

**Directors' Report and
Audited Financial Statements for the Year Ended 31 December 2018
for
East Lancashire LEP Company Limited**



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for the Year Ended 31 December 2018**

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East Lancashire LEP Company Limited

Company Information for the Year Ended 31 December 2018

Directors:	M Donn K Flaherty S P Fraser C Solley J Uppal
Secretary:	A Mitchell
Registered office:	3rd Floor 3 - 5 Charlotte Street Manchester M1 4HB
Registered number:	05976792 (England and Wales)
Independent auditors:	PricewaterhouseCoopers LLP 1 Hardman Square Manchester M3 3EB
Bankers:	Bank of Scotland 11 Earl Grey Street Edinburgh EH3 9BN
Solicitors:	DLA Piper UK LLP 1 St Peter's Square Manchester M2 3DE

**Directors' Report
for the Year Ended 31 December 2018**

The directors present their report with the audited financial statements of the company for the year ended 31 December 2018.

Principal activities

The company was formed to deliver the Government's Building Schools for the Future (BSF) programme in East Lancashire. This comprises three main activities:

- preparing proposals that lead to a financial close on Private Finance Initiative (PFI) contracts which are then taken forward by a Special Purpose Vehicle;
- delivering design and build contracts; and
- providing a managed Information and Communication Technology (ICT) service for a limited time period (generally 5-7 years).

Results

The profit for the year was £89,000 (2017: profit: £80,000).

Dividends

The company made a dividend payment of £93,000 in the year (2017: £82,000).

Future developments

All construction under the PFI and D&B contracts has been completed. The first ICT service period came to an end in August 2015 and the extended contract finished in August 2018.

Directors

The directors during the year under review were:

M Donn	- appointed 18.7.18
K Flaherty	
S P Fraser	
K Gillespie	- resigned 16.7.18
C Solley	
J Uppal	

The directors holding office at 31 December 2018 did not hold any beneficial interest in the issued share capital of the company at 1 January 2018 (or date of appointment if later) or 31 December 2018.

Directors indemnity insurance

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Key performance indicators

Given the scale of the company's operations, the directors do not consider that key performance indicators are relevant for an understanding of the business performance.

Principal risks and uncertainties

The LEP is contracted by the Local Authority to deliver the design and build contracts but all responsibilities are passed down the supply chain with back to back contracts. ICT services are also sub contracted to a third party.

Strategic report

The company has taken advantage of the exemption under section 414B of the Companies Act not to present a Strategic Report.

**Directors' Report
for the Year Ended 31 December 2018**

Statement as to disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the independent auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the board:



.....
A Mitchell - Secretary

Date: 12 June 2019

**Statement of Directors' Responsibilities
for the Year Ended 31 December 2018**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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 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.

Independent auditors' report to the members of East Lancashire LEP Company Limited

Report on the audit of the financial statements

Opinion

In our opinion, East Lancashire LEP Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Audited Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the profit and loss account and other comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Paul Cheshire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

12 June 2019

**Profit and Loss Account and Other Comprehensive Income
for the Year Ended 31 December 2018**

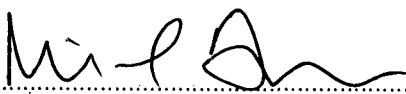
	Notes	2018 £'000	2017 £'000
Turnover	3	305	608
Cost of sales		(272)	(569)
Gross profit		33	39
Administrative expenses		(36)	(42)
Operating loss	5	(3)	(3)
Income from shares in group undertakings		93	82
Profit before taxation		90	79
Tax on profit	6	(1)	1
Profit for the financial year		89	80
Other comprehensive income		-	-
Total comprehensive income for the year		89	80

East Lancashire LEP Company Limited (Registered number: 05976792)

Balance Sheet
31 December 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Investments	8	21	21
Current assets			
Debtors: amounts falling due within one year	9	1	145
Cash at bank		361	368
		<u>362</u>	<u>513</u>
Creditors: amounts falling due within one year	10	<u>(247)</u>	<u>(394)</u>
Net current assets		<u>115</u>	<u>119</u>
Total assets less current liabilities		<u>136</u>	<u>140</u>
Capital and reserves			
Called up share capital	11	22	22
Retained earnings		114	118
Shareholders' funds		<u>136</u>	<u>140</u>

The financial statements were approved by the Board of Directors on 12 June 2019 and were signed on its behalf by:


Director M Don

**Statement of Changes in Equity
for the Year Ended 31 December 2018**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017	22	120	142
Changes in equity			
Total comprehensive income	-	80	80
Dividends	-	(82)	(82)
Total transactions with owners, recognised directly in equity	-	(82)	(82)
Balance at 31 December 2017	22	118	140
Changes in equity			
Total comprehensive income	-	89	89
Dividends	-	(93)	(93)
Total transactions with owners, recognised directly in equity	-	(93)	(93)
Balance at 31 December 2018	22	114	136

**Notes to the Financial Statements
for the Year Ended 31 December 2018**

1. Statutory information

East Lancashire LEP Company Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

Basis of preparing the financial statements

These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). All amounts in the financial statements have been rounded to the nearest £1,000.

The company's ultimate parent undertaking, Consolidated Investment Holdings Limited includes the company in its consolidated financial statements. The consolidated financial statements of Consolidated Investment Holdings Limited are prepared in accordance with FRS102 and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Measurement convention

The financial statements are prepared on the historical cost basis.

Financial Reporting Standard 102 - reduced disclosure exemptions

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Consolidated Investment Holdings Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Significant judgements and estimates

There are no judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the next twelve months from the date of signing the annual report of financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

2. Accounting policies - continued

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Financial instruments

Classification of financial instruments issued by the company

In accordance with Section 22 of FRS 102, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account and Other Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

2. Accounting policies - continued

Deferred tax

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

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

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

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. Turnover

The turnover and profit before taxation are attributable to the principal activities of the company.

An analysis of turnover by class of business is given below:

	2018	2017
	£'000	£'000
ICT services	290	593
Management services	15	15
	305	608

The turnover arose entirely within the United Kingdom.

4. Employees and directors

The company had no employees during the year (2017: none). Services provided by the contractors include the provision of staff and management to perform contractual responsibilities. Costs associated with the staff and management are included within the contractor's service charges.

The Directors received no remuneration for their services during the year (2017: £nil).

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

5. Operating loss

The operating loss is stated after charging:

	2018 £'000	2017 £'000
Auditors' remuneration	4	4
Auditing of the other group companies	8	8
	<u>8</u>	<u>8</u>

6. Tax on profit

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2018 £'000	2017 £'000
Current tax:		
UK corporation tax	1	(1)
	<u>1</u>	<u>(1)</u>
Tax on profit	<u>1</u>	<u>(1)</u>

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £'000	2017 £'000
Profit before tax	90	79
	<u>90</u>	<u>79</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	17	15
Effects of:		
Non-taxable income	(16)	(16)
	<u>(16)</u>	<u>(16)</u>
Total tax charge/(credit)	<u>1</u>	<u>(1)</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% from 1 April 2020 was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

7. Dividends

	2018 £'000	2017 £'000
Ordinary shares of £7 each		
Final	93	82
	<u>93</u>	<u>82</u>

The company paid a dividend of £23.25 per share in the current year (2017: £20.50).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

8. Investments

	Shares in group undertakings £'000
Cost	
At 1 January 2018	
and 31 December 2018	21
Net book value	
At 31 December 2018	21
At 31 December 2017	21

The Company has the following investments in subsidiaries:

Subsidiary undertakings

	Capital and reserves	Profit or loss for the year	Country of incorporation	Class of shares held	Ownership
	£000	£000			
East Lancashire LEP Finance Company Limited*	1	-	UK	Ordinary	100%
Lancashire Schools SPC Holdings Phase 1 Limited*	52	439	UK	Ordinary	10%
Lancashire Schools SPC Holdings Phase 2 Limited*	50	213	UK	Ordinary	10%
Lancashire Schools SPC Holdings Phase 2a Limited*	50	190	UK	Ordinary	10%
Lancashire Schools SPC Holdings Phase 3 Limited*	50	86	UK	Ordinary	10%

*registered office 3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB

9. Debtors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade debtors	1	108
Other debtors	-	36
Corporation Tax	-	1
	<u>1</u>	<u>145</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

10. Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	-	110
VAT	2	2
Other creditors	217	217
Accruals and deferred income	28	65
	<u>247</u>	<u>394</u>

11. Called up share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
100 (2017: 100) class A ordinary shares of £7 each	700	700
100 (2017: 100) class B ordinary shares of £7 each	700	700
800 (2017: 800) class C ordinary shares of £7 each	5,600	5,600
200 (2017: 200) class A ordinary shares of £5 each	1,000	1,000
200 (2017: 200) class B ordinary shares of £5 each	1,000	1,000
1,600 (2017: 1600) class C ordinary shares of £5 each	8,000	8,000
100 (2017: 100) class A ordinary shares of £5 each	500	500
100 (2017: 100) class B ordinary shares of £5 each	500	500
800 (2017: 800) class A ordinary shares of £5 each	4,000	4,000
	<u>22,000</u>	<u>22,000</u>

The A, B and C shares rank equally in all respects, with the same rights attached to each.

12. Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of Lancashire Schools PSP Limited, a company incorporated in England and Wales, which is wholly owned by Consolidated Investment Holdings Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by Consolidated Investment Holdings Limited incorporated in England and Wales. No other group financial statements include the results of the company. Copies of the group financial statements of East Lancashire LEP Company Limited can be obtained from 3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB.

13. Related parties

There were no related party transactions in the year (2017: none).