

D2N2 Local Enterprise Partnership

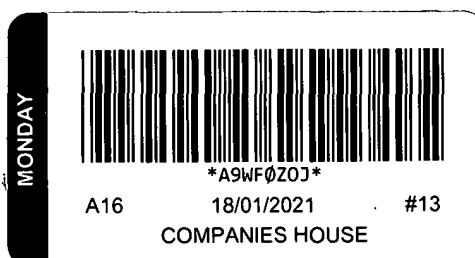
Strategic Report,

Report of the Directors and

Financial Statements

for the Period

29 March 2019 to 31 March 2020



D2N2 Local Enterprise Partnership

Contents of the Financial Statements for the Period 29 March 2019 to 31 March 2020

	Page
Company Information	1
Strategic Report	2
Report of the Directors	6
Report of the Independent Auditors	9
Income Statement	11
Other Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Cash Flow Statement	15
Notes to the Cash Flow Statement	16
Notes to the Financial Statements	17
Detailed Income and Expenditure Account	25

D2N2 Local Enterprise Partnership
Company Information
for the Period 29 March 2019 to 31 March 2020

DIRECTORS:

Graham Stanley Cartledge CBE
Cllr Kathrine Lillian Cutts MBE
Elizabeth Fagan CBE
Cllr Barry Lewis
Katherine Jayne Mayled
Cllr Christopher Paul Poulter
Emma Louise Rigler
Cllr Simon James Robinson
Vivian Geoffrey Russell
Michele Louise Farmer
David Henry Williams
David Mellen
James Alexander Brand
Andrew Cropley
Tim Clive Freeman
Prof Shearer Carroll West
Cllr Alexander Guy Dale

REGISTERED OFFICE:

8 Experian Way
Ng2 Business Park
Nottingham
Nottinghamshire
NG2 1EP

REGISTERED NUMBER: 11914012 (England and Wales)

AUDITORS:

HSKS Greenhalgh
Chartered Accountants &
Statutory Auditor
18 St Christopher's Way
Pride Park
Derby
DE24 8JY

D2N2 Local Enterprise Partnership
Strategic Report
for the Period 29 March 2019 to 31 March 2020

The Directors present their Strategic report for D2N2 Local Enterprise Partnership ("the Company") for the period ended 31 March 2020.

Introduction

Established in 2010, The Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (D2N2 LEP) is one of the largest Local Enterprise Partnerships (LEPs) in England.

LEPs play a central role in deciding local economic priorities and undertaking activities to drive economic growth and create local jobs. There are 38 LEPs currently operating within England and are all members of the LEP Network.

The D2N2 LEP receives funds from the Government to address regional and national priorities. Once secured, the funding is contracted to a wide range of delivery partners including local authorities, universities, colleges, the voluntary community sector and private training partners to deliver projects that drive economic prosperity across the region.

Following a review into the governance and transparency known as the Ney Review in October 2017 and the publication of Strengthened Local Enterprise Partnerships in July 2018, Government required all LEPs to adopt a legal entity by April 2019.

The Company was incorporated on the 29 March 2019 and is limited by guarantee of its members and does not have any share capital. The Company operates as a not for profit entity and receives financial support from the four Upper Tier Authorities in addition to grants from Government.

Government also required each LEP to have a single Accountable Body and following a tendering process, Derbyshire County Council were selected as D2N2's single accountable body for 2019/20 and 2020/21.

Previous to this, there were 3 accountable bodies, Derbyshire County Council, Derby City Council and Nottingham City Council. Within 2019/20 funds were transferred from the other two local authorities, £425,655 from Derby City as Core Funding and £20,703,914.37 from Nottingham City Council as £16,396,098.75 as Growing Places Capital, £535,119.62 as Growing Places interest and £3,772,696 as Building Foundations for Growth grant.

2019/2020 has been another significant year for the D2N2 LEP with an increasing focus from government on the role LEPs play in setting the direction for economic growth through strong partnerships with the private and public sector, alongside an increasing emphasis on the importance of governance and transparency.

Governance

The D2N2 LEP has continued to strengthen our overall governance and remains committed to seeking opportunities for continuous improvement across all areas of our work

The Board comprises six ex-Officio nominated representative of the Local Authorities alongside 12 co-opted Directors from the private sector. It has one representative each from higher and further education, and one representing inclusion and diversity.

They oversee the operation of the company in the delivery of activities to support economic growth, and the development of economic strategy focused themes: Place, Business Growth, Innovation and People and Skills. These strategic themes, each has an Advisory Board that reports to the main LEP board, advises on sector-specific strategies and opportunities for growth.

Our structures are continually reviewed to improve and optimise the delivery of our strategies and to ensure we meet all the requirements set out by government in their review of LEPs in 2018 (Strengthened Local Enterprise Partnerships). This year we have increased board membership and diversity; and expanded our management and officer capacity to support the development and delivery of our programmes.

D2N2 Local Enterprise Partnership
Strategic Report
for the Period 29 March 2019 to 31 March 2020

The Local Assurance Framework sets out how the D2N2 LEP will continue the process of ensuring value for money, prioritisation, appraisal, business case development and risk management for its Growth Deal programme. It identifies the roles to be taken by the D2N2 LEP and its constituent Boards, by the Accountable Body and by the promoters of projects. It also sets out the process to be followed in selecting priorities for further Growth Deals or other funding programmes if appropriate.

The company's principal sources of income are Government grants (both capital and revenue) and grants from constituent local authorities.

Economic Context

D2N2 benefits from a highly functional economic geography that is advantageously located at the heart of the country. Our economy is the 4th largest outside London and the South East. It contributes £48.4bn in GVA to the UK economy; with 16% growth since 2012.

However, the growth has not benefited everyone; there are significant differences in the socio-economic conditions experienced across D2N2's communities and not all our people have the skills and qualifications to share in the benefits of growth. Consequently, our productivity rates continue to lag behind the national average.

The impact on the economy from Covid-19 is likely to have a significant impact on our region, and we will need to adapt and deliver new opportunities to recover and restore economic growth across the whole of D2N2.

Strategy and Collaboration

The D2N2 LEP works with government and local stakeholders to provide regional leadership on several important economic, social and environmental agendas. We continue to identify barriers and solutions to growth and work with our partners to improve their business environment.

The D2N2 LEPs overall strategy was set out in our Strategic Economic Plan, Vision 2030, which sets out the vision, priorities and aspirations for the region to 2030 and how we will have a transformed high-value economy; which is prosperous, healthy and inclusive, and one of the most productive in Europe. An economy that is globally connected to promote the growth of a sustainable regional economy and committed to improving the quality of life for our communities.

We continue to actively work with partners across the Midlands Engine area to support the collective vision for supporting the growth of the Midlands economy. Together we are committed to capitalising on the many opportunities ahead, including the Midlands Engine Development Corporation. Nationally, we continue to work within the LEP network to influence national policy and investment decisions.

The D2N2 LEP has reaffirmed its growth and economic ambitions through the development of our Local Industrial Strategy (LIS), which is aligned to the UK's industrial strategy. It promotes the coordination of local economic policy and national funding streams and establishes new ways of working between national and local government and the public and private sectors. Our draft emerging LIS was shared with government in March 2020.

The draft LIS identified three guiding principles which support specific propositions, that embrace the challenges and opportunities of new technologies and global markets and addresses the issues impeding clean, productive and inclusive growth across the D2N2.

The LIS gives us a solid foundation on which to build our economic recovery. However, as we look ahead to a changing economic environment, we have decided to review and re-cast the Strategy to take account of the impact of Covid-19 on ways of working, learning and socialising.

The three key guiding principles are:

1. Productivity: Lead a bold new way of bringing together the education and skills, innovation and business support systems to support our people and businesses to thrive.

D2N2 Local Enterprise Partnership

Strategic Report for the Period 29 March 2019 to 31 March 2020

2. **Clean Growth:** Lead the most ambitious carbon turn-around in the country.
3. **Connectivity and Inclusion:** Deliver connectivity-led growth to and for all parts of the D2N2 region.

Delivery

Our Local Growth Fund programme continues to make excellent progress with £210.6m spent to date and an additional £287m of public and private funding secured.

During 2019/20, the D2N2 LEP received an allocation of £17.42m alongside the funding held by Derbyshire County Council from previous years through its freedom and flexibilities as Accountable Body, this gave a total of £46.4m available. A total of £46.4m was paid out to projects within 2019/20, those projects are as follows:

Project Name	Grant £
A61 Corridor	1,263,800
Ashbourne Airfield	1,000,000
Becketwell	2,695,000
Derby Cycling and Placemaking	94,330
Gedling Access Road	3,080,000
Harworth Access Road	(395,899)
LEP Management & Feasibility Funds	187,099
N2 Town Centres	2,745,444
Nottingham Broadmarsh/Southern Gateway	15,000,000
Nottingham City Hub	12,730,129
NTU MITF Centre	4,091,141
Our City Our River, Derby	2,500,000
Riverside	754,840
Silk Mill World Heritage Site	650,000
	<hr/>
	46,395,884

In terms of outputs delivered to date, the table below summarises the current total position against the overall targets:

	Output Actuals to date	Targets to date	Overall Target Jobs
Jobs	10,448	9,834	29,000
Homes	1,516	4,036	10,700
Learners	2,122	1,709	2,000

The D2N2 LEP has continued to work with the Enterprise Zone landowners to develop the sites further and attract inward investment through the next year. The D2N2 LEP has allocated funding towards two new developments on the Infinity Park site which are due to deliver business cases for final funding approvals within the next financial year. Income from Business Rate uplift is now being collected from the Infinity Park, Derby site.

The D2N2 LEP also have responsibility for delivering strategic advice on investments for the European Structural Investment Fund.

This year, the D2N2 Growth Hub has sought to increase the growth and competitiveness of businesses in the D2N2 area. The Hub has worked with over 2000 businesses. This included a core front line Growth service, primarily delivered by East Midlands Chamber, and enhanced local services provision, delivered by local authority partners.

However, long term economic growth can't happen without the right investment in skills and our people. The D2N2 LEP has continued to play an important leadership role in the skills system; developing skills analysis, engaging with the education and skills sector. This has included expanding the work of our Enterprise Coordinators, who this year have worked with over 120 schools to support career education.

D2N2 Local Enterprise Partnership
Strategic Report
for the Period 29 March 2019 to 31 March 2020

The D2N2 LEP was also successful in securing funding for a Careers Hub for the North Derbyshire cluster of 21 schools. Launched in January 2020, this hub will build intensively on the progress we have made on careers-related activity.

As well as working with partners to develop programmes for growth, D2N2 LEP has supported a range of projects to benefit the region and wider Midlands economy, such as the Midlands Engine Development Corporation and proposals for Freeport.

The D2N2 LEP, like all other LEPs, was subject to an Annual Performance Review with Government in January 2020 for the 2019-20 financial year across three themes, governance, delivery and strategy. The D2N2 LEP was awarded good for governance, good for strategy and met the requirement for strategic impact.

On 1 July 2020 the Ministry of Housing, Communities and Local Government advised that the Government would be making £900m available to LEPs through the new Getting Building Fund programme investing in local infrastructure projects to drive economic growth and confirmed that the D2N2 LEP will receive £44.4m to support capital projects which has to be committed and spent by the end of March 2022.

Risks and uncertainties

The main risks facing the D2N2 LEP are reliance on Government and European Funding to deliver objectives, and a considerable uncertain political environment both locally and nationally.

Uncertainties around the UK's exit from the EU continue to fuel economic uncertainty. The LEP has worked hard to make the case for continued investment in infrastructure after European funding ends and the need for early confirmation as to the shape and operation of the proposed UK Shared Prosperity Fund.

In March 2020, the LEP took steps to help contain the outbreak of COVID-19 and supported measures to mitigate the impact of pandemic across our communities. The impact of COVID-19 will be under continuous review going forward.

ON BEHALF OF THE BOARD:



Elizabeth Fagan CBE - Director

24 November 2020

D2N2 Local Enterprise Partnership

Report of the Directors for the Period 29 March 2019 to 31 March 2020

The directors present their report with the financial statements of the company for the period 29 March 2019 to 31 March 2020.

INCORPORATION

The company was incorporated on 29 March 2019 and took over the activities of the previous unincorporated entity on 1 April 2019.

DIVIDENDS

No dividends will be distributed for the period ended 31 March 2020.

EVENTS SINCE THE END OF THE PERIOD

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

DIRECTORS

The directors who have held office during the period from 29 March 2019 to the date of this report are as follows:

Cllr Anthony Ashton - appointed 29 March 2019 - resigned 14 May 2019
Graham Stanley Cartledge CBE - appointed 29 March 2019
Cllr Kathrine Lilian Cutts MBE - appointed 29 March 2019
Elizabeth Fagan CBE - appointed 29 March 2019
Peter James Gadsby - appointed 29 March 2019 - resigned 9 July 2019
Paul Julian Harris - appointed 29 March 2019
Jane Samantha Howson - appointed 29 March 2019
Cllr Barry Lewis - appointed 29 March 2019
Katherine Jayne Mayled - appointed 29 March 2019
Prof Kathryn Mary Mitchell - appointed 29 March 2019
Cllr Christopher Paul Poulter - appointed 29 March 2019
Emma Louise Rigler - appointed 29 March 2019
Cllr Simon James Robinson - appointed 29 March 2019
Vivian Geoffrey Russell - appointed 29 March 2019
Karen Smart - appointed 29 March 2019
Dawn Patricia Ward CBE - appointed 29 March 2019
David Henry Williams - appointed 29 March 2019
Cllr Martin Edwin Thacker - appointed 17 June 2019
David Mellen - appointed 9 July 2019

James Alexander Brand, Andrew Cropley, Cllr Alexander Guy Dale, Michele Louise Farmer, Tim Clive Freeman and Prof Shearer Carroll West were appointed as directors after 31 March 2020 but prior to the date of this report.

Paul Julian Harris, Jane Samantha Howson, Prof Kathryn Mary Mitchell, Karen Smart, Dawn Patricia Ward CBE and Cllr Martin Edward Thacker ceased to be directors after 31 March 2020 but prior to the date of this report.

D2N2 Local Enterprise Partnership

Report of the Directors for the Period 29 March 2019 to 31 March 2020

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

The D2N2 Board is committed to high standards of corporate governance and meets regularly. A number of matters are reserved for the Board's approval, including the overall strategy for the company, annual budgets and business plans, major items of expenditure on projects and funding requirements from key stakeholders.

The LEP Board has delegated responsibilities to the following sub-boards and committees, formally constituted with terms of reference:

Investment Board

The LEP Board has delegated its power to make financial decisions to the Investment Board. This includes decisions relating to the Local Growth Fund, Growing Places Fund, Enterprise Zone Business Rates and other appropriate LEP funding streams. The Board monitors the associated contracts of its investment decisions with a quarterly board update.

Advisory Boards (Business Growth, Innovation, People and Skills and Place)

The Advisory Boards support the D2N2 LEP Board in their mission to better push forward on objectives to boost the LEP area's economic growth. Each Advisory Board provides regular progress updates to the main D2N2 LEP Board and develops a work programme to drive forward their areas of responsibility.

D2N2 Growth Hub Executive Board (Sub Board to the Business and Innovation Board)

The Executive Board steers the activities of the Growth Hub, ensuring it is fit for purpose and fulfilling its remit. The D2N2 Growth Hub offers support to start-ups, growing businesses, and companies who are ready to scale up their operations.

ESIF Committee

The ESIF Committee role is to prepare the local strategy for the investment of the D2N2 area's notional allocation of European Structural and Investment funds (ESIF) to ensure they are invested to maximum effect, and that delivery capability is in line with strategic priorities, and emerging risks are mitigated or referred to the LEP Board for resolution.

Nominations and Remunerations Committee

The Nominations Committee oversees the identification, recruitment and recommendation of the new directors to the Board, and oversees the effectiveness of the executive structure.

Scrutiny and Audit Arrangements

The D2N2 LEP utilises both Scrutiny and Audit committee arrangements within Derbyshire County Council; this will also be extended to the chairs of the scrutiny committees across D2N2 to take in the process. The D2N2 LEP's audit report is presented annually to the Investment Board.

The Scrutiny Committee will review the annual performance of the D2N2 LEP's governance and its funding streams. The D2N2 LEP also makes an open offer to attend other Local Authority Scrutiny Committees in their area and attend when requested.

Future developments

In light of the Covid-19 pandemic, the D2N2 LEP will need to ensure we are working from a new baseline of economic performance and that we are able to address the new needs of the economy so that we can adapt, recover and grow.

We will continue to work with partners across the area to find innovative solutions to these problems as part of our approach to recovery and delivering sustainable economic growth to the region. It's important we also provide greater clarity on where the D2N2 LEP will take a leading role and those areas in which we will support our local partners.

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the Directors and Officers of the Company.

D2N2 Local Enterprise Partnership

Report of the Directors for the Period 29 March 2019 to 31 March 2020

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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, HSKS Greenhalgh, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



Elizabeth Fagan CBE - Director

24 November 2020

Report of the Independent Auditors to the Members of D2N2 Local Enterprise Partnership

Opinion

We have audited the financial statements of D2N2 Local Enterprise Partnership (the 'company') for the period ended 31 March 2020 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, Notes to the Financial Statements, including a summary of 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 2020 and of its surplus for the period 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 Auditors' 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of D2N2 Local Enterprise Partnership

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 or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, 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 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.

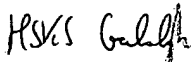
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Philip Handley FCA (Senior Statutory Auditor)
for and on behalf of HSKS Greenhalgh
Chartered Accountants &
Statutory Auditor
18 St Christopher's Way
Pride Park
Derby
DE24 8JY

26 November 2020

D2N2 Local Enterprise Partnership
Income Statement
for the Period 29 March 2019 to 31 March 2020

	Notes	£
GRANT AND OPERATIONAL INCOME		53,833,758
Grant expenditure		<u>(52,708,225)</u>
GROSS SURPLUS		1,125,533
Administrative expenses		<u>(1,195,790)</u>
		(70,257)
Other operating income		<u>26,636,928</u>
OPERATING SURPLUS	4	26,566,671
Interest receivable and similar income		<u>408,885</u>
SURPLUS BEFORE TAXATION		26,975,556
Tax on surplus	6	<u>(77,688)</u>
SURPLUS FOR THE FINANCIAL PERIOD		<u>26,897,868</u>

The notes form part of these financial statements

D2N2 Local Enterprise Partnership

**Other Comprehensive Income
for the Period 29 March 2019 to 31 March 2020**

	Notes	£
SURPLUS FOR THE PERIOD		26,897,868
OTHER COMPREHENSIVE INCOME		<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>26,897,868</u>

The notes form part of these financial statements

D2N2 Local Enterprise Partnership (Registered number: 11914012)

Balance Sheet
31 March 2020

	Notes	£
CURRENT ASSETS		
Debtors	8	27,561,437
Cash at bank		<u>138,146</u>
		27,699,583
CREDITORS		
Amounts falling due within one year	9	<u>801,715</u>
		26,897,868
NET CURRENT ASSETS		26,897,868
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>26,897,868</u>
RESERVES		
Income and expenditure account	11	<u>26,897,868</u>
		<u>26,897,868</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 November 2020 and were signed on its behalf by:



Elizabeth Fagan CBE - Director

The notes form part of these financial statements

D2N2 Local Enterprise Partnership
Statement of Changes in Equity
for the Period 29 March 2019 to 31 March 2020

	Retained earnings £	Total equity £
Changes in equity		
Total comprehensive income	<u>26,897,868</u>	<u>26,897,868</u>
Balance at 31 March 2020	<u>26,897,868</u>	<u>26,897,868</u>

The notes form part of these financial statements

D2N2 Local Enterprise Partnership

**Cash Flow Statement
for the Period 29 March 2019 to 31 March 2020**

	Notes	£
Cash flows from operating activities		
Cash generated from operations	1	<u>(270,739)</u>
Net cash from operating activities		<u>(270,739)</u>
<hr/>		
Cash flows from investing activities		
Interest received		<u>408,885</u>
Net cash from investing activities		<u>408,885</u>
<hr/>		
Increase in cash and cash equivalents		138,146
Cash and cash equivalents at beginning of period	2	-
<hr/>		
Cash and cash equivalents at end of period	2	<u>138,146</u>

The notes form part of these financial statements

D2N2 Local Enterprise Partnership

**Notes to the Cash Flow Statement
for the Period 29 March 2019 to 31 March 2020**

1. RECONCILIATION OF SURPLUS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	£
Surplus before taxation	26,975,556
Finance income	<u>(408,885)</u>
	26,566,671
Increase in trade and other debtors	(27,561,437)
Increase in trade and other creditors	<u>724,027</u>
Cash generated from operations	<u><u>(270,739)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 March 2020

	31/3/20	29/3/19
	£	£
Cash and cash equivalents	<u>138,146</u>	<u>-</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 29/3/19	Cash flow	At 31/3/20
	£	£	£
Net cash			
Cash at bank	<u>-</u>	<u>138,146</u>	<u>138,146</u>
	<u>-</u>	<u>138,146</u>	<u>138,146</u>
Total	<u><u>-</u></u>	<u><u>138,146</u></u>	<u><u>138,146</u></u>

The notes form part of these financial statements

D2N2 Local Enterprise Partnership

Notes to the Financial Statements for the Period 29 March 2019 to 31 March 2020

1. STATUTORY INFORMATION

D2N2 Local Enterprise Partnership 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.

Significant judgements and estimates

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.

Actual results may differ from these estimates. The estimates and the 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 assumption affects on that period, or in the period of revision and future periods if the revision affects both the current and future periods.

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.

Such assets are subsequently carried at amortised cost using the effective interest method. Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment an impairment loss is recognised immediately.

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 or expires.

Taxation

The company operates as a not-for-profit entity and does not carry on a trade for tax purposes. As a result the net surplus arising on these activities is non-trading and is exempt from corporation tax. The company is liable to corporation tax on bank and other interest.

D2N2 Local Enterprise Partnership

Notes to the Financial Statements - continued for the Period 29 March 2019 to 31 March 2020

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company contributes to a defined pension scheme. Contributions payable to the scheme are amounts recharged to the company by East Midlands Chamber of Commerce who operate the scheme and are charged to profit or loss in the period to which they relate.

Interest income

Interest income is recognised in the income statement on a cash basis when received.

Grant and operational income

Income consists of grant project income for specific projects, which is then distributed by the company to third parties, and operational income to cover the day-to-day core funding requirements of the company, such as administration and staff costs.

Government grants for projects are accounted for under the performance model as permitted by Financial Reporting Standard 102. Government grants are recognised only to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Other government funding is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Grant expenditure

Grant expenditure is recognised when there is a legal or constructive obligation, it is probable that settlement is required and the amount can be measured reliably.

3. EMPLOYEES AND DIRECTORS

	£
Wages and salaries	558,843
Social security costs	58,697
Other pension costs	<u>37,565</u>
	<u>655,105</u>

The average number of employees during the period was as follows:

Directors	17
Delivery team	11
Careers team	<u>3</u>
	<u>31</u>

D2N2 Local Enterprise Partnership

**Notes to the Financial Statements - continued
for the Period 29 March 2019 to 31 March 2020**

3. EMPLOYEES AND DIRECTORS - continued

The company does not directly employ any staff. Staff are employed by East Midlands Chamber of Commerce who recharge payroll costs to the company. Details included in these financial statements in respect of staff costs all relate to recharged values.

Staff paid in excess of £58,200 for the period, or the pro-rata equivalent for their period of employment are as follows:

Role	Salary and other benefits £	Pension contributions £	Total £
Chief Executive	89,703	7,011	96,714
Head of People and Skills	56,584	4,511	61,095
Head of Strategy and Growth (January - March)	14,386	-	14,386
Head of Business Growth and Innovation (February - March)	<u>10,021</u>	<u>-</u>	<u>10,021</u>
			£
Directors' remuneration			<u>-</u>

4. OPERATING SURPLUS

The operating surplus is stated after charging:

Auditors' remuneration	£ 6,000
Auditors' remuneration for non-audit work	<u>3,000</u>

5. EXCEPTIONAL ITEMS

Transfers in on commencement	£ <u>26,636,928</u>
------------------------------	---------------------

Exceptional items are funds previously held by the D2N2 LEP prior to incorporation that were transferred into this new company. Further details are given in note 11.

6. TAXATION

Analysis of the tax charge

The tax charge on the surplus for the period was as follows:

Current tax:	£
UK corporation tax	<u>77,688</u>
Tax on surplus	<u>77,688</u>

D2N2 Local Enterprise Partnership

**Notes to the Financial Statements - continued
for the Period 29 March 2019 to 31 March 2020**

7. AMOUNTS COMMITTED TO SUPPLIERS

Amounts committed to suppliers for the purchase of goods, works and services during the period were as follows:

	£	£
Local Growth Fund other costs - external		103,725
Other grant expenditure		2,539,646
Overhead expenditure (LEP running costs)	1,195,790	
Less: Staff costs	(655,105)	
Bad debts	<u>(179,695)</u>	
		<u>360,990</u>
		<u><u>3,004,361</u></u>

Further information is given in note 3 and on page 25.

8. DEBTORS

	£
Amounts falling due within one year:	
Other debtors	94,977
Due from related parties	385,283
Growing Places Fund loans advanced	3,164,246
Cash held by Derbyshire County Council	<u>21,500,000</u>
	<u>25,144,506</u>
 Amounts falling due after more than one year:	
Growing Places Fund loans advanced	<u>2,416,931</u>
 Aggregate amounts	<u>27,561,437</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Tax	77,688
Other creditors	479,165
Due to related parties	234,062
Accrued expenses	<u>10,800</u>
	<u>801,715</u>

D2N2 Local Enterprise Partnership

Notes to the Financial Statements - continued
for the Period 29 March 2019 to 31 March 2020

10. FINANCIAL INSTRUMENTS

	2020 £
Financial assets measured at cost	<u>27,699,583</u>
Financial liabilities measured at cost	<u>801,715</u>

Financial assets measured at cost comprise debtors, loans advanced, cash held by Derbyshire County Council and cash at bank.

Financial liabilities measured at cost comprise taxation, other creditors and accrued expenses.

11. RESERVES

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

	Transfers in on commence- ment £	Net income/ (expenditure) in period £	Balance at 31 March 2020 £
Revenue Projects			
Careers and Enterprise	127,044	(93,202)	33,842
Resource Funding	23,629	(23,516)	113
Energy Strategy	13,669	(382)	13,287
Enterprise Zones	-	220,509	220,509
Growing Places Fund	588,499	194,003	782,502
Growth Hub	-	(86,145)	(86,145)
HS2 Development Corporation	-	-	-
HS2 Growth Strategy	181,106	(39,701)	141,405
HS2 Toton Station	699,647	(469,176)	230,471
Key Management Account	-	(1,343)	(1,343)
Local Growth Fund	-	-	-
Skills Analysis Panel	75,000	(55,715)	19,285
TDE Programme	<u>15,167</u>	<u>(15,167)</u>	<u>-</u>
	1,723,761	(369,835)	1,353,926
Core Funding	-	712,734	712,734
General Reserve	<u>564,499</u>	<u>97,736</u>	<u>662,235</u>
	2,288,260	440,635	2,728,895
Capital Projects			
Growing Places Fund	<u>24,348,668</u>	<u>(179,695)</u>	<u>24,168,973</u>
	<u>26,636,928</u>	<u>260,940</u>	<u>26,897,868</u>

D2N2 Local Enterprise Partnership

**Notes to the Financial Statements - continued
for the Period 29 March 2019 to 31 March 2020**

12. OTHER FINANCIAL COMMITMENTS

As at the balance sheet date the company had commitments to the following projects to be paid from the Local Growth Fund:

	£
Riverside, Bakewell	2,595,160
A61 Corridor - 21st Century Transport	1,165,791
Gedling Access Road	7,220,000
HS2 Strategic Sites	2,400,000
Nottingham City Hub	463,131
N2 Town Centres	2,745,444
NTU Medical Technologies Innovation Facility	<u>3,628,473</u>
	<u>20,217,999</u>

Payments will be made from future years fund allocations received.

D2N2 Local Enterprise Partnership

**Notes to the Financial Statements - continued
for the Period 29 March 2019 to 31 March 2020**

13. RELATED PARTY DISCLOSURES

D2N2 Local Enterprise Partnership 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 Government is to use accountable bodies to hold and manage these large amounts of public money. The LEP does not qualify as an accountable body and to date Derbyshire County Council have acted as this body on behalf of the LEP.

During the period the LEP received income from, made payments to and had amounts outstanding at the balance sheet date with partner councils as follows:

	Derby City Council £'000	Derbyshire County Council £'000	Nottingham City Council £'000	Nottingham- shire County Council £'000	High Peak Borough Council £'000
Income recognised during period:					
Transfer of funds from previous accountable body	(426)	-	(20,704)	-	-
Matching Fund	(63)	(63)	(63)	(63)	-
Enterprise Zones	(259)	-	-	-	-
Revenue projects	(83)	(35)	-	-	(5)
Repay of Growing Places Fund loans	(1,351)	-	-	-	-
Interest on balances	-	(116)	(20)	-	-
Total income	(2,182)	(214)	(20,787)	(63)	(5)
Expenditure recognised during period:					
Capital projects	5,939	2,264	18,774	5,430	-
Revenue projects	51	15	46	-	-
HS2	-	-	91	1,407	-
Service Level Agreement	-	107	-	-	-
Total expenditure	5,990	2,386	18,911	6,837	-
Net (income)/expenditure	<u>3,808</u>	<u>2,172</u>	<u>(1,876)</u>	<u>6,774</u>	<u>(5)</u>
Amounts outstanding as at 31 March 2020:					
Due from	<u>330</u>	<u>35</u>	<u>20</u>	<u>-</u>	<u>-</u>
Due to	<u>-</u>	<u>129</u>	<u>-</u>	<u>105</u>	<u>-</u>

Amounts due from and to partner councils are included in debtors and creditors respectively.

D2N2 Local Enterprise Partnership

Notes to the Financial Statements - continued for the Period 29 March 2019 to 31 March 2020

13. RELATED PARTY DISCLOSURES - continued

During the period professional services of £29,850 were received from PHI Advisory which has one director in common with D2N2 Local Enterprise Partnership.

14. POST BALANCE SHEET EVENTS

On 1 July 2020 Ministry of Housing, Communities and Local Government advised that the government will be making £900m available to LEPs through the new Getting Building Fund investing in local infrastructure projects to drive economic growth and confirmed that the D2N2 Local Enterprise Partnership will receive up to £44.4m to support capital projects which has to be committed and spent by January 2022.

15. LIMITED BY GUARANTEE

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

16. ULTIMATE CONTROLLING PARTY

There is no one ultimate controlling party.