

Company registration number 11914012 (England and Wales)

D2N2 LOCAL ENTERPRISE PARTNERSHIP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

D2N2 LOCAL ENTERPRISE PARTNERSHIP

COMPANY INFORMATION

| | | |
|--------------------------|--|---|
| Directors | Mr J A Brand Mr G S Cartledge CBE Ms E Fagan CBE Mr T C Freeman Cllr B Lewis Cllr D Mellen Cllr C P Poulter Cllr S J Robinson Mr V G Russell Mr D H Williams Ms R L Rix Cllr K Buttery Mr S Knowles Mr E W Peck Ms M J Stravino OBE Ms V N Johnson Cllr K F Girling Mr A W Tinley | (Appointed 21 September 2021) (Appointed 30 March 2022) (Appointed 1 August 2022) (Appointed 12 August 2022) (Appointed 12 September 2022) (Appointed 15 September 2022) (Appointed 14 November 2022) |
| Company number | 11914012 | |
| Registered office | 8 Experian Way Ng2 Business Park Nottingham NG2 1EP | |
| Auditor | HSKS Greenhalgh 18 St Christopher's Way Pride Park Derby DE24 8JY | |
| Business address | Derbyshire County Council County Hall Matlock Derbyshire DE4 2AG | |

D2N2 LOCAL ENTERPRISE PARTNERSHIP

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D2N2 LOCAL ENTERPRISE PARTNERSHIP

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for D2N2 Local Enterprise Partnership ("the Company") for the year ended 31 March 2022.

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

Our role is to support the economic growth across Derbyshire, Derby, Nottingham, and Nottinghamshire. Steered by a business-led board, we work in partnership to create the conditions to attract additional investment to build a stronger economy and unlock opportunities to create future prosperity for the region.

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. 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.

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.

Delivery

The D2N2 LEP is contracted to manage funding from a range of different sources invested through the LEP to deliver programmes and projects that will regenerate our communities and support our priorities.

During 2021/22, the D2N2 LEP received an allocation of £22,200,000 from the Getting Building Fund. A total of £38,101,174 was paid to projects within 2021/22 with a further £86,550 paid as LEP management fees and costs. These payments include £15,987,724 drawn down from £16,241,174 of the 2020/21 allocation that was held by Derbyshire County Council using its freedom and flexibilities as accountable body and with whom funds of £253,450 remain

| | Grant £ |
|---|--------------------|
| Lindhurst | 2,846,909 |
| Workshop Access to Skills Hub | 3,063,569 |
| UK Electricification of Aircraft Propulsion Facility (UKEAPF) | 3,724,344 |
| Glossop Town Hall, Market Hall and Municipal Buildings | 1,689,688 |
| Transforming Nottingham's Southside | 7,665,887 |
| Turbine Innovation Centre | 235,777 |
| Smartparc Food Innovation | 12,000,000 |
| MRC Midlands, Derby | 6,875,000 |
| | <hr/> |
| | 38,101,174 |
| LEP Management | 86,550 |
| | <hr/> |
| | 38,187,724 |
| | <hr/> <hr/> |

As well as capital growth activity, the D2N2 LEP has sought to increase the growth and competitiveness of businesses in the D2N2 area. This included the flagship D2N2 Growth Hub and enhanced local services, delivered by local authority partners.

D2N2 LOCAL ENTERPRISE PARTNERSHIP

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

The D2N2 LEP has also continued to play an important leadership role in the skills system. The LEP was successful in funding to roll out our successful Careers Hub model from North Derbyshire to the whole region. We have also been successful in every round of bidding to and the Department for Education's Skills Bootcamps process - further supporting career pathways for both adults and young people across the region.

The Local Authorities in the D2N2 area have made a successful bid to Government to develop a Mayoral County Combined Authority for the East Midlands. We are working through with them the potential impact on the LEP Board and executive. No decisions have yet been made and we continue to deliver out business as usual while discussions are ongoing.

Principal risks and uncertainties

The main risks facing the D2N2 LEP and area are our reliance on Government funding and former reliance on European Funding to deliver objectives, and a considerable uncertain local and national political environment.

The government has announced a review into the role of LEPs. This has meant we received no new capital funding in 2021/22, although we did convert £6.5m of our Growing Places Fund into capital for our successful Low Carbon Growth Fund to be spent from 2022/23. Our Local Authority partners are now the preferred route for capital funding for economic development, and our role has shifted from commissioning to supporting and advising our LA colleagues on their processes.

The ongoing effects of COVID-19 will be kept under review, as is the increasing impact of the inflationary pressures in the economy. Throughout 2020 and 2021, the LEP supported measures to mitigate the impact of the pandemic, and we are now responding to a request from our LA partners to develop a mechanism to track the impact of the cost of living crisis.

The D2N2 Growth Hub has provided transition support to businesses most affected by the decision to leave the EU and the LEP is increasingly providing advice and signposting on the emerging issues around cost of living, fuel and Ukraine. The LEP will continue to ensure where support gaps emerge, it will adapt to meet those needs.

Key performance indicators

The Getting Building Fund programme has delivered the following key outputs:

| | |
|---|---------------------|
| Jobs created | 6 |
| Construction jobs created | 41 |
| Commercial floor Space created | 3,376m ² |
| New or improved learning/training floor space | 330m ² |
| Number of businesses assisted | 84 |
| Number of new learners | 840 |

The Local Growth Fund programme which was funded between 2015 and 2021 has delivered the following key outputs:

| | Outputs to Date | Overall Target |
|----------|-----------------|----------------|
| Jobs | 17,190 | 29,000 |
| Homes | 2,271 | 10,700 |
| Learners | 4,026 | 2,000 |

D2N2 LOCAL ENTERPRISE PARTNERSHIP

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Promoting the success of the company

Governance

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

The Board comprises six nominated representatives of the Local Authorities alongside up to 12 co-opted Directors from across the private sector which includes 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 and Innovation, and People and Skills.

Each theme has an Advisory Board that reports to the main LEP board and 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.

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 and grants from constituent local authorities.

Current 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 Southeast. 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 has had 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.

D2N2 LOCAL ENTERPRISE PARTNERSHIP

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Strategy and Collaboration

The D2N2 LEP works with government and local stakeholders to provide regional leadership on the economy. We continue to identify barriers and solutions to growth and work with our partners to improve the regions opportunities for prosperity.

In partnership with the Leicester and Leicestershire LEP (LLEP), the LEP led the successful East Midlands Freeport bid - the UK's only inland Freeport. Based around East Midlands Airport, the proposal has the potential to create 60,000 jobs and deliver over £2bn to the local economy.

In light of COVID-19 and EU Exit, we revised and consolidated our previous strategies into our Recovery and Growth Strategy (RGS), published in December 2020. The strategy has 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 region.

The three key guiding principles are:

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

Given significant issues such as the war in Ukraine and the cost of living crisis, the strategy is again under review.

The D2N2 LEP, like all other LEPs, was subject to an Annual Performance Review with Government in January 2022 for the 2021/22 financial year across three themes, governance, delivery, and strategy. Government re-confirmed for a subsequent year that D2N2 had met all expected requirements across all three themes.

Section 172(1) statement

The Board continues to have regular engagement with stakeholders, both through representing D2N2 in external meetings and engagement and, for several members, as chairs of subgroups which draw members from businesses, public sector employers and the education sector in our region. All Board members have signed a code of conduct, and should any escalation be required, our nominations and appointment committee would be asked to review. No such action has been required.

In terms of principle decisions taken by the Board, we continue to be advised by our impartial Investment Board on any issues relating to capital investments. To date all Investment Board recommendations have been agreed by the main LEP Board.

The chair and vice chair have regular meetings (minimum fortnightly) with the Chief Executive and quarterly meetings with the senior leadership team to ensure they can gauge the mood and steer the culture of the organisation. They have taken a particular care this year to encourage all staff to consider their mental health. This has included authorising funding for all managers in the organisation to undertake mental health awareness training and for six members of staff to be trained as mental health first aiders.

On behalf of the board

Ms E Fagan CBE

Director

7 December 2022

D2N2 LOCAL ENTERPRISE PARTNERSHIP

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of a local enterprise partnership.

Results and dividends

The results for the year are set out on page 11.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

| | |
|----------------------|--|
| Mr J A Brand | |
| Ms C J James CBE | (Resigned 31 July 2022) |
| Mr G S Cartledge CBE | |
| Mr A Cropley | (Resigned 8 July 2022) |
| Cllr K L Cutts MBE | (Resigned 19 May 2021) |
| Ms E Fagan CBE | |
| Mr T C Freeman | |
| Cllr B Lewis | |
| Ms K J Mayled | (Resigned 7 July 2021) |
| Cllr D Mellen | |
| Cllr C P Poulter | |
| Cllr S J Robinson | |
| Mr V G Russell | |
| Prof S C West CBE | (Resigned 31 July 2022) |
| Mr D H Williams | |
| Cllr A G Dale | (Resigned 7 July 2021) |
| Ms M L Farmer | (Resigned 30 June 2021) |
| Ms R L Rix | |
| Cllr K F Girling | (Appointed 7 July 2021 and resigned 26 January 2022) |
| Cllr K Buttery | (Appointed 21 September 2021) |
| Mr M L Introna | (Appointed 26 January 2022 and resigned 1 June 2022) |
| Mr S Knowles | (Appointed 30 March 2022) |
| Mr E W Peck | (Appointed 1 August 2022) |
| Ms M J Stravino OBE | (Appointed 12 August 2022) |
| Ms V N Johnson | (Appointed 12 September 2022) |
| Cllr K F Girling | (Appointed 15 September 2022) |
| Mr A W Tinley | (Appointed 14 November 2022) |

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Post reporting date events

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

D2N2 LOCAL ENTERPRISE PARTNERSHIP

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 delivering sustainable economic growth to the region. It is 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.

Auditor

In accordance with the company's articles, a resolution proposing that HSKS Greenhalgh be reappointed as auditor of the company will be put at a General Meeting.

Corporate governance

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 and 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.

D2N2 LOCAL ENTERPRISE PARTNERSHIP

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Statement of directors' responsibilities

The directors are responsible for preparing the annual report 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 UK 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Ms E Fagan CBE

Director

7 December 2022

D2N2 LOCAL ENTERPRISE PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF D2N2 LOCAL ENTERPRISE PARTNERSHIP

Opinion

We have audited the financial statements of D2N2 Local Enterprise Partnership (the 'company') for the year ended 31 March 2022 which comprise the income and expenditure account, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

D2N2 LOCAL ENTERPRISE PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's business and its control environment. We also enquired of management about their identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework in which the Company operates and identified key laws and regulations that:

- Had a direct effect on the determination of material amounts and disclosures in the financial statements, which included the Companies Act 2006, tax legislation and payroll legislation; and
- Did not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate.

We discussed among the audit engagement team the opportunities and incentives that may exist within the organisation for fraud and how / where fraud might occur in the financial statements.

D2N2 LOCAL ENTERPRISE PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF D2N2 LOCAL ENTERPRISE PARTNERSHIP

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of accounting adjustments and journal entries, assessed whether accounting estimates were reasonable and accurate and reviewed the accounting records for any significant and unusual transactions.

In addition, our procedures to respond to the risks identified included:

- Reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify any unusual or unexpected variances that may indicate risks of material misstatement due to fraud;
- Enquiring of management about any instances of non-compliance with laws and regulations and any instances of known or suspected fraud.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:

<https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities>

This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Handley FCA
Senior Statutory Auditor
For and on behalf of HSKS Greenhalgh

7 December 2022

Chartered Accountants
Statutory Auditor

18 St Christopher's Way
Pride Park
Derby
DE24 8JY

D2N2 LOCAL ENTERPRISE PARTNERSHIP

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

| | Notes | 2022 £ | 2021 £ |
|---|----------|--------------|--------------|
| Turnover | 3 | 47,127,478 | 68,432,338 |
| Cost of sales | | (45,571,737) | (68,186,168) |
| Gross surplus | | 1,555,741 | 246,170 |
| Administrative expenses | | (1,353,167) | (1,310,200) |
| Operating surplus/(deficit) | 4 | 202,574 | (1,064,030) |
| Interest receivable and similar income | 7 | 79,356 | 70,164 |
| Interest payable and similar expenses | 8 | 55 | (55) |
| Surplus/(deficit) before taxation | | 281,985 | (993,921) |
| Tax on surplus/(deficit) | 9 | (15,088) | (13,321) |
| Surplus/(deficit) for the financial year | | 266,897 | (1,007,242) |

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

D2N2 LOCAL ENTERPRISE PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

| | 2022 £ | 2021 £ |
|---|----------------|--------------------|
| Surplus/(deficit) for the year | 266,897 | (1,007,242) |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | <u>266,897</u> | <u>(1,007,242)</u> |

D2N2 LOCAL ENTERPRISE PARTNERSHIP

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

| | Notes | 2022 £ | £ | 2021 £ | £ |
|---|-------|---------------------|-------------------|--------------------|-------------------|
| Current assets | | | | | |
| Debtors | 12 | 37,910,824 | | 27,190,860 | |
| Cash at bank and in hand | | 517,627 | | 404,670 | |
| | | <u>38,428,451</u> | | <u>27,595,530</u> | |
| Creditors: amounts falling due within one year | 13 | <u>(12,270,928)</u> | | <u>(1,704,904)</u> | |
| Net current assets | | | <u>26,157,523</u> | | <u>25,890,626</u> |
| Reserves | | | | | |
| Income and expenditure account | 16 | | <u>26,157,523</u> | | <u>25,890,626</u> |
| | | | <u>26,157,523</u> | | <u>25,890,626</u> |

The financial statements were approved by the board of directors and authorised for issue on 7 December 2022 and are signed on its behalf by:

Ms E Fagan CBE
Director

Company Registration No. 11914012

D2N2 LOCAL ENTERPRISE PARTNERSHIP

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

| | Income and expenditure £ |
|--|--------------------------------|
| Balance at 1 April 2020 | 26,897,868 |
| Year ended 31 March 2021: Loss and total comprehensive income for the year | <u>(1,007,242)</u> |
| Balance at 31 March 2021 | 25,890,626 |
| Year ended 31 March 2022: Profit and total comprehensive income for the year | <u>266,897</u> |
| Balance at 31 March 2022 | <u><u>26,157,523</u></u> |

D2N2 LOCAL ENTERPRISE PARTNERSHIP

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

| | | 2022 | | 2021 | |
|---|-------|---------------|-----------------------|---------------|-----------------------|
| | Notes | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 22 | | 46,922 | | 274,048 |
| Interest paid | | | 55 | | (55) |
| Income taxes paid | | | (13,376) | | (77,633) |
| | | | <u>33,601</u> | | <u>196,360</u> |
| Net cash inflow from operating activities | | | | | |
| Investing activities | | | | | |
| Interest received | | 79,356 | | 70,164 | |
| | | <u>79,356</u> | | <u>70,164</u> | |
| Net cash generated from investing activities | | | | | |
| | | | <u>112,957</u> | | <u>266,524</u> |
| Net increase in cash and cash equivalents | | | | | |
| Cash and cash equivalents at beginning of year | | | 404,670 | | 138,146 |
| | | | <u>517,627</u> | | <u>404,670</u> |
| Cash and cash equivalents at end of year | | | | | |
| | | | <u><u>517,627</u></u> | | <u><u>404,670</u></u> |

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

D2N2 Local Enterprise Partnership is a private company limited by guarantee incorporated in England and Wales. The registered office is 8 Experian Way, Ng2 Business Park, Nottingham, NG2 1EP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £ unless indicated otherwise.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have assessed the balance sheet and likely future cash flows at the date of approving these financial statements.

The directors have a reasonable expectation that the LEP has adequate resources to continue in operational existence and to meet its financial obligations as they fall due for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Throughout the year under review, the COVID-19 pandemic has continued to be a significant emerging risk to the global economy. The directors continue to monitor the impact on the business on an ongoing basis.

At the time of approving these financial statements, the directors do not consider COVID-19 to impact the LEP's ability to continue as a going concern and consider the balance sheet to be appropriately valued.

1.3 Turnover

Turnover 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.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in surplus or deficit, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through surplus and deficit, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in surplus or deficit.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in surplus or deficit.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in surplus or deficit in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.7 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.8 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.

1.9 Interest income

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

1.10 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.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of 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 underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Grant project income | 46,168,614 | 67,180,614 |
| Operational income - external | 759,168 | 895,342 |
| Operational income - internal | 199,696 | 356,382 |
| | <u>47,127,478</u> | <u>68,432,338</u> |

| | 2022 | 2021 |
|----------------------|---------------|---------------|
| | £ | £ |
| Other revenue | | |
| Interest income | 79,356 | 70,164 |
| | <u>79,356</u> | <u>70,164</u> |

4 Operating surplus/(deficit)

| | 2022 | 2021 |
|---|--------------|--------------|
| | £ | £ |
| Operating surplus/(deficit) for the year is stated after charging: | | |
| Fees payable to the company's auditor for the audit of the company's financial statements | 6,120 | 6,000 |
| | <u>6,120</u> | <u>6,000</u> |

5 Directors' remuneration

No remuneration was paid to the directors.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2022 | 2021 |
|---------------|-----------|-----------|
| | Number | Number |
| Directors | 16 | 17 |
| Delivery team | 15 | 14 |
| Careers team | 6 | 4 |
| Total | <u>37</u> | <u>35</u> |

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Employees (Continued)

Their aggregate remuneration comprised:

| | 2022 | 2021 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 804,296 | 714,851 |
| Social security costs | 85,781 | 77,197 |
| Pension costs | 84,805 | 67,172 |
| | <u>974,882</u> | <u>859,220</u> |

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 year, or the pro-rata equivalent for their period of employment are as follows:

Year Ended 31 March 2022

| | Salary and other benefits £ | Pension contributions £ | Total £ |
|--|-----------------------------------|-------------------------------|-------------------|
| Chief Executive | 83,558 | 17,987 | 101,545 |
| Head of Strategy and Growth (April - August) | 25,085 | 5,104 | 30,189 |
| Head of Business Growth and Innovation | 56,572 | 10,468 | 67,040 |
| Head of Capital Programmes | 56,588 | 4,130 | 60,718 |
| | <u> </u> | <u> </u> | <u> </u> |

Year Ended 31 March 2021

| | Salary and other benefits £ | Pension contributions £ | Total £ |
|--|-----------------------------------|-------------------------------|-------------------|
| Chief Executive | 90,533 | 11,306 | 101,839 |
| Head of Strategy and Growth | 55,226 | 10,490 | 65,716 |
| Head of Business Growth and Innovation | 56,971 | 8,104 | 65,075 |
| Head of People and Skills | 61,426 | 4,896 | 66,322 |
| | <u> </u> | <u> </u> | <u> </u> |

7 Interest receivable and similar income

| | 2022 | 2021 |
|---------------------------|-------------------|-------------------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | - | 31 |
| Other interest income | 79,356 | 70,133 |
| | <u> </u> | <u> </u> |
| Total income | <u>79,356</u> | <u>70,164</u> |

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

(Continued)

7 Interest receivable and similar income

Investment income includes the following:

| | | |
|--|-------------------|-------------------|
| Interest on financial assets not measured at fair value through surplus or deficit | 29,001 | 18,001 |
| | <u> </u> | <u> </u> |

8 Interest payable and similar expenses

| | |
|-------------|-------------|
| 2022 | 2021 |
| £ | £ |

Other finance costs:

| | | |
|----------------|-------------------|-------------------|
| Other interest | (55) | 55 |
| | <u> </u> | <u> </u> |

Corporation tax interest of £55 charged in the previous year is not being pursued by HM Revenue & Customs and has been reversed in the current year,

9 Taxation

| | |
|-------------|-------------|
| 2022 | 2021 |
| £ | £ |

Current tax

| | | |
|--|-------------------|-------------------|
| UK corporation tax on profits for the current period | 15,088 | 13,321 |
| | <u> </u> | <u> </u> |

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

| | | |
|---|-------------------|-------------------|
| | 2022 | 2021 |
| | £ | £ |
| Profit/(loss) before taxation | 281,985 | (993,921) |
| | <u> </u> | <u> </u> |
| Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | 53,577 | (188,845) |
| Tax effect of expenses that are not deductible in determining taxable profit | 8,915,732 | 13,204,310 |
| Tax effect of income not taxable in determining taxable profit | (8,954,221) | (13,002,144) |
| | <u> </u> | <u> </u> |
| Taxation charge for the year | 15,088 | 13,321 |
| | <u> </u> | <u> </u> |

UK corporation tax has been charged at 19% (2021: 19%) on net interest received only to a value of £79,411 (2021: £70,109).

10 Amounts committed to suppliers

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

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

| 10 | Amounts committed to suppliers | (Continued) | |
|----|--|------------------|------------------|
| | | 2022 | 2021 |
| | | £ | £ |
| | Overhead expenditure (LEP running costs) | 1,352,987 | 1,310,200 |
| | Less: | | |
| | Staff costs (including travel allowances) | (979,941) | (861,010) |
| | Bad debts | - | (180,000) |
| | LEP contribution to Freeport bid | - | (17,818) |
| | | <u>373,046</u> | <u>251,372</u> |
| | Local Growth Fund other costs - external | - | 104,580 |
| | Getting Building Fund other costs - external | 14,973 | 43,764 |
| | Other grant expenditure - external | 2,188,978 | 3,787,777 |
| | | <u>2,576,997</u> | <u>4,187,493</u> |

Further information is given in note 5 and on pages 32 and 33.

| 11 | Financial instruments | 2022 | 2021 |
|----|---|---------------------|--------------------|
| | | £ | £ |
| | Carrying amount of financial assets | | |
| | Instruments measured at fair value through surplus or deficit | 38,428,451 | 27,595,530 |
| | | <u>38,428,451</u> | <u>27,595,530</u> |
| | Carrying amount of financial liabilities | | |
| | Measured at fair value through surplus or deficit | | |
| | - Other financial liabilities | (12,270,748) | (1,704,904) |
| | | <u>(12,270,748)</u> | <u>(1,704,904)</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.

| 12 | Debtors | 2022 | 2021 |
|----|---|-------------------|-------------------|
| | | £ | £ |
| | Amounts falling due within one year: | | |
| | Amounts owed by related parties | 16,157,937 | 162,869 |
| | Growing Places Fund loans advanced | 238,962 | 205,470 |
| | Other debtors | 1,143,925 | 786,616 |
| | Cash held by Derbyshire County Council | 18,500,000 | 21,000,000 |
| | | <u>36,040,824</u> | <u>22,154,955</u> |

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

| 12 Debtors | (Continued) | |
|---|-------------------|-------------------|
| | 2022 | 2021 |
| | £ | £ |
| Amounts falling due after more than one year: | | |
| Amounts owed by related parties | - | 2,818,122 |
| Growing Places Fund loans advanced | 1,870,000 | 2,217,783 |
| | <u>1,870,000</u> | <u>5,035,905</u> |
| Total debtors | <u>37,910,824</u> | <u>27,190,860</u> |
| | | |
| 13 Creditors: amounts falling due within one year | 2022 | 2021 |
| | £ | £ |
| Amounts owed to related parties | 10,954,878 | 603,635 |
| Corporation tax | 15,088 | 13,376 |
| Other creditors | 1,273,158 | 1,057,368 |
| Accruals and deferred income | 27,804 | 30,525 |
| | <u>12,270,928</u> | <u>1,704,904</u> |
| | | |
| 14 Retirement benefit schemes | 2022 | 2021 |
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>84,805</u> | <u>67,172</u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

15 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

16 Income and expenditure account

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

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

16 Income and expenditure account (Continued)

Year Ended 31 March 2022

| | Balance at 1 April 2021 | Net income/ (expenditure) in year | Inter-fund transfers | Balance at 31 March 2022 |
|-----------------------------|----------------------------|---|-------------------------|-----------------------------|
| | £ | £ | £ | £ |
| Revenue Projects | | | | |
| Careers and Enterprise | 89,539 | 95,719 | - | 185,258 |
| Resource Funding | 113 | - | - | 113 |
| Energy Strategy | 13,287 | (12,500) | - | 787 |
| Enterprise Zones. | 394,873 | 280,358 | - | 675,231 |
| Growing Places Fund | 786,270 | 18,161 | - | 804,431 |
| Growth Hub | (20,784) | (191) | - | (20,975) |
| HS2 Development Corporation | - | - | - | - |
| HS2 Growth Strategy | 121,405 | (13,076) | - | 108,329 |
| HS2 Toton Station | 853,892 | (78,079) | - | 775,813 |
| Key Management Account | (1,109) | 3,532 | - | 2,423 |
| Local Growth Fund | - | - | - | - |
| Skills Analysis Panel | 3,882 | (7,732) | 3,850 | - |
| TDE Programme | - | - | - | - |
| Getting Building Fund | 9,817 | - | - | 9,817 |
| | <u>2,251,185</u> | <u>286,192</u> | <u>3,850</u> | <u>2,541,227</u> |
| Core Funding | 834,258 | (119,685) | 50,355 | 764,928 |
| General Reserve | 595,218 | 50,390 | (54,205) | 591,403 |
| | <u>3,680,661</u> | <u>216,897</u> | <u>-</u> | <u>3,897,558</u> |
| Capital Projects | | | | |
| Growing Places Fund | 22,209,965 | (5,000,000) | (8,846,550) | 8,363,415 |
| Getting Building Fund | - | 5,050,000 | 2,346,550 | 7,396,550 |
| Low Carbon Growth Fund | - | - | 6,500,000 | 6,500,000 |
| | <u>25,890,626</u> | <u>266,897</u> | <u>-</u> | <u>26,157,523</u> |

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

16 Income and expenditure account (Continued)

Year Ended 31 March 2021

| | Balance at 1 April 2020 | Net income/ (expenditure) in year | Inter-fund transfers | Balance at 31 March 2021 |
|-----------------------------|----------------------------|---|-------------------------|-----------------------------|
| | £ | £ | £ | £ |
| Revenue Projects | | | | |
| Careers and Enterprise | 33,842 | 33,936 | 21,761 | 89,539 |
| Resource Funding | 113 | - | - | 113 |
| Energy Strategy | 13,287 | - | - | 13,287 |
| Enterprise Zones | 220,509 | 174,364 | - | 394,873 |
| Growing Places Fund | 782,502 | 3,768 | - | 786,270 |
| Growth Hub | (86,145) | (20,784) | 86,145 | (20,784) |
| HS2 Development Corporation | - | - | - | - |
| HS2 Growth Strategy | 141,405 | (20,000) | - | 121,405 |
| HS2 Toton Station | 230,471 | 623,421 | - | 853,892 |
| Key Management Account | (1,343) | (1,109) | 1,343 | (1,109) |
| Local Growth Fund | - | (1,779,008) | 1,779,008 | - |
| Skills Analysis Panel | 19,285 | (15,403) | - | 3,882 |
| TDE Programme | - | - | - | - |
| Getting Building Fund | - | 9,817 | - | 9,817 |
| | <u>1,353,926</u> | <u>(990,998)</u> | <u>1,888,257</u> | <u>2,251,185</u> |
| Core Funding | 712,734 | 121,524 | - | 834,258 |
| General Reserve | 662,235 | 42,232 | (109,249) | 595,218 |
| | <u>2,728,895</u> | <u>(827,242)</u> | <u>1,779,008</u> | <u>3,680,661</u> |
| Capital Projects | | | | |
| Growing Places Fund | 24,168,973 | (180,000) | (1,779,008) | 22,209,965 |
| Getting Building Fund | - | - | - | - |
| | <u>26,897,868</u> | <u>(1,007,242)</u> | <u>-</u> | <u>25,890,626</u> |

17 Other financial commitments

As at the balance sheet date the company had commitments to the following projects:

To be paid from Getting Building Fund

| | 2022 £ | 2021 £ |
|---|------------------|-------------------|
| Glossop Town Hall, Market Hall and Municipal Buildings | - | 1,689,688 |
| Lindhurst | - | 2,843,909 |
| Transforming Nottingham's Southside | - | 7,665,887 |
| Turbine Innovation Centre | - | 235,777 |
| UK Electrification of Aircraft Propulsion Facility (UKEAPF) | - | 3,724,344 |
| Workshop Access to Skills Hub | - | 2,563,569 |
| Drakelow | 7,650,000 | - |
| | <u>7,650,000</u> | <u>18,723,174</u> |

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

17 Other financial commitments **(Continued)**

Payments will be made from current fund reserves of £7,396,550 and funds of £253,450 held by Derbyshire County Council as the accountable body.

As at the balance sheet date the company had committed funds of £nil (2020 - £2,181,878) from the Growing Places Fund (Capital Projects) to be advanced by way of grant to Nottingham City Council in respect of the Boots Enterprise Zone.

18 Events after the reporting date

Since the balance sheet date a combined authority agreement has been signed by the respective local authorities. As a result of this it is expected that the LEP will be integrated into this new authority at some point in 2024.

19 Related party transactions

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 year the LEP received income from, made payments to and had amounts outstanding at the balance sheet date with partner councils and other related parties, by virtue of common directors, as follows:

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

19 Related party transactions (Continued)

Year ended 31 March 2022

| | Derby City Council | Derbyshire County Council | Nottingham City Council | Nottingham County Council |
|---|-----------------------|------------------------------|----------------------------|------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Income recognised during the year | | | | |
| Match funding | (63) | (63) | (63) | (63) |
| Enterprise Zone | (145) | - | - | - |
| Revenue Projects | (3) | (17) | - | - |
| Capital Projects | - | (15,988) | - | - |
| Interest on balances | - | (50) | - | - |
| Total income | (211) | (16,118) | (63) | (63) |
| Expenditure recognised during the year | | | | |
| Capital Projects | 18,875 | - | 12,666 | 3,083 |
| Revenue Projects | 21 | 13 | 117 | - |
| HS2 | - | - | - | 78 |
| Staffing | - | - | - | - |
| Service Level Agreement | - | 107 | - | - |
| Total Expenditure | 18,896 | 120 | 12,783 | 3,161 |
| Net (income)/expenditure | 18,685 | (15,998) | 12,720 | 3,098 |
| Amounts owing as at 31 March 2022: | | | | |
| Due from | 145 | 15,988 | - | - |
| Due to | (6,878) | (107) | (3,293) | (32) |

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

19 Related party transactions (Continued)

| | North East Derbyshire District Council | University of Derby | East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire) |
|---|--|------------------------|---|
| | £'000 | £'000 | £'000 |
| Income recognised during the year | | | |
| Match funding | - | - | - |
| Enterprise Zone | - | - | - |
| Revenue Projects | (3) | (11) | - |
| Capital Projects | - | - | - |
| Interest on balances | - | - | - |
| Total income | <u>(3)</u> | <u>(11)</u> | <u>-</u> |
| Expenditure recognised during the year | | | |
| Capital Projects | - | - | - |
| Revenue Projects | - | - | 1,164 |
| HS2 | - | - | - |
| Staffing | - | - | 1,043 |
| Service Level Agreement | - | - | - |
| Total Expenditure | <u>-</u> | <u>-</u> | <u>2,207</u> |
| Net (income)/expenditure | <u><u>(3)</u></u> | <u><u>(11)</u></u> | <u><u>2,207</u></u> |
| Amounts owing as at 31 March 2022: | | | |
| Due from | - | 25 | - |
| Due to | - | - | (645) |

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

19 Related party transactions (Continued)

Year ended 31 March 2021

| | Derby City Council | Derbyshire County Council | Nottingham City Council | Nottingham County Council | High Peak Borough Council |
|---|-----------------------|------------------------------|----------------------------|------------------------------|---------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income recognised during the year | | | | | |
| Match funding | (63) | (63) | (63) | (63) | - |
| Enterprise Zone | (157) | - | - | - | - |
| Revenue Projects | - | (25) | - | (12) | (3) |
| Capital Projects | - | - | - | - | - |
| Interest on balances | - | (52) | - | - | - |
| Total income | (220) | (140) | (63) | (75) | (3) |
| Expenditure recognised during the year | | | | | |
| Capital Projects | 1,510 | 27,324 | 787 | 13,478 | 310 |
| Revenue Projects | 52 | - | 97 | - | - |
| HS2 | - | - | 5 | 1,381 | - |
| Staffing | - | - | - | - | - |
| Service Level Agreement | - | 107 | - | - | - |
| Total Expenditure | 1,562 | 27,431 | 889 | 14,859 | 310 |
| Net (income)/expenditure | 1,342 | 27,291 | 826 | 14,784 | 307 |
| Amounts owing as at 31 March 2021: | | | | | |
| Due from | 157 | 6 | 2,818 | - | - |
| Due to | - | - | (25) | (579) | - |

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

19 Related party transactions (Continued)

| | Rushcliffe Borough Council | West Notts College | University of Derby | East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire) |
|---|----------------------------------|-----------------------|------------------------|---|
| | £'000 | £'000 | £'000 | £'000 |
| Income recognised during the year | | | | |
| Match funding | - | - | - | - |
| Enterprise Zone | - | - | - | - |
| Revenue Projects | (12) | - | - | (6) |
| Capital Projects | - | - | - | - |
| Interest on balances | - | - | - | - |
| Total income | <u>(12)</u> | <u>-</u> | <u>-</u> | <u>(6)</u> |
| Expenditure recognised during the year | | | | |
| Capital Projects | 750 | 674 | 3,876 | - |
| Revenue Projects | - | - | - | - |
| HS2 | - | - | - | - |
| Staffing | - | - | - | - |
| Service Level Agreement | - | - | - | - |
| Total Expenditure | <u>750</u> | <u>674</u> | <u>3,876</u> | <u>-</u> |
| Net (income)/expenditure | <u><u>738</u></u> | <u><u>674</u></u> | <u><u>3,876</u></u> | <u><u>(6)</u></u> |
| Amounts owing as at 31 March 2021: | | | | |
| Due from | - | - | - | - |
| Due to | - | - | - | - |

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

During the year professional services to a value of £nil (2021 - £15,378) were received from East Midlands Business Limited which has one director in common with D2N2 Local Enterprise Partnership.

20 Ultimate controlling party

There is no one ultimate controlling party.

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

| | | | | |
|-----------|--|---------------------|-------------------|----------------------|
| 21 | Analysis of changes in net funds | 1 April 2021 | Cash flows | 31 March 2022 |
| | | £ | £ | £ |
| | Cash at bank and in hand | 404,670 | 112,957 | 517,627 |
| | | <u> </u> | <u> </u> | <u> </u> |
| 22 | Cash generated from operations | | 2022 | 2021 |
| | | | £ | £ |
| | Surplus/(deficit) for the year after tax | | 266,897 | (1,007,242) |
| | Adjustments for: | | | |
| | Taxation charged | | 15,088 | 13,321 |
| | Finance costs | | (55) | 55 |
| | Investment income | | (79,356) | (70,164) |
| | Movements in working capital: | | | |
| | (Increase)/decrease in debtors | | (10,719,964) | 370,577 |
| | Increase in creditors | | 10,564,312 | 967,501 |
| | Cash generated from operations | | <u> </u> | <u> </u> |
| | | | 46,922 | 274,048 |
| | | | <u> </u> | <u> </u> |

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