



Statement of Accounts

Financial Year ending 31st March 2014

Prepared by Essex County Council acting as the Accountable body for SELEP

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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 South East LEP is the largest strategic enterprise partnership outside of London. The South East LEP is one of 39 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 South East LEP 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 prepares all financial returns and ensures that the Partnership has sufficient cash flow.

Revenue Expenditure

4. The original revenue expenditure budget for the financial year 2013/14 was set at £987,000. This was to be funded through contributions of £200,000 from upper tier Authorities within the Partnership, Revenue Grants from Government of £500,000 the application of £112,000 of Local Transport Grant, and interest receivable on the Growing Places Fund cash balances of £175,000.
5. Actual expenditure for the year was £893,000, £94,000 favourable to Budget and largely reflected under-spends on staffing & resource costs, non-utilisation of the whole of the Local Transport Grant which will be carried forward to 2014/15, offset by higher expenditures on external meeting costs and utilisation of the Capacity Fund Grant.
6. Actual funding received for the year was £948,000, and comprised contributions from upper tier Authorities of £91,000, Revenue Grants from Government of £500,000, the application of Local Transport Grant & Capacity Fund Grant of £54,000 and £41,000 respectively and interest received of £262,000
7. The overall outcome for the year was an excess of Income over Expenditure of £55,000 which will be carried forward for utilisation in the 2014-15 Financial Year.

Section One - Introduction

Capital Grant

8. A grant of £49 million was made to the South East LEP under the Growing Places Fund initiative in the financial year 2011/12. The Fund was put in place by Government with an allocation made to all LEPs, to encourage economic regeneration and growth. Most of the Growing Places Fund for the South East LEP is currently used as a revolving loan infrastructure fund. A small proportion (£1.02m) has been issued as grant to support one-off expenditure such as Harlow Enterprise zone.

9. As at 31st March 2014, the fund was fully allocated to Projects, and amounts drawn-down totalled £12.036m.

Section Two – Statement of Responsibilities

Statement of Responsibilities

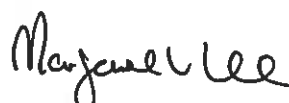
10. Executive Director for Corporate Services' responsibilities

The Executive Director for Corporate Services is responsible for the preparation of the South East LEP'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 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

11. Executive Director for Corporate Services' certificate

I certify that this Statement of Accounts has been prepared in accordance with normal accounting practices, and represents a true and fair view of the financial position of the South East Local Enterprise Partnership at 31 March 2014.



[Insert signature here]

Margaret Lee, Executive Director for Corporate Services

[Insert Date]

Section Two – Statement of Responsibilities

12. Chairman of the South East LEP 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 Board at its meeting on 26th September 2014.

[Insert signature here]

A handwritten signature in blue ink, appearing to be 'Peter Jones', written over a faint dotted line.

Peter Jones

Chairman of the South East Local Enterprise Partnership

[Insert date]

Section Three – Statement of Accounts

Statement of Accounts

13. The Partnership's accounting statements for 2013/14 comprise:

- **Income and Expenditure Statement**
This statement sets out the Income Received and Expenditure incurred by the Partnership for the year ending 31st March 2014

- **Movement in Reserves Statement**
This statement sets out the movement in reserves held by the Partnership, for year ending 31st March 2014, split between 'usable' reserves (i.e. those that can be applied to fund future expenditure) and 'unusable' reserves, which arise from accounting adjustments and cannot be used for any other purpose.

- **Balance Sheet**
The Balance Sheet sets out the total Assets and Liabilities held by and owing by the Partnership as at the 31st March 2014.

14. Supplementary information is set out within the notes to the accounts to provide further information on the financial performance of the Partnership during the year to 31st March 2014.

Section Three – Statement of Accounts

Income and Expenditure Statement

For year ended 31 March 2014

	Notes	Actual £000	Budget £000	Over / (Under) £000
Income Received				
Grant Income	17	(500)	(500)	-
Contributions OLAs		(91)	(200)	109
Interest Received		(262)	(175)	(87)
Transport Grant utilisation		(54)	(112)	58
Capacity Fund		(41)	-	(41)
Total Income		(948)	(987)	39
Expenditure Incurred				
Staffing Costs		337	417	(80)
Consultancy		277	331	(54)
Office & General Expenses		85	55	30
AB Support Costs		99	72	27
Capacity Fund Expenditure		41	-	41
Transport Grant Expenditure		54	112	(58)
Total Expenditure		893	987	(94)
Net Income / Expenditure		(55)	-	(55)

Movement in Reserves Statement

For the year ended 31st March 2014

	Notes	Total Useable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Balance Brought Forward 1st April 2013		184	(884)	(700)
Movement in reserves during 2013/14				
Surplus Income over Expenditure		55	-	55
Adjustments between accounting basis & funding under regulations	18		(151)	(151)
Balance as at 31st March 2014		239	(1,035)	(796)

Section Three – Statement of Accounts

Balance Sheet as at 31 March 2014

SELEP			
Balance Sheet as at 31st March 2014			
	Notes	31.03.14	31.03.13
		£000	£000
Long Term Debtors (GFF Loans)	19	11,002	6,866
Long Term Assets		11,002	6,866
Short Term Debtors (Cash)	20	37,821	41,839
Current Assets		37,821	41,839
Creditors	16	333	65
Grants Received in Advance	17	49,285	49,339
Current Liabilities		49,619	49,405
Net Assets / Liabilities		(796)	(700)
Usable Reserves			
General Fund Balance Prior Years		184	-
General Fund Balance Current Year		55	184
Total Usable Reserves		239	184
Unusable Reserves			
Financial Instruments Adjustment Account Prior Years		(884)	-
Financial Instruments Adjustment Account Current Year		(151)	(884)
Total Unusable Reserves		(1,035)	(884)
Total Reserves		(796)	(700)

Section Three – Statement of Accounts

Notes to the Statements of Accounts

15. Accounting Policies

Introduction

The Statement of Accounts summarises the Partnership's transactions for the 2013/14 financial year, and its position as at 31 March 2014. 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 together with relevant International Financial Reporting Standards (IFRS) and statutory regulations.

16. Accruals of Income and Expenditure

The Partnership accounts for income and expenditure on an as incurred basis, in line with recognised accounting practice, with due provision made within the accounts for any unpaid or un-invoiced amounts where goods or services have been received within the accounting year.

Any amounts due but unpaid at the year-end are shown as Accounts Payable within one year on the Balance Sheet.

17. Grant Income

Government grants and third party contributions, either received or due to be received, are recognised as Income within the accounts, where there is reasonable assurance that:

- There are no conditions attached to them and/or that the Partnership has complied with any conditions attached thereto; and
- The grants and contributions will be received.

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

18.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. Soft loans are defined as loans made with a below-market rate of interest.

In order to comply with the CIPFA Code of Practice and statutory regulation it is necessary to measure such loans at their fair value in the Financial Statements.

For all GPF loan advances made by the South East LEP, the value of the advance made is presented in the accounts at the present value of future cash receipts, discounted using the prevailing market rate of interest for a similar instrument and for an organisation with a similar credit rating.

As all GPF loan advances have been made to upper tier Authorities, the interest rate used to determine the present value is that available from the Public Works Loan Board on the day of the advance.

The amount by which the loan advance exceeds the fair value of the loan is charged as a Surplus or Deficit to the Unusable Reserve account, and represents 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.

19.Long Term Debtors

Long term debtors represent loan advances made to upper tier Authorities from the Growing Places Fund. In accordance with the Accounting for Loans practice the value of these advances are recognised at the present value of repayments over the life of the loan. The cash value of loan advances made, up to and including 31st March 2014, amounted to £12.036 million. The difference in value between this and the value shown as a long term debtor is shown in the Financial Instruments Adjustment Account which is an unusable reserve.

20.Short Term Debtors

The Partnership's cash balance is held and managed by Essex County Council, in its capacity as Accountable Body for the Partnership. The cash balance as at 31st March 2014 is shown on the Balance Sheet as a short term debtor, and amounted to £37.8m

Section Three – Statement of Accounts

The Cash Balances of £37.8m have been set aside and are to be utilised in future years' as follows

Use of Cash Balances / Reserves as at 31.03.14	
	£'000
Growing Places Fund	37,171
Transport Grant	78
Accounts Payable	333
Reserves	239
Closing Balance c/fwd	37,821

Section Four – Independent Auditor’s Report

We have audited the Statement of Accounts for the year ended 31st March 2014, as set out herein.

We confirm that the accounts have been prepared in accordance with the financial reporting framework, as governed by Essex County Council’s Financial Procedures and Regulations, and in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14

This report is made solely to the Board and Executive members of SE LEP, as a body, and Essex County Council as the Accountable Body in accordance with our Engagement letter dated 19th June 2013. Our audit work has been undertaken so that we might state to Board and Executive members of SE LEP, as a body, and 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 SE LEP as a body, and Essex County Council as the Accountable Body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Accountable Body and the Auditors.

The Executive Director for Corporate Services of Essex County 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 our Engagement letter dated 19th June 2013 and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

Scope of the audit of the 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 financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances and have been consistently applied and 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 the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Section Four – Independent Auditor’s Report

Opinion on the Statement of Accounts

In our opinion the Statement of Accounts:

- give a true and fair view in the context of the financial reporting framework of the SE LEP’s income and expenditure for the year ended 31st March 2014.
- Have been properly prepared in accordance with the recognition criteria and in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14. There are included limited notes which benefit the understanding of the user, but we offer no opinion for this non-statutory report as to whether the notes fully comply with disclosure requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Craig Mackinlay BSc FCA CTA (Senior Statutory Auditor)

For and on behalf of Beak Kemmenoe Chartered Accountants

Statutory Auditor

1-3 Manor Road

Chatham

Kent

ME4 6AE

{Date post meeting of 26th September 2014}