

Registered number: 07635395

**The Greater Birmingham and Solihull
Local Enterprise Partnership Limited**

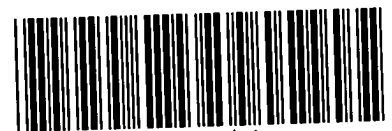
Amending

Directors' Report and Financial Statements

For the Year Ended 31 May 2016



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COMPANIES HOUSE

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Company Information

Directors

P L Ackroyd
G Adamson
G Alcott
A K Bhalla
M S Bhatti
S R Claymore
D C Cook
I Courts
Professor Sir D S Eastwood (appointed 27 January 2017)
Cllr R G W Grosvenor
P Hanlon
C T Loughran (appointed 17 June 2016)
S R Marks (appointed 29 June 2015)
I M P Pritchard
M B Rhodes (appointed 18 March 2016)
R K Sleigh
D P Ward
I A Ward
M J Wilcox
C Allan
G P Chance (appointed 11 May 2016)
Cllr J M Clancy (appointed 6 January 2016)
A Cleaves
C M Gilbert
Cllr I D Hardiman (appointed 27 January 2017)
W P Hartnett (resigned 23 May 2016)
S P Hollis
M J Hopkins
Professor P G Maropoulos (appointed 27 January 2017)
A J Street

Company secretary

S A M Rogers

Registered number

07635395

Registered office

Birmingham Business Hub
Ground Floor Baskerville House
Centenary Square
Broad Street
Birmingham
B1 2ND

Independent auditors

Dains LLP
15 Colmore Row
Birmingham
B3 2BH

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

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The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Strategic Report
For the Year Ended 31 May 2016

Introduction

The Directors present their Strategic Report for the Greater Birmingham and Solihull Local Enterprise Partnership ("GBSLEP") for the year ended 31 May 2016.

Business review

The Statement of Comprehensive Income is set out on page 11. The surplus for the year of £311,097 is held in reserves by Birmingham City Council, the Company's accountable body.

The performance of the regional economy has improved, both in actual numbers and relative to other areas of the country. Greater Birmingham is amongst the leaders for the rate of private sector job creation, has halved the numbers claiming unemployment benefit since the high of February 2012 and is the top performing LEP area for inward investment for the second year running.

These results have come about in part because of the collaboration which now exists across the region; businesses, the public and education sectors are combining more effectively than ever before, pursuing one Strategic Economic Plan – developed by GBSLEP. In turn, Government has chosen to back the LEP – awarding £379m capital through the Government's Growth Deals programme in 2014/15. In 2015/16, GBSLEP was allocated the first tranche - £47m – of that capital to invest in projects across Greater Birmingham that create jobs and training opportunities, unlock housing and transport schemes, support the growth of key sectors and make it easier for businesses of all sizes to grow.

The Company is responsible for the delivery of the Birmingham City Centre Enterprise Zone, but Birmingham City Council acts as accountable body for Local Enterprise Zones. Income and expenditure in respect of the Birmingham City Centre Enterprise Zone is therefore not recorded in this Company's financial statements. This is reported in the financial statements of Birmingham City Council.

Development activity within the Enterprise Zone increased significantly, enabled by GBSLEP's £275m Investment Plan. A total of 1,700 jobs and 125,000sqm of floorspace have been created to date, leveraging in £325m private sector capital investment.

The Greater Birmingham & Solihull Growth Hub was launched in October 2015, and is on course to exceed its targets of dealing with 7,200 enquiries, working in depth with 500 businesses and creating 500 jobs.

In September 2015, GBSLEP became a non-constituent member of the newly-formed West Midlands Combined Authority, signalling a step change and deeper commitment to wider regional collaboration.

The Chairman of the Board wishes to place on record his thanks to the Executive team and all of those who have given so much voluntary time to deliver economic growth in the region.

Principal risks and uncertainties

The principal risks facing the Company are a reliance on Government and European funding to deliver its objectives; and a considerably uncertain political environment, both locally and nationally.

The Company's senior management regularly review strategic risks and their potential impacts on the Company, and take mitigating actions as necessary.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
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Strategic Report (continued)
For the Year Ended 31 May 2016

Key performance indicators

The LEP Board set out five challenging Key Performance Indicators (KPIs) in its Strategy for Growth. These support our vision to re-establish the city region as the leading economy outside of London and our aim to close the performance gap with the national average.

Performance against our target of increasing the number of private sector jobs remains strong and there have been further reductions in the levels of unemployment. Our target to increase Gross Value Added (GVA) by £8.25 billion also remains on track.

Despite this positive performance, other indicators show that significant challenges remain. The gap between GVA per head and the national average has increased according to the latest available data from 2014. The percentage of the working age population with NVQ3+ also remains lower than that of the Core City LEP average.

Addressing the underlying issues which affects performance in these areas will be a key focus for the GBSLEP in 2016/17.

KPI dashboard

	Baseline (2010)	Latest data	Annual performance	RAO rating	
				Baseline	Previous year
119,000 PRIVATE SECTOR JOBS by 2020 <small>Source ONS/BRES – 2014 latest data available</small>	633,600	718,000	+40,800	↑	↑
INCREASE GVA BY £8.25bn by 2020 <small>Source ONS – 2014 latest data available</small>	£39,584m	£41,781m	+£668m	↑	↑
DECREASE UNEMPLOYMENT to the national average by 2020 <small>Source ONS/APS – 2015 latest data available</small>	2.7% point gap	1.6% point gap	0.6% point	↓	↓
INCREASE GVA PER HEAD to the national average by 2020 and to exceed national average by 2025 <small>Source ONS – 2014 latest data available</small>	-£3,451 per head gap	-£3,895 per head gap	+£212 per head	↑	↑
NVQ3+ Increase % of the working age population with NVQ3+ to Core City LEP average by 2020 <small>Source ONS/APS – 2015 latest data available</small>	2.7% point gap	3.1% point gap	0.0% point	↓	↔

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Strategic Report (continued)
For the Year Ended 31 May 2016

This report was approved by the board on 19 September 2019 and signed on its behalf.

A handwritten signature in black ink, consisting of a stylized 'P' followed by several loops and a horizontal stroke at the end.

P Hanlon
Director

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Directors' Report
For the Year Ended 31 May 2016

The directors present their report and the revised financial statements for the year ended 31 May 2016.

The revised financial statements replace the original financial statements and are now the statutory financial statements. They have been prepared as at the date of the original financial statements and not as at the date of this amendment, and accordingly do not deal with events between those dates.

The changes made to these financial statements are to provide clear line of sight as to how monies have flowed between the Company and Birmingham City Council, as the Accountable Body for the funds, as well as the internal expenses incurred by the the Company in discharging its duties. The revised financial statements now show a true and fair view of the Company's affairs as at 31 May 2016 and of its surplus for the year then ended.

Principal activity

The principal activity of the Company is to promote economic growth in the area known as Greater Birmingham and Solihull (the local authorities areas of Birmingham, Solihull, Cannock Chase, East Staffordshire, Lichfield, Tamworth, Bromsgrove, Redditch and Wyre Forest).

The Company is not established or conducted for the purpose of private gain. All surpluses and/or assets are to be used and/or applied and/or re-invested principally for the objects of the Company.

Results

The profit for the year, after taxation, amounted to £311,097 (2015 - £48,189,549).

As the Company is limited by guarantee it makes no distributions by dividends or any other means.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements 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 to 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.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Directors' Report (continued)
For the Year Ended 31 May 2016

Directors

The directors who served during the year were:

P L Ackroyd
G Adamson
G Alcott
A K Bhalla
M S Bhatti
S R Claymore
D C Cook
I Courts
Cllr R G W Grosvenor
P Hanlon
S R Marks (appointed 29 June 2015)
I M P Pritchard
M B Rhodes (appointed 18 March 2016)
R K Sleight
D P Ward
I A Ward
M J Wilcox
C Allan
J-P Campion (resigned 19 May 2016)
G P Chance (appointed 11 May 2016)
Cllr J M Clancy (appointed 6 January 2016)
A Cleaves
C M Gilbert
W P Hartnett (resigned 23 May 2016)
S P Hollis
M J Hopkins
T L Onslow-Fage (appointed 11 May 2016, resigned 27 January 2017)
A J Street
A Volkaerts (resigned 18 March 2016)
T A Westall (resigned 30 April 2016)
Sir A Bore (resigned 1 December 2015)
C C Webster (resigned 19 June 2015)

Future developments

2016/17 brings further exciting opportunities for the GBSLEP, not only in setting and delivering its own ambitious agenda, but also by helping to drive forward the priorities of the WMCA and the wider Midlands Engine.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Directors' Report (continued)
For the Year Ended 31 May 2016

Corporate governance

The Board is committed to high standards of corporate governance and meets six times a year. A number of matters are reserved for the Board's approval, including the overall strategy for the Company; annual budgets and business plans; appointments to the Board; changes to governance arrangements, including structure and Board composition and to the Assurance Framework; and major items of expenditure (over £10m of capital).

The Board has delegated authority to the following committees and individuals, formally constituted in our Assurance Framework:

Nominations Committee

Leading Non-Executive Director recruitment on behalf of, and making recommendations to, the LEP Board.

Pillar Boards (Business & Innovation; Employment & Skills; Place)

Making recommendations to the Board and its organs, including on strategy and the strategic fit of projects, and approving applications for funding.

Growth Team

Approving capital investments of between £2.5m and £10m, including programme entry.

GBSLEP Director

Approving capital investments of up to £2.5m, including programme entry.

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Matters covered in the strategic report

Details on principal risks and uncertainties are contained in the strategic report.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Directors' Report (continued)
For the Year Ended 31 May 2016

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board on 19 September 2019 and signed on its behalf.



P Hanlon
Director

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Independent Auditors' Report to the Members of The Greater Birmingham and Solihull Local Enterprise Partnership Limited

We have audited the revised financial statements of The Greater Birmingham and Solihull Local Enterprise Partnership Limited for the year ended 31 May 2016, set out on pages 10 to 22. These revised financial statements replace the original financial statements approved by the directors on 27 January 2017. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The revised financial statements have been prepared under The Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

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 Auditors' 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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the revised financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the revised financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the revised financial statements sufficient to give reasonable assurance that the revised financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the revised financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited revised financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the revised financial statements:

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the Company's affairs as at 31 May 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, seen as at the date the original financial statements were approved; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Independent Auditors' Report to the Members of The Greater Birmingham and Solihull Local Enterprise Partnership Limited (continued)

Emphasis of matter

In forming our opinion on the revised financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2.11 to these revised financial statements concerning the need to amend the financial statements to provide clear line of sight as to how monies have flowed between the Company and Birmingham City Council, as the Accountable Body for the funds, as well as the internal expenses incurred by the the Company in discharging its duties. The original financial statements were approved on 27 January 2017 and were unaudited dormant financial statements. We have not performed a subsequent events review for the period from the date the original financial statements were approved to the date of this report.

Opinion on other matter prescribed by the Companies Act 2006

The original financial statements for the year ended 31 May 2016 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in note 2.11 to these revised financial statements.

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the revised financial statements are prepared is consistent with those revised financial statements.

Matters on which we are required to report by exception

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 revised 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.



Andrew Morris FCA (Senior Statutory Auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

19 September 2019

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Statement of Comprehensive Income
For the Year Ended 31 May 2016

	Note	Designated Project Funding £	Operational Activity £	Total 2016 £	Total 2015 £
Operational income			3,040,988	3,040,988	3,275,218
Grant and project income		50,925,485	-	50,925,485	47,313,500
	4	50,925,485	3,040,988	53,966,473	50,588,718
Grants issued		(50,741,440)	(1,658,015)	(52,399,455)	(2,131,066)
Gross surplus		184,045	1,382,973	1,567,018	48,457,652
Administrative expenses		(39,019)	(1,326,096)	(1,365,115)	(407,994)
Operating surplus	5	145,026	56,877	201,903	48,049,658
Interest receivable and similar income	7	109,194	-	109,194	139,891
Surplus on ordinary activities before taxation		254,220	56,877	311,097	48,189,549
Taxation		-	-	-	-
Surplus for the financial year		254,220	56,877	311,097	48,189,549
Total comprehensive income for the year		254,220	56,877	311,097	48,189,549

The notes on pages 14 to 22 form part of these financial statements.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)
Registered number:07635395

Balance Sheet
As at 31 May 2016

	Note	2016 £	2015 £
Current assets			
Debtors: amounts falling due after more than one year	8	2,082,250	890,250
Debtors: amounts falling due within one year	8	2,029,831	47,313,500
Cash at bank and in hand	9	67,620,867	24,223,284
		<u>71,732,948</u>	<u>72,427,034</u>
Creditors: amounts falling due within one year	10	(580,165)	(1,585,348)
Net current assets		<u>71,152,783</u>	<u>70,841,686</u>
Total assets less current liabilities		<u>71,152,783</u>	<u>70,841,686</u>
Net assets		<u><u>71,152,783</u></u>	<u><u>70,841,686</u></u>
Capital and reserves			
Reserves	12	71,152,783	70,841,686
		<u><u>71,152,783</u></u>	<u><u>70,841,686</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 September 2019.



P Hanlon
Director

The notes on pages 14 to 22 form part of these financial statements.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Statement of Changes in Equity
For the Year Ended 31 May 2016

	Reserves	Total equity
	£	£
At 1 June 2014	22,652,137	22,652,137
Surplus for the year	48,189,549	48,189,549
Total comprehensive income for the year	48,189,549	48,189,549
At 1 June 2015	70,841,686	70,841,686
Surplus for the year	311,097	311,097
Total comprehensive income for the year	311,097	311,097
At 31 May 2016	71,152,783	71,152,783

The notes on pages 14 to 22 form part of these financial statements.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Year Ended 31 May 2016

	2016 £	2015 £
Cash flows from operating activities		
Surplus for the financial year	311,097	48,189,549
Adjustments for:		
Interest receivable	(109,194)	(139,891)
Decrease/(increase) in accrued income	45,313,500	(47,013,500)
Increase in other loans and debtors	(1,221,831)	(367,157)
(Decrease)/increase in creditors	(1,005,183)	1,312,754
Net cash generated from operating activities	43,288,389	1,981,755
Cash flows from investing activities		
Interest received	109,194	139,891
Net cash from investing activities	109,194	139,891
Net increase in cash and cash equivalents	43,397,583	2,121,646
Cash and cash equivalents at beginning of year	24,223,284	22,101,638
Cash and cash equivalents at the end of year	67,620,867	24,223,284
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	67,620,867	24,223,284

The notes on pages 14 to 22 form part of these financial statements.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 May 2016

1. General information

The Greater Birmingham and Solihull Local Enterprise Partnership Limited is a private company, limited by guarantee and registered in England and Wales. The address of the registered office is given on the Company Information page. The principal activities of the Company are to promote sustainable private sector investment and growth, business efficiency and competitiveness, economic development and regeneration, and employment in the Greater Birmingham and Solihull area.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Income

Government grants for projects are accounted for under the performance model as permitted by Financial Reporting Standard 102. Government grants are recognised 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.

Other income is recognised on an accruals basis.

2.3 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.4 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.

2.5 Taxation

The Company operates as a not-for-profit entity, and receives direct financial support from constituent local authorities in addition to grants from Government. It does not carry out a trade for tax purposes. As a result, the net surplus arising from these activities is non-trading and is exempt from corporation tax. The Company is liable to corporation tax on bank interest and other investment income.

2. Accounting policies (continued)

2.6 Presentation of Statement of Comprehensive Income

Due to the nature of the Company's activities, the directors consider that it would be inappropriate to present the Statement of Comprehensive Income in either of the standard formats recognised by the Companies Act 2006. The format adopted has been selected as it presents the categories of income and expenditure more accurately for readers of the financial statements.

2.7 Debtors

Debtors are measured at transaction price, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Creditors

Short term creditors are measured at the transaction price.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

2.11 Amending financial statements

These are amending financial statements to provide clear line of sight as to how monies have flowed between the Company and Birmingham City Council, as the Accountable Body for the funds, as well as the internal expenses incurred by the the Company in discharging its duties. These amended financial statements now incorporate a Directors' Report, an Auditor's Report, a Statement of Comprehensive Income, a Balance Sheet, a Statement of Changes in Equity and Notes to the Financial Statements, and they replace the original financial statements and are now the statutory financial statements for the year ended 31 May 2016.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
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Notes to the Financial Statements
For the Year Ended 31 May 2016

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, 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.

BRP income is recognised on an accruals basis based on an estimate of the income due in the relevant period.

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 if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

4. Income

The whole of the income is attributable to the principal activity of the company, wholly undertaken in the United Kingdom.

Income arising in the year is analysed into either Operational Activity or designated Project Funding. Operational Activity includes revenue income received to cover the day to day core funding requirements of the LEP such as administration costs and staff remuneration. It also includes revenue income to fund certain projects undertaken directly by the LEP. Designated Project Funding includes capital income received for specific projects which are then distributed by the LEP to third parties. They are generally funds provided by Government or other agencies. Costs directly attributable to designated projects are charged against this income and shown as an expense.

5. Operating surplus

The operating surplus is stated after charging:

	2016 £	2015 £
Auditor's remuneration	10,000	10,000

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
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Notes to the Financial Statements
For the Year Ended 31 May 2016

6. Employees

The average monthly number of Birmingham City Council employees contracted to work on The Greater Birmingham and Solihull Local Enterprise Partnership Limited, including the directors, during the year was as follows:

	2016 No.	2015 No.
Directors	27	24
Delivery team	8	10
	<u>35</u>	<u>34</u>

The full time equivalent number of employees in the delivery team was 6.82.

Staff costs were as follows:

	2016 £
Wages and salaries	234,320
Social security costs	19,338
Pension scheme costs	52,949
	<u>306,607</u>

The directors do not receive any emoluments.

7. Interest receivable

	2016 £	2015 £
Other interest receivable	<u>109,194</u>	<u>139,891</u>

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 May 2016

8. Debtors

	2016	2015
	£	£
Due after more than one year		
Other loans	2,082,250	890,250
	<u>2,082,250</u>	<u>890,250</u>
	2016	2015
	£	£
Due within one year		
Other debtors	29,831	-
Accrued income	2,000,000	47,313,500
	<u>2,029,831</u>	<u>47,313,500</u>

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 May 2016

9. Cash and cash equivalents

	2016 £	2015 £
Accountable Body funds: capital		
Local Growth Fund (LGF)	49,235,060	-
Growing Places Fund (GPF)	14,487,077	19,047,391
	<u>63,722,137</u>	<u>19,047,391</u>
Accountable Body funds: revenue		
Growing Places Fund (GPF)	1,622,763	1,715,222
Business Rates Pool (BRP)	1,775,967	2,960,671
Unrestricted core funds	500,000	500,000
	<u>3,898,730</u>	<u>5,175,893</u>
	<u><u>67,620,867</u></u>	<u><u>24,223,284</u></u>

The Accountable Body funds are held on deposit on behalf of the GBSLEP by Birmingham City Council, capital funds being interest-bearing.

The capital funds are received prior to distribution to applicants as grants or loans for projects that support the delivery of the LEP's Strategic Economic Plan and have been allocated to specific projects, with expenditure planned in future years.

The GPF revenue fund was provided by government to support feasibility and master planning for capital infrastructure projects.

The BRP is GBSLEP's share of the Greater Birmingham and Solihull BRP which is received each year and used to finance revenue projects that support the delivery of the LEPs Strategic Economic Plan.

The balance of revenue funds represents the LEP's core funding allocation from Government.

10. Creditors: Amounts falling due within one year

	2016 £	2015 £
Other creditors	<u>580,165</u>	<u>1,585,348</u>

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Notes to the Financial Statements
For the Year Ended 31 May 2016

11. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at undiscounted amounts receivable	<u>71,732,948</u>	<u>72,427,034</u>
Financial liabilities		
Financial liabilities measured at undiscounted amounts payable	<u>(580,165)</u>	<u>(1,585,348)</u>

Financial assets measured at undiscounted amounts receivable comprise other loans, others debtors, accrued income and cash and cash equivalents.

Financial liabilities measured at undiscounted amounts payable comprise other creditors.

12. Reserves

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

	2016 £	2015 £
Capital projects:		
Growth Deal (LGF) 1 & 2	49,235,060	47,313,500
Growing Places Fund: Capital	16,018,993	18,352,293
	<u>65,254,053</u>	<u>65,665,793</u>
Revenue projects:		
Growing Places Fund: Revenue	1,622,763	1,715,222
Enabling Fund (BRP)	3,775,967	2,960,671
Administration Reserve	500,000	500,000
	<u>5,898,730</u>	<u>5,175,893</u>
	<u><u>71,152,783</u></u>	<u><u>70,841,686</u></u>

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12. Reserves (continued)

The increase in reserves of £0.3m is an overall surplus; this reflects grant income received in excess of the grants distributed from grant reserves during the year.

The Growth Deal reserve is part of the LEP's agreed Growth Deal programme from government and is committed to specific capital projects. This funding will be advanced to those projects during the next financial year.

The Growing Places reserves represent funding received from government for the purposes of providing pump-priming financial support for capital infrastructure projects through the provision of grants and loans.

The SEP Enabling Fund is funded by BRP income, and relates to revenue projects to enable economic development and growth across the LEP area.

The Administration reserve consists of revenue funding received from government for the purposes of administering the LEP, the Growth Hub and the various programmes

13. Company status

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.

14. Contingent liabilities

The financial statements have been prepared on the basis that the Company does not carry out a trade for tax purposes and therefore is not subject to corporation tax on the net surplus arising from these non-trading activities. This is contingent on receiving confirmation from HM Revenue and Customs that they concur with this view.

15. Other financial commitments

GPF Mezzanine Fund

The Growing Places Fund (GPF) Committee approved in principle in February 2014 that the recycled funds should form part of a pack of resources along with funds provided by RGF, WMPF and other LEP's GPFs, to create a £56m Mezzanine Fund.

The LEP Board approved in March 2014 that up to £10m should be committed from recycled GPF monies to the Mezzanine Fund to support SMEs within the GBSLEP area.

In July 2016 a funding agreement was signed with Finance Birmingham for them to manage the Mezzanine Fund. The first loans from this fund were made in August 2016.

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16. Related party transactions

Birmingham City Centre Enterprise Zone

The Company is responsible for the delivery of the Birmingham City Centre Enterprise Zone, but Birmingham City Council acts as accountable body for Local Enterprise Zones.

Income and expenditure in respect of the Birmingham City Centre Enterprise Zone is therefore not recorded in this Company's financial statements. This is reported in the financial statements of Birmingham City Council.

Greater Birmingham and Solihull Business Rates Pooling Arrangement

The Greater Birmingham and Solihull Business Rates Pool (the Pool) was designated by the Secretary of State in accordance with paragraph 34 of Schedule 7B to the Local Government Finance Act 1988 as a pool of authorities for the purposes of the scheme for the local retention of business rates under schedule 7B to the Act.

Birmingham City Council entered into a pooled budget arrangement in 2013/14 with seven other local authorities including acting as intermediary between the authorities and government in respect of top-up/tariff payments, following the introduction of the Business Rates Retention Scheme. The objective of the Pool is to adopt a strategic approach to promoting growth and job creation that supports the Greater Birmingham and Solihull Local Enterprise Partnership's Strategy for Growth.

The funding provided to the pooled budget includes tariff payments that would otherwise have been paid to the Government. The expenditure met from the budget paid to the Council includes an element of its top-up payments that it would otherwise have received from the Government.

For 2015/16, the Company expects to receive £2m from the Pool (2014/15 - £Nil).

17. Controlling party

There is no one ultimate controlling party.