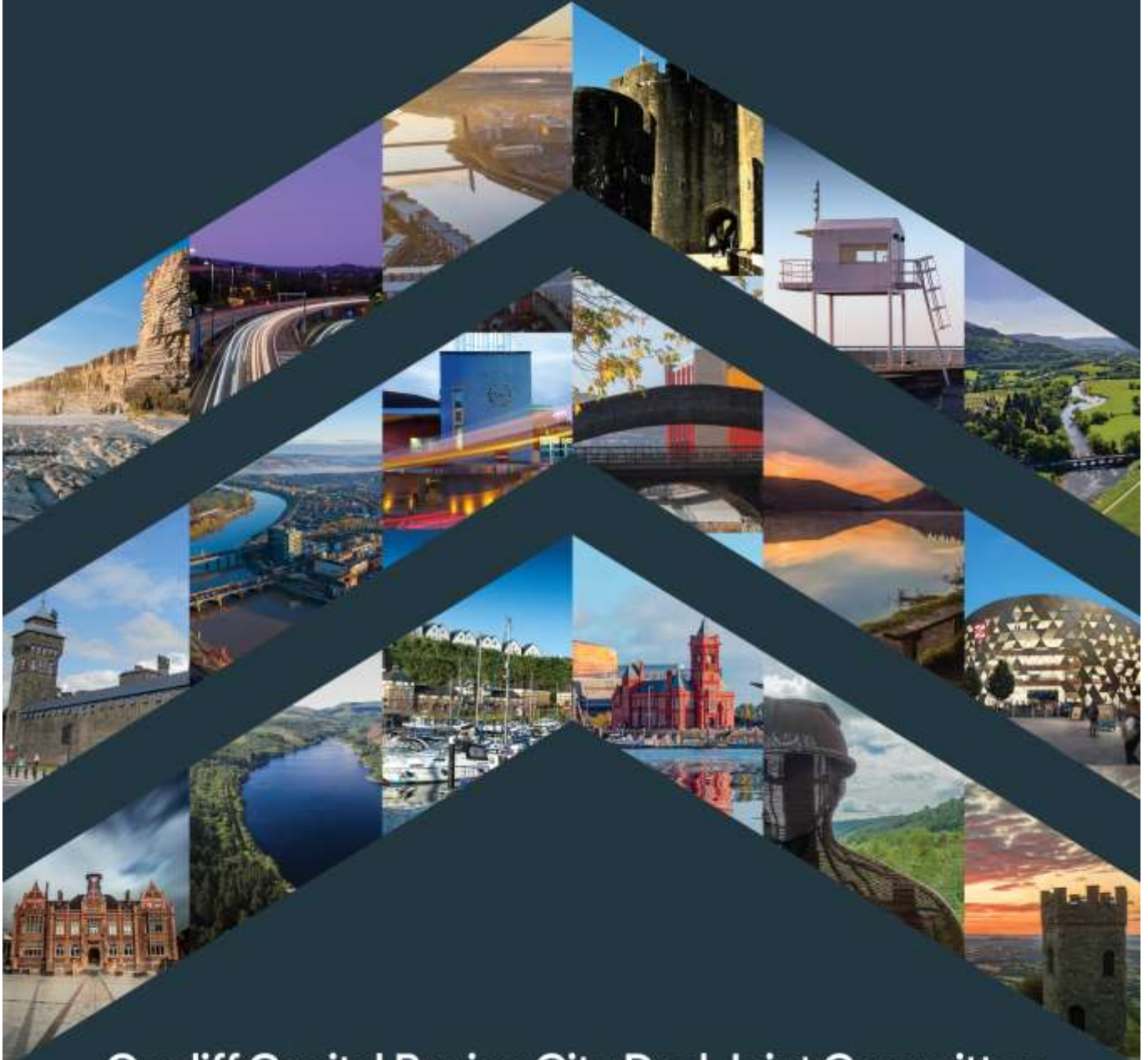




Prifddinas  
Ranbarth  
Caerdydd

Cardiff  
Capital  
Region



# Cardiff Capital Region City Deal Joint Committee Draft Unaudited Statement of Accounts

2022/2023



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## Cardiff Capital Region City Deal – Chair’s Statement

*“Signed in March 2017 across the ten Cardiff Capital Region (CCR) local authorities, Welsh and UK Governments, the Cardiff Capital Region City Deal has the ambition to foster a regional economy that is bigger, fairer, and greener, generating good growth and creating conditions for shared prosperity across the ten local authorities that make up our Region. The City Deal comprises £734m for the South Wales Metro project and £495m for the CCR Wider Investment Fund (WIF).*

*Unlike some other Investment Funds, the CCR WIF did not have prescribed programmes or projects agreed at the outset. Rather, in recognition of the need for a different approach to addressing the various challenges facing the South East Wales economy over the last 25 years, Welsh and UK Government Ministers set out an approach for CCR that embedded an inherent flexibility and the need for the public sector to show adaptive and dynamic leadership.*

*The City Deal has been more than a funding mechanism. Along with the evolution of governance to promote a networked and distributed culture of leadership, from the Regional Economic Growth Partnership (REGP) through to the Joint Committee, it has been the first stage of regional economic governance. As CCR transitions from a single funding programme to a standalone corporate body (‘Corporate Joint Committee’ or CJC), this approach is more critical than ever.*

*As the 2022/23 accounts show, the scale of investments made are growing in both size and complexity. Significant strides forward in deployment of the City Deal Wider Investment Fund are being made and in 22/23, £46.85M of funds (against a forecast sum of £37M) were deployed and delivered into a variety of schemes that all contribute to fulfilling the aims and ambitions set out in the recently revised CCR Regional Economic & Industrial Plan (REIP). This is important because whilst it represents a step change in the pace of delivery of the City Deal programme – it also reflects a more complex set of accounts that span debt, equity, and grant investments through a range of sub-funds, direct transactions, and establishment of new mechanisms such as the Limited Partnership which deploys the Innovation Investment Fund and CCR Energy Ltd.*

*Further impacting this picture, is the transition to the new South East Wales Corporate Joint Committee (SEW CJC) which will see CCR manage and account for its funds directly as a new legal corporate entity. The work to effect this is significant, and many challenges and opportunities are presented. Foremost amongst which, is the need to develop a sustainable future funding approach, which seeks to maximise resources and ensure the SEW CJC has its own clearly defined Medium Term Financial Plan, a dynamic funding model and develops the financial models and tools to govern ongoing, effective financial stewardship and a responsible approach to investment through work commenced in 2022/23 on a Portfolio Investment Review through to key decisions in respect of establishing a Recycled Reserves Fund and commencing a longer-term piece of work, informed by independent expert advisors on a Future*



*Funding Strategy – 2022/23 has been a critical year in which progress has been made that aligns with the level of maturity of the programme and its next steps into the Corporate Joint Committee.*

*CCR is on a positive trajectory, and it is my belief, the professional, timely and constructive manner in which the year-end accounts for 2022/23 has been brought together is testament to this.”*

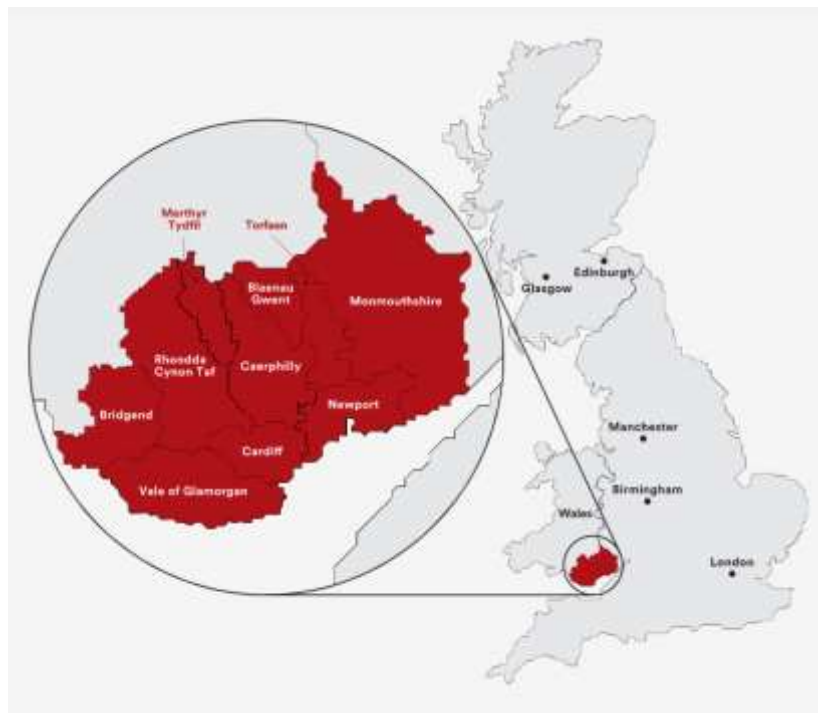


Councillor Anthony Hunt  
Chair, Cardiff Capital Region City Deal





## Introduction



The Cardiff Capital Region (CCR) embraces the 10 local authority areas covering South East Wales: Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taf; Torfaen; and Vale of Glamorgan. It has a population of 1.5 million which equates to almost half the total population of Wales, accounts for approximately 50% of the total economic output of the Welsh economy, 49% of total employment and has over 38,000 active businesses. It is a diverse region comprising the two cities of Cardiff and Newport, a range of market towns, the industrial heartland of the South Wales Valleys, rural communities, and a coastal belt.

The Cardiff Capital Region is an area where people want to live and work. It is home to some of the fastest growing and most economically competitive places in the UK, but alongside some of the least competitive and most disadvantaged.

The City Deal sets out a transformative approach in how the Cardiff Capital Region will deliver the scale and nature of investment needed to support the area's growth ambitions and strategic priorities. Central to this is the 20 year £495 million Investment Fund, which the Cardiff Capital Region will use to invest in a wide range of projects in priority sectors to deliver up to 25,000 new jobs and bring forward at least £4 billion of additional investment by 2036.



However it is not just about economic growth in isolation, it is also about building sustainability and resilience into the economy of the region, about creation and dissemination of wealth amongst the most disadvantaged, but also about innovation, not only to business and technology, but also to public services and civic society.



### **Connected.**

A connector of people, their ambitions and the opportunities to fulfil their true potential. Nurturing the best conditions for business success and community cohesion, through targeted investment in world class digital communications. Creating cutting edge integrated transport infrastructure, connecting affordable and accessible spaces to live, work and play.



### **Competitive.**

A catalyst for continuity investment, bringing key industry clusters to life. A trusted partner enabling companies to innovate and realise their full potential. A shaper of economically significant hubs, producing multiplier effects that fuel local and regional supply chains as well as the broader foundational economy.



### **Resilient.**

A focus for creating the conditions where our businesses and our people are best equipped to embrace the future. A keystone presence helping the region adapt, improvise and overcome periods of economic turbulence or social unrest.

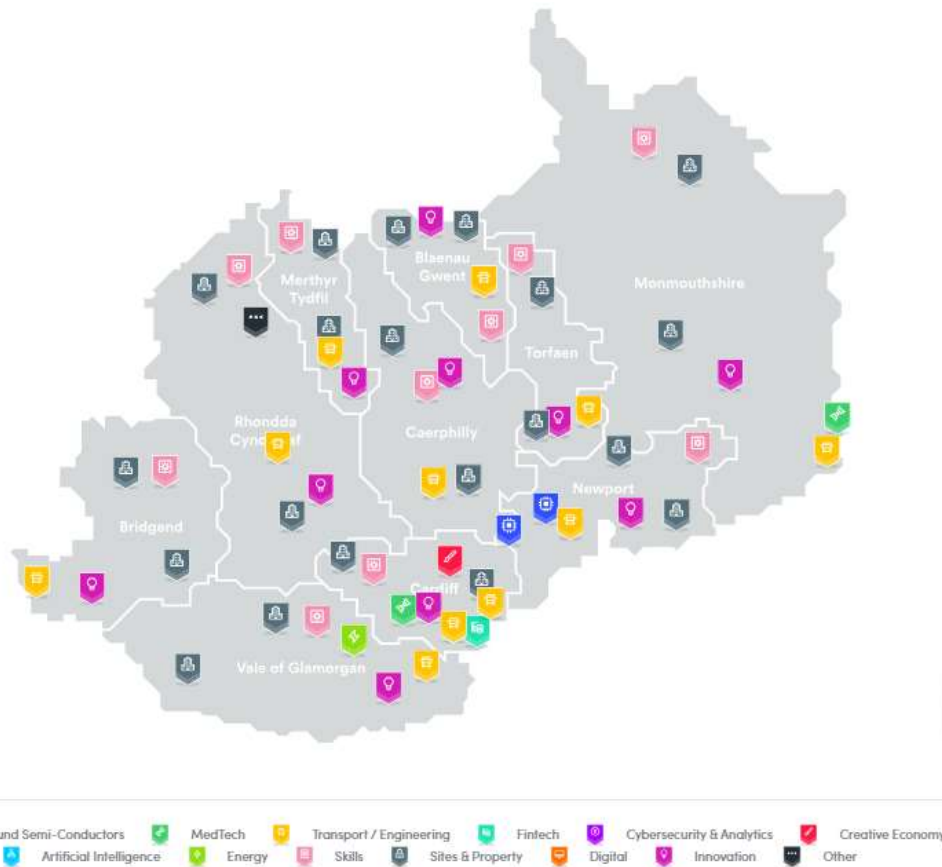
## **Background**

Ten partner authorities established the Cardiff Capital Region City Deal Joint Committee, by signing a Joint Working Agreement (JWA) in relation to the delivery of the City Deal on 01 March 2017. This sets out governance arrangements, an Assurance Framework as well as an implementation plan. One elected member representative from each partnering authority serves on the Joint Committee, the Cardiff Capital Region 'Regional Cabinet'.

## **Current Approved Projects – Wider Investment Fund**

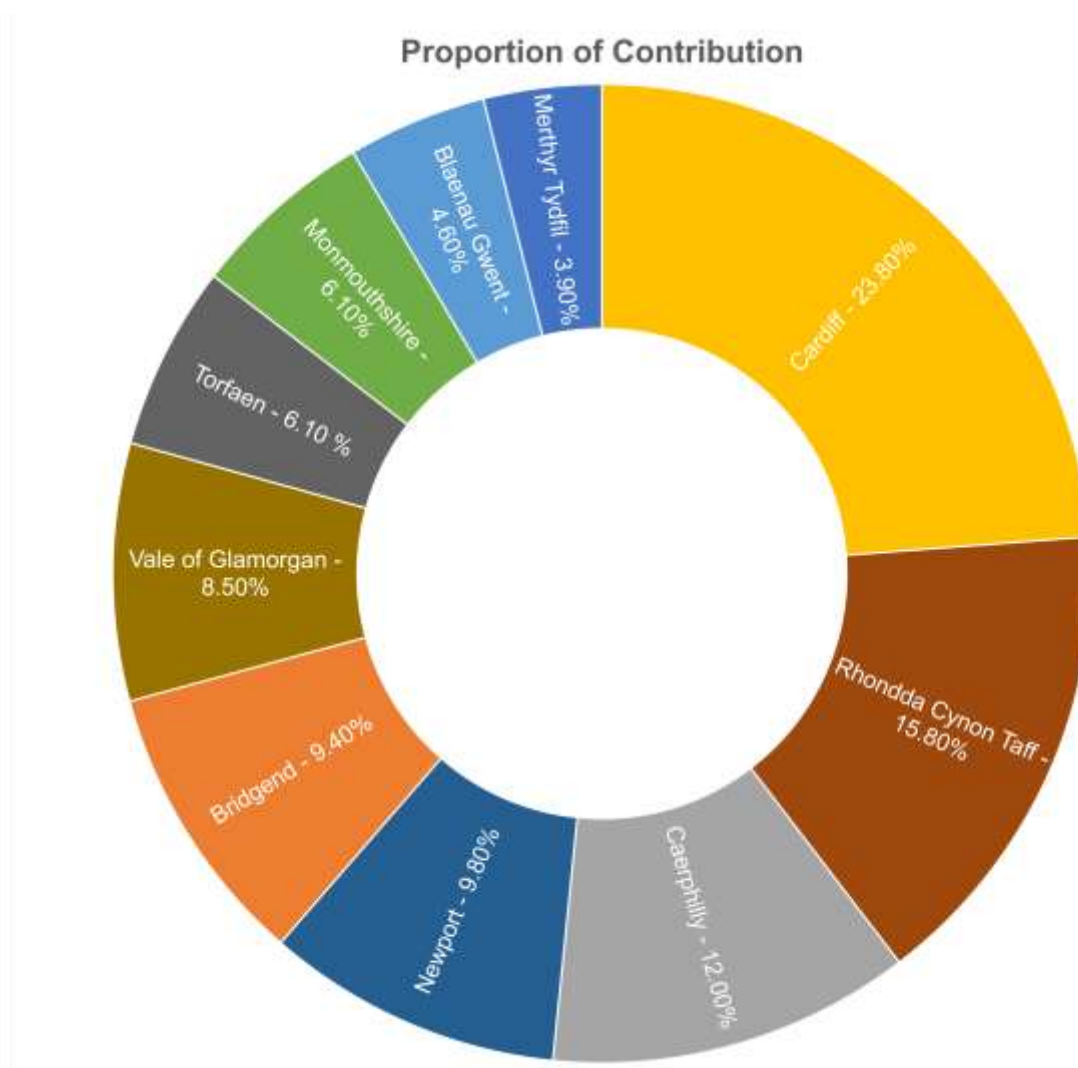
The graphic below shows the location and nature of investments committed to across the Region.





A five-year rolling business plan is produced with an annual budget. Operating costs as well as shares of contributions to the Wider Investment Fund are provided by each authority, based on population:





The Joint Committee is supported by the City Deal Office (CDO) led by the Director of the City Deal, with Cardiff Council appointed as the Accountable Body (AB), the legal entity responsible for discharging obligations in respect of the City Deal.

### Funding and Projects

The funding agreement with the UK and Welsh Governments totals £1.2 billion, of which £734 million is allocated to the South Wales Metro project and is directly managed by Welsh Government. The remaining £495 million is the responsibility of the Joint Committee and relates to what is called the 'Wider Investment Fund'. This is made up of:

- £375 million cash grant over 15 years, with £50 million revenue grant paid in years 1-5, followed by £325 million of capital grant between years 6-15;
- £120 million Council contributions in the form of capital funding, being drawn down as required.

Up to 3% of the Wider Investment Fund has been earmarked to support the work of Regional Bodies and to meet the costs of Programme Development and Support. This is referred to as the Wider Investment Fund 'Top-Slice'.





The balance of the Wider Investment Fund (circa £480 million) is to be used for investment in the Region's key priorities with the main priorities and strategic themes, as set out in the Cardiff Capital Region Strategic Business Plan 2021-2026 being:

- Build Back Better – playing our part in economic recovery and building resilience;
- Becoming a City Region – strengthening regional economic governance;
- Scaling-up and delivering the City Deal 'peak' Wider Investment Fund pipeline and programme;
- Making the case for Levelling-up CCR;
- Developing the plan for industrial-scale clusters and innovation-led growth.

### Strategic Themes



**Skills & Employment**  
Developing a Skilled Workforce  
and Tackling Unemployment



**Connecting the Region**  
Improving Connectivity Globally,  
Regionally and Locally



**Innovation**  
Creating an Innovation District  
and Increasing Entrepreneurial  
Activity and Innovation



**Regeneration & Infrastructure**  
Providing the right physical place  
and environment to support growth

### Gateway Reviews

An outcome-based Gateway Review will be undertaken by HM Treasury every 5 years. A new National Evaluation Framework (NEF) has been developed for the second Gateway Review cycle and the enhancements to the NEF will better demonstrate impact of the City Deal, across four thematic areas – Transport; People; Infrastructure; and Enterprise & Innovation.

A revised Local Evaluation Framework (LEF) was approved at Regional Cabinet in March 2023 and sets out the agreed methods for evaluation, timescales & detailed monitoring requirements. It sets the frame of context for CCR and determines how we will measure against outputs, outcomes, and impacts. The LEF also determines the reporting approach for DLUHC, UKG and WG – helping to manage funder expectations while ensuring CCR is robustly assessing performance.

Funding for financial years 2021/22 to 2025/26 was confirmed following the successful passing of the first Gateway Review, which covered the period up to 31 March 2021, whilst any unspent funding may be subject to repayment if any subsequent Gateway Review is not passed.

Where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years will be permitted. Carry forward in respect of the



final year (2025/26), will also be permitted providing that the Gateway Review is passed.

### Annual Review, Future Plans and Developments

These can be found in the following documents:

**Cardiff Capital Region Cabinet 2022/23 Joint Committee Revenue Budget Final Outturn Position** which sets out the financial performance against the approved revenue budget for the financial year. In summary (subject to Audit), the approved budget of £2,863,263 was underspent by £558,079 allowing a reduction in the budgeted drawdown of the Wider Investment Fund 'Top-Slice' funding and the carrying forward of £270,307 as a general reserve.

<https://www.cardiffcapitalregion.wales/wp-content/uploads/2023/07/item-4-outturn.pdf>

**Cardiff Capital Region Cabinet 2022/23 Annual Business Plan – Quarter 4 Performance Report** which reports actual expenditure against the approved Wider Investment Fund budgets as set out in the Annual Business Plan for the financial year. This shows (subject to Audit) net expenditure of £1,952,000 against the approved 'Top-Slice' budget of £2,225,300 and expenditure of £44,898,100 on approved projects. Unused annual allocations are carried forward to fund future project expenditure.

<https://www.cardiffcapitalregion.wales/wp-content/uploads/2023/07/item-5-quarter-4.pdf>

**Cardiff Capital Region Cabinet Wider Investment Fund – Annual Business Plan 2023/24** which, as a requirement of the City Deal Joint Working Agreement, outlines key priorities for the financial year and beyond, and the resources to be used to achieve them. This sets out anticipated total project related expenditure for 2023/24 and the medium term, also setting out how this is expected to be funded.

<https://www.cardiffcapitalregion.wales/wp-content/uploads/2023/01/item-5-abp.pdf>

**Establishment of the South East Wales Corporate Joint Committee.** Reports providing the background, progress and future developments which will allow the Cardiff Capital Region City Deal to transition to becoming a part of the new South East Wales Corporate Joint Committee can be found here:

[Governance Papers - Cardiff Capital Region](#)

### Financial Performance 2022/23



The cost of operating the Joint Committee as well as how those costs are paid for are shown in the table below.

**Table 1: 2022/23 Joint Committee Revenue Budget & Outturn Position**

Joint Committee Revenue Budget	2022/23 Budget £	2022/23 Out-turn £	2022/23 Variance £
<b>Expenditure:</b>			
City Deal Office	2,529,621	1,970,574	(559,047)
Accountable Body Support Services	333,642	334,610	968
<b>Total</b>	<b>2,863,263</b>	<b>2,305,184</b>	<b>(558,079)</b>
<b>Funded by:</b>			
Partner Contributions	(1,218,061)	(883,759)	334,302
WIF 'Top-Slice' Contribution - Reserve	(1,645,202)	(1,421,425)	223,777
<b>Total</b>	<b>(2,863,263)</b>	<b>(2,305,184)</b>	<b>558,079</b>
<b>Net Position</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Joint Committee budget underspend of £558,079 for 2022/23 was utilised by reducing the budgeted funding required from the Wider Investment Fund 'Top-Slice' and adding the to the Joint Committee's General Reserve. Reasons for the underspend are set out in the Final Outturn Position report, to which there is a link above.

**Table 2: 2022/23 Wider Investment Fund 'Top-Slice' Budget & Outturn Position**

Wider Investment Fund	2022/23 Budget £	2022/23 Out-turn £	2022/23 Variance £
<b>Expenditure:</b>			
Wider Investment Fund Top Slice	2,225,300	1,952,026	(273,274)
Approved Projects - Revenue	2,244,000	3,502,539	1,258,539
Future Revenue Projects	2,000,000	0	(2,000,000)
Sub Total Revenue	6,469,300	5,454,565	(1,014,735)
Approved Projects - Capital	19,011,800	41,395,600	22,383,800
Future Capital Projects	20,800,000	0	(20,800,000)
Sub Total Capital	39,811,800	41,395,600	1,583,800
<b>Total Investment</b>	<b>46,281,100</b>	<b>46,850,165</b>	<b>569,065</b>
<b>Funded by</b>			
HMT Contribution (Revenue)	(6,469,300)	(5,454,565)	1,014,735
HMT Contribution (Capital)	(36,600,000)	(41,395,600)	(4,795,600)
Sub Total HMT Contributions	(43,069,300)	(46,850,165)	(3,780,865)
Council Contribution	(3,211,800)	0	3,211,800



Temp Borrowing 'Cost of Carry'	0	0	0
Sub Total Council Contributions	(3,211,800)	0	3,211,800
<b>Total Funding</b>	<b>(46,281,100)</b>	<b>(46,850,165)</b>	<b>(569,065)</b>
<b>Net Position</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Wider Investment Fund 'Top-Slice' is an allocation of 3% of the total Wider Investment Fund (£495m) budgeted for use across the 20-year lifespan of the City Deal. Its use is set out above with the underspend carried forward for use in future years. Further detail of the expenditure in 2022/23 and anticipated 2023/24 spend are provided in the other reports for which links are provided above.

Table 2 also details the anticipated use of the Wider Investment Fund for approved and potential new projects during the year, as set out in the 2022/23 Annual Business Plan. Further detail on this is included in the Annual Business Plan – Quarter 4 Performance Report referenced above.

Key expenditure in 2022/23 was on the following approved projects:

- £0.61m Revenue expenditure and £0.80m Capital expenditure on Challenge Fund projects
- £0.80m Revenue expenditure on the FinTech project
- £0.56m Revenue expenditure on the Media.Cymru project
- £0.25m Revenue expenditure and £0.72m Capital expenditure on the Ultra Low Emission Vehicle project
- £2.25m Capital expenditure on Housing Viability Gap Fund schemes
- £1.86m Capital expenditure on Strategic Premises Fund schemes
- £10.77m Capital expenditure on Metro Plus schemes
- £1.31m Capital expenditure on the Metro Central project
- £7.84m Capital expenditure on equity and loan investments into a number of SMEs with the Region
- £15.70m Capital expenditure on a loan to CCR Energy Ltd in order to purchase and begin the demolition and remediation of the former Aberthaw Power Station

## Financial Position as at 31 March 2023



The Joint Committee's Balance Sheet position is summarised below and provides details of its assets and liabilities as at 31 March 2023.

<b>Summary of Balance Sheet</b>	<b>31 March 2022 £</b>	<b>31 March 2023 £</b>
<b>Long Term Assets :</b> Long Term Debtors, Revenue and Capital	42,127,434	63,843,812
<b>Current Assets &amp; Liabilities:</b> Short Term Debtors, Cash & Cash Equivalents, less Short Term Creditors	26,034,553	23,759,059
<b>Long Term Liabilities</b>	(22,578,935)	(12,831,364)
<b>Net Assets</b>	<b>45,583,052</b>	<b>74,771,507</b>
Usable Reserves	2,027,421	9,332,533
Unusable Reserves	43,555,631	65,438,974
<b>Financed by</b>	<b>45,583,052</b>	<b>74,771,507</b>

### Pensions Liabilities

The Joint Committee is not a legal entity in its own right and therefore cannot enter into contracts for goods or services. Officers supporting the activities of the Joint Committee are contractually employed through one of the partnering authorities or other public sector organisations. The employing body is responsible for all current and future pension liabilities that may arise from these arrangements. The Joint Committee reimburses all salary related costs, including employer related pension contributions and accounts for these in its Income & Expenditure Account. Therefore, no liability for future pension payments or benefits is recognised in the Joint Committee's Balance Sheet.

### Balances and Reserves

As at 31 March 2023, the Joint Committee held Usable Reserves of £9,332,533. These are carried forward as a General Reserve of £355,820 to supplement Joint Committee Revenue Budget resources available in future years, and Earmarked Reserves of £1,698,268 in relation to accumulated interest on investments which is intended to be used to fund future project expenditure, £234,482 in relation to CJC Transition expenses to be incurred in 2023/24, £145,778 in relation to future Gateway Review costs and a usable Capital Receipts reserve of £6,898,186 from recycled funding to be used to fund future project expenditure.



The Joint Committee's governance arrangements are set out in the Joint Working Arrangement and comprise the systems, processes, culture, and values in place to deliver the intended outcomes as reviewed through application of the CIPFA / SOLACE Governance Framework.

The Joint Committee has arrangements in place through the City Deal Office and the Accountable Body, which are designed to deliver strong governance and an effective system of internal control.

The annual assessment of governance is dynamic in nature and takes place following a review of a number of best practice statements and resulting actions where deemed required. For example, the 2020/21 assessment included changes in governance arrangements to reflect the Covid-19 pandemic.

For 2022/23, the context for the assessment concentrated on the following areas:

- The significant strides forward in the deployment of the City Deal fund with £46.85m of funds being deployed against a forecast sum of £37m, by the year-end a total of 24 interventions had been approved since the launch of the Wider Investment Fund with £338m of the fund now committed;
- Performance - the City Deal has now entered the second Gateway Review cycle, which concludes in 2025. There has been significant progress in this area, including revision of the Local Evaluation Framework (LEF) which is a core requirement of the Gateway Review process;
- Preparation for Transition to South East Wales Corporate Joint Committee - CCR has been a key voice and driver in the transition to Corporate Joint Committees across Wales and worked with the UK & Welsh Governments to understand and resolve the challenges to transition. Given this progress, the Transition Plan for the CJC has been approved and workstreams have been enacted across key areas, from finance and HR to portfolio transfer and stakeholder engagement.
- Delivering For Our Communities - the transition to a fully functional CJC will ensure CCR is responsive to changes in the social, political, and economic climate. It will foster local government collaboration; develop new policies and approaches to fiscal levers and incentives; provide enhanced shared services; and improve sustainability and liveability.

Financial year 2021/22 required full implementation of CIPFA's Financial Management (FM) Code. A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. As such, the 2022/23 review builds on the assessments undertaken in previous years, outlining the extent to which the Joint Committee's financial management arrangements comply with the FM Code.



The Joint Committee's separately published Annual Governance Statement summarises the assessment of governance arrangements in place for the Joint Committee and can be found on the Cardiff Capital Region website.

[Cardiff Capital Region - Re-energising our Region, Reshaping our Future](#)





## The Financial Statements

The Statement of Accounts for the Cardiff Capital Region City Deal Joint Committee are set out in this document, accompanied by a Statement of Responsibilities for the Statement of Accounts and the Audit Report.

The core statements of the Joint Committee are:

- Comprehensive Income and Expenditure Statement which provides information on how it has performed throughout the year and as a result, whether or not its operations have resulted in a surplus or a deficit.
- Movement in Reserves Statement which shows the changes to our reserves over the course of the year. Reserves are divided into 'useable', which can be invested in capital projects or service improvements and 'unusable', which must be set aside for specific purposes.
- Balance Sheet which provides a 'snapshot' of assets, liabilities, cash balances and reserves at the year-end date.
- Cash Flow Statement shows the reasons for changes in cash balances during the year and whether that change is due to operating activities, new investment, or financing activities.

Notes to the Core Financial Statements accompany the main financial statements and provide an additional tier of information and context.

Group Accounts combine the Joint Committees own financial statements with its material interests in subsidiaries, associates and/or joint ventures, in this case CSC Foundry Ltd and CCR Energy Ltd.







## Statement of Responsibilities for the Financial Statements

### **Cardiff Capital Region City Deal Joint Committee's responsibilities.**

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and secure that an appropriate officer has the responsibility for the administration of those affairs. This is the Corporate Director Resources and Section 151 Officer of Cardiff Council who holds the role of Cardiff Capital Region City Deal Section 151 Officer;
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets;
- approve the statement of accounts.

**Cllr Anthony Hunt**

**Date:**

**2023**

**Chair of Cardiff Capital Region Joint Committee**



## **Section 151 Officer responsibilities**

The Section 151 Officer is responsible for the preparation of the Joint Committee's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code).

In preparing these financial statements, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently, except where policy changes have been noted in these accounts;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Section 151 Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## **The Section 151 Officer Certificate**

The financial statements for the Cardiff Capital Region City Deal Joint Committee give a true and fair view of its income and expenditure for the financial year 2022/23 and the financial position at 31 March 2023.



**Christopher Lee**  
**Section 151 Officer**

**Date: 15 September 2023**





## Audit of Financial Statements Report

This page has been intentionally left blank and will be updated upon receipt of the Auditor General's Final Opinion.





## Accounting Policies used when formulating the accounts

The Statement of Accounts summarises the Joint Committee's income and expenditure for the year ended 31 March 2023 and its financial position at that date. The accounts are prepared in accordance with proper accounting practices as contained in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code).

The accounts have been prepared on a going concern basis. The accounting convention adopted is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### 1. Accounting Standards issued but not yet adopted

International Financial Reporting Standard 16 – Leases was adopted in the 2022/23 Code. Following a consultation with local authorities and auditors, the timescale for required adoption has been pushed back to the financial year beginning 1 April 2024 or earlier if deemed possible. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for most leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

This is expected to have no impact on the Joint Committee Accounts.

### 2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when the cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed.
- Services received are recorded as expenditure when the services are received, rather than when the payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debtors are not considered to be collectable the balance is reduced by a provision for doubtful debt.

### 3. Cash and Cash Equivalents



The Joint Committee does not operate its own Bank Account, instead all cash transactions are administered by Cardiff Council in its role as Accountable Body. An approved Treasury Management strategy is in place to manage the Joint Committee's cash balances for the prudent management of its financial affairs. Cash is represented by cash in hand and the net balance attributable to Cardiff Capital Region City Deal on all of the Council's bank accounts. It includes deposits with financial institutions that are repayable on notice of not more than 24 hours without significant penalty. It also includes investments maturing and interest received on the first working day of April.

Treasury arrangements consist of short-term investments through approved counterparties on the basis of security, liquidity and then yield.

#### **4. Contingent assets and liabilities**

These are potential benefits or obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Joint Committee's control. Contingent assets and liabilities are not recognised in the accounting statements but are disclosed in a note to the accounts, where deemed material.

#### **5. Disposals and Capital Receipts**

When assets are disposed of or derecognised, the value of those assets included in the Balance Sheet along with any proceeds from disposal are used to calculate a gain or loss on disposal.

#### **6. Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding financial assets and their cash flow characteristics.

The main classes of financial assets held are measured at:

- amortised cost - Achieve objectives by collecting contractual cash flows e.g. principal and interest.
- fair value through other comprehensive income (FVOCI) - Achieve objectives by any other means than collecting contractual cash flows and where the Joint Committee has designated that this is the case.

In terms of the value of financial assets recognised in the accounts, the primary business model is to hold investments to collect contractual cash flows, however loans and equity instruments may be provided as revenue or capital expenditure to achieve service objectives. Depending on the rationale for holding such financial assets, the Joint Committee may designate such items to be measured at fair value through other comprehensive income.

Fair value measurement techniques are defined within the final section of this policy.



### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Joint Committee becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument in accordance with any investment or loan agreement. The amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest). Any gains or losses that arise on the derecognition of an asset are credited/debited to the CIES. Expected Credit Loss Model Impairment losses are calculated to reflect the expectation that future cash flows might not take place because the borrower could default on their obligations. Such a review would take place on an individual financial asset or collective basis, based on materiality and cost benefit of individual assessment. The Joint Committee undertakes a review of expected credit losses on all financial assets held at amortised cost either on a 12-month or lifetime basis. Where provision for such losses is not already undertaken e.g. as part of a provision for bad debts, adjustments to the value of financial assets disclosed in the accounts would be made. Credit risk plays a crucial part in assessing expected credit loss. Where risk has increased significantly since a financial asset was initially recognised, provision for losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, provision for losses are assessed on the basis of 12-month expected loss.

### **Financial Assets Measured at Fair Value through other comprehensive income (FVOCI)**

Financial assets that are measured as FVOCI are initially measured and carried at fair value on the Balance Sheet. Treating such assets under this category will require a 'Designation' by the Joint Committee. These are likely to be equity holdings held as part of a service objective. Fair value gains and losses are recognised in Other Comprehensive Income and the change in the amount of the investment in the balance sheet is matched with an entry in the Financial Instruments Revaluation Reserve. Upon derecognition, any balance on the Financial Instruments Revaluation Reserve is recycled through the Surplus or Deficit on the Provision of Services.

### **Fair Value Measurement of Financial Assets**

Fair value measurements for the above financial asset classes measured at fair value are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.



- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 – unobservable inputs for the asset.

## **7. Grants and Contributions**

Grants and other contributions are accounted for on an accruals basis and recognised when:

- there is reasonable assurance that the Joint Committee will comply with the conditions for their receipt and
- there is reasonable assurance that the grant or contribution will be received.

### **Revenue**

Grants, for which conditions have not yet been satisfied, are carried in the Balance Sheet as Long Term and Short Term Creditors. When conditions have been satisfied, the grant or contribution is credited to the Grant Income Line in the Comprehensive Income and Expenditure Statement. Where there is no longer any reasonable assurance that the conditions will be met, sums received will not be recognised as a receipt of grant but as a repayment due to the awarding body and held on the Balance Sheet as a liability if it remains unpaid.

Where the conditions of a revenue grant or contribution have been complied with, but it is yet to be used to fund expenditure for the purpose stipulated in the grant agreement, it is set aside in an Earmarked Reserve.

### **Capital**

Grants and contributions that are applied in the year to fund capital schemes that are Revenue Expenditure Funded by Capital under Statute (REFCUS) are treated as revenue income and credited to the Comprehensive Income and Expenditure Statement to the relevant service line. This funding is then applied to the capital adjustment account through the Movement in Reserves Statement, to finance the capital expenditure in year.

Capital Grants and Contributions applied in paying for other capital works are credited to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement. Where a specific capital grant or contribution has been received but remains unapplied, this is deemed to represent a condition and is shown as a creditor, as the unused element could be returned to the funder. Where a non-specific grant were to remain unapplied, it would be held as Capital Grants Unapplied Reserve.

Capital grants and contributions are identified separately on the Balance Sheet.

## **8. Interests in Companies and Other Entities**

The Joint Committee has interests in companies and other entities. Subject to the level of materiality and exposure to risk, these are consolidated to produce Group Accounts.



## 9. Property, Plant, Equipment

These assets are those that have physical substance used in the production or supply of goods or services, those intended to be held indefinitely and those for the promotion of culture and knowledge and expected to be used during more than one financial year.

### Recognition

Expenditure on the acquisition, creation or enhancement of such assets is capitalised on an accruals basis. All expenditure incurred on existing assets is assumed to result in enhancement of the asset and will be shown in the accounts as an addition to the asset.

Expenditure that maintains but does not add to an asset's potential to deliver benefits or service potential (i.e. repairs and maintenance) is charged to revenue as it is incurred.

### Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the specific asset into working condition for its intended use, excluding borrowing costs which are not capitalised. A full year's depreciation is charged on capital expenditure incurred in the year. No depreciation is charged in the year of disposal. Assets are subsequently carried on the balance sheet as per the following:

Asset Type	Measurement	Valuation Frequency	Last Valuation	Surveyor for Last Valuation	Next Valuation	Depreciation
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	n/a	n/a	n/a	n/a	5-15 years
Assets under Construction	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a

### Disposal

When assets are disposed of or decommissioned, the value of those assets included in the Balance Sheet along with any proceeds from disposal are used to calculate a gain or loss on disposal. Disposals are treated as capital receipts and are credited to the Capital Receipts Reserve.

## 10. Investment Property

Investment properties are those held solely to earn rentals and/or for capital appreciation such as ground leases, land held for future development as strategic sites and other land and buildings that meet investment property criteria.

Investment properties are measured at fair value, based on the market value that would be received to sell an asset in an orderly transaction between market participants at the measurement date, reflecting the asset's highest and best use.





A full valuation is undertaken periodically with the most recent valuation having taken place during the preparation of the 2022/23 accounts.

Investment properties are not depreciated. Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The valuation of the CSC Foundry Ltd Investment Property included in the Joint Committee's Group Accounts has been provided by external valuers engaged by Monmouthshire County Council as part of its role as the host Authority for the CSC Foundry Ltd. project.

The CCR Energy Ltd Investment property held at the balance sheet date is valued as per the company's accounts prepared by Baker Knoyle Ltd and includes the original purchase price, various other capitalised acquisition and demolition costs and a provision for future costs required to fully demolish and remediate the site.

#### **11. Provisions**

Provisions are charged as expenditure to the Comprehensive Income and Expenditure Statement in the year that the Joint Committee becomes aware of the obligation, measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision, which is held on the Balance Sheet. Provisions are reviewed at the end of each financial year and where no longer required are credited back to the relevant service line.

#### **12. Reserves**

The statutory accounts have two types of reserves, usable and unusable. The Joint Committee sets aside amounts as usable reserves for future policy purposes or to cover contingencies, which can be used for future spend. Unusable reserves are maintained to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits. These do not represent usable resources for the Joint Committee and cannot be used for future spend.

#### **13. Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions, but that does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service line in the Comprehensive Income and Expenditure Statement. Where the Joint Committee has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Joint Committee Fund Balance to the Capital Adjustment Account then reverses out the amounts charged.

#### **14. Value Added Tax (VAT)**

VAT payable is excluded from expenditure except where it is not recoverable from HMRC. VAT receivable is excluded from income.





## 2022/23 Comprehensive Income & Expenditure Statement

This statement records all of the Joint Committee's income and expenditure throughout the year and consequently shows the accounting cost of providing services during the year in-line with generally accepted accounting practices.

2021/2022 £		Notes	2022/2023 £
	<b>Cost of Services</b>		
1,751,398	Staff Costs		2,220,378
15,965	Premises	2	33,127
889	Transport	3	4,354
3,065,098	Supplies & Services	4	3,884,705
400,000	Revenue Expenditure funded from Capital Under Statute	5	15,524,969
347,364	Support Services	6	663,662
412,773	Capital Charges	12	811,976
<b>5,993,487</b>	<b>Operating Expenditure</b>		<b>23,143,171</b>
(1,160,058)	Contributions from Local Authorities	7/10	(1,218,011)
(4,562,130)	Grant Income	7	(21,139,356)
(94,556)	Fees and Charges	7	(264,183)
<b>(5,816,744)</b>	<b>Operating Income</b>		<b>(22,621,550)</b>
<b>176,743</b>	<b>Net Cost of Services</b>		<b>521,621</b>
(166,248)	Interest & Investment Income	15	(1,490,148)
<b>(166,248)</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>		<b>(1,490,148)</b>
(4,370,706)	Recognised Capital Grants & Contributions	21	(28,219,927)
<b>(4,370,706)</b>	<b>Taxation and Non-Specific Grant Income</b>		<b>(28,219,927)</b>
<b>(4,360,211)</b>	<b>(Surplus) / Deficit on Provision of Services</b>		<b>(29,188,454)</b>
0	Other Comprehensive Income & Expenditure		0
<b>(4,360,211)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>		<b>(29,188,454)</b>





## 2022/23 Movement in Reserves Statement

This statement is split into both Usable and Unusable Reserves. Usable Reserves are those that the Joint Committee can use to provide services whereas Unusable Reserves such as the Capital Adjustment Account cannot, as they are for accounting purposes only.

Movements in Reserves	General Fund Balance £	General Fund Earmarked Reserves £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Capital Adjustment Account £	Accumulated Absence Account £	Total Unusable Reserves £	Total Reserves £
<b>Balance at 31st March 2022 Carried Forward</b>	212,080	465,341	1,350,000	2,027,421	43,601,229	(45,599)	43,555,630	45,583,051
<b>Movements in Reserves During 2022/23</b>								
Surplus / (Deficit) on the Income and Expenditure Account	29,188,455	0	0	29,188,455	0	0	0	29,188,455
<b>Total Comprehensive Income and Expenditure</b>	<b>29,188,455</b>	<b>0</b>	<b>0</b>	<b>29,188,455</b>	<b>0</b>	<b>0</b>		<b>29,188,455</b>
Adjustments between Accounting Basis and Funding Basis	(30,497,338)		0	(30,497,338)	27,407,953	23,577	27,431,530	(3,065,809)
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>(1,308,883)</b>	<b>0</b>	<b>0</b>	<b>(1,308,883)</b>	<b>27,407,953</b>	<b>23,577</b>	<b>27,431,530</b>	<b>26,122,646</b>
Transfers to/(from) Reserves	1,452,624	1,613,186	5,548,186	8,613,996	(5,548,186)		(5,548,186)	3,065,810
<b>Increase/(Decrease in Year)</b>	<b>143,741</b>	<b>1,613,186</b>	<b>5,548,186</b>	<b>7,305,113</b>	<b>21,859,767</b>	<b>23,577</b>	<b>21,883,343</b>	<b>29,188,456</b>
<b>Balance at 31st March 2023</b>	<b>355,821</b>	<b>2,078,527</b>	<b>6,898,186</b>	<b>9,332,534</b>	<b>65,460,996</b>	<b>(22,022)</b>	<b>65,438,973</b>	<b>74,771,507</b>

<b>Movements in Reserves - Prior Year for Comparison</b>	<b>General Fund Balance £</b>	<b>General Fund Earmarked Reserves £</b>	<b>Usable Capital Receipts Reserve £</b>	<b>Total Usable Reserves £</b>	<b>Capital Adjustment Account £</b>	<b>Accumulated Absence Account £</b>	<b>Total Unusable Reserves £</b>	<b>Total Reserves £</b>
<b>Balance at 31st March 2021 Carried Forward</b>	<b>212,080</b>	<b>41,872</b>	<b>0</b>	<b>253,952</b>	<b>40,993,297</b>	<b>(24,409)</b>	<b>40,968,888</b>	<b>41,222,840</b>
<b><u>Movements in Reserves During 2021/22</u></b>								
Surplus / (Deficit) on the Income and Expenditure Account	4,360,211	0	0	4,360,211	0	0	0	4,360,211
<b>Total Comprehensive Income and Expenditure</b>	<b>4,360,211</b>	<b>0</b>	<b>0</b>	<b>4,360,211</b>	<b>0</b>	<b>0</b>		<b>4,360,211</b>
Adjustments between Accounting Basis and Funding Basis	(3,936,742)		0	(3,936,742)	3,957,932	(21,190)	<b>3,936,742</b>	<b>0</b>
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>423,469</b>	<b>0</b>	<b>0</b>	<b>423,469</b>	<b>3,957,932</b>	<b>(21,190)</b>	<b>3,936,742</b>	<b>4,360,211</b>
Transfers to/(from) Reserves	<b>(423,469)</b>	<b>423,469</b>	<b>1,350,000</b>	<b>1,350,000</b>	<b>(1,350,000)</b>		<b>(1,350,000)</b>	<b>0</b>
<b>Increase/(Decrease in Year)</b>	<b>0</b>	<b>423,469</b>	<b>1,350,000</b>	<b>1,773,469</b>	<b>2,607,932</b>	<b>(21,190)</b>	<b>2,586,742</b>	<b>4,360,211</b>
<b>Balance at 31st March 2022</b>	<b>212,080</b>	<b>465,341</b>	<b>1,350,000</b>	<b>2,027,421</b>	<b>43,601,229</b>	<b>(45,599)</b>	<b>43,555,630</b>	<b>45,583,051</b>



## Balance Sheet as at 31 March 2023

This statement is comprised of two balancing sections – the net assets of the Joint Committee and the total reserves held.

31 March 2022 £		Notes	31 March 2023 £
1,286,236	Property, Plant & Equipment - Assets Under Construction	12	1,430,305
2,476,635	Property, Plant & Equipment	12	4,420,420
2,000,000	Long Term Investments	15	8,828,320
36,364,563	Long Term Debtors	15	49,164,767
<b>42,127,434</b>	<b>Long Term Assets</b>		<b>63,843,812</b>
6,957,078	Short Term Debtors	13	10,210,350
65,300,564	Cash & Cash Equivalents	14	47,097,808
<b>72,257,642</b>	<b>Current Assets</b>		<b>57,308,158</b>
(46,177,490)	Short Term Creditors	17	(33,527,076)
(45,599)	Accumulated Absences	16	(22,023)
<b>(46,223,089)</b>	<b>Current Liabilities</b>		<b>(33,549,099)</b>
(22,578,935)	Long Term Creditors	17	(12,831,364)
<b>(22,578,935)</b>	<b>Long Term Liabilities</b>		<b>(12,831,364)</b>
<b>45,583,052</b>	<b>Net Assets</b>		<b>74,771,507</b>
2,027,421	Usable Reserves	18,19	9,332,533
43,601,230	Capital Adjustment Account	21	65,460,997
(45,599)	Accumulated Absences	16	(22,023)
<b>45,583,052</b>	<b>Total Reserves</b>		<b>74,771,507</b>





## 2022/23 Cash Flow Statement

This statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying the cash flows as arising from operating, investing, and financing activities.

31 March 2022 £		Notes	31 March 2023 £
(4,360,211)	Net (Surplus) / Deficit on the provision of services		(29,188,455)
4,894,633	Adjust net surplus or deficit on the provision of services for non-cash movements	20	43,120,176
<b>534,422</b>	<b>Net cash flows from operating activities</b>		<b>13,931,721</b>
4,829,459	Investing activities	20	28,219,928
(22,860,847)	Financing activities	20	(23,948,894)
<b>(17,496,966)</b>	<b>Net (increase) / decrease in cash and cash equivalents</b>		<b>18,202,755</b>
(47,803,597)	Cash and cash equivalents at the beginning of the reporting period		(65,300,563)
<b>(65,300,563)</b>	<b>Cash balance as at 31 March</b>		<b>(47,097,808)</b>





## Notes to the Core Financial Statements

### 1. Remuneration

Officers supporting the activities of the Joint Committee are contractually employed through one of the partnering authorities or other public sector organisations.

In accordance with International Accounting Standard 19 – Employee Benefits, the employing body is required to disclose certain information concerning the income and expenditure of its pension scheme and its related assets and liabilities. As the Joint Committee does not directly employ staff, these statutory disclosures do not apply (instead staff pension liabilities etc. of the relevant officers will be disclosed in the financial statements of each employing body).

In line with the Accounts and Audit (Wales) Regulations 2014, the Joint Committee also discloses, on a voluntary basis:

- the number of employees whose remuneration is over £60,000 per annum disclosed within bands of £5,000.
- the remuneration and job title of senior employees who form part of the senior management team and whose salary is £60,000 or more per annum.

These are shown in the tables below.

Remuneration Band £	Number of Employees	
	2021/22	2022/23
115,000 - 119,999	1	1
90,000 - 94,999	1	1
70,000 - 74,999	1	2
65,000 - 69,999	1	2
<b>Total</b>	<b>4</b>	<b>6</b>

Post Title	Salary, fees, and allowances £	Employers Pension Contributions £	Total £	Notes
City Deal Director	120,479	29,035	149,514	Post commenced August 2018.
Chief Operating Officer	92,245	19,095	111,340	Post commenced August 2019.
Head of Finance, Risk and Assurance	74,217	15,363	89,580	Post commenced August 2019.
Head of Inclusive Growth & Business Development	70,955	14,688	85,643	Post commenced July 2019.
Head of Governance, Policy & Communications	67,839	14,043	81,882	Post commenced October 2021.



Head of Innovation & Clusters	54,729	9,730	64,459	Post commenced August 2021 and ceased November 2023 Annualised 2022/23 Salary £74,217.
Head of Digital & Data Innovation	68,902	14,262	83,164	Post commenced September 2021.
<b>Total Senior Staff</b>	<b>549,366</b>	<b>116,216</b>	<b>665,582</b>	

Note: Accumulated Absence Accrual costs for these Officers total £8,230 and Employers NI Contributions total £62,478

### Prior Year for Comparison:

Post Title	Salary, fees, and allowances £	Employers Pension Contributions £	Total £	Notes
City Deal Director	118,554	27,386	145,940	Post commenced August 2018.
Chief Operating Officer	90,320	18,696	109,016	Post commenced August 2019.
Head of Finance, Risk and Assurance	72,292	14,964	87,257	Post commenced August 2019.
Head of Inclusive Growth & Business Development	74,442	14,289	88,731	Post commenced July 2019. Annualised Salary £69,030 balance reflects prior year adjustment
Head of Governance, Policy & Communications	32,957	6,822	39,779	Post commenced October 2021. Annualised Salary £65,914
Head of Innovation & Clusters	49,166	10,177	59,344	Post commenced August 2021. Annualised Salary £72,292
Head of Digital & Data Innovation	38,450	7,961	46,411	Post commenced September 2021. Annualised Salary £65,914
<b>Total Senior Staff</b>	<b>476,181</b>	<b>100,295</b>	<b>576,476</b>	





## 2. Premises

The following table analyses premises expenditure for the year.

2021/22 £	Premises	2022/23 £
15,000	Rents	31,055
965	Other Premises Related Expenditure	2,072
<b>15,965</b>	<b>Total</b>	<b>33,127</b>

## 3. Transport

The following table analyses transport expenditure for the year.

2021/22 £	Transport	2022/23 £
(84)	Car Allowances	766
973	Travel Expenses	3,587
<b>889</b>	<b>Total</b>	<b>4,354</b>

## 4. Supplies and Services

The following table analyses supplies and services expenditure for the year.

2020/21 £	Supplies & Services	2022/23 £
25,992	ICT, Telephones, Printing & Software	32,910
29,409	Meeting Room Hire & Other Meeting Costs	89,722
104,732	Marketing, Branding & Communications	67,472
1,847,917	Programme Development & Support*	1,637,929
341,208	Revenue Project Grants**	1,862,860
715,841	Other Supplies & Services Costs	193,812
<b>3,065,098</b>	<b>Total</b>	<b>3,884,705</b>

\* Programme Development & Support covers a range of professional advice and support needed to ensure that all projects taken forward are robust and have undergone the necessary level of challenge and independent verification to comply with requirements of the Assurance Framework. This includes legal consultancy, due diligence, market testing and costs incurred in the preparation of HM Treasury compliant Business Cases.

**Revenue Project Grants	2022/23 £
FinTech Wales	800,000
Cyber Masters - Cardiff University	277,860
Media.Cymru	557,792
Cyber Innovation Hub - Cardiff University	141,742
Shared Apprenticeship Scheme	85,466
<b>Total</b>	<b>1,862,860</b>



## 5. Revenue Expenditure funded from Capital under Statute (REFCUS)

The following revenue amounts were treated as capital expenditure to be paid for from capital resources. The table includes expenditure on items that do not result in the creation or enhancement of an asset for the Joint Committee.

2021/22 £	Revenue Expenditure funded from Capital under Statute (REFCUS)	2022/23 £
0	Metro Plus Schemes	10,771,382
0	Housing Viability Gap Fund	2,250,508
400,000	Challenge Fund	799,196
0	Premises Fund	157,952
0	Metro Central	1,262,076
0	Cyber Innovation Hub	283,855
<b>400,000</b>	<b>Charged to Income &amp; Expenditure Statement</b>	<b>15,524,969</b>
	<b>Funded by:</b>	
<b>(400,000)</b>	<b>Grants and Contributions</b>	<b>(15,524,969)</b>

## 6. Support Services

The following table analyses support service expenditure for the year.

2021/22 £	Support Service Costs	2022/23 £
18,456	HR People Services	16,417
130,212	Accountancy Support	125,000
4,857	Exchequer, Internal Audit & Insurance	4,857
121,060	Legal & Governance Support	121,060
20,231	ICT, Information & Governance	24,998
8,270	Translation Services	5,500
44,073	External Audit	63,558
0	Investment & Intervention Fund Costs	302,222
205	Other Support	50
<b>347,364</b>	<b>Total</b>	<b>663,662</b>

## 7. Income

The following table analyses income accounted for during the year.

2021/22 £	Income	2022/23 £
(1,160,058)	Contributions from Local Authorities	(1,218,011)
(94,556)	Fees and Charges	(264,184)
(4,562,130)	Grant Income	(21,139,355)
<b>(5,816,744)</b>	<b>Total</b>	<b>(22,621,550)</b>

Contributions from Local Authorities are in respect of the Joint Committee Revenue Budget from the ten partnering authorities.



Fees and Charges Income relates to costs incurred by City Deal which are rechargeable to other bodies, for example, staff cost reimbursements, or work which is funded by grants allocated to other bodies and therefore invoiced on to them.

Grant Income is the drawdown of funding provided by the HM Treasury Revenue Grant:

2021/22 £	Grants and Contributions Credited to Operating Income	2022/23 £
(4,562,130)	WIF HM Treasury Grant	(21,139,356)
<b>(4,728,894)</b>	<b>Total</b>	<b>(21,139,356)</b>

2021/22 £	Grants and Contributions Receipts in Advance	2022/23 £
(43,469,300)	WIF HM Treasury Grant - Short Term Creditor	(28,181,000)
(200,000)	SBRI Challenge Fund Grant	(600,000)
<b>(43,669,300)</b>	<b>Sub Total</b>	<b>(28,781,000)</b>
(17,778,935)	WIF HM Treasury Grant - Long Term Creditor	(7,831,364)
(5,000,000)	Housing Viability Gap Funding - Long Term Creditor	(5,000,000)
<b>(22,778,935)</b>	<b>Sub Total</b>	<b>(12,831,364)</b>
<b>(66,448,235)</b>	<b>Total</b>	<b>(41,612,364)</b>

Classification of Grant Creditor balances between those to be utilised on a short-term or long-term basis is undertaken on the basis of resources set out to be available for use in the next financial year (short term) or thereafter (long term) in the published Annual Business Plan for the relevant period. This is subject to the approval and timing of expenditure on projects and is reported as part of the Quarterly updates provided to the Joint Committee.

## 8. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Joint Committee has been used to provide services in comparison with those resources consumed or earned under Generally Accepted Accounting Practices (GAAP).

Expenditure and Funding Analysis 2022/23	Net Expenditure Chargeable to General Fund Balances	Adjustments between accounting and funding basis - Capital	Adjustments between accounting and funding basis - Other	Comprehensive Income & Expenditure 2022/23
	£	£	£	£
Staff Costs	2,196,801	0	(23,577)	2,173,225
Premises	33,127	0	0	33,127
Transport	4,354	0	0	4,354
Supplies & Services	3,884,705	0	0	3,884,705
Revenue Expenditure funded from Capital Under Statute	15,524,969	0	0	15,524,969
Support Services	663,662	0	0	663,662
Capital Charges	811,976	(811,976)	0	0
Contributions from Local Authorities	(1,218,011)	0	181,265	(1,036,746)
Grant Income	(21,139,356)	0	0	(21,139,356)



Fees and Charges	(264,183)	0	0	(264,183)
<b>Net Cost of Services</b>	<b>498,044</b>	<b>(811,976)</b>	<b>157,688</b>	<b>(156,244)</b>
Interest & Investment Income	(1,490,148)	0	1,490,148	0
Recognised Capital Grants & Contributions	(28,219,928)	28,219,928	0	0
<b>(Surplus) or Deficit</b>	<b>(29,212,032)</b>	<b>27,407,952</b>	<b>1,647,836</b>	<b>(156,244)</b>
Opening Usable Reserves Balance 1 April 2022	(2,027,421)			
<b>Plus Surplus on Usable Reserves Balance in Year</b>				
Transfer, surplus to General Fund	(143,741)			
Transfer, General Fund to Earmarked Reserves	(1,613,186)			
Transfer, Capital Adjustment Account to Usable Capital Receipts Reserve	(5,548,186)			
<b>Closing Usable Reserves Balance 31 March 2023</b>	<b>(9,332,534)</b>			

<b>2021/22 for Comparison</b>	<b>Net Expenditure Chargeable to General Fund Balances £</b>	<b>Adjustments between accounting and funding basis - Capital £</b>	<b>Adjustments between accounting and funding basis - Other £</b>	<b>Comprehensive Income &amp; Expenditure 2021/22 £</b>
Staff Costs	1,730,208	0	21,191	1,751,398
Premises	15,965	0	0	15,965
Transport	234,383	0	0	889
Supplies & Services	2,815,315	0	0	3,065,098
Revenue Expenditure funded from Capital Under Statute	400,000	0	0	400,000
Support Services	347,364	0	0	347,364
Capital Charges	0	(412,773)	0	412,773
Contributions from Local Authorities	(1,160,058)	0	0	(1,160,058)
Grant Income	(4,578,894)	0	0	(4,562,130)
Fees and Charges	(117,424)	0	0	(94,556)
<b>Net Cost of Services</b>	<b>(313,141)</b>	<b>(412,773)</b>	<b>21,191</b>	<b>176,742</b>
Interest & Investment Income	(166,248)	0	0	(166,248)
Recognised Capital Grants & Contributions	0	4,370,706	0	(5,180,706)
<b>(Surplus) or Deficit</b>	<b>(479,389)</b>	<b>3,957,933</b>	<b>21,191</b>	<b>(5,170,212)</b>
Opening Usable Reserves Balance 1 April 2021	(253,952)			
<b>Plus Surplus on Usable Reserves Balance in Year</b>				
Transfer, General Fund to Earmarked Reserves	(423,469)			
Transfer, Capital Adjustment Account to Usable Capital Receipts Reserve	(1,350,000)			
<b>Closing Usable Reserves Balance 31 March 2022</b>	<b>(2,027,421)</b>			

## 9. Adjustments between Accounting Basis and Funding Basis under Regulation

This note details the adjustments that are made to the total comprehensive income and expenditure, recognised by the Joint Committee in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Joint Committee to meet future capital and revenue expenditure.



2022/23	General Fund Movement £	Capital Adjustment Account Movement £	Accumulated Absence Account Movement £	Total Reserves Movement £
<b>Capital Adjustment Account:</b>				
Capital Grants and Contributions credited to the CIES that have been applied to capital financing	(28,219,927)	28,219,927	0	0
Charges for depreciation and impairment of non-Current assets	811,976	(811,976)	0	0
<b>Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	23,577	0	(23,577)	0
<b>Total</b>	<b>(27,384,374)</b>	<b>27,407,951</b>	<b>(23,577)</b>	<b>0</b>

2021/22 for Comparison	General Fund Movement £	Capital Adjustment Account Movement £	Accumulated Absence Account Movement £	Total Reserves Movement £
<b>Capital Adjustment Account:</b>				
Capital Grants and Contributions credited to the CIES that have been applied to capital financing	(5,180,706)	5,180,706	0	0
Charges for depreciation and impairment of non-Current assets	412,773	(412,773)	0	0
<b>Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	21,190	0	(21,190)	0
<b>Total</b>	<b>(4,746,743)</b>	<b>4,767,933</b>	<b>(21,190)</b>	<b>0</b>

## 10. Related Parties

The Joint Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

Funding of expenditure by the ten constituent Local Authorities is in line with the City Deal Joint Working Agreement and approved by the leader of each Authority by decision at Regional Cabinet meetings.

Welsh Government has the ability to effect influence on the Joint Committee via legislation and grant funding. Grants received in 2022/23 are detailed in note 7.



Such transactions are detailed below.

Related Party Transactions	Revenue £	Capital £	2022/23 £
Blaenau Gwent CBC	(56,271)	0	(56,271)
Bridgend CBC	(114,973)	0	(114,973)
Caerphilly CBC	(145,779)	0	(145,779)
City of Cardiff Council	(288,944)	0	(288,944)
Merthyr Tydfil CBC	(48,002)	0	(48,002)
Monmouthshire County Council	(74,826)	0	(74,826)
Newport City Council	(119,567)	0	(119,567)
Rhondda Cynon Taf CBC	(192,100)	0	(192,100)
Torfaen CBC	(74,309)	0	(74,309)
Vale of Glamorgan Council	(103,240)	0	(103,240)
<b>Sub Total: Local Authority Contributions</b>	<b>(1,218,011)</b>	<b>0</b>	<b>(1,218,011)</b>
HMT Capital Grant Funding (via Welsh Government)	0	(22,000,000)	(22,000,000)
Ultra-Low Emission Vehicle Grant Funding	0	(2,902,254)	(2,902,254)
Welsh Government Food Challenge Grant	0	(400,000)	(400,000)
Welsh Government Local Area Energy Plan Grant	(244,794)	0	(244,794)
Shared Prosperity Fund Grant (via Rhondda Cynon Taf CBC)	(46,155)	0	(46,155)
<b>Sub Total: Contributions from Other Parties</b>	<b>(290,949)</b>	<b>(25,302,254)</b>	<b>(25,593,203)</b>
<b>Total</b>	<b>(1,508,960)</b>	<b>(25,302,254)</b>	<b>(26,811,214)</b>

For Comparison - Related Party Transactions 2021/22	Revenue £	Capital £	2020/21 £
Blaenau Gwent CBC	(101,210)	(92,395)	(193,605)
Bridgend CBC	(206,792)	(188,780)	(395,572)
Caerphilly CBC	(262,199)	(239,362)	(501,561)
City of Cardiff Council	(519,788)	(474,515)	(994,303)
Merthyr Tydfil CBC	(86,336)	(78,817)	(165,153)
Monmouthshire County Council	(134,584)	(122,862)	(257,445)
Newport City Council	(215,054)	(196,323)	(411,376)
Rhondda Cynon Taf CBC	(345,513)	(315,419)	(660,932)
Torfaen CBC	(133,652)	(122,011)	(255,664)
Vale of Glamorgan Council	(185,689)	(169,516)	(355,205)
<b>Sub Total: Local Authority Contributions</b>	<b>(2,190,817)</b>	<b>(2,000,000)</b>	<b>(4,190,817)</b>
HMT Revenue Grant Funding (via Welsh Government)	(10,000,000)	0	(10,000,000)
SBRI Challenge Fund Grant	(250,000)	0	(250,000)
Ultra-Low Emission Vehicle Grant Funding	(2,474,938)	0	(2,474,938)
<b>Sub Total: Contributions from Other Parties</b>	<b>(12,724,938)</b>	<b>0</b>	<b>(12,724,938)</b>
Metro Central REFCUS Expenditure (Welsh Government)	0	1,086,000	1,086,000
<b>Sub Total: Related Party Expenditure</b>	<b>0</b>	<b>1,086,000</b>	<b>1,086,000</b>



<b>Total</b>	<b>(14,915,755)</b>	<b>(914,000)</b>	<b>(15,829,755)</b>
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## Registration and Declarations of Interests

A register has been developed to track, capture, and update Declarations of Interests for all CCR Committees, Sub-committees, Boards, and key officer groups.

Updated forms have been used which seek to capture interests on a regional, rather than local basis. This exercise is tracked via the 'Declarations of Interests Register', which captures key information, such as: Date form issued/returned/uploaded onto the City Deal website, dates of any amendments submitted, changes to membership during the year etc.

The review of the declarations made has not required any related party disclosures to be set out in the Statement of Accounts.

## 11. External Audit Costs

2021/22 £	External Audit Costs	2022/23 £
29,043	Joint Committee Financial Audit	29,043
21,515	Joint Committee Performance Audit	21,515
<b>50,558</b>	<b>Total</b>	<b>50,558</b>

Note 11 records the Audit Fee proposed for the year's audit as per the Audit Plans presented to Regional Cabinet and differ from those shown in the Comprehensive Income and Expenditure Statement and Note 6 above which show in year actual costs, made up of accruals for planned costs along with differences between planned and actual costs. Final costs for the 2022/23 audit will be charged following the completion of audit work.

## 12. Property, Plant and Equipment

Property, Plant and Equipment	Vehicles, Plant & Equipment	Vehicles, Plant & Equipment Under Construction	Total Property, Plant & Equipment
Movements in Cost or Values	£	£	£
<b>31-Mar-22</b>	<b>2,889,408</b>	<b>1,286,236</b>	<b>4,175,644</b>
Additions	1,469,524	1,430,305	<b>2,899,830</b>
Other Reclassifications - Transfers	1,286,236	(1,286,236)	<b>0</b>
<b>31-Mar-23</b>	<b>5,645,168</b>	<b>1,430,305</b>	<b>7,075,474</b>

Movements in Depreciation/Impairment	£	£	£
<b>31-Mar-22</b>	<b>412,773</b>	<b>0</b>	<b>412,773</b>
Depreciation Charge	811,976	0	<b>811,976</b>
<b>31-Mar-23</b>	<b>1,224,749</b>	<b>0</b>	<b>1,224,749</b>

Net Book Value	£	£	£
<b>At 31 March 2022</b>	<b>2,476,635</b>	<b>1,286,236</b>	<b>3,762,871</b>



<b>At 31 March 2023</b>	<b>4,420,420</b>	<b>1,430,305</b>	<b>5,850,725</b>
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Other Long-Term Assets are of an investment nature and shown in Note 15: Financial Instruments.

### 13. Short Term Debtors

<b>31 March 2022</b> <b>£</b>	<b>Short Term Debtors</b>	<b>31 March 2023</b> <b>£</b>
249,509	Central Government Bodies	1,341,479
1,548,465	Other Local Authorities	422,233
5,159,104	Other Entities and Individuals	8,446,638
<b>6,957,078</b>	<b>Total</b>	<b>10,210,350</b>

The main components of the Debtor Balances with Other Local Authorities as at 31 March 2023 are mainly a result of timings of recharges being made at Financial Year End.

The Debtor Balance with Other Entities and Individuals consists mainly of repayments of loans made to CSC Foundry (£4,332,906) and an outdoor adventure tourism business (£667,500) due in 2023/24.

### 14. Cash and Cash Equivalents

The Joint Committee does not operate its own Bank Account, instead all cash transactions are administered by Cardiff Council in its role as Accountable Body in-line with its treasury management strategy. Interest received is recognised in the Comprehensive Income and Expenditure Statement.

The amount of £47,097,808 shown as Cash and Cash Equivalents in the Balance is represented by monies held with Cardiff Council as investments and inter-authority cash on behalf of the Joint Committee and immediately available for the Joint Committee's use.

<b>31 March 2022</b> <b>£</b>	<b>Cash and Cash Equivalents</b>	<b>31 March 2023</b> <b>£</b>
65,300,564	Cardiff Council Inter-Co Cash	47,097,808
<b>65,300,564</b>	<b>Total</b>	<b>47,097,808</b>

### 15. Financial Instruments

The Joint Committee's 'Financial Instruments' consist of Financial Assets in the form of loans, equity and amounts detailed within the Cash and Cash Equivalents note (Note 14) above. Loans and equity are held or acquired for Joint Committee policy purposes and have been elected to be accounted for as Fair Value through Other Comprehensive Income.





Equity represents investments in a healthcare data business for a 16.67% shareholding; a 20.60% shareholding of a digital manufacturing business; a 5.88% shareholding in a FinTech business and a 7.22% shareholding in a BioTech business. None of these represent any form of 'control'.

A loan to Compound Semi-Conductor Foundry Ltd (CSC Foundry Ltd.) funded the acquisition (from Welsh Government) of the Foundry building, its refurbishment, fit-out and initial start-up costs. Loans amounting to £24.66m were drawn down in 2017/18 and £12.46m in 2018/19. The loan is profiled to be repaid over an 11-year term and loan repayments commenced in August 2021. The loan repayments are to be recycled back into the Wider Investment Fund and used to fund future City Deal projects. A balance of £31.53m was outstanding on CCRCD's balance sheet at 31 March 2023.

A loan of £2.06m was made to a MedTech business to support the development of cool plasma sterilisation and decontamination technology. The loan was drawn down in July 2020, and is due to be repaid in 2025 with interest payments being made in the interim.

A further loan of £2.67m was made to a business to create an Outdoor Adventure Tourism attraction within the region. The loan was drawn down in August 2021 and has a backstop repayment date of August 2026. A balance of £2.17m was outstanding on CCRCD's balance sheet at 31 March 2023.

New loans which were made in 2022/23 are:

- £1.01m to the healthcare data business in which CCRCD already holds an equity stake in order to support its ongoing activities. Interest is being received on this loan with the principal due to be repaid in 2025, therefore a balance of £1.01m is included in the CCRD balance sheet at 31 March 2023.
- £15.70m to CCR Energy Ltd to purchase, demolish and remediate the site of the former Aberthaw Power Station. The repayment profile of the loan is yet to be agreed as it is subject to future company receipts and therefore the total balance of £15.70m is included in the balance sheet at 31 March 2023.
- £1.70m as the first investment made via the Site & Premises Fund. As this is part of a total £50m fund which is intended to re-invest its returns until an exit expected at a future date, this is included in the balance sheet at £1.70m.

Equity, Loans and Cash and Cash Equivalents are shown in the accounts at their carrying value.

During the year Arlingclose were commissioned to undertake a fair value calculation for all CCRCD equity investments and loans. The table below sets out the carrying amounts, the fair value amounts, and the movements between for 2022/23.

Fair value calculations are required for accounting purposes. Figures are provided here for accounting information purposes and only the carrying value is recognised within CCRCD's balance sheet.



31 March 2022			31 March 2023		Movements between CV and FV £
Carrying Amount (CV) £	Fair Value (FV) £		Carrying Amount (CV) £	Fair Value (FV) £	
2,000,000	6,123,289	Long Term Investments - Equity	8,828,320	13,171,861	4,343,541
40,672,111	43,039,507	Long Term Investments - Loans	49,164,767	48,824,481	(340,286)
65,300,564	65,300,564	Cash and Cash Equivalents	47,097,808	47,097,808	0
<b>107,972,675</b>	<b>114,463,360</b>	<b>Total</b>	<b>105,090,895</b>	<b>109,094,150</b>	<b>4,003,255</b>

The fair value estimate for the equity investment in the healthcare data business has been calculated using the cashflow in perpetuity method as at 31 March 2023 and is based on the company's projected revenue and costs to 2026/27 and its balance sheet for the year ended 31<sup>st</sup> May 2022. It is not based on quoted prices as the company is not listed. The valuation may change subject to the company's actual performance in terms of profit and income along with the relevant multipliers in the industry within the company's areas of operation, technical accounting adjustments and the economic climate.

For the digital manufacturing business investment, the company's shares are not traded on a stock exchange, so a market price is not readily available. Hence, the cashflow in perpetuity method has been used to assess a fair value estimate at 31 March 2023.

The FinTech company invested in also does not have its shares traded on a stock exchange. However, CCRC D purchased their shares in November 2022 and the price paid for them is deemed a suitable approximation to their fair value at 31 March 2023.

Similarly, regarding the investment in a BioTech business, CCRC D purchased their shares only a short time before the year end and there were no significant changes to the company during this time, therefore, the price paid for the shares is a suitable approximation to their fair value at 31<sup>st</sup> March 2023.

The fair value estimates of the loans made by CCRC D have all been calculated by discounting future cashflows.

#### Financial Instrument Gains/Losses

Interest amounting to £1,227,307 (2021/22: £30,366) was earned on the Joint Committee's Cash balances held by the Accountable Body during the year.

The structure of the loan made to CSC Foundry Ltd was agreed as part of the extensive due diligence and associated State Aid advice undertaken to approve the investment proposal. This confirmed that the investment would not carry any coupon/interest charge and therefore the loan has generated no gains or losses during the year.

For the other CCRC D loans, interest of £262,841 has been received during 2022/23.

#### The Nature and Extent of Risks arising from Financial Instruments



The Joint Committee's 'Cash and Cash Equivalents' are managed by Cardiff Council in accordance with its overall Treasury Management Strategy.

Cardiff Council places deposits only with banks and building societies that have the Fitch minimum criteria of F1. Ratings are regularly reviewed and to date, the Council has not experienced default of any institution and this is not deemed to be a significant risk for investments held. In respect of 2022/23, it has been determined that no provisions for expected credit losses are required.

The recoverability of the loans made are subject to regular reviews by board members and also by CCRCD Project Officers and the City Deal Director. This range of measures provide the framework for the ongoing review of the loan value; accordingly, no impairment is considered to be required in respect of the outstanding loan value as at 31 March 2023.

## 16. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Joint Committee Balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward on 31 March. Statutory arrangements require that the impact on the Joint Committee Balance is fully offset by transfers to and from the Account.

2021/22 £	Accumulated Absences Account	2022/23 £
(24,409)	<b>Balance as at 1 April</b>	(45,599)
(21,190)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with accounting requirements.	23,576
<b>(45,599)</b>	<b>Balance as at 31 March</b>	<b>(22,023)</b>

## 17. Creditors

31 March 2022 £	Long Term £	Short Term £	Creditors	Short Term £	Long Term £	31 March 2023 £
<b>66,128,805</b>	22,578,935	43,549,870	Central Government Bodies	29,864,188	12,831,364	<b>42,695,552</b>
<b>34,961</b>	0	34,961	Other Local Authorities	305,308	0	<b>305,308</b>
<b>2,592,659</b>	0	2,592,659	Other Entities and Individuals (Inc. Public Corporations)	3,357,580	0	<b>3,357,580</b>
<b>68,756,425</b>	<b>22,578,935</b>	<b>46,177,490</b>	<b>Total</b>	<b>33,527,076</b>	<b>12,831,364</b>	<b>46,358,440</b>

HM Treasury Capital Grant totalling £22.00m was received during the year in respect of the seventh year of City Deal funding. The grant is passported through Welsh Government (the grant paying body) following acceptance of their grant terms & conditions.

Welsh Government have confirmed that in any year, where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years will be permitted. £46.85m of the funding available has been drawn down to cover eligible expenditure during the financial year.



**18. Usable Reserves**

Total Usable Reserves	Usable Capital Receipts Reserve	Earmarked Reserves	General Fund	Usable Reserves	General Fund	Earmarked Reserves	Usable Capital Receipts Reserve	Total Usable Reserves
2020/21	2021/22	2021/22	2021/22		2022/23	2022/23	2022/23	2022/23
£	£	£	£		£	£	£	£
<b>253,952</b>	0	41,872	212,080	<b>Balance as at 1 April</b>	212,080	465,341	1,350,000	<b>2,027,421</b>
				Movements during year:				
<b>4,360,211</b>	0	0	4,360,211	Surplus on Provision of Services	29,188,455	0	0	<b>29,188,455</b>
<b>(3,936,742)</b>	0	0	(3,936,742)	Financing of Expenditure, Capital Adjustment Account	(30,497,338)	0	0	<b>(30,497,338)</b>
<b>1,350,000</b>	1,350,000	0	0	Transfer from Capital Adjustment Account	0	0	5,548,186	<b>5,548,186</b>
<b>0</b>	0	423,469	(423,469)	Transfer from General Fund to Earmarked Reserves	1,452,624	1,613,186	0	<b>3,065,810</b>
<b>2,027,421</b>	<b>1,350,000</b>	<b>465,341</b>	<b>212,080</b>	<b>Balance as at 31 March</b>	<b>355,821</b>	<b>2,078,527</b>	<b>6,898,186</b>	<b>9,332,534</b>

## 19. Earmarked Reserves

Closing Balances 2021/22 £	Movement 2021/22 £	Opening Balances 2021/22 £	Earmarked Reserves	Opening Balances 2022/23 £	Movement 2022/23 £	Closing Balances 2022/23 £
208,120	166,248	41,872	Accumulated Investment Interest Reserve	208,120	1,490,148	1,698,268
227,221	227,221	0	CJC Preparation Costs Reserve	227,221	7,260	234,481
30,000	30,000	0	Gateway Review Costs Reserve	30,000	115,778	145,778
465,341	423,469	41,872	<b>Sub Total: Earmarked Reserves</b>	465,341	1,613,186	2,078,527
1,350,000	1,350,000	0	Capital Loan Repayments Received, transferred from Capital Adjustment Account	1,350,000	5,548,186	6,898,186
1,350,000	1,350,000	0	<b>Sub Total: Usable Capital Receipts Reserve</b>	1,350,000	5,548,186	6,898,186
1,815,341	1,773,469	41,872		1,815,341	7,161,372	8,976,713

## 20. Notes to the Cash Flow Statement

31 March 2022 £	Operating Activities	31 March 2023 £
26,763	Increase / (Decrease) in Creditors	3,694,616
3,598,667	(Increase) / Decrease in Debtors	3,235,101
412,773	Capital Charges	811,976
(4,370,706)	Capital grants / contributions recognised in I&E	(29,722,513)
(4,562,130)	Revenue grants / contributions recognised in I&E	(21,139,356)
<b>(4,894,633)</b>	<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements</b>	<b>(43,120,176)</b>

31 March 2022 £	Investing Activities	31 March 2023 £
0	Long Term Investments	6,828,320
1,700,706	Purchase of Property, Plant and Equipment	2,981,608
3,128,753	Long Term Debtors	18,410,000
<b>4,829,459</b>	<b>Adjustments to net surplus or deficit on the provision of services for investing activities</b>	<b>28,219,928</b>

31 March 2022 £	Financing Activities	31 March 2023 £
(22,000,000)	HMT Grant received	(22,000,000)
(200,000)	SBRI Grant	0
(410,846)	ULEV Grant	(1,304,100)
(250,001)	CJC Grant	0
0	LAEP Grant	(244,794)
0	Challenge Fund Grant	(400,000)
<b>(22,860,847)</b>	<b>Adjustments to net surplus or deficit on the provision of services for financing activities</b>	<b>(23,948,894)</b>



## 21. Capital Adjustment Account

The Capital Adjustment Account reflects differences between normal accounting practice and statutory requirements. This includes treatment of depreciation, gains, or losses on the value of investments, and it is credited with the amounts used as finance for capital expenditure.

2021/22 £	Capital Adjustment Account	2022/23 £
40,993,297	<b>Balance as at 01 April</b>	43,601,230
	Capital financing applied in the year:	
4,370,706	Capital Grants and Contributions recognised in Comprehensive Income & Expenditure Statement	28,219,927
(1,350,000)	Capital Loan Repayment Received, transferred to Usable Capital Receipts Reserve	(5,548,186)
(412,773)	Depreciation Charge	(811,976)
<b>43,601,230</b>	<b>Balance as at 31 March</b>	<b>65,460,995</b>





## **Introduction**

The group accounts that follow comply with the requirement of the 2022/23 Code of Practice, that a local authority with interests in subsidiaries, associates and joint ventures should prepare group accounts in addition to its single entity accounts. These accounts consolidate the operating results and balances of Cardiff Capital Region City Deal Joint Committee and its subsidiaries, Compound Semi-Conductor Foundry Ltd (CSC Foundry Ltd) and CCR Energy Ltd.

### **Accounting Policies Applicable to the Group Accounts**

#### **Basis of Consolidation**

The group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Cardiff Capital Region City Deal Joint Committee, CSC Foundry Ltd and CCR Energy Ltd. Inter-group transactions and balances between the Joint Committee and its subsidiary have been eliminated in full.

#### **Accounting policies**

CSC Foundry Ltd is a private company, limited by shares, domiciled in England and Wales, registration number 10888081. The registered office is Tredomen Innovation & Technology Centre, Tredomen Park, Ystrad Mynach, Hengoed, Wales CF82 7FN. Its accounts have been prepared in accordance with the provisions of FRS102 Section 1A small entities.

CCR Energy Ltd is a private company, limited by shares, domiciled in England and Wales, registration number 13951868. The registered office is Aberthaw Power Station, The Leys, Aberthaw, Barry, Wales CF62 4ZW. Its accounts have been prepared in accordance with the provisions of FRS102 Section 1A small entities.

The Group Accounts are prepared in accordance with the Code, using uniform accounting policies for like transactions and other events in similar circumstances. The policies to be applied are those specified for the single entity financial statements of the reporting authority, requiring realignment of the policies applied by other group members where they have materially different effect.

Therefore, the financial statements in the group accounts are prepared in accordance with the policies set out in the Statement of Accounting Policies.





## 2022/23 Group Comprehensive Income & Expenditure Statement

2021/22 £		Notes	2022/23 £
	<b>Cost of Services</b>		
1,765,951	Staff Costs		2,235,473
15,965	Premises	23	33,127
889	Transport	24	4,354
3,087,803	Supplies & Services	25	3,945,661
400,000	Revenue Expenditure funded from Capital Under Statute		15,524,969
366,164	Support Services	26	691,462
412,773	Capital Charges		811,976
<b>6,049,545</b>	<b>Operating Expenditure</b>		<b>23,247,022</b>
(1,160,058)	Contributions from Local Authorities	28/29	(1,218,011)
(4,562,130)	Grant Income	28	(21,139,356)
(2,830,523)	Fees and Charges	28	(1,818,622)
<b>(8,552,711)</b>	<b>Operating Income</b>		<b>(24,175,989)</b>
<b>(2,503,166)</b>	<b>Net Cost of Services</b>		<b>(928,967)</b>
(167,764)	Interest & Investment Income	34	(1,562,279)
111,699	Change in Fair Value of Investment Properties	35	2,411,499
<b>(56,065)</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>		<b>849,220</b>
(4,370,706)	Recognised Capital Grants & Contributions	39	(28,219,928)
488,248	Corporation Tax	27	(158,286)
<b>(3,882,458)</b>	<b>Taxation and Non-Specific Grant Income</b>		<b>(28,378,214)</b>
<b>(6,441,689)</b>	<b>(Surplus) / Deficit on Provision of Services</b>		<b>(28,457,961)</b>
0	Other Comprehensive Income & Expenditure		0
<b>(6,441,689)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>		<b>(28,457,961)</b>







## 2022/23 Group Movement in Reserves Statement

Movements in Reserves - Group	General Fund Balance £	General Fund Earmarked Reserves £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Capital Adjustment Account £	Accumulated Absence Account £	Share Capital £	Total Unusable Reserves £	Total Reserves £
<b>Balance at 31st March 2022 Carried Forward</b>	<b>12,083,944</b>	<b>465,341</b>	<b>1,350,000</b>	<b>13,899,285</b>	<b>36,550,458</b>	<b>(45,599)</b>	<b>10</b>	<b>36,504,869</b>	<b>50,404,154</b>
<b><u>Movements in Reserves During 2022/23</u></b>									
Surplus / (Deficit) on the Income and Expenditure Account	29,807,560	0	0	29,807,560	0	0	0	0	29,807,561
<b>Total Comprehensive Income and Expenditure</b>	<b>29,807,560</b>	<b>0</b>	<b>0</b>	<b>29,807,560</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,807,561</b>
Adjustments between Accounting Basis and Funding Basis	(29,435,427)	0	0	(29,435,427)	27,407,953	23,576	0	27,431,530	(2,003,898)
Called up Share Capital	0	0	0	0	0	0	1	1	1
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>372,133</b>	<b>0</b>	<b>0</b>	<b>372,133</b>	<b>27,407,953</b>	<b>23,576</b>	<b>1</b>	<b>27,431,530</b>	<b>27,803,663</b>
Transfers to/(from) Reserves	1,452,624	1,613,186	5,548,186	8,613,996	(7,959,695)	(0)	0	(7,959,696)	654,301
<b>Increase/(Decrease in Year)</b>	<b>1,824,757</b>	<b>1,613,186</b>	<b>5,548,186</b>	<b>8,986,129</b>	<b>19,448,258</b>	<b>23,576</b>	<b>1</b>	<b>19,471,835</b>	<b>28,457,964</b>
<b>Balance at 31st March 2023</b>	<b>13,908,701</b>	<b>2,078,527</b>	<b>6,898,186</b>	<b>22,885,414</b>	<b>55,998,716</b>	<b>(22,023)</b>	<b>11</b>	<b>55,976,704</b>	<b>78,862,118</b>

<b>Movements in Reserves (Group) - Prior Year for Comparison</b>	<b>General Fund Balance £</b>	<b>General Fund Earmarked Reserves £</b>	<b>Usable Capital Receipts Reserve £</b>	<b>Total Usable Reserves £</b>	<b>Capital Adjustment Account £</b>	<b>Accumulated Absence Account £</b>	<b>Share Capital £</b>	<b>Total Unusable Reserves £</b>	<b>Total Reserves £</b>
<b>Balance at 31st March 2021 Carried Forward</b>	<b>9,890,767</b>	<b>41,872</b>	<b>0</b>	<b>9,932,639</b>	<b>34,054,226</b>	<b>(24,409)</b>	<b>10</b>	<b>34,029,827</b>	<b>43,962,467</b>
<b><u>Movements in Reserves During 2021/22</u></b>									
Surplus / (Deficit) on the Income and Expenditure Account	6,441,689	0	0	6,441,689	0	0	0	0	6,441,689
<b>Total Comprehensive Income and Expenditure</b>	<b>6,441,689</b>	<b>0</b>	<b>0</b>	<b>6,441,689</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,441,689</b>
Adjustments between Accounting Basis and Funding Basis	(3,825,044)	0	0	(3,825,044)	3,846,234	(21,190)	0	3,825,044	0
Called up Share Capital	0	0	0	0	0	0	0	0	0
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>2,616,645</b>	<b>0</b>	<b>0</b>	<b>2,616,645</b>	<b>3,846,234</b>	<b>(21,190)</b>	<b>0</b>	<b>3,825,044</b>	<b>6,441,689</b>
Transfers to/(from) Reserves	(423,469)	423,469	1,350,000	1,350,000	(1,350,000)	0	0	(1,350,000)	0
<b>Increase/(Decrease in Year)</b>	<b>2,193,176</b>	<b>423,469</b>	<b>1,350,000</b>	<b>3,966,645</b>	<b>2,496,234</b>	<b>(21,190)</b>	<b>0</b>	<b>2,475,044</b>	<b>6,441,689</b>
<b>Balance at 31st March 2022</b>	<b>12,083,943</b>	<b>465,341</b>	<b>1,350,000</b>	<b>13,899,285</b>	<b>36,550,460</b>	<b>(45,599)</b>	<b>10</b>	<b>36,504,871</b>	<b>50,404,156</b>



## Group Balance Sheet as at 31 March 2023

31 March 2022 £		Notes	31 March 2023 £
28,950,000	Investment Properties		63,593,021
1,286,236	Property, Plant & Equipment - Assets Under Construction		1,430,305
2,476,635	Property, Plant & Equipment		4,454,840
2,000,000	Long Term Investments		8,828,320
16,278,567	Long Term Debtors	31	16,477,850
<b>50,991,438</b>	<b>Long Term Assets</b>		<b>94,784,336</b>
6,966,556	Short Term Debtors	31	12,445,971
1,339,646	Deferred Tax Asset	27	1,797,831
68,734,461	Cash & Cash Equivalents	33	54,429,796
<b>77,040,663</b>	<b>Current Assets</b>		<b>68,673,598</b>
(49,830,862)	Short Term Creditors	36	(38,011,299)
(45,599)	Accumulated Absences	32	(22,023)
<b>(49,876,461)</b>	<b>Current Liabilities</b>		<b>(38,033,322)</b>
(25,280,904)	Long Term Creditors	36	(43,792,017)
(2,470,580)	Provision for Liabilities	27	(2,770,479)
<b>(27,751,484)</b>	<b>Long Term Liabilities</b>		<b>(46,562,496)</b>
<b>50,404,156</b>	<b>Net Assets</b>		<b>78,862,116</b>
2,027,421	Usable Reserves	37	9,332,533
10	Called up Share Capital		11
11,871,864	Profit and Loss Account	37	13,552,880
36,550,460	Capital Adjustment Account	39	55,998,716
(45,599)	Accumulated Absences	32	(22,023)
<b>50,404,156</b>	<b>Total Reserves</b>		<b>78,862,117</b>





## 2022/23 Group Cash Flow Statement

31 March 2022 £		Notes	31 March 2023 £
(6,441,689)	Net (Surplus) / Deficit on the provision of services		(28,457,962)
7,033,884	Adjust net surplus or deficit on the provision of services for non-cash movements	38	43,610,740
<b>592,195</b>	<b>Net cash flows from operating activities</b>		<b>15,152,778</b>
4,891,159	Investing activities	38	38,800,778
(22,860,847)	Financing activities	38	(39,648,893)
<b>(17,377,493)</b>	<b>Net (increase) / decrease in cash and cash equivalents</b>		<b>14,304,663</b>
(51,356,967)	Cash and cash equivalents at the beginning of the reporting period		(68,734,459)
<b>(68,734,460)</b>	<b>Cash balance as at 31 March</b>		<b>(54,429,796)</b>





## Notes to the Core Group Financial Statements

### 22. Remuneration

The CSC Foundry Ltd and CCR Energy Ltd subsidiary accounts do not include any direct remuneration to any officers. Note 1 covers remuneration costs for Cardiff Capital Region City Deal employees.

### 23. Premises Costs

The following table analyses Premises expenditure for the year.

2021/22 £	Premises Costs	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	2022/23 £
15,000	Rents	31,055	0	0	31,055
965	Other Premises Related Expenditure	2,072	0	0	2,072
<b>15,965</b>	<b>Total</b>	<b>33,127</b>	<b>0</b>	<b>0</b>	<b>33,127</b>

### 24. Transport Costs

The following table analyses Transport expenditure for the year.

2021/22 £	Transport Costs	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	2022/23 £
(84)	Car Allowances	766	0	0	766
973	Travel Expenses	3,587	0	0	3,587
<b>889</b>	<b>Total</b>	<b>4,353</b>	<b>0</b>	<b>0</b>	<b>4,353</b>

### 25. Supplies and Services

The following table analyses Supplies and Services expenditure for the year.

2021/22 £	Supplies and Services	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	2022/23 £
25,992	ICT, Telephones, Printing & Software	32,910	0		32,910
29,409	Meeting Room Hire & Other Meeting Costs	89,722	0		89,722
104,732	Marketing, Branding & Communications	67,472	0		67,472
1,847,917	Programme Development & Support*	1,637,929	0		1,637,929
341,208	Revenue Project Grants**	1,862,860	0		1,862,860
738,546	Other Supplies & Services Costs	193,812	10,689	50,266	254,767
<b>3,087,803</b>	<b>Total</b>	<b>3,884,705</b>	<b>10,689</b>	<b>50,266</b>	<b>3,945,660</b>



\* Programme Development & Support covers a range of professional advice and support needed to ensure that all projects taken forward are robust and have undergone the necessary level of challenge and independent verification to comply with requirements of the Assurance Framework. This includes legal consultancy, due diligence, market testing and costs incurred in the preparation of HM Treasury compliant Business Cases.

<b>** Revenue Project Grants</b>	<b>2022/23 £</b>
FinTech Wales	800,000
Cyber Masters - Cardiff University	277,860
Media.Cymru	557,792
Cyber Innovation Hub - Cardiff University	141,742
Shared Apprenticeship Scheme	85,466
<b>Total</b>	<b>1,862,860</b>

## 26. Support Service Costs

The following table analyses Support Service expenditure for the year.

<b>2021/22 £</b>	<b>Support Service Costs</b>	<b>Joint Committee £</b>	<b>CSC Foundry Ltd £</b>	<b>CCR Energy Ltd £</b>	<b>2022/23 £</b>
18,456	HR People Services	16,417	0	0	16,417
145,212	Accountancy Support	125,000	15,000	5,950	145,950
4,857	Exchequer, Internal Audit & Insurance	4,857	0	0	4,857
121,060	Legal & Governance Support	121,060	0	0	121,060
20,231	ICT, Information & Governance	24,998	0	0	24,998
8,270	Translation Services	5,500	0	0	5,500
47,873	External Audit	63,558	3,850	3,000	70,408
0	Investment & Intervention Fund Costs	302,222	0	0	302,222
205	Other Support	50	0	0	50
<b>366,164</b>	<b>Total</b>	<b>663,662</b>	<b>18,850</b>	<b>8,950</b>	<b>691,462</b>

## 27. Deferred Corporation Tax

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

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

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



The following table analyses reconciles the £158,285 tax charge recognised in 2022/23 financial year to the movement on the tax liability and deferred tax asset.

<b>Movement 2022/23</b>	<b>Provision for Tax Liability £</b>	<b>Deferred Tax Asset £</b>	<b>Movement £</b>
Opening Balance 1 April 2022	(2,470,579)	1,339,646	
<b>Movement:</b>			
Additional Tax Provision	(299,900)	0	(299,900)
Deferred Tax	0	458,185	458,185
<b>Closing Balance 31 March 2023</b>	<b>(2,770,479)</b>	<b>1,797,831</b>	<b>158,285</b>

<b>Prior Year for Comparison</b>	<b>Provision for Tax Liability £</b>	<b>Deferred Tax Asset £</b>	<b>Movement</b>
Opening Balance 1 April 2021	(1,961,109)	1,318,423	
<b>Movement:</b>			
Additional Tax Provision	(509,470)	0	(509,470)
Deferred Tax	0	21,223	21,223
<b>Closing Balance 31 March 2022</b>	<b>(2,470,579)</b>	<b>1,339,646</b>	<b>(488,247)</b>

## 28. Income

The following table analyses Income accounted for during the year.

<b>2021/22 £</b>	<b>Income</b>	<b>Joint Committee £</b>	<b>CSC Foundry Ltd £</b>	<b>CCR Energy Ltd £</b>	<b>2022/23 £</b>
(1,160,058)	Contributions from Local Authorities	(1,218,011)	0	0	(1,218,011)
(2,830,523)	Fees and Charges	(264,184)	(1,554,439)	0	(1,818,623)
(4,562,130)	Grant Income	(21,139,356)	0	0	(21,139,356)
<b>(8,552,711)</b>	<b>Total</b>	<b>(22,621,550)</b>	<b>(1,554,439)</b>	<b>0</b>	<b>(24,175,990)</b>

CSC Foundry Ltd Fees and Charges income relates to the rental payments on its Investment Property.

## 29. Related Parties

Joint Committee Related Party transactions are set out in note 10 above.

During the financial year, CSC Foundry Ltd had 10 directors, each of whom represented a Local Authority which forms part of the Cardiff Capital Region City Deal. CSC Foundry Ltd has received an interest free loan of 37,118,359 by way of partner authority contributions related to the Cardiff Capital Region City Deal. The Company also uses the services of a Project Manager from the City Deal Management Office and uses Monmouthshire County Council to assist in its financial administration under a Service Level Agreement.



Payments for services to Cardiff County Council during the period amounted to £15,095 (2022 £14,552). Payments to Monmouthshire County Council during the period amounted to £15,000 (2021 £15,000).

Also, during the financial year, CCR Energy Ltd had 1 director, representing CCRCDC while the full shareholder's agreement is in the process of being agreed. CCR Energy has received an interest-bearing loan of £15,700,000 by way of the City Deal Capital Grant. The company does not have any Service Level Agreements with any of the City Deal Local Authorities and therefore has not made any payments to any of them for services during the financial year.

### 30. External Audit Costs

2021/22 £	External Audit Costs	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	2022/23 £
29,043	Joint Committee Financial Audit	29,043	0	0	29,043
21,515	Joint Committee Performance Audit	21,515	0	0	21,515
3,800	Audit of Accounts	0	3,850	3,000	6,850
<b>54,358</b>	<b>Total</b>	<b>50,558</b>	<b>3,850</b>	<b>3,000</b>	<b>57,408</b>

Note 30 records the Audit Fee proposed for the year's audit as per the Audit Plans presented to Regional Cabinet and differ from those shown in the Comprehensive Income and Expenditure Statement and Note 25 above which show in year actual costs, made up of accruals for planned costs along with differences between planned and actual costs. Final costs for the 2022/23 audit will be charged following the completion of audit work.





**31. Debtors**

Total 31 March 2022 £	CCR Energy Ltd £	CSC Foundry Ltd £	Joint Committee £	Debtors	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	Total 31 March 2023 £
				<b>Short Term:</b>				
<b>249,509</b>	0	0	249,509	Central Government Bodies	1,341,479	0	0	<b>1,341,479</b>
<b>1,548,465</b>	0	0	1,548,465	Other Local Authorities	422,233	0	0	<b>422,233</b>
<b>5,168,582</b>	0	9,478	5,159,104	Other Entities and Individuals	8,446,638	1,059,390	1,176,232	<b>10,682,260</b>
<b>6,966,556</b>	<b>0</b>	<b>9,478</b>	<b>6,957,078</b>	<b>Short Term Debtors</b>	<b>10,210,350</b>	<b>1,059,390</b>	<b>1,176,232</b>	<b>12,445,972</b>
				<b>Long Term:</b>				
<b>16,278,567</b>	0	12,054,192	4,224,375	Other Entities and Individuals	6,266,875	10,210,975	0	<b>16,477,850</b>
<b>16,278,567</b>	<b>0</b>	<b>12,054,192</b>	<b>4,224,375</b>	<b>Long Term Debtors</b>	<b>6,266,875</b>	<b>10,210,975</b>	<b>0</b>	<b>16,477,850</b>
<b>23,245,123</b>	<b>0</b>	<b>12,063,670</b>	<b>11,181,453</b>	<b>Total Debtors</b>	<b>16,477,225</b>	<b>11,270,365</b>	<b>1,176,232</b>	<b>28,923,822</b>

### 32. Accumulated Absences Account

The CSC Foundry and CCR Energy subsidiary accounts do not include any direct remuneration to any officers. Note 16 covers the Accumulated Absences Account for Cardiff Capital Region City Deal employees.

### 33. Cash and Cash Equivalents

The Joint Committee does not hold its own bank account, so all income and expenditure is managed by Cardiff Council in its role as the Accountable Body, through its own bank balance. Therefore, the amount of £54,429,795 shown as cash in the balance sheet represents the inter-authority cash held by the Accountable Body on behalf of the Joint Committee along with balances held by CSC Foundry Ltd and CCR Energy Ltd.

Total 31 March 2022 £	Cash and Cash Equivalents	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	Total 31 March 2023 £
3,433,897	Bank	0	3,237,278	4,094,709	7,331,987
65,300,564	Cardiff CC Inter-Co Cash	47,097,808	0	0	47,097,808
<b>68,734,461</b>	<b>Total</b>	<b>47,097,808</b>	<b>3,237,278</b>	<b>4,094,709</b>	<b>54,429,795</b>

### 34. Financial Instruments

In addition to the Financial Assets of the Joint Committee, CSC Foundry Ltd holds Cash and Cash Equivalents amounting to £3,237,278 (2021/22: £3,433,897) and CCR Energy Ltd holds Cash and Cash Equivalents amounting to £4,094,709 (2021/22: £0).

The loans between the Joint Committee and CSC Foundry Ltd and CCR Energy Ltd are neutralised on consolidation and cease to be Financial Instruments in the Group Accounts.

#### Financial Instrument Gains/Losses

Net interest of £1,299,169 (2021/22: £30,366) has been earned on balances held, in line with each organisation's policies.

#### The Nature and Extent of Risks arising from Financial Instruments:

Cash and Cash Equivalents are managed by Cardiff Council, by CSC Foundry Ltd, by Monmouthshire County Council as host Authority for the CSC Foundry Ltd project and by CCR Energy Ltd in accordance with each organisation's Treasury Management Strategy. No provisions or losses are to be recognised.

### 35. Investment Property

The CSC Foundry Ltd Investment property held at the balance sheet date is valued on the basis of Fair Value, defined as: Investment property: valued to fair value (FRS 102 section 16 or IFRS 13) assuming that the property would be sold subject to any existing leases.



The property was valued at fair value at the balance sheet date, by the independent external valuers, Jones Lang LaSalle Ltd. The valuation was subject to the existing tenancy at the balance sheet date.

The CIPFA Code requires revaluation gains and losses to be transferred from the General Fund to the capital adjustment account and reported in the MiRS.

The CCR Energy Ltd Investment property held at the balance sheet date is valued as per the company's accounts prepared by Baker Knoyle Ltd. and includes the original purchase price, various other capitalised acquisition and demolition costs and a provision for future costs required to fully demolish and remediate the site.



**36. Creditors**

<b>Total 31 March 2022 £</b>	<b>CSC Foundry Ltd £</b>	<b>Joint Committee £</b>	<b>Creditors</b>	<b>Joint Committee £</b>	<b>CSC Foundry Ltd £</b>	<b>CCR Energy Ltd £</b>	<b>Total 31 March 2023 £</b>
			<b>Short Term:</b>				
<b>43,549,870</b>	0	43,549,870	Central Government Bodies	29,864,189	0		<b>29,864,189</b>
<b>34,961</b>	0	34,961	Other Local Authorities	305,308	0		<b>305,308</b>
<b>6,246,031</b>	3,653,372	2,592,659	Other Entities and Individuals	3,357,580	4,358,552	125,671	<b>7,841,803</b>
<b>49,830,862</b>	<b>3,653,372</b>	<b>46,177,490</b>	<b>Short Term Creditors</b>	<b>33,527,077</b>	<b>4,358,552</b>	<b>125,671</b>	<b>38,011,300</b>
			<b>Long Term:</b>				
<b>22,578,935</b>	0	22,578,935	Central Government Bodies	12,831,364	0		<b>12,831,364</b>
<b>2,701,969</b>	2,701,969	0	Other Entities and Individuals	0	4,432,449	26,528,204	<b>30,960,653</b>
<b>25,280,904</b>	<b>2,701,969</b>	<b>22,578,935</b>	<b>Long Term Creditors</b>	<b>12,831,364</b>	<b>4,432,449</b>	<b>26,528,204</b>	<b>43,792,017</b>
<b>75,111,766</b>	<b>6,355,341</b>	<b>68,756,425</b>	<b>Total Creditors</b>	<b>46,358,441</b>	<b>8,791,001</b>	<b>26,653,875</b>	<b>81,803,317</b>

**37. Usable Reserves**

<b>Usable Reserves</b>	<b>General Fund 2022/23 £</b>	<b>Earmarked Reserves 2022/23 £</b>	<b>Usable Capital Receipts Reserve 2022/23 £</b>	<b>CSC Foundry Ltd P&amp;L 2022/23 £</b>	<b>CCR Energy Ltd P&amp;L 2022/23 £</b>	<b>Total Usable Reserves 2022/23 £</b>
<b>Balance as at 1 April</b>	<b>212,080</b>	<b>465,341</b>	<b>1,350,000</b>	<b>11,871,864</b>	<b>0</b>	<b>13,899,285</b>
<b>Movements during year:</b>						
Surplus / (Deficit) on Provision of Services	29,188,455	0	0	674,799	(55,694)	<b>29,807,560</b>
Financing of Expenditure, Capital Adjustment Account	(30,497,338)	0	0	1,061,911	0	<b>(29,435,427)</b>
Transfer from Capital Adjustment Account	0	0	0	0	0	<b>0</b>
Financing of Expenditure, Accumulated Absences Account	0	0	0	0	0	<b>0</b>
Transfer from General Fund to Earmarked Reserves	1,452,624	1,613,186	5,548,186	0	0	<b>8,613,996</b>
<b>Balance as at 31 March</b>	<b>355,821</b>	<b>2,078,527</b>	<b>6,898,186</b>	<b>13,608,574</b>	<b>-55,694</b>	<b>22,885,414</b>

<b>Usable Reserves - Prior Year for Comparison</b>	<b>General Fund 2021/22 £</b>	<b>Earmarked Reserves 2021/22 £</b>	<b>Usable Capital Receipts Reserve 2021/22 £</b>	<b>CSC Foundry Ltd P&amp;L 2021/22 £</b>	<b>CCR Energy Ltd P&amp;L 2021/22 £</b>	<b>Total Usable Reserves 2021/22 £</b>
<b>Balance as at 1 April</b>	<b>212,080</b>	<b>41,872</b>	<b>0</b>	<b>9,678,687</b>	<b>0</b>	<b>9,932,639</b>
<b>Movements during year:</b>						
Surplus / (Deficit) on Provision of Services	4,360,211	0	0	2,081,478	0	<b>6,441,689</b>
Financing of Expenditure, Capital Adjustment Account	(3,936,742)	0	0	111,699	0	<b>(3,825,043)</b>
Transfer from Capital Adjustment Account	0	0	1,350,000	0	0	<b>1,350,000</b>
Financing of Expenditure, Accumulated Absences Account	0	0	0	0	0	<b>0</b>
Transfer from General Fund to Earmarked Reserves	(423,469)	423,469	0	0	0	<b>0</b>
<b>Balance as at 31 March</b>	<b>212,080</b>	<b>465,341</b>	<b>1,350,000</b>	<b>11,871,864</b>	<b>0</b>	<b>13,899,285</b>

**38. Notes to the Cash Flow Statement**

31 March 2022 £	Operating Activities	31 March 2023 £
(812,348)	Increase / (Decrease) in Creditors	(3,794,867)
2,186,828	(Increase) / Decrease in Debtors	5,201,059
412,773	Depreciation	811,976
111,699	Change in Fair Value of Investment Properties	2,411,499
(4,370,706)	Capital grants / contributions recognised in I&E	(28,219,928)
(4,562,130)	Revenue grants / contributions recognised in I&E	(21,139,356)
<b>(7,033,884)</b>	<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements</b>	<b>(44,729,617)</b>

31 March 2022 £	Investing Activities	31 March 2023 £
0	Long Term Investments	6,828,320
1,762,406	Purchase of Property, Plant and Equipment	13,562,458
3,128,753	Long Term Debtors	18,410,000
<b>4,891,159</b>	<b>Adjustments to net surplus or deficit on the provision of services for investing activities</b>	<b>38,800,778</b>

31st March 2022 £	Financing Activities	31st March 2023 £
(22,000,000)	HMT Grant received	(22,000,000)
(200,000)	SBRI Grant	0
(410,846)	ULEV Grant	(1,304,100)
(250,001)	CJC Grant	(250,001)
0	SPF Grant	(244,794)
0	LAEP Grant	(400,000)
0	Loans Raised	(15,700,000)
<b>(22,860,847)</b>	<b>Adjustments to net surplus or deficit on the provision of services for financing activities</b>	<b>(39,898,895)</b>

**39. Capital Adjustment Account**

The Capital Adjustment Account reflects differences between normal accounting practice and statutory requirements. This includes treatment of depreciation, gains, or losses on the value of investments, and it is credited with the amounts used as finance for capital expenditure.

2021/22 £	Capital Adjustment Account	2022/23 £
<b>34,054,217</b>	<b>Balance as at 01 April</b>	<b>36,550,449</b>
	Capital financing applied in the year:	
4,370,705	Grants and contributions	28,219,927
(111,699)	Revaluation of Investment Property	(2,411,499)
(1,350,000)	Return on Investment	(5,548,186)
(412,773)	Depreciation Adjustment	(811,976)



<b>36,550,450</b>	<b>Balance as at 31 March</b>	<b>55,998,715</b>
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## Glossary of Relevant Local Government Accountancy Terms

Knowledge of basic accountancy terminology is assumed. However, there are certain specialist terms related to local government finance, which are described below:

### **Accruals Basis**

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

### **Asset Under Construction**

An asset that is not yet complete.

### **Borrowing**

Loans taken out to pay for capital expenditure or for the prudent management of the Joint Committee's financial affairs.

### **Capital Adjustment Account**

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

### **Capital Expenditure**

Capital expenditure pays for improvements to existing and new assets used in the delivery of services as well as other items determined by Regulation. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable.

The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 amended. Statute relies on the accounting measurement of cost in IAS 16 to determine whether expenditure is eligible to be capitalised or whether it should be treated as revenue expenditure. Key to what is eligible as capital spend are the following words in IAS 16 - 'Costs directly attributable to bringing the specific asset into working condition for its intended use'.

### **Carrying Amount**

The Balance Sheet value recorded of either an asset or a liability.





### **Cash and Cash Equivalents**

Sums of money available for immediate use and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

### **Chartered Institute of Public Finance & Accountancy (CIPFA)**

CIPFA is the leading professional accountancy body which determines accounting standards and reporting standards to be followed by Local Government.

### **Creditors**

Amounts owed by the Joint Committee for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

### **Current Value**

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

### **Debtors**

These are sums of money due to the Joint Committee that have not been received at the date of the Balance Sheet.

### **Earmarked Reserves**

Amounts set aside to be used to meet specific, known or predicted future expenditure.

### **External Audit**

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Joint Committee has made proper arrangements to secure value for money in its use of resources.

### **Fair Value**

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

### **Impairment**

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in an asset's market value or recoverability and evidence of obsolescence or physical damage to the asset.

### **Investments**

The purchase of financial assets in order to hold temporary cash balance, receive income and/or make capital gain at a future time, however with the prime concern being security of the initial sum invested.



### **Liabilities**

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

### **Prior Period Adjustments**

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

### **Property, Plant and Equipment (PPE)**

Tangible assets (i.e., assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

### **Provisions**

Amounts set aside in respect of liabilities or losses which are likely or certain to be incurred, but in relation to which the exact amount and date of settlement may be uncertain.

### **Related Parties**

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

### **Reserves**

Reserves are also amounts set aside for future use. Reserves may be for a specific purpose in which case they are referred to as 'earmarked reserves' or they may be general reserves (or balances) which every organisation must maintain as a matter of prudence.

### **Revenue Expenditure funded from Capital Under Statute (REFCUS)**

Represents expenditure that may properly be capitalised under statutory provisions, but which creates no tangible asset for the Joint Committee.

### **Treasury Management**

The process by which the Joint Committee controls its cash flow and lending activities.

