial liabilities carried at contract amount	-	-	5,017	7,520
<b>Total Creditors</b>	<b>-</b>	<b>-</b>	<b>5,017</b>	<b>7,520</b>

The debtors figure included in the balance sheet includes payments in advance from organisations which, are not considered to be financial instruments, therefore these prepayments have been excluded above. Similarly the creditors figures also includes transactions relating to receipts in advance which are not a financial instrument, therefore these have been excluded from above.

## 6. Long Term Debtors

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

As at 31<sup>st</sup> March 2017, the cash value of loan advances made was £684,677.

## 7. Short Term Debtors

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

	2016/17 £000	2015/16 £000
Central Government Bodies	3,780	14
Local Authorities	9,944	17,189
Other Entities and Individuals	251	107
	<b>13,975</b>	<b>17,310</b>

## 8. Short Term Creditors

These are amounts owed by the Partnership for work done, goods received or services rendered which had not been paid by 31 March 2017.

	2016/17 £000	2015/16 £000
Local Authorities	3,821	7,573
Other Entities and Individuals	1,248	1
	<b>5,069</b>	<b>7,574</b>

## 9. Related Party Transactions

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

The formal decision making body for the Marches LEP is the Marches Enterprise Joint Committee. The committee consists of the three political Leaders of the partner Councils. During the year, the Partnership received income and made payments to the three partner Councils for the following amounts:

	Herefordshire Council £000	Shropshire Council £000	Telford & Wrekin Council £000
<b>Income Received:</b>			
Match Funding	(33)	(51)	(31)
Enterprise Zone	(100)	-	-
Interest on balances	-	(185)	-
<b>Total Income Received</b>	<b>(133)</b>	<b>(236)</b>	<b>(31)</b>
<b>Expenditure:</b>			
Growth Deal Projects	11,067	4,318	16,398
Project Development	36	-	-
Growth Hub	49	19	17
LEP Management Overheads	28	-	-
S151 Financial & Legal Services for LEP	6	32	-
<b>Total Expenditure</b>	<b>11,186</b>	<b>4,369</b>	<b>16,415</b>
<b>Net (Income)/Expenditure</b>	<b>11,053</b>	<b>4,133</b>	<b>16,384</b>



Statement of Accounts of

**THE MARCHES  
LOCAL ENTERPRISE  
PARTNERSHIP  
2016 - 2017**



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