

# Liverpool Vision Limited

## GROUP FINANCIAL STATEMENTS

For the Year Ended

31 March 2011

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COMPANIES HOUSE

Company Registration No 06580889

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# Liverpool Vision Limited

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# Liverpool Vision Limited

## DIRECTORS AND ADVISORS

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### **DIRECTORS**

M D Parker (Chair)  
Cllr J Anderson  
Cllr W Simon (Appointed 24 May 2011)  
D G Bundred  
J Kehoe Perkinson  
T Slack  
Cllr N Small (Appointed 24 May 2011)

J H Kelly  
Sir T P Leahy  
Cllr R M Kennedy (Appointed 24 May 2011)  
A E Wilson  
J A Corner  
Cllr P Keaveney (Appointed 24 May 2011)

### **SECRETARY**

I J McCarthy

### **REGISTERED OFFICE**

10<sup>th</sup> Floor  
The Capital  
39 Old Hall Street  
Liverpool  
L3 9PP  
Tel +44 151 600 2900  
Fax +44 151 600 2970

**Company no: 06580889**

### **AUDITORS**

Baker Tilly UK Audit LLP  
Chartered Accountants  
No 1 Old Hall Street  
Liverpool  
L3 9SX

### **TAX ADVISORS**

Baker Tilly Tax and Accounting Limited  
Chartered Accountants  
No 1 Old Hall Street  
Liverpool  
L3 9SX

### **TAX ADVISORS (VAT)**

KPMG LLP  
St James Square  
Manchester  
M2 6DS

### **BANKERS**

NatWest  
Liverpool City Office  
22 Castle Street  
Liverpool  
L2 0UP

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# Liverpool Vision Limited

## DIRECTORS' REPORT

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Company Registration No 06580889

The directors submit their report and the consolidated financial statements of Liverpool Vision Limited for the year ended 31 March 2011

### PRINCIPAL ACTIVITIES

The principal activity of the group is to promote and facilitate the economic development and regeneration of Liverpool

### REVIEW OF BUSINESS

During the year the company continued to drive and support the positive momentum which has been built in the city over the last decade, focusing activity of the Board on the established "Strategic Ambitions" which promote the achievement of the Economic Prospectus for the City

In April 2008 Liverpool Land Development Company Limited ("LLDC") became a subsidiary of Liverpool Vision Limited. It is involved in the physical and economic regeneration in the Strategic Investment Areas (SIAs) in Speke, Halewood, Atlantic Gateway, Approach 580 and Eastern Approaches

#### *Operating Context and Governance*

Throughout 2010/11 the company maintained the strong support of its Members Liverpool City Council, Northwest Regional Development Agency ("NWDA") and the Homes and Communities Agency ("HCA"). Members have maintained an active, shared commitment to the business and ethos of the company and to the continuing economic regeneration of the City of Liverpool. Our fully committed Board have continued to be very actively engaged in the work of the company through a programme of Board Workshops and the Sub-Committees of the Board.

The need to reduce public spending resulted in the decision by both HCA and NWDA in the year to end their funding contribution to the operation of the company at 31 March 2011. Both organisations have made a considerable contribution to the transformation of Liverpool over recent years. The company had anticipated the loss of operational funding, and made plans to reduce operational costs to reflect the reduced income position.

The very difficult economic conditions, particularly for Commercial Development, and tightening Public Sector funding environment continued through 2010/11. Despite this, the company has continued to contribute to the positive momentum which has built in Liverpool over recent years. Liverpool is growing in confidence, has an increasingly positive national and international image, and vastly improved business environment.

The economic conditions should encourage partners to work even more closely to achieve shared objectives and whilst conditions have been difficult, there have been some notable successes. 2010/11 was a watershed for Liverpool Vision. It was the year in which we showcased Liverpool to the world at the Shanghai Expo, re-establishing Liverpool as a global player.

Liverpool City Council has demonstrated its strong commitment to the company by its very considerable financial commitment and its positive, high level representation on the Board. The company's Business Plan (2009/10 – 2011/12) had been approved by its Executive Board in April 2009. Ongoing liaison and scrutiny by the City Council had continued through the year by its Regeneration Select Committee. The City Council have committed both operational and programme funding support for 2011/12.

Along with the decision to cease operational funding by HCA and NWDA both organisations informed the company of their intention to retire from Membership of the company. Having been agreed by Liverpool City

# Liverpool Vision Limited

## DIRECTORS' REPORT

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Council, when the retirement is executed, Liverpool Vision will become a wholly owned subsidiary of Liverpool City Council

The Board of Liverpool Vision remains conscious of the need to reduce public expenditure and maintain strong management of both operational and programme costs

The Board is clear that the ongoing difficult economic conditions, reductions in the level of public funding and pressure for change on each of the Members of the company reinforce the need for and importance of Liverpool Vision to maintain its contribution to the long term economic recovery of the City of Liverpool

Low levels of developer and occupier activity are evident in each of the SIA's in which LLDC has residual projects

### *Maintaining Momentum*

The flat economic conditions continue to be the major influence on the operational context for Liverpool Vision. The City still faces significant structural economic challenges and remains a national priority for economic regeneration. Unemployment and worklessness remain at unacceptably high levels and the development industry remains flat with occupier interest low.

During these exceptionally difficult economic conditions and major change in national and regional policies, institutions and public funding for economic regeneration, Vision delivered some important priorities, aiming to continue the momentum of investment and business growth in the city.

Working with the private sector, Universities and the City Council in 2010/11, Vision helped Liverpool to extend its quality physical environment for Business and Culture, to put in train longer term plans to realise the city's innovation and technology opportunities and – crucially – to support business in creating the jobs and wealth upon which prosperity and wellbeing depend.

As the city's Economic Development Company, we have responded to the new and far from easy conditions ahead by reviewing our role with the City Council and making essential organisational changes which will enable Vision to continue to serve and support business. The company has undertaken a particular shift in focus to promote the City's improved visitor and business offer to the world.

The particular challenges and achievements in 2010/11 set out by Strategic Ambitions have been:

### *Strategic Ambition 1 Create a City with an outstanding quality of place for business*

Within the limitations of considerably reduced public funding and continuing depressed development market, some momentum has been maintained in the City Centre – particularly with the topping out of Phase 3 of the St Paul's Development – and in the main business Gateway areas, especially the Edge Lane West highways upgrade.

### *Strategic Ambition 2 realise the potential of North Liverpool*

With Liverpool City Council, Sefton MBC, the Homes and Communities Agency, Community and Private Sector Partners foundations for the economic regeneration of North Liverpool and South Sefton have been established in the form of a long term vision and ambition, set out in a Strategic Regeneration Framework and three year delivery plan. Government has been engaged as partner in the transformation of this important part of the city region. On the ground, with our partners in Sefton, through the StepClever Local Enterprise and Growth Initiative we have supported new and existing businesses to thrive and to revive the neighbourhood economy.

### *Strategic Ambition 3 Enable Liverpool to become the number 1 culture and visitor destination city outside London*

Liverpool Vision helped to add to the City's culture and visitor economy portfolio by supporting and facilitating new cultural assets most notably the Liverpool Museum, helping to secure the redevelopment of the Everyman

# Liverpool Vision Limited

## DIRECTORS' REPORT

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Theatre and the completion of the transformed Waterfront through the Mann Island mixed use development

Facilitated by Vision, the initiation of the Liverpool Plan by a private / public sector partnership will bring together transformational programmes, events and activities and pooled resources for a significant boost in marketing Liverpool's offer in 2011 and beyond

*Strategic Ambition 4 Support Liverpool's transformation into a sustainable, low carbon economy*

With the University of Liverpool, the Chamber of Commerce and Groundwork, we supported an important knowledge transfer project, the end product of which are key directions to be translated into action in 2011/12 to realise the opportunities of a sustainable, low carbon economy In North Liverpool, with Partners Liverpool Vision has supported proposals to create a low Carbon Business Hub by the Eldonian Group Ltd

*Strategic Ambition 5 Make Liverpool a beacon for entrepreneurship, business growth and business friendliness*

Businesses are the lifeblood of the city In 2010/11 Vision's activities helped to generate 775 new businesses, 1,671 jobs and safeguarded a further 657 jobs

With Partners, Liverpool Vision has also helped to deliver the inaugural "Your Big Year" global entrepreneurship competition, in partnership with Liverpool-based entrepreneur Chris Arnold, which attracted some 45,000 entrants from 168 countries In addition, Liverpool Vision led a successful bid to secure the Global Entrepreneurship Congress, to be held in Liverpool in 2012, which will raise the profile of entrepreneurship and of Liverpool as an enterprising city

*Strategic Ambition 6 Enable Liverpool to realise its potential as an international city of science, creativity and innovation*

The foundations for a step change in Liverpool's already significant innovation and knowledge economy were put in place during the year, with Vision's contributing to the city region Knowledge Economy Plan and the completion of an investment framework to enhance Liverpool's Knowledge Quarter We also continued vital support for high value knowledge sectors, principally Creative and Digital business through ACME and the Liverpool Life Sciences Network

*Strategic Ambition 7 Establish Liverpool as top international and national investment location with dynamic trade, investment, knowledge and tourism relationships*

The Liverpool Pavilion at the 2010 World Expo in Shanghai raised the city's national and international investment and trade profile and enabled business and public sponsors to forge new relationships and contacts with Chinese business and investors 770,000 visitors came to see the Liverpool showcase The economic benefits are estimated at up to £47.5m over the next 10 years through increased numbers of tourists and students, exports and foreign direct investment 12% of sponsors secured sales or orders during the Expo and 70% expected sales in the future

Also in the international arena, Liverpool Software City attracted some 200 industry attendees, helping businesses find funding, share ideas and network Sound City attracted 35,000 music lovers and 1,700 business delegates from 23 countries, showcasing talented new artists and technicians and helping to secure two major deals for Liverpool music companies

*Strategic Ambition 8 Support Liverpool's drive to become a city of skilled and talented people and of economic opportunity for all*

Liverpool Vision continued to support the skills needs of the city's businesses through an enhanced skills brokerage service with partners For the immediate future we will work with national and local partners to understand and plan for the changing skills needs of business

The company's organisational arrangements have continued to benefit from the encouragement and support of the Audit and HR Committees and our active Staff Consultative Committee In the year all staff participated in

# Liverpool Vision Limited

## DIRECTORS' REPORT

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an organisational development programme

Liverpool Vision has responded quickly to the new operating conditions to make necessary efficiencies and to reorganise for delivering a difficult challenge, with reduced resources in the years ahead

The consequence of the considerable reduction in funding has been a commensurate reduction in the staff structure, which was achieved through a voluntary redundancy scheme. The number of employees was reduced by some 30% and 17 employees left the company on a managed basis at the end of 2010/11 and the first half of 2011/12

### FUTURE DEVELOPMENTS

The economic climate will continue to be difficult and uncertain for some time ahead across the world and in the UK. Liverpool's economic and physical renaissance of the last decade, driven by the City Council's leadership and delivery, with a major contribution from Liverpool Vision, provides robust foundations for realising the city's exceptional potential. Liverpool Vision, as a private – public collaboration, will be central to the partnerships with business and Government which will promote the city as a centre of investment, culture, creativity and growth

We have re-organised for the key business-facing regeneration activities which the City Council has prioritised for delivery – together with the culture and visitor economy functions which are such an important feature of Liverpool's distinctive offer

For 2011/12 our mission remains to create a world class city for business and culture. The work of the Board will continue to focus upon the established "Strategic Ambitions", with actions set out in a Business Plan for 2011/12 – 2013/14

LLDC will continue to focus its attention on completing a limited number of existing contracts, new physical development activity being the responsibility of Liverpool City Council

### KEY PERFORMANCE INDICATORS

Liverpool Vision's core purpose is to drive Liverpool's economy in the direction of faster and more sustainable growth. At a high level we measure our successes against absolute and comparative figures of job growth, business creation and survival, improvements in productivity and growth and in the more active engagement of minority groups and our more disadvantaged communities. During 2010/11 continuing flat economic conditions have continued to drive these measures in the wrong direction

We measure our direct impact through the outputs generated from the enterprise, business support and development projects in which the company is involved. In the development market, the jobs and commercial outputs generated during 2010/11 were affected adversely by the recession and by a significant reduction in the level of public funding available to support infrastructure and development projects

Enterprise and (in particular) Business Support programmes were similarly affected, the focus of those programmes has continued to shift from growth and expansion to helping businesses to survive

The key performance indicators for LLDC are defined in the agreements related to the limited number of directly funded projects

### RISKS AND UNCERTAINTIES

In 2010/11 NWDA and HCA confirmed that they were no longer able to provide operational funding beyond March 2011. Through the year the company demonstrated its ability to manage a significant reduction in its operational funding. The company continues to manage the funding risk by undertaking rigorous reviews of project costs and funding, maintaining its delivery performance, considering ways to diversify its funding base, working closely with funding partners on monitoring and evaluation to maintain confidence in our ability to 'deliver' and by positioning proposed projects to take advantage of new funding mechanisms such as the

# Liverpool Vision Limited

## DIRECTORS' REPORT

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### Regional Growth Fund and European JESSICA programme

Liverpool City Council is now the sole operational funder of Liverpool Vision and the Company will become a wholly owned subsidiary of Liverpool City Council. The City Council is under continuing, severe financial pressure and whilst the promotion of economic development and local employment are high priorities, Vision must continue to present a robust case for funding to support the achievement of a sustainable economic future for the City.

The Board are also very conscious that, despite the recession, Liverpool is in a stronger position now than for decades to promote the City as an investment location. Opportunities such as the Global Entrepreneurship Congress are therefore of crucial importance. Liverpool must live up to expectations generated at the Shanghai World Expo and in the support for major projects. Failure would represent a significant reputational risk for the City and for the company.

The profile of risk management within Vision has been maintained following the work of the Audit Committee. A corporate risk register is presented to the Board on a regular basis. The overall approach follows established good practice focusing attention on identifying risks, evaluating risks, managing risks and monitoring and review. Particular attention is being paid to the risk associated with the loss of capable and experienced staff in key positions.

LLDC has maintained a risk register, following the transfer of staff to Liverpool Vision. The key risk lies in the managed completion of LLDC existing projects within budget.

### FINANCING

The Operating costs of the company were met primarily through contributions by Liverpool City Council under a Services Agreement, with additional grant funding contributions from the Northwest Development Agency and the Homes and Communities Agency under a Funding Agreement.

### POST BALANCE SHEET EVENTS

Following the year end, the Northwest Development Agency (NWDA) and the Homes and Communities Agency (HCA) resigned as members of Liverpool Vision. The Company's only member is Liverpool City Council. The representatives of NWDA and HCA have also resigned their positions on the Boards of both Liverpool Vision and Liverpool Land Development Company.

### DIRECTORS

The directors who have held office during the period are as follows:

M D Parker	(Chair)
Cllr J Anderson	
Cllr W J Bradley	(resigned 24 May 2011)
S J Broomhead	(resigned 3 December 2010)
D G Bundred	
J Kehoe Perkinson	
J H Kelly	
Sir T P Leahy	
D A McLaughlin	(resigned 8 September 2011)
Cllr M J Storey	(resigned 2 June 2010)
Cllr P Brant	(appointed 2 June 2010) (resigned 24 May 2011)
J Corner	
T Slack	
P Lakin	(appointed 24 March 2011) (resigned 8 September 2011)
A E Wilson	



# Liverpool Vision Limited

## DIRECTORS' REPORT

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### EMPLOYEE INVOLVEMENT

The Company is committed to involving its employees in the business and providing the opportunity to contribute. Information is shared and views sought through a number of feedback mechanisms including regular meetings between the Company and the employee elected Staff Consultative Committee where information is provided and views exchanged on key matters likely to affect the workforce.

Liverpool Vision is committed to ensuring equality of opportunity and values the differences that a diverse workforce brings to the organisation. Recruitment, training and promotion are solely on the basis of business needs and the ability of each individual to meet the job requirements.

### POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable contributions during the period.

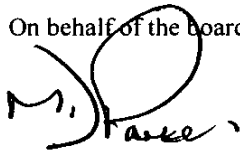
### AUDIT INFORMATION

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITORS

Baker Tilly UK Audit LLP were appointed in 2009 on a three year term as auditors of the Liverpool Vision Group. That term has ended and a tender exercise will be undertaken to appoint auditors for the next three years.

On behalf of the board



**M D Parker**  
Chair of the Board  
25 November 2011

# Liverpool Vision Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing the group and company financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether they have been prepared in accordance with IFRS as adopted by the EU,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Liverpool Vision Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL VISION LIMITED

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We have audited the group and parent company financial statements ("the financial statements") on pages 11 to 35. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

### **Respective responsibilities of directors and auditor**

As more fully explained in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on financial statements**

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 March 2011 and of the group's result for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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

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# Liverpool Vision Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL VISION LIMITED

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Baker Tilly UK Audit LLP

Mr Andrew Baker (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

No 1 Old Hall Street

Liverpool

L3 9SX

8 December 2011

**Liverpool Vision Limited**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2011**

	Note	2011 £000	2010 £000
REVENUE – Programme income	3	4,919	6,372
Programme expenditure		(4,818)	(7,475)
		<u>101</u>	<u>(1,103)</u>
PROGRAMME SURPLUS/(DEFICIT)			
REVENUE – Operating income	3	5,213	5,229
Operating expenditure		(4,721)	(3,460)
		<u>492</u>	<u>1,769</u>
OPERATING SURPLUS AVAILABLE FOR PROGRAMMES			
SURPLUS FROM OPERATIONS	4	593	666
Finance income	6	14	10
Finance costs	7	(24)	(110)
		<u>583</u>	<u>566</u>
TOTAL SURPLUS BEFORE TAX	4		
Income tax expense	8	(2)	(2)
		<u>581</u>	<u>564</u>
SURPLUS FOR THE FINANCIAL YEAR			
Other comprehensive income			
Actuarial gain/(loss) on pension scheme	14	667	(813)
		<u>1,248</u>	<u>(249)</u>
TOTAL COMPREHENSIVE INCOME/(DEFICIT) FOR THE YEAR			

# Liverpool Vision Limited

## CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Note	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	10	67	-	67	-
<b>TOTAL NON-CURRENT ASSETS</b>		67	-	67	-
<b>CURRENT ASSETS</b>					
Trade and other receivables	11	677	2,340	988	2,258
Cash and cash equivalents		3,054	2,713	2,458	1,576
<b>TOTAL CURRENT ASSETS</b>		3,731	5,053	3,446	3,834
<b>TOTAL ASSETS</b>		3,798	5,053	3,513	3,834
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	12	(1,619)	(3,108)	(1,334)	(2,036)
Current tax liabilities		(3)	(2)	(3)	-
<b>TOTAL CURRENT LIABILITIES</b>		(1,622)	(3,110)	(1,337)	(2,036)
<b>NON-CURRENT LIABILITIES</b>					
Retirement benefit obligations	14	(563)	(1,678)	(563)	(1,678)
Provisions	15	(100)	-	(100)	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		(663)	(1,678)	(663)	(1,678)
<b>TOTAL LIABILITIES</b>		(2,285)	(4,788)	(2,000)	(3,714)
<b>NET ASSETS</b>		1,513	265	1,513	120
<b>EQUITY</b>					
Retained earnings		1,513	265	1,513	120

The financial statements on pages 11 to 35 were approved by the Board of directors and authorised for issue on 25 November 2011 and were signed on its behalf by:



**M D Parker**  
Chairman

Company Number 6580889

# Liverpool Vision Limited

## CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2011

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### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Retained earnings 2011 £000	Retained earnings 2010 £000
At start of the year	265	514
Total comprehensive income/(deficit) for the year	1,248	(249)
At end of the year	<u>1,513</u>	<u>265</u>

#### *Retained earnings*

The retained earnings reserve includes the income / (deficit) arising from the Statement of Comprehensive Income and the actuarial gain / (loss) on the pension scheme

### COMPANY STATEMENT OF CHANGES IN EQUITY

	Retained earnings 2011 £000	Retained earnings 2010 £000
At start of the year	120	514
Total comprehensive income/(deficit) for the year	1,393	(394)
At end of the year	<u>1,513</u>	<u>120</u>

#### *Retained earnings*

The retained earnings reserve includes the income / (deficit) arising from the Statement of Comprehensive Income and the actuarial gain / (loss) on the pension scheme

**Liverpool Vision Limited**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 March 2011

	2011		2010	
	£000	£000	£000	£000
<b>Cash flows from operating activities</b>				
Surplus before taxation	583		566	
<i>Adjustments for</i>				
Finance income	(14)		(10)	
Finance costs	24		110	
Decrease in trade and other receivables	1,663		98	
Decrease in trade and other payables	(1,489)		(1,408)	
Depreciation on property, plant and equipment	33		-	
Increase in retirement benefit obligation	(472)		(150)	
	<u>328</u>		<u>(794)</u>	
Income taxes paid	(1)		(16)	
	<u>327</u>		<u>(810)</u>	
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>		<b>327</b>		<b>(810)</b>
<b>Cash flows from investing activities</b>				
Finance income received	14		10	
	<u>14</u>		<u>10</u>	
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>		<b>14</b>		<b>10</b>
		<u>341</u>		<u>(800)</u>
Net increase/(decrease) in cash and cash equivalents		341		(800)
Cash and cash equivalents at start of period		2,713		3,513
		<u>3,054</u>		<u>2,713</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>3,054</b>		<b>2,713</b>



**Liverpool Vision Limited**  
**COMPANY STATEMENT OF CASH FLOWS**  
**For the year ended 31 March 2011**

	<b>2011</b>		<b>2010</b>	
	£000	£000	£000	£000
<b>Cash flows from operating activities</b>				
Surplus before taxation	729		421	
<i>Adjustments for</i>				
Finance income	(13)		(8)	
Finance costs	24		110	
Decrease/(increase) in trade and other receivables	1,270		(378)	
(Decrease)/increase in trade and other payables	(702)		206	
Depreciation on property, plant and equipment	33		-	
Increase in retirement benefit obligation	(472)		(150)	
	<u>869</u>		<u>201</u>	
Income taxes paid	-		(18)	
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>869</b>		<b>183</b>
<b>Cash flows from investing activities</b>				
Finance income received	13		8	
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>		<b>13</b>		<b>8</b>
Net increase in cash and cash equivalents		<u>882</u>		<u>191</u>
Cash and cash equivalents at start of year		1,576		1,385
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u><u>2,458</u></u>		<u><u>1,576</u></u>

# Liverpool Vision Limited

## GROUP FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

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#### GENERAL INFORMATION

Liverpool Vision Limited is a company limited by guarantee incorporated and domiciled in England & Wales (registration number 06580889) The company's registered office address is given on page 1

The principal activity of the group and company is to promote and facilitate economic development and regeneration in Liverpool

#### BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the EU ("IFRS") and the requirements of the Companies Act applicable to companies under IFRS

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies set out below

The accounting policies set out below have, unless otherwise stated, been applied consistently to the financial statements

The individual financial statements for each group company are presented in the currency of the primary economic environment in which it operates (its functional currency) For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the company, and the presentational currency for the consolidated financial statements

#### GOING CONCERN

Liverpool Vision has worked with Liverpool City Council to restructure and meet the challenge of reduced income from its sole operational funder The company has the support and confidence of Liverpool City Council and its income and expenditure position is stable for 2011/12 The position for 2012/13 is anticipated to be determined in January 2012 Liverpool Vision has, however, demonstrated its ability to manage its income position and any liabilities or obligations can be met from existing reserves Accordingly, the accounts have been prepared on a going-concern basis

#### COMPANY STATEMENT OF COMPREHENSIVE INCOME

The company has taken advantage of section 408(1) of the Companies Act 2006 not to publish its own Statement of Comprehensive Income The company's result for the year was a surplus of £1,393,000 (2010 Deficit £394,000)

#### BASIS OF CONSOLIDATION

The consolidated financial statements of the group incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 March each year

#### *Subsidiaries*

Subsidiaries are entities over which the group has the power to govern the financial and operating policies to obtain economic benefits from their activities Subsidiaries are fully consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate

Liverpool Vision Limited is the sole member of Liverpool Land Development Company Limited ("LLDC") a company limited by guarantee having no share capital LLDC has been consolidated into the financial statements Liverpool Vision became the sole member on 30 April 2008 at no cost

# Liverpool Vision Limited

## GROUP FINANCIAL STATEMENTS

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Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group

All intra-group transactions, balances, and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### REVENUE RECOGNITION & GOVERNMENT GRANTS

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for services provided by the group excluding inter-company transactions and Value Added Tax.

#### *Programme income*

The group recognises programme income in the Statement of Comprehensive Income as the associated costs are incurred. Unspent programme income received in advance is deferred until the associated costs have been incurred. Certain costs are classified as programme costs, but are funded out of operating income, so programme income does not always equal programme costs.

#### *Operating income*

Operating income is credited in the period in which it is received.

#### OPERATING SEGMENTS

IFRS 8 provides segmental information for the group on the basis of information reported internally to the chief operating decision maker for decision making purposes. The group considers that the role of chief operating decision maker is performed by the Liverpool Vision Limited's board of directors.

#### FUNCTIONAL CURRENCY

The presentational and functional currency of the group and company is pounds sterling (£).

#### FINANCE INCOME

Finance income relates to interest earned on cash and cash equivalents. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### FINANCE COSTS

Finance costs relate to interest on the defined benefit pension liabilities less the expected return on the defined benefit pension assets.

#### TAXATION

Taxation expense includes the amount of current income tax payable and the charge for the year in respect of deferred taxation.

The income tax payable is based on an estimation of the amount due on the taxable profit for the year. Taxable profit is different from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expenditure which are not taxable or deductible in the year as a result of either the nature of the item or the fact that it is taxable or deductible in another period. The company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for on the basis of temporary differences arising from the differences between the tax base and accounting base of assets and liabilities.

Deferred tax is recognised for all taxable temporary differences, except to the extent where it arises from the initial recognition of an asset or liability in a transaction that is not a business combination. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

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# Liverpool Vision Limited

## GROUP FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

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#### TAXATION (continued)

Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case it is dealt with within equity. It is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

#### SURPLUS FOR THE FINANCIAL PERIOD

Any surplus generated is carried forward in retained earnings to be used towards achieving the strategic ambitions.

#### PROPERTY PLANT AND EQUIPMENT

Liverpool Vision was incorporated in 2008 and the original property lease was entered into, prior to its incorporation, by Liverpool City Council who also paid for the property improvements. The Company is, however, responsible for dilapidations upon exit and has created, for the first time, a provision for their capitalisation and depreciation. Depreciation is charged straight line over 3 years to a break clause.

#### FINANCIAL INSTRUMENTS

##### **Classification of financial instruments**

Financial instruments are classified as financial assets, financial liabilities or equity instruments.

##### **Recognition and valuation of financial assets**

###### ***Cash and equivalents***

Cash and cash equivalents comprise cash in hand and cash deposits which are readily convertible to a known amount of cash within three months.

###### ***Trade receivables***

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method as reduced by allowances for impairment when there is objective evidence of impairment. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the Statement of Comprehensive Income. The group does not charge interest on outstanding receivable balances.

###### ***Investments***

Investments in subsidiaries are stated at cost less any provision for impairment. Any impairment losses are recognised in profit or loss in the period they occur.

##### **Recognition and valuation of financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

###### ***Trade payables***

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

# Liverpool Vision Limited

## GROUP FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

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#### RETIREMENT BENEFITS

##### **Defined benefit schemes**

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the Statement of Comprehensive Income (SOI) in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

#### PROVISIONS AND DILAPIDATIONS

Provisions are recognised when the group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. Where the effect of the time value of money is material, the provision is based on the present value of future outflows, discounted at the pre-tax discount rate that reflects the risks specific to the liability.

During 2010/2011 the company moved within the Capital Building to offices some 20% smaller. Liverpool Vision Limited entered into the lease, with Liverpool City Council acting as guarantor. This differed from the original lease which was entered into by Liverpool City Council prior to the incorporation of the company. The company is now responsible for dilapidations upon surrender or expiry of the lease so a provision has been made for this and amortisation is charged over three years to a break-clause. No decision has been made to surrender the lease at this time.

#### STANDARDS ISSUED BUT NOT YET EFFECTIVE

#### ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

##### **Amendments to published standards effective for the year ended 31 March 2011**

There are no amendments which were effective in the year ended 31 March 2011 which are relevant to the group or company.

##### **Standards adopted early by the group**

The group has not adopted any standards or interpretations early in either the current or the preceding financial year.

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# Liverpool Vision Limited

## GROUP FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

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#### STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

##### **Standards, amendments and interpretations effective in 2011 but not relevant**

- IFRS 1 First-time adoption of IFRS (Revised 2008)
- IFRS 3 Business Combinations (Revised 2008) Second phase of the business combinations project undertaken jointly with the FASB
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008)
- IAS 28 Investments in Associates and IAS 31 Investments in Joint Ventures
- Amendment to IAS 39 – Eligible Hedged Items
- Amendments to IFRS 2 - Group Cash-settled Share-based Payment Transactions The amendments also incorporate guidance previously included in IFRIC 8 Scope of IFRS 2 and IFRIC 11 - IFRS 2 - Group and Treasury Share Transactions and hence these Interpretations have been withdrawn
- IFRS 1 First-time adoption of IFRS - Additional Exemptions for First-time Adopters Amends IFRS 1 as revised in November 2008
- Amendment to IAS 32 Financial Instruments Presentation – Classification of Rights Issues
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets to Customers
- Improvements project May 08
  - IFRS 5 Non-current Assets held for Sale and Discontinued Operations
- Improvements project April 09
  - IFRS 2 Share-based payment
  - IAS 38 Intangible Assets
  - IFRIC 9 Reassessment of Embedded Derivatives
  - IFRIC 16 Hedges of a Net Investment in a Foreign Operation
  - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
  - IFRS 8 Operating Segments
  - IAS 1 Presentation of Financial Statements
  - IAS 7 Statement of Cash Flows and IFRS 6 Exploration for and Evaluation of Mineral Resources
  - IAS 17 Leases
  - IAS 18 Revenue
  - IAS 36 Impairment of Assets
  - IAS 39 Financial Instruments Recognition and Measurement
- Improvements project May 2010
  - IFRS 1 First-time Adoption of International Financial Reporting Standards
  - IFRS 3 Business Combinations
  - IFRS 7 Financial Instruments Disclosures
  - IAS 1 Presentation of Financial Statements
  - IAS 27 Consolidated and Separate Financial Statements
  - IAS 34 Interim Financial Reporting
  - IFRIC 13 Customer Loyalty Programmes

The directors are of the opinion that the application of these amendments has had no impact on the financial statements of the group or company in either the current or preceding financial years

# Liverpool Vision Limited

## GROUP FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

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#### STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

#### **Interpretations to existing standards and new standards that are not yet effective and have not been early adopted by the group**

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been adopted by the group in these financial statements were in issue but not yet effective

- Interpretations that are not predicted to have an impact on the group.
  - IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”
  - IFRIC 14 “Amendment – Prepayments of a Minimum Funding Requirement”
- Limited exemption amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards” for first-time adopters of IFRSs
- IAS 24 “Related Party Disclosures (revised)”
- “Disclosures—Transfers of Financial Assets (Amendments to IFRS 7)”
- Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time adopters”
- Amendment to IAS 12 “Deferred Tax Recovery of Underlying Assets”
- Amendments to IAS 1 “Presentation of Other Comprehensive Income”
- IFRS 9 “Financial Instruments”
- IFRS 10 “Consolidated Financial Statements”
- IFRS 11 Joint Arrangements
- IFRS 12 “Disclosure of Interests in Other Entities
- IAS 27 (amended 2011) “Separate Financial Statements”
- IAS 28 (amended 2011) “Interests in Associates and Joint Ventures”
- IFRS 13 “Fair Value Measurement”
- IAS 19 (revised) “Employee Benefits”
- IFRS for SMEs”

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group and company

# Liverpool Vision Limited

## NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2011

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### 1. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### *Pension benefits*

The present value of the pension obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 14.

#### *Dilapidations provision*

The Company has made an estimate of the likely cost of dilapidations upon exit from its leasehold offices. This has been based on the costs of fit-out of the premises and has been calculated by senior officers to include any inflationary costs at exit.

### 2. FINANCIAL RISK MANAGEMENT

All financial instruments held by the group and company, are classified as "Loans and Receivables" (trade and other receivables and cash and cash equivalents) and "Financial Liabilities Measured at Amortised Cost" (trade and other payables) under IAS 39 'Financial Instruments: Recognition and Measurement'.

#### **Financial risk factors**

The group's operations expose it to a variety of financial risks. The group has in place risk management policies that seek to limit the adverse effects on the financial performance of the group by using various instruments and techniques.

Risk management policies have been set by the Board and applied by the group.

#### **(a) Liquidity risk**

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities as they fall due with surplus facilities to cope with any unexpected variances in timing of cash flows. The group maintains an active and ongoing dialogue with its partners to ensure it has sufficient funds to meet its operational expense and programme costs.

The group believes it has sufficient cash facilities to meet its operational commitments. At the year end the group had no un-drawn committed facilities.



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# Liverpool Vision Limited

## NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2011

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### **Liquidity risk (continued)**

All of the group's financial assets and financial liabilities fall due within one year and all are denominated in Sterling (£)

**(b) Foreign exchange risk**

The group does not trade in overseas countries. There are few transactions in foreign currencies and therefore the group's exposure to foreign exchange risk is considered to be low.

**(c) Interest rate risk**

The group holds cash or cash equivalents with its bank and whilst exposed to interest rate risk and the recession it monitors and considers the risk of holding that cash.

Cash and cash equivalents are subject to floating rates of interest. Trade and other receivables and trade and other payables are non interest bearing.

#### *Sensitivity analysis*

The group considers that interest rates in the short to medium term will rise by up to 2 basis points above their current level. An interest rate increase of 2% would generate additional annual interest income of circa £49,000 based on year end cash reserves. There would be an equivalent increase in equity.

**(d) Credit risk**

The group's financial assets are bank balances and trade and other receivables which represent the group's maximum exposure to credit risk in relation to financial assets.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The directors consider the carrying amount of cash and cash equivalents approximates to their fair value.

The group's credit risk is primarily attributable to its trade receivables. Management have a credit policy in place and exposure to credit risk is monitored on an on-going basis. Management believe the group has a wide trade receivable profile and therefore does not have any significant concentration of risk. The credit quality of trade receivables that are neither past due nor impaired is considered to be good.

### **Capital risk management**

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern.

The group considers its capital to include retained earnings. The group does not have any externally imposed capital requirements.

# Liverpool Vision Limited

## NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2011

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### 3. SEGMENTAL INFORMATION

Liverpool Vision currently has one business segment delivering services towards the regeneration of the City's physical and economic transformation. However, to identify programme expenditure the directors highlight the distinction between programme and operating activity. The programme activity helps develop economic growth and recovery, whilst operations supports the delivery of those services.

The Group's surplus of income over expenditure was derived from its principal activities in the UK. The surplus can be split by programmes and operations as follows:

	2011 £000	2010 £000
<b>Revenue</b>		
Programme income	4,919	6,372
Operating income	5,213	5,229
Total revenue	<u>10,132</u>	<u>11,601</u>
<b>Surplus</b>		
Programme surplus/(deficit)	101	(1,103)
Operating surplus	492	1,769
Finance income	14	10
Finance costs	(24)	(110)
Income tax expense	(2)	(2)
Surplus after tax	<u>581</u>	<u>564</u>

There is depreciation on leasehold improvements of £33k (2010: £nil) in relation to the dilapidations provision made in the year and capitalised in non-current assets. See note 15 for a description of the provision.

#### Statement of financial position

Programme income is determined in accordance with grant agreements held with the funders whilst operating income is received in accordance with revenue and services agreements held with the funders. Expenditure spent in accordance with the programme income funding agreements is classed as programme expenditure. Expenditure spent in accordance with the revenue funding agreement is classed as operating expenditure. Employee benefit expenses are included in operating expenses.

Major funders providing 10% or more of revenue:

Funder 1 provided £3,153,488 of programme income representing 31.1% of total revenue and £4,009,751 of operating income representing 39.6% of total revenue.

**Liverpool Vision Limited**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
For the year ended 31 March 2011

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**4. SURPLUS BEFORE TAXATION**

	2011 £000	2010 £000
Surplus before tax is stated after charging/(crediting)		
Funding from Government bodies	<u>(10,131)</u>	<u>(11,601)</u>
<b>Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non-audit services</b>		
Audit services		
- statutory audit of parent and consolidated accounts	17	18
Other services		
- audit of subsidiaries, where such services are provided by Baker Tilly UK Audit LLP or its associates	9	12
- Accounting support services	-	18
- Corporation tax compliance services	4	8
	<u>30</u>	<u>56</u>

**Liability Limitation Agreement**

The company has not entered into a liability limitation agreement for either the current or preceding year

	2011 £000	2010 £000
The following table analyses the nature of expenses		
Programme expenditure	4,818	7,475
Staff costs (see note 5)	2,642	2,732
Depreciation	33	-
Premises costs	324	218
Marketing	136	309
Professional fees	60	84
Other expenses	1,526	117
	<u>9,539</u>	<u>10,935</u>

All staff costs are included in operating expenditure

**Liverpool Vision Limited**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**For the year ended 31 March 2011**

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**5. DIRECTORS AND EMPLOYEES**

The directors did not receive any remuneration during the period

The average number of persons employed by the company during the period, analysed by category, was as follows

	2011 Number	2010 Number
Corporate Services	20	15
Development	13	21
Investment and Enterprise	23	17
	<u>56</u>	<u>53</u>

The aggregate payroll cost of employees was as follows

	2011 £000	2010 £000
Wages and salaries	2,174	2,238
Social security costs	190	199
Pension costs	278	295
Total	<u>2,642</u>	<u>2,732</u>

All staff costs are included in operating expenditure

Remuneration of key management personnel

The remuneration of the key management personnel of the Group is set out below in aggregate

	2011 £000	2010 £000
Short-term employee benefits	497	471
Post-employment benefits	62	59
	<u>559</u>	<u>530</u>

**6. FINANCE INCOME**

	2011 £000	2010 £000
Bank interest	<u>14</u>	<u>10</u>

**7. FINANCE COSTS**

	2011 £000	2010 £000
Expected return on defined benefit scheme assets	(521)	(367)
Interest on scheme liabilities	545	477
	<u>24</u>	<u>110</u>

**Liverpool Vision Limited**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**For the year ended 31 March 2011**

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**8. TAXATION**

	2011 £000	2010 £000
<i>Current tax</i>		
UK – current year	3	2
UK – adjustments in respect of prior periods	(1)	-
	<u>2</u>	<u>2</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	-	-
	<u>2</u>	<u>2</u>
Income tax expense	<u>2</u>	<u>2</u>

The charge for the year can be reconciled to the surplus per the statement of comprehensive income as follows

	2011 £000	2010 £000
Surplus before tax	<u>583</u>	<u>566</u>
Tax at the domestic income tax rate 21% (2010 21%)	122	119
<i>Tax effects of</i>		
Income not taxable	(151)	-
Capital allowances in excess of prior periods	-	-
Losses carried forward	-	-
Adjustments in respect of prior periods	(1)	-
Consolidation adjustments	32	(117)
Total tax charge	<u>2</u>	<u>2</u>

**Liverpool Vision Limited**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**For the year ended 31 March 2011**

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**9. SUBSIDIARY**

Liverpool Vision Limited is the sole member of Liverpool Land Development Company Limited ("LLDC") a company limited by guarantee having no share capital. LLDC has been consolidated into the financial statements. Liverpool Vision became the sole member on 30 April 2008 at no cost. The principal activity of LLDC is to deliver comprehensive physical and economic regeneration in the Speke Halewood, Atlantic Gateway, Approach 580 and Eastern Approaches Strategic Investment Areas (SIAs) of Liverpool by creating new development sites and premises and attracting investment and jobs.

**10. PROPERTY, PLANT AND EQUIPMENT**

<b>Group</b>	<b>Leasehold Improvements £000</b>
<i>Cost</i>	
At 1 April 2009	-
At 31 March 2010	-
<b>Additions</b>	<b>100</b>
At 31 March 2011	100
<i>Accumulated depreciation</i>	
At 31 March 2009	-
At 31 March 2011	-
Depreciation charge in year	33
At 31 March 2011	33
<i>Net Book Value</i>	
At 31 March 2011	67
At 31 March 2010	-
At 31 March 2009	-

**11. FINANCIAL ASSETS**

	Group 2011 £000	Company 2011 £000	Group 2010 £000	Company 2010 £000
<i>Current</i>				
Trade and other receivables	677	988	2,340	2,258
Cash and cash equivalents	3,054	2,458	2,713	1,576
Maximum exposure to credit risk	3,731	3,446	5,033	3,334

The directors are of the opinion that there are no significant concentrations of credit risk.

**Liverpool Vision Limited**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
For the year ended 31 March 2011

**11. FINANCIAL ASSETS (continued)**

Trade and other receivables are as follows

	Group 2011 £000	Company 2011 £000	Group 2010 £000	Company 2010 £000
<i>Current</i>				
Trade receivables	520	520	2,249	2,183
Amounts due from group undertakings	-	311	-	-
Other receivables	-	-	19	3
Prepayments and accrued income	157	157	72	72
	<u>677</u>	<u>988</u>	<u>2,340</u>	<u>2,258</u>

The directors consider that the carrying amount of trade and other receivables approximates to their fair value

All trade and other receivables are denominated in sterling (£)

The average credit period taken on grant income is 19 days (2010 71 days)

The group holds no collateral against receivables at the balance sheet date

The following table provides analysis of trade and other receivables that were past due at 31 March, but not impaired. The group believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers

	2011 £000	2010 £000
Up to three months	520	2,164
Up to six months	16	-
	<u>536</u>	<u>2,164</u>

There are no significant credit risks arising from financial assets that are neither past due nor impaired

Cash and cash equivalents of £3,054,000 (2010 £2,713,000) comprise cash and short term deposits held by the group treasury function. The carrying amount of these assets approximates to their fair value

At 31 March 2011, £3,054,000 of cash was denominated in sterling (2010 £2,713,000)

**12. TRADE AND OTHER PAYABLES**

	Group 2011 £000	Company 2011 £000	Group 2010 £000	Company 2010 £000
<i>Current</i>				
Trade payables	122	69	289	214
Amounts due to group undertakings	-	-	-	26
Other taxation and social security costs	338	376	60	60
Other payables	36	36	198	224
Accruals and deferred income	1,123	853	2,561	1,512
	<u>1,619</u>	<u>1,334</u>	<u>3,108</u>	<u>2,036</u>

**Liverpool Vision Limited**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
For the year ended 31 March 2011

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**12. TRADE AND OTHER PAYABLES (continued)**

All payables are denominated in Sterling

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 5 days (2010: 9 days)

The directors consider that the carrying amount of trade payables approximates to their fair value

**13. BORROWING FACILITIES**

The Group has no bank borrowing facilities

**14. RETIREMENT BENEFITS**

**Defined benefit plan**

Liverpool Vision contributes to a pension scheme providing benefits based on final pensionable pay, contributions being charged to the Statement of Comprehensive Income so as to spread the cost of the pensions over employees' working lives with the company. Liverpool Vision was granted Admitted Body Status within the Merseyside Pension Fund with effect from 1 May 2008 and the scheme for the company was operational from this date. The contributions to the Merseyside Pension Fund are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The disclosures as at 2011 are based on an actuarial valuation as at 31 March 2010 updated to 31 March 2011

Key assumptions used	2011 %	2010 %
Discount rate	5.5	5.6
Investment return on plan assets	8.06	33.46
Rate of RPI inflation	3.4	3.3
Rate of CPI inflation	2.9	2.8
Expected rate of salary increases	4.4	4.55
Future pension increases	2.9	3.3

The average life expectancy for a pensioner retiring at 65 on the balance sheet date is

	2011 Years	2010 Years
Male	21.4	20.4
Female	24.1	23.2

The average life expectancy for a pensioner retiring at 65, aged 45 at the balance sheet date

Male	22.8	21.3
Female	25.7	24.1

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice



**Liverpool Vision Limited**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
For the year ended 31 March 2011

**14. RETIREMENT BENEFITS (continued)**

Amounts recognised within operating surplus in the Statement of Comprehensive Income in respect of the defined benefit scheme are as follows

	2011 £000	2010 £000
Current service cost	348	235
Past service (gain)/cost	(541)	33
	<u>(193)</u>	<u>268</u>

Amounts recognised within finance (income)/costs in the Statement of Comprehensive Income in respect of the defined benefit scheme are as follows

	2011 £000	2010 £000
Interest cost	545	477
Expected return on scheme assets	(521)	(367)
	<u>24</u>	<u>110</u>

Liverpool City Council has given a Bond and Indemnity in order to meet the opening deficit on pension scheme transferred to Liverpool Vision Limited as and when it crystallises

Movements in the present value of defined benefit obligations in the current period were as follows

	2011 £000	2010 £000
At start of period	9,710	6,661
Current service cost	348	235
Past service (gain) / cost	(541)	33
Interest cost	545	477
Actuarial (gains) / losses on liabilities	(88)	2,422
Contributions by plan participants	140	143
Benefits / transfers paid	(435)	(261)
At end of period	<u>9,679</u>	<u>9,710</u>

The past service gain in the year is due to the effect of the change from using RPI to CPI

Movements in the fair value of scheme assets in the current period were as follows

	2011 £000	2010 £000
At start of period	8,032	5,756
Expected return on scheme assets	521	367
Actuarial gains	579	1,609
Employer contributions	279	418
Employee contributions	140	143
Benefits paid	(435)	(261)
At end of period	<u>9,116</u>	<u>8,032</u>

The actual return on scheme assets was £647,000

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**14. RETIREMENT BENEFITS (continued)**

The amount included in the statement of financial position arising from the Group's obligation in respect of defined benefit schemes is as follows

	2011 £000	2010 £000
Fair value of scheme assets	9,116	8,032
Present value of defined benefit obligations	(9,679)	(9,710)
Deficit in scheme	(563)	(1,678)
Liability recognised in statement of financial position	(563)	(1,678)

Major categories of plan assets as a percentage of fair value of total plan assets and the expected rate of return at the reporting date were as follows

	Fair value of assets £000 2011	% 2011	Expected Return % 2011	Fair value of assets £000 2010	% 2010	Expected Return % 2010
Equity instruments	5,533	61	7.5	5,108	64	7.5
Government bonds	975	11	4.4	972	12	4.5
Other bonds	611	7	5.1	530	6	5.2
Property	720	8	6.5	506	6	6.5
Cash /liquidity	210	2	0.5	209	3	0.5
Other assets	1,067	11	7.5	707	9	7.5
	9,116	100		8,032	100	

The expected return on assets represents the allowance made, calculated at the start of the accounting year for the anticipated investment return to be earned on the assets during the year

Typically an investment return of about 6.5% (net of expenses) on the existing assets is anticipated for accounting purposes, although this can vary from year to year

The five year history of experience adjustments are as follows (this is the third year of the company, thus only three years are shown)

	2011 £000	2010 £000	2009 £000
Present value of defined benefit obligations	(9,679)	(9,710)	(6,661)
Fair value of scheme assets	9,116	8,032	5,756
Deficit in scheme	(563)	(1,678)	(905)
Experience adjustments on scheme liabilities	125	-	-
Experience adjustments on scheme assets	579	1,609	(1,905)

The estimated amounts of contributions expected to be paid to the scheme during the financial period ending 31 March 2012 is £241,000

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**15. PROVISIONS**

	Dilapidations provision £000	
At 1 April 2010		-
Additional provision in the year		100
At 31 March 2011		100
	2011	2010
	£000	£000
Current provision	-	-
Non – current provision	100	-
	100	-

During 2010/2011 the company moved within the Capital Building to offices some 20% smaller Liverpool Vision Limited entered into the lease, with Liverpool City Council acting as guarantor This differed from the original lease which was entered into by Liverpool City Council prior to the incorporation of the company The company is now responsible for dilapidations upon surrender or expiry of the lease so a provision has been made for this, with an estimate of the likely cost of dilapidations upon exit from its leasehold offices based on the costs of fit-out of the premises and has been calculated by senior officers to include any inflationary costs at exit Amortisation is charged over three years to a break-clause No decision has been made to surrender the lease at this time

**16. SHARE CAPITAL**

The Company is limited by guarantee and has no share capital Its sole Member is Liverpool City Council

**17. CAPITAL COMMITMENTS**

There were no capital commitments at the end of the financial period (2010 £nil)

**18. OPERATING LEASE ARRANGEMENTS**

	2011		2010	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Minimum lease payments under operating leases recognised as an expense in the period	171	7	202	-

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**18. OPERATING LEASE ARRANGEMENTS (continued)**

The minimum lease payments under non-cancellable operating lease rentals are in aggregate as follows

Amounts due	2011		2010	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Within one year	160	7	127	-
Between one and five years	417	19	577	-
After five years	667	-	667	-
	<b>1,244</b>	<b>26</b>	<b>1,371</b>	<b>-</b>

Operating lease payments represent rentals payable by the group for its office properties, photocopier and printers. The office property lease is negotiated for a term of ten years and two months and there is a review date after five years and two months.

**19. RELATED PARTY TRANSACTIONS**

During the financial period the company had the following transactions with related parties as defined by IAS 24 'Related Party Disclosures'

Related entity	Nature of relationship	Nature of transactions	2011		2010	
			Aggregate value for financial period £000	Net amount owed to the company £000	Aggregate value for financial period £000	Net amount owed to the company £000
Liverpool City Council	Member	Funding Receivable	7,163	164	7,903	615
Northwest Regional Development Agency	Member	Funding Receivable	866	243	2,344	1,028
Homes and Communities Agency	Member	Funding Receivable	429	-	543	-
Appreciating People Limited	Common director	Purchases	11	5	-	-
River-Digital (UK) Limited	Common director	Purchases	39	-	-	-

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**20. CONTROLLING PARTIES**

This company is controlled by Liverpool City Council ("LCC")