



# Statement of Accounts

Financial Year 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018

Produced by the Accountable Body – Essex County  
Council

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# Section One - Introduction

## Introduction

- 1.** The South East Local Enterprise Partnership (SELEP) brings together key leaders from business, local government, further and higher education in order to create the most enterprising economy in England through exploring opportunities for enterprise whilst addressing barriers to growth.
- 2.** Covering Essex, Southend, Thurrock, Kent, Medway and East Sussex, the SELEP is the largest strategic enterprise partnership outside of London. The SELEP is one of 38 partnerships set up by the Government to be the key body determining strategic economic priorities while making investments and delivering activities to drive growth and create local jobs.
- 3.** The SELEP is an unincorporated informal partnership. To facilitate the operations of the SELEP, Essex County Council acts as the Accountable Body for the partnership. This means that the Council receives funds and makes payments on behalf of the SELEP, oversees contract management with suppliers and ensures that the Partnership has sufficient cash flow.

## Revenue Expenditure

- 4.** The original revenue expenditure budget for the South East LEP for financial year 2017/18 was set at £2,792,000. The following income streams were budgeted to support the expenditure in year:
  - Core Grant from Central Government of £500,000;
  - Application of £739,000 of the Growing Places Fund revenue grant to support the administration costs of the fund and payment of grants to other partners;
  - Application of £945,000 in specific grants;
  - £155,000 of interest receipts earned on balances held;
  - £200,000 of contributions from partners; and
  - A contribution of £253,000 from the SELEP's own reserve.
- 5.** At the end of the financial year SELEP had applied a total of £1,519,000 of revenue Government Grants, received a total of £210,000 in partner contributions and other contributions, and £521,000 of external interest was received in respect of balances held for the Growing Places Fund and Local Growth Fund.

## Section One - Introduction

6. Total gross expenditure at the end of the financial year totalled £2,122,000; £670,000 less than budgeted. £2,249,000 of income was applied to the revenue account in the year, this was £290,000 less than budgeted income.
7. In total the Partnership's income exceeded expenditure by £127,000. This surplus has been transferred to the general reserve.

### **Growing Places Fund Grant**

8. A grant of £49 million was made to the South East LEP under the Growing Places Fund initiative. The Growing Places Fund grant was to be used to establish a revolving infrastructure fund that could be used across the LEP area to bring forward economic regeneration projects that have stalled.
9. A further round of GPF was awarded during 2017/18 as repayments from the first allocations are made. The fund is now once again fully allocated. A total of £8.573 million of the grant was paid out in loans during the financial year. The total repayments made in 2017/18 totalled £2.186m.

### **Local Growth Fund Grant (incl. LTP Major Projects Grant)**

10. Capital grants of £121.792 million were made to the South East LEP to deliver the Growth Deal as agreed between the partnership and Government. A further £4.416 million was carried forward from 2016/17 to be applied in year. Of the total £126.208 million, £80.614 million was allocated to upper tier Local Authorities, further education colleges and Highways England Ltd to invest in projects approved by the partnership's Accountability Board. The remaining £45.593 million has been carried forward for application in 2018/19 and later years in the programme.

## Section Two – Statement of Responsibilities

# Statement of Responsibilities

### **11.Executive Director for Corporate and Customer Services’ responsibilities**

The Executive Director for Corporate and Customer Services is responsible for the preparation of the SELEP’s Statement of Accounts in accordance with proper practices as set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the ‘Code of Practice’). In preparing this Statement of Accounts, The Executive Director for Corporate and Customer Services has:

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

### **12.Executive Director for Corporate and Customer Services’ certificate**

I certify that this Statement of Accounts has been prepared in accordance with proper practices, and presents a true and fair view of the financial position of the South East Local Enterprise Partnership at 31 March 2018 and its expenditure and income for the year then ended.

**Margaret Lee, Executive Director for Corporate and Customer Services**  
**7 December 2018**

## Section Two – Statement of Responsibilities

### **13. Chairman of the SELEP Board's certificate**

I approve these accounts on behalf of the South East Local Enterprise Partnership Board and confirm that they were considered by the Strategic Board at its meeting on [INSERT DATE].

**Christian Brodie**

**Chairman of the South East Local Enterprise Partnership**

**7 December 2018**

## Section Three – Statement of Accounts

# Statement of Accounts

**14.**The Partnership's accounting statements for 2017/18 comprise:

- **Movement in Reserves Statement**

This statement shows the movement in year on the different reserves held by the Partnership, analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure or reduce contributions) and 'unusable' reserves. The General Fund Balance at the line 'Balance at 31 March 2018' shows the funds available to the Partnership in 2018/19 and future financial years.

- **Comprehensive Income and Expenditure Statement**

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

- **Balance Sheet**

The Balance Sheet shows the value of the assets and liabilities recognised by the Partnership and the Accountable Body. The net assets of the Partnership are matched by the reserves held by the Partnership. Reserves are reported in two categories:

**Usable reserves** – those the Partnership may use to fund expenditure.

**Unusable reserves** – those that the Partnership is not able to use to fund expenditure. These include reserves that hold adjustments between accounting and funding certain transactions which are permitted under regulations.

- **Cash Flow Statement**

The cash flow statement shows the changes, during the reporting period, in cash and cash equivalents of the Partnership. It shows how the Partnership generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

**15.**Supplementary information is set out within the notes to the accounts to provide further information on the financial performance of the Partnership during 2017/18.

## Section Three – Statement of Accounts

### Movement in Reserves Statement

For the years ended 31 March 2017 and 31 March 2018

	Notes	Usable Reserves			Unusable Reserves			Total Unusable Reserves	Total Reserves
		General Fund Balance	Capital Grants Unapplied Account	Total Usable Reserves	Capital Adjustments Account	Financial Instruments Adjustment Account	Accumulating compensated absences Adj A/C		
		£000	£000	£000	£000	£000	£000	£000	
<b>Balance at 31 March 2016</b>		(253)	-	(253)	-	2,326	2	2,328	2,075
<b>Movement in Reserves during 2016/17</b>									
Surplus on Provision of Services	18	(590)	-	(590)	-	-	-	-	(590)
<b>Total Comprehensive Income and Expenditure</b>		(590)	-	(590)	-	-	-	-	(590)
Adjustments between accounting basis & funding under regulations	18	459	-	459	-	(464)	5	(459)	-
<b>(Increase) / decrease in 2016/17</b>		(131)	-	(131)	-	(464)	5	(459)	(590)
<b>Balance at 31 March 2017</b>		(384)	-	(384)	-	1,862	7	1,869	1,485
<b>Movement in Reserves during 2017/18</b>									
Surplus on Provision of Services	18	(74)	-	(74)	-	-	-	-	(74)
<b>Total Comprehensive Income and Expenditure</b>		(74)	-	(74)	-	-	-	-	(74)
Adjustments between accounting basis & funding under regulations	18	(53)	-	(53)	-	57	(4)	53	-
<b>(Increase) / decrease in 2017/18</b>		(127)	-	(127)	-	57	(4)	53	(74)
<b>Balance at 31 March 2018</b>		(511)	-	(511)	-	1,919	3	1,922	1,411



## Section Three – Statement of Accounts

### Comprehensive Income and Expenditure Statement

For year ended 31 March 2018

2016/17				Notes	2017/18				
Gross expenditure £000	Govnt Grants £000	Other Income £000	Net Expenditure £000		Gross expenditure £000	Govnt Grants £000	Other Income £000	Net Expenditure £000	
88,288	(87,854)	(322)	112	19,25	Cost of Services	82,733	(82,133)	(210)	390
(464)	-	(239)	(703)	18,25	Financing and Investment Income and Expenditure	57	-	(521)	(464)
<b>87,824</b>	<b>(87,854)</b>	<b>(561)</b>	<b>(591)</b>		<b>(Surplus) / Deficit on provision of services</b>	<b>82,790</b>	<b>(82,133)</b>	<b>(731)</b>	<b>(74)</b>

## Section Three – Statement of Accounts

### Balance Sheet as at 31 March 2018

31 March 2017	Note		31st March 2018	
£000			£000	£000
27,079	23	Long term debtors	33,410	
<u>27,079</u>		<b>Long term assets</b>		<b>33,410</b>
25,489	24	Short term debtors	67,392	
<u>25,489</u>		<b>Current assets</b>		<b>67,392</b>
(1,383)		Creditors	(8,453)	
(2,778)	19	Revenue grant receipts in advance	(2,690)	
(49,892)	19	Capital grant receipts in advance	(91,070)	
<u>(54,053)</u>		<b>Current liabilities</b>		<b>(102,213)</b>
<u>(1,485)</u>		<b>Net liabilities</b>		<b>(1,411)</b>
		<b>Usable reserves</b>		
(384)		General Fund balance	(511)	
<u>(384)</u>				<b>(511)</b>
		<b>Unusable reserves</b>		
-	21	Capital Adjustment Account	-	
1,862	20	Financial Instruments Adjustment Account	1,919	
7	22	Accumulated Absences Adjustment Account	3	
<u>1,869</u>				<b>1,922</b>
<u>1,485</u>		<b>Total reserves</b>		<b>1,411</b>

## Section Three – Statement of Accounts

### Cash Flow Statement for year ended 31 March 2018

2016/17 Restated £000	Notes 25		2017/18 £000
(1,032)	26	Operating activities	(7,113)
1,032	26	Investing activities	7,113
-		Financing activities	-
-		<b>Net (increase) / decrease in cash and cash equivalents</b>	-
-		Cash and cash equivalents at 1st April	-
-		Cash and cash equivalents at 31st March	-

The 2016/17 comparative amounts have been restated to correct for an overstatement of net outflows of cash from operating activities of £196k and an understatement of net outflows of cash from investing activities of £388k.

Note 25: Cash flows from operating, investing and financing activities has also been restated to correct for this error.

## Section Three – Statement of Accounts

### Notes to the Statements of Accounts

#### 16. Accounting Policies

##### Introduction

The Statement of Accounts summarises the Partnership's transactions for the 2017/18 financial year, and its position as at 31 March 2018. 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 Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, insofar as that is applicable to the activities of the Partnership, supported by International Financial Reporting Standards (IFRS) and statutory regulations.

##### Accounting for Capital Grants

The Local Growth Fund Capital Grant (awarded from DCLG) and the Local Authority LTP Major Project (awarded from DfT) Capital Grants were both awarded to the SELEP via the Accountable Body. Whilst these are capital grants they won't result in the creation of a non-current asset within the ownership of SELEP. This is because the grant is passed onto the relevant delivery organisation where the asset will be created or enhanced.

However, there are two further situations in Local Government where expenditure may be capitalised:

- Expenditure is defined by **Regulation** as capital: and
- Expenditure is classified by **Government Direction** as capital

Such expenditure is referred to as '**revenue expenditure funded from capital under statute**' (REFCUS). Both the Local Growth Fund Capital Grant and the Local Authority LTP Major Project Capital Grant have been treated in this way.

Where reliance is placed on the statutory definition of capital expenditure rather than the accounting definition, any expenditure incurred must be charged to the Comprehensive Income and Expenditure Statement. However, this is then mitigated by a transfer from the Capital Adjustment Account in the Movement in Reserves Statement, thereby neutralising the impact of the expense on the General Fund.

The effect of the transfer from the Capital Adjustment Account is to enable the SELEP to apply capital resources (i.e. capital grant) to the financing of the expenditure defined as capital by Regulation (i.e. to the financing of REFCUS expenditure).

## Section Three – Statement of Accounts

### Accounting for Loans

The Growing Places Fund loan advances are made on an interest free basis, which means that they are accounted for as soft loans. In order to comply with the CIPFA Code of Practice and statutory regulation it is necessary to measure such loans at fair value in the Financial Statements.

In the case of loan advances, such as GPF loan advances made by the SELEP, the value of the advance made is presented in the accounts as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument and for an organisation with similar credit rating.

All GPF loan advances have been made to upper tier authorities and therefore the prevailing rate of interest used was that available from the Public Works Loan Board on the day of the advance.

The sum by which the amount lent exceeds the fair value of the loan shall be charged to Surplus or Deficit on the Provision of Services. This deficit does not require funding as it is an accounting adjustment only. This adjustment is held in the Financial Instruments Adjustment Account.

Over the life of the loan the value of the adjustment will be reduced in each year until the value of the loan advances match loan repayments in cash terms.

### **17. 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 the cash has not been received or paid, a debtor or creditor for the relevant amount is recognised in the Balance Sheet.

## Section Three – Statement of Accounts

### **18.Adjustments between Accounting Basis and Funding under Regulations**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Partnership in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Partnership to meet future capital and revenue expenditure.

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset (e.g. Local Growth Fund Payments) is charged as expenditure to the Comprehensive Income and Expenditure Statement in the year against the cost of services line.

Where the cost of this expenditure is met from existing capital resources, such as capital grants, a transfer is made in the Movement in Reserves Statement to the Capital Adjustment Account to mitigate the impact on the General Balance.

An analysis of the adjustments made under statute can be found overleaf.

## Section Three – Statement of Accounts

### Adjustments between accounting basis and funding under Regulations – 2016/17

2016/17	Notes	General Fund Balance £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Total Unusable Reserves £000
<b>Adjustments involving the Capital Adjustment Account (CAA)</b>					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>					
Depreciation and impairment of non current assets				-	-
Capital grants and contributions applied	19	86,431		86,431	(86,431)
Revenue expenditure funded from capital under statute	21	(86,431)		(86,431)	86,431
Value of assets disposed of during the year				-	-
<b>Adjustments involving the Capital Adjustment Account</b>					
		-	-	-	-
<b>Adjustments involving the Capital Grants Unapplied Account</b>					
Grants applied to financing (transferred to the CAA)				-	-
Grants and contributions unapplied				-	-
<b>Adjustments involving the Capital Grants Unapplied A/C</b>					
		-	-	-	-
<b>Adjustments involving the Financial Instruments Adjustment Account (FIAA)</b>					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements	20	464	-	464	(464)
<b>Adjustments involving the FIAA</b>					
		464	-	464	(464)
<b>Adjustments involving the Accumulated Absences Account</b>					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory requirements	22	(5)	-	(5)	5
<b>Adjustments involving the Accumulated Absences Account</b>					
		(5)	-	(5)	5
<b>Total adjustments</b>		<b>459</b>	<b>-</b>	<b>459</b>	<b>(459)</b>

## Section Three – Statement of Accounts

### Adjustments between accounting basis and funding under Regulations – 2017/18

2017/18	Notes	General Fund Balance £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Total Unusable Reserves £000
<b>Adjustments involving the Capital Adjustment Account (CAA)</b>					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>					
Depreciation and impairment of non current assets				-	-
Capital grants and contributions applied	19	80,615	-	80,615	(80,615)
Revenue expenditure funded from capital under statute	21	(80,615)	-	(80,615)	80,615
Value of assets disposed of during the year				-	-
<b>Adjustments involving the Capital Adjustment Account</b>					
		-	-	-	-
<b>Adjustments involving the Capital Grants Unapplied Account</b>					
Grants applied to financing (transferred to the CAA)				-	-
Grants and contributions unapplied				-	-
<b>Adjustments involving the Capital Grants Unapplied A/C</b>					
		-	-	-	-
<b>Adjustments involving the Financial Instruments Adjustment Account (FIAA)</b>					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements	20	(57)	-	(57)	57
<b>Adjustments involving the FIAA</b>					
		(57)	-	(57)	57
<b>Adjustments involving the Accumulated Compensated Absences Adjustment Account</b>					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory requirements	22	4	-	4	(4)
<b>Adjustments involving the Accumulated Absences Account</b>					
		4	-	4	(4)
<b>Total adjustments</b>		<b>(53)</b>	<b>-</b>	<b>(53)</b>	<b>53</b>



## Section Three – Statement of Accounts

### **19. Grant Income**

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 grants and contributions 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.

## Section Three – Statement of Accounts

An analysis of the grants that have been credited to the Net Cost of Services within the Comprehensive Income and Expenditure Statement is as follows:

2016/17			2017/18		
Capital grants £000	Revenue grants £000	Total £000	Capital grants £000	Revenue grants £000	Total £000
			<b>Department of Business, Innovation and Skills</b>		
-	656	656	-	656	656
-	-	-	-	28	28
-	656	656	-	684	684
			<b>Department for Transport</b>		
-	32	32	-	-	-
-	18	18	-	15	15
7,500	-	7,500	10,637	-	10,637
7,500	50	7,550	10,637	15	10,652
			<b>Careers Enterprise Company LTD</b>		
-	-	-	-	132	132
-	-	-	-	132	132
			<b>Department of Communities and Local Government</b>		
-	217	217	-	161	161
-	500	500	-	500	500
-	-	-	-	27	27
78,931	-	78,931	69,977	-	69,977
78,931	717	79,648	69,977	688	70,665
86,431	1,423	87,854	80,614	1,519	82,133

## Section Three – Statement of Accounts

An analysis of the grants carried in the Balance Sheet as a receipt in advance is as follows:

2016/17				2017/18		
Capital £000	Revenue £000	Total £000		Capital £000	Revenue £000	Total £000
			<b>Department of Business, Innovation and Skills</b>			
-	-	-	Energy Strategy grant	-	92	92
-	-	-		-	92	92
			<b>Department for Transport</b>			
-	26	26	Transport Delivery Excellence grant	-	10	10
-	-	-	Local Authority LTP Major Project grant	19,067	-	19,067
-	26	26		19,067	10	19,077
			<b>Department of Communities and Local Government</b>			
45,477	2,725	48,202	Growing Places Fund grant	45,477	2,564	48,041
-	27	27	Enterprise Zone Commercial Support	-	23	23
4,415	-	4,415	Local Growth Fund grant	26,525	-	26,525
<b>49,892</b>	<b>2,752</b>	<b>52,644</b>		<b>72,002</b>	<b>2,587</b>	<b>74,589</b>
<b>49,892</b>	<b>2,778</b>	<b>52,670</b>		<b>91,069</b>	<b>2,689</b>	<b>93,758</b>

## Section Three – Statement of Accounts

### 20. Financial Instruments

The SELEP has made a number of loans at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable in the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

#### Financial Instruments Adjustment Account

This account absorbs the timing differences arising from different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

<b>2016/17</b>		<b>2017/18</b>
<b>£000</b>		<b>£000</b>
2,326	<b>Balance as at 1 April</b>	<b>1,862</b>
195	Amortisation of discounts to the General Fund	<b>746</b>
(659)	Transfer from the General Fund for the difference between amounts credited/debited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statutory provisions	<b>(689)</b>
<u>1,862</u>	<b>Balance as at 31 March</b>	<u><b>1,919</b></u>

## Section Three – Statement of Accounts

### 21. Capital Adjustments Account

The Capital Adjustments Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. This includes adjustments made on the application of Revenue Expenditure Funded from Capital under Statute (REFCUS).

2016/17 £000		2017/18 £000
-	<b>Balance as at 1 April</b>	-
	<b>Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	
86,431	Revenue expenditure financed from capital under statute	80,615
<u>86,431</u>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<u>80,615</u>
	<b>Capital financing applied in the year</b>	
(86,431)	Capital grants applied to finance revenue expenditure funded from capital	(80,615)
<u>-</u>	<b>Balance as at 31 March</b>	<u>-</u>

## Section Three – Statement of Accounts

### 22. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would arise on the General Fund Balance from accruing for paid absences earned but not taken in the year (e.g. annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2016/17		2017/18
£000		£000
3	<b>Balance as at 1 April</b>	7
(3)	Settlement or cancellation of accrual made at the end of the preceding year	(7)
7	Amount accrued for at the end of the current year	3
<u>4</u>	Amount by which officer remuneration charged in the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	<u>(4)</u>
<u><b>7</b></u>	<b>Balance as at 31 March</b>	<u><b>3</b></u>

### 23. Long Term Debtors

Long term debtors are the loan advances made to upper tier authorities from the Growing Places Fund. As at note 21 above, the value of these advances are recognised at the present value of repayments over the life of the loan. This is because the loans are made at a nil interest rate. The cash value of loan advances this year was £8.573 million. The difference in value between this and the value recognised as a long term debtor is shown in the Financial Instruments Adjustment Account which is an unusable reserve.

### 24. Short Term Debtors

The Partnership's cash is held by Essex County 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.

### 25. Cash Flows from operating, investing and financing activities

The amount of net cash flows arising from operating activities is a key indicator to the extent to which the operations of the Partnership are funded by way of grant income or contributions.

## Section Three – Statement of Accounts

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Partnership's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Partnership. Currently the Partnership has no borrowing.

The Partnership's cash is held by the Accountable Body (see note 24) and therefore is recognised as short term debtor rather than cash on the Balance Sheet and Cash Flow Statement.

As noted on the Cash Flow Statement, the 2016/17 comparative amounts have been restated to correct for an overstatement of net outflows of cash from operating activities of £196k and an understatement of net outflows of cash from investing activities of £388k. This note has also been restated to correct for this error.

The cash flows from operating, investing and financing activities include the following items:

## Section Three – Statement of Accounts

2016/17 Restated £000	Notes 25	2017/18 £000
	<b>Cash flows from operating activities</b>	
	<b>Cash inflows</b>	
(1,182)	Grants	(1,430)
(322)	Sales of goods and rendering of services	(210)
(239)	Interest received	(521)
(1,743)		(2,161)
	<b>Cash outflows</b>	
534	Cash paid to and on behalf of employees	629
177	Other payments for operating activities	(5,581)
711		(4,952)
(1,032)	<b>Net outflows of cash from operating activities</b>	(7,113)
	<b>Cash flows from investing activities</b>	
	<b>Cash inflows</b>	
5,390	Proceeds from short and long term investments	41,903
(89,771)	Other receipts from investing activities	(121,793)
(84,381)		(79,890)
	<b>Cash outflows</b>	
85,413	Other payments for investing activities	87,003
85,413		87,003
1,032	<b>Net outflows of cash from investing activities</b>	7,113
	<b>Cash flows from financing activities</b>	
	<b>Cash inflows</b>	
-	Cash receipts of short and long term borrowing	-
-	Other receipts from financing activities	-
-		-
	<b>Cash outflows</b>	
-	Cash payments for the reduction of liabilities related to finance leases	-
-	Repayment of short and long term borrowing	-
-		-
-	<b>Net outflow of cash from financing activities</b>	-
-	<b>Net (increase) / decrease in cash and cash equivalents</b>	-
-	<b>Cash and cash equivalents at 1st April</b>	-
-	<b>Cash and cash equivalents at 31st March</b>	-



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### 26. Senior Officers' remuneration

	Notes	Remuneration						
		Salaries, fees and allowances	Bonus Payments	Expense allowances/benefits	Compensation for loss of employment	Total remuneration Excl pension contributions	Employer's contribution to pension	Total Remuneration Incl. pension contributions
<b>2016/17</b>								
Managing Director of the SELEP	iv	£84,936	£0	£4,382	£0	£89,319	£13,274	£102,593
<b>2017/18</b>								
Managing Director of the SELEP		£95,950	£0	£5,322	£0	£101,272	£15,448	£116,719
SELEP Skills Manager	v	£50,500	£0	£0	£0	£50,500	£8,130	£58,630

#### Notes:

- i. Where a senior officer's annual salary is £50,000 or more, but less than £150,000, remuneration is disclosed individually by way of job title. For those senior officers whose salary is £150,000 or more, their name is also disclosed.
- ii. The employer's contribution to pensions are not amounts paid to individual members of staff, rather they reflect amounts paid by the Accountable Body into the Pension Fund; these contributions have been made at the level determined at the last actuarial valuation as necessary to meet the cost of the future pension accrual.
- iii. Bonus payments have been disclosed in the year of payment, but relate to performance in the previous year.
- iv. The Managing Director was appointed part way through April 2016 so the figures for 2016/17 are not for a full twelve months, whereas the 2017/18 amounts are.
- v. The SELEP Skills Manager was appointed part way through 2016/17 and did not meet the criteria for disclosure in that year.

## Section Three – Statement of Accounts

### **Independent auditor’s report to the Board and Executive Members of South East Local Enterprise Partnership and Essex County Council**

We have audited the Statement of Accounts of South East Local Enterprise Partnership for the year ended 31 March 2018 on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of Practice on Local Authority Accounting in United Kingdom 2017/18.

This report is made solely to the Board and Executive Members of South East Local Enterprise Partnership, and Essex County Council as the accountable body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Board and Executive Members of South East Local Enterprise Partnership, as a body, and to Essex County Council as the accountable body, 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 Board and Executive Members of South East Local Enterprise Partnership and Essex County Council as the accountable body, for our audit work, for this report or the opinions we have formed.

#### **Respective responsibilities of the accountable body and the auditors**

The Executive Director for Corporate Services of Essex Council is responsible for the preparation of the Statement of Accounts and for being satisfied that the amounts contained therein give a true and fair view within the context of the financial reporting framework.

Our responsibility is to audit, and express an opinion on, the Statement of Accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

#### **Scope of the audit and Statement of Accounts**

An audit involves obtaining evidence about the amounts and disclosures in the Statement of Accounts sufficient to give reasonable assurance that the Statement of Accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority’s circumstances and have been consistently applied and have been adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director for Corporate Services of Essex County Council; and the overall presentation of the Statement of Accounts.

In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we

## Section Three – Statement of Accounts

become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

### **Opinion on the Statement of Accounts**

In our opinion the Statement of Accounts:

- Give a true and fair view of the financial position of the Local Enterprise Partnership as at 31 March 2018 and of the Local Enterprise Partnership's expenditure and income for the year then ended;
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Mr Athos Louca FCCA ICPAC (Senior Statutory Auditor)  
For and on behalf of Loucas  
Chartered Certified Accountants  
Statutory Auditor  
The Carriage House  
Mill Street  
Maidstone  
Kent  
ME15 6YE

Date:.....