Liverpool Vision Limited

GROUP FINANCIAL STATEMENTS

31 March 2009

Company Registration No. 06580889

Liverpool Vision Limited
CONTENTS

Liverpool Vision Limited
DIRECTORS AND ADVISORS

DIRECTORS
M D Parker (Chair)
Cllr J Anderson
Cllr W J Bradley
S J Broomhead
D G Bundred
J Kehoe Perkinson
J H Kelly
Sir T P Leahy
D A McLaughlin
Cllr M J Storey
A E Wilson

SECRETARY
I J McCarthy

REGISTERED OFFICE
5th 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

Company Registration No. 06580889

The directors submit their report and the financial statements of Liverpool Vision Limited Group for the period ended 31 March 2009.

The company was incorporated on 30 April 2008.

PRINCIPAL ACTIVITIES

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

REVIEW OF BUSINESS

During the first year the company has focussed on three main tasks:

- Establishing new systems and consolidating the resources of three predecessor companies into the Company.
- Ensuring that the momentum of existing projects and programmes was maintained through transition into the Company, and
- Producing an initial Business Plan for the Company and an 'Economic Prospectus' to guide the future direction of Liverpool's economy.

Integration

On formation, the company inherited the staff and activities of Liverpool Vision (1999) Ltd, Liverpool Land Development Company Ltd. and Business Liverpool. The company has introduced new Financial and IT systems and, following full consultation with staff, has introduced a single set of Terms and Conditions of Employment.

Two Board Committees – Audit and Human Resources – have been established and are operating effectively.

Maintaining Momentum

The Company was established during the year in which Liverpool delivered what the European Commission described as the most successful European Capital of Culture ever. The success of Capital of Culture was underpinned by Liverpool's strong economic performance in the years leading up to 2008 accompanied by the physical transformation of the City Centre and Waterfront, and the main Gateways to the City.

However, the period since formation of the company in May 2008 has seen a dramatic change in wider national and international economic conditions which has impacted adversely on development and business performance in Liverpool as elsewhere.
Liverpool Vision has had to respond to the changed economic environment whilst continuing to deliver an inherited business support and development programme.

In support of business, the company has built on and strengthened its working relations with a range of local and regional partners and has introduced new programmes to assist smaller and medium sized businesses strengthen their management response to the recession.

We have also reviewed and refocused the Financial Assistance to Business scheme to align it with the level of resource available. The scheme has been used to help finance a number of local businesses and to attract inward investment.

Working on behalf of Liverpool City Council, the company has researched and consulted widely on a new brand logo for Liverpool. The logo was launched in March 2009 along with supporting promotional material. It builds on the strong brand message achieved through Capital of Culture 2008. The new brand has secured broad support and wide take up by public and private sector organisations in the City.

We have worked closely with the Liverpool Shanghai Partnership to ensure that the city can take full advantage of its presence at Expo 2010, to be held in Shanghai. Liverpool Vision is now taking a lead role in management of Liverpool's preparations for the Expo, including securing wider private sector support to build on commitments from Liverpool City Council and the Northwest Development Agency, and in overseeing the plans for the presentation of the City. We believe that Expo 2010 represents a huge opportunity for Liverpool to present itself once again as an outward looking city.

The property development sector has been particularly badly affected by a shortage of finance and loss of confidence; for example office take up in the City Centre in 2008 was 53 % of the level in 2007 and, at 254,000 sq ft back to a level last experienced in the 1990's. But a number of projects have continued to make good progress towards completion, including the Museum of Liverpool and the Neptune-Countryside mixed-use scheme at Mann Island, where the German Fund Commerz Real is funding a 130,000 sq. ft. office development which has been pre-let to Merseytravel.

The company has absorbed the business of Liverpool Land Development Company (LLDC) whose projects at Stonebridge Park and Liverpool Innovation Park were managed to successful completion during the year. The hard work in support of the Edge Lane Partnership's efforts to progress the Edge Lane West scheme were rewarded when the legal challenge to the CPO was rejected. Completion of the overall Edge Lane project can now be progressed. A measure of the reduced level of activity in the main Gateway areas is that LLDC turnover fell from almost £22m in 2007/08 to £4.75m in 2008/09. LLDC will not enter into any new commitment during the year and will run down the existing commitments.

The scheme to create a new Gateway public space at Lime Street Station has progressed according to plan and the company has been successful in developing and funding public realm improvement schemes in the Knowledge Quarter and at Castle Street/Derby Square.

Business Planning

Programme Expenditure of £7.978m reflects the company's direct involvement in projects where the company either provides a service directly or provides grant support to businesses. It does not reflect the wider range of projects in which the company is involved or its developments and facilitation role where public funding flows direct to the project, and not 'through' the company. The totality of public funding 'managed' by Liverpool Vision during the year is of the order of £102m.

The company's first Business Plan was approved by the Board and Member organisations. The Board and the Executive have engaged in a series of planning workshops which have identified a formal work programme for the Board on key issues for the Liverpool economy and have overseen the production and publication of 'People, Place and Prosperity, An Economic Prospectus Liverpool 2024', which was launched in June 2009.

Reflecting prevailing economic conditions and a 'tightening' of public sector funding, the Business Plan identifies only limited opportunities to commit new funding in support of infrastructure and development projects, effectively a reduction in overall activity in that area of business, with short term stability in the funding available for enterprise and business support activity.

FUTURE DEVELOPMENTS

The economic climate in which the company is operating has changed dramatically over the period since the company was established and we see no significant change in those conditions over the short term. Nor do we see any reason to change the direction of travel set out in our Economic Prospectus for Liverpool. We will, therefore, continue to progress, influence and establish a programme of activity for ourselves and our partners which builds on the main drivers for change identified in the Prospectus.

The Board has identified a limited number of key areas where Liverpool Vision can have a direct impact. Those areas of special focus include: how Liverpool can take better advantage of its strong brand overseas and capture the energies of the Liverpool diaspora; to secure a wider range of inward investment; more effective exploitation of the knowledge assets in the City and City Region; and establishing a strong enterprise culture and environment for business growth, underpinned by a strong business finance infrastructure.

At a project and programme level, during 2009/10 we will continue to deliver and refine our enterprise and business development programmes to support Liverpool's business through the recession.

We will promote the provision of physical infrastructure in the City Centre and the other strategic investment areas, particularly where it supports the development of key sectors: professional and financial services, creative and digital, the visitor economy and knowledge based businesses. North Liverpool is a growing priority for the company and its partners where in the medium to longer term we have a real opportunity to work with Peel Developments to progress the Liverpool Waters project for the wider benefit of communities in North Liverpool.

We are working with partners to identify new funding mechanisms to replace the loss of Objective 1 funding and the reduction in Development Agency funding to support capital projects. The fall in activity and confidence in the development market underlines the importance of maintaining public resources in the short to medium term.

Expo 2010 in Shanghai will run for 6 months, from May to October 2010. The success of Liverpool's presence for the City Region and the North West will be built on the foundation of the preparations we put in place during the 12 months leading up to the event. Liverpool Vision will make that preparatory work a priority in 2009/10.

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 success against absolute and comparative figures of job growth, business creation and survival, improvements in productivity and growth and ultimately in the more active engagement of minority groups and our more distressed communities. During 2008 and 2009 the credit crunch and the depth of the recession has driven all 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 2008/09 have been 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 have been similarly affected as the focus of those programmes has shifted from growth and expansion to helping businesses survive the recession.

RISKS AND UNCERTAINTIES

The company enjoys the support and confidence of its public sector members. But those members are themselves experiencing change and all are under severe financial pressures which are affecting their ability to maintain the high levels of project and programme support which have been the norm in recent years. The scale of future capital and enterprise support programmes is therefore uncertain. The company is managing that risk by maintaining its delivery performance, working closely with funding partners on monitoring and evaluation to maintain confidence in our ability to 'deliver' and by positioning Liverpool Vision to take advantage of new funding mechanisms such as the European JESSICA programme.

The company's first year has been one of consolidation and integration. Bringing three businesses together has improved our ability to provide a single response to problems and opportunities. The change process will continue to reflect the changing political, institutional and economic environment in which the company works. Management of that change is a priority for the Chairman, the Board and the senior executive team.

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 Expo 2010 are therefore of crucial importance. Liverpool must live up to expectations at Expo and in the delivery of the major projects at home. Failure would represent a significant reputational risk for the City and for the Company.

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

FINANCING

The Operating costs of the company are met primarily through contributions by Liverpool City Council under a Services Agreement, with additional grant funding contribution from the Northwest Development Agency and the Homes and Communities Agency under a Funding Agreement. For 2008/09 the contributions received under these agreements totalled £4.9m. A similar level of funding will be received in 2009/10. The terms of the Agreement between the Members of the Company require a minimum of twelve months notice of a significant reduction or withdrawal of funding.

DIRECTORS

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

M D Parker (appointed 30 April 2008)
Cllr J Anderson (appointed 30 April 2008)
Cllr W J Bradley (appointed 30 April 2008)
S J Broomhead (appointed 30 April 2008)
D G Bundred (appointed 1 May 2008)
J Kehoe Perkinson (appointed 1 May 2008)
J H Kelly (appointed 1 May 2008)
Sir T P Leahy (appointed 1 May 2008)
D A McLaughlin (appointed 20 January 2009)
Cllr M J Storey (appointed 30 April 2008)
A E Wilson (appointed 1 May 2008)
P R Spooner (appointed 30 April 2008; resigned 1 December 2008)
D F T Paver (appointed 1 May 2008; resigned 20 March 2009)

EMPLOYEE INVOLVEMENT

The Company is committed to involving its employees in the business and giving them 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 have 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
A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

M D Parker

M D Parker
Chair of the Board
11 September 2009

Liverpool Vision Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

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

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and 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 company.

In preparing each of 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 estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRSs 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 company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the group and parent company financial statements ("the financial statements") on pages 11 to 33.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and for being satisfied that the group and parent company financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with IFRSs as adopted by the European Union and whether the financial statements have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, or if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
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 2009 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report is consistent with the financial statements.

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
9th Oct 2009

Liverpool Vision Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 March 2009

	Note	2009 £000
REVENUE – Programme income	3	8,165
Programme expenditure		(7,978)
PROGRAMME SURPLUS		187
REVENUE – Operating income	3	5,244
Operating expenditure		(4,280)
OPERATING SURPLUS		964
SURPLUS FROM OPERATIONS		1,151
Finance income	6	192
Finance costs	7	(25)
TOTAL SURPLUS BEFORE TAX	4	1,318
Income tax expense	8	(16)
SURPLUS FOR THE FINANCIAL PERIOD		1,302
Other comprehensive income:		
Actuarial gain on pension scheme		304
Transfer of opening deficit on pension scheme		(1,092)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		514

The Company has taken advantage of section 408(1) of the Companies Act 2006 not to publish its own Statement of Comprehensive Income.

Liverpool Vision Limited
CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION
At 31 March 2009

	Note	Group 2009 £000	£000	Company 2009 £000	£000
ASSETS					
CURRENT ASSETS					
Trade and other receivables	10	2,438		1,880	
Cash and cash equivalents		3,513		1,385	
TOTAL ASSETS			5,951		3,265
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	11	(4,516)		(1,830)	
Current tax liabilities		(16)		(16)	
TOTAL CURRENT LIABILITIES			(4,532)		(1,846)
NON-CURRENT LIABILITIES					
Retirement benefit obligations	14	(905)		(905)	
TOTAL NON-CURRENT LIABILITIES			(905)		(905)
TOTAL LIABILITIES			(5,437)		(2,751)
NET ASSETS			514		514
EQUITY					
Retained earnings	16		514		514

The financial statements on pages 11 to 33 were approved by the Board of directors and authorised for issue on 2009 and were signed on its behalf by:

MD Parker
Chairman

Liverpool Vision Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 March 2009

	2009	
	£000	£000
Cash flows from operating activities		
Surplus before taxation	1,318	
Adjustments for:		
Finance income	(192)	
Finance costs	25	
Decrease in trade and other receivables	318	
Decrease in trade and other payables	(3,149)	
Increase in retirement benefit obligation	92	
Cash used in operations	(1,588)	
Interest paid	-	
Income taxes paid	-	
NET CASH USED IN OPERATING ACTIVITIES		(1,588)
Cash flows from investing activities		
Cash and cash equivalents acquired with subsidiary	4,909	
Finance income received	192	
NET CASH GENERATED FROM INVESTING ACTIVITIES		5,101
Net increase in cash and cash equivalents		3,513
Cash and cash equivalents at start of period		-
CASH AND CASH EQUIVALENTS AT END OF PERIOD		3,513

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 (IFRSs), as adopted by the EU. The Group has therefore adopted IFRS 1 'First time adoption of International Financial Reporting Standards'.

The group has adopted earlier than its effective date, IFRS 8 'Operating segments' for the period.

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.

BASIS OF CONSOLIDATION

The consolidated financial statements of the Group incorporate the financial statements of the Company and enterprises 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 benefit to the group. Subsidiaries are fully consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any minority interest.

The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the statement of comprehensive income.

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.

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

SEGMENTAL REPORTING
An operating segment is a component of the entity that engages in business activities which generates revenues and expenses.

FOREIGN CURRENCIES
The presentational and functional currency of the Group and Company is pounds sterling (£).

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the date the fair value was determined.

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 substantially 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.

TAXATION (continued)
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.

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 to provide future grants.

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 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.

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.

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 (SOCI) in the period in which they arise.

During the period, Liverpool City Council and Liverpool Vision (1999) Limited employees were transferred to the company and the associated defined benefit obligations and assets were also transferred. The net liability of £1,092,000 has been charged to equity in the SOCI in the period.

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.

STANDARDS ADOPTED EARLY BY THE GROUP

- IAS 1 'Presentation of financial statements' – Amendment. This amendment aims to assist users in their ability to analyse and compare the information given in the financial statements. Changes include changes to titles of some of the financial statements and changes to the components of financial statements. The amendment is effective for periods commencing on or after 1 January 2009.

- IFRS 8 'Operating segments'. This standard replaces IAS 14 'Segment reporting'. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in determining the allocation of resources and in assessing its performance. The standard is effective for periods commencing on or after 1 January 2009.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following standards have been issued but have not been adopted by the Group in these financial statements as they are not yet effective:

- Interpretations that are not predicted to have an impact on the group:
    - IFRIC 9 'Reassessment of embedded derivatives' – Amendment
    - IFRIC 13 'Customer loyalty programmes'
    - IFRIC 15 'Agreements for the construction of real estate'
    - IFRIC 16 'Hedges of a net investment in a foreign operation'
    - IFRIC 17 'Distributions of non-cash assets to owners'
    - IFRIC 18 'Transfers of assets from customers'

- IFRS 1 'First time adoption of IFRS' – Revision and amendments. As the group has adopted IFRS in the period to 31 March 2009 these revisions and amendments are not predicted to have any impact on the group.

- IFRS 2 'Share based payment' – Amendments. The amendments relate to vesting conditions and cancellations and cash-settled share based payment transactions. As the group do not have any share schemes these amendments are not predicted to have any impact on the group.

- IFRS 3 'Business combinations' – Revision. The revision is part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The main changes include the scope, accounting for acquisition costs and post acquisition changes to contingent consideration, accounting for goodwill and accounting for business combinations achieved in stages. There is additional guidance on recognition and measurement of fair values and on determining what is part of the business combination transaction. There are also a number of changes to disclosure requirements. The revision is effective for periods commencing on or after 1 July 2009. The directors will consider the requirements of the revision on any future business acquisitions.

- IFRS 7 'Financial instruments: Disclosures' – Amendments. The amendments improve financial instrument disclosures about fair value measurements and reinforce existing principles for disclosure about the liquidity risk associated with financial instruments. The amendments are aimed at improving transparency and accounting guidance in response to the financial crisis. The amendments are effective for periods commencing on or after 1 January 2009. As the group's financial instruments are relatively simple the directors do not believe that the current disclosures will require significant update.

- IAS 1 'Presentation of financial statements' – Amendment. This amendment deals with puttable financial instruments and obligations arising on liquidation. The amendment is effective for periods commencing on or after 1 January 2009. The directors do not believe the adoption of this amendment will have a significant impact on the group.

- IAS 23 'Borrowing costs' – Revision. This revision eliminates the option to expense borrowing costs to the Statement of Comprehensive Income as incurred and is effective for periods commencing on or after 1 January 2009. The directors do not believe this revision will have a significant impact on the group.

STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

- IAS 27 'Consolidated and separate financial statements' – Amendments. The amendments are part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The main amendments relate to the accounting for minority interests and the loss of control of a subsidiary. The amendments are effective for periods commencing on or after 1 January 2009 and 1 July 2009. The directors do not believe the adoption of these amendments will have a significant impact on the group.

- IAS 28 'Investments in associates' – Amendment. The amendment is part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The amendment is effective for periods commencing on or after 1 July 2009. As the group has no investments in associates the adoption of this standard is not predicted to have any impact on the group.

- IAS 31 'Investments in joint ventures – Amendment. The amendment is part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The amendment is effective for periods commencing on or after 1 July 2009. As the group has no investments in joint ventures the adoption of this standard is not predicted to have any impact on the group.

- IAS 32 'Financial Instruments: Presentation' – Amendment. This amendment deals with puttable financial instruments and obligations arising on liquidation. The amendment is effective for periods commencing on or after 1 January 2009. The directors do not believe the adoption of this amendment will have a significant impact on the group.

- IAS 39 'Financial Instruments: Recognition and measurement – Amendment. These amendments relate to eligible hedged items and embedded derivatives. The amendments are effective for periods commencing on or after 1 July 2009. The directors do not believe the adoption of these amendments will have a significant impact on the group.

In addition to the above revisions and amendments the Annual Improvement Projects in 2008 and 2009 have updated a number of standards for incidental terminology or editorial changes as well as some minor technical changes with minimal accounting effect.

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.

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.

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 £70,000 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.

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:

	2009
	£000
Revenue	
Programme income	8,165
Operating income	5,244
Total revenue	13,409
Surplus	
Programme surplus	187
Operating surplus	964
Finance income	192
Finance costs	(25)
Income tax expense	(16)
Surplus after tax	1,302

There is no depreciation, amortisation or capital expenditure.

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 £4,264,000 of programme income representing 31.9% of total revenue and £3,952,000 of operating income representing 29.5% of total revenue. Funder 2 provided £2,421,000 of programme income representing 18.1% of total revenue.

4. SURPLUS BEFORE TAXATION

	2009
	£000
Surplus before tax is stated after charging/(crediting):	
Government grants towards programmes	(8,165)
Government grants towards operations	(5,244)

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non-audit services.

Audit services	
- statutory audit of parent and consolidated accounts	15
Other services	
- audit of subsidiaries, where such services are provided by Baker Tilly UK Audit LLP or its associates	9
- Corporation tax compliance services	3
	27

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

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 (including directors), analysed by category, was as follows:

	2009
	Number
Corporate Services	15
Development	21
Investment and Enterprise	17
	53

The aggregate payroll cost of employees was as follows:	2009
	£000
Wages and salaries	2,013
Social security costs	178
Pension costs	256
Total	2,447

All staff costs are included in operating expenditure.

5. DIRECTORS AND EMPLOYEES (continued)

Remuneration of key management personnel

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

	2009
	£000
Short-term employee benefits	434
Post-employment benefits	55
	489

6. FINANCE INCOME

	2009
	£000
Bank interest	192

7. FINANCE COSTS

	2009
	£000
Expected return on defined benefit scheme assets	(424)
Interest on scheme liabilities	449
	25

8. TAXATION

	2009 £000
Current tax	
UK	16
	16
Deferred tax	
Current year	-
Other material items	-
	-
Tax attributable to the Company and its subsidiaries	16

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

	2009 £000
Surplus before tax	1,302
Tax at the domestic income tax rate 28%	365
Tax effects of:	
Expenses not deductible for tax purposes	-
Other differences	(349)
Total tax charge	16

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. TRADE AND OTHER RECEIVABLES

	Group 2009 £000	Company 2009 £000
Current:		
Trade receivables	1,117	618
Other receivables	44	-
Prepayments and accrued income	1,277	1,262
Total	2,438	1,880

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 sale of goods is 49 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.

	2009 £000
Up to three months	878
Up to six months	194
	1,072

Neither the Group nor company has an allowance account for trade receivables.

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

11. TRADE AND OTHER PAYABLES

	Group 2009 £000	Company 2009 £000
Current:		
Trade payables	309	303
Amounts due to group undertakings	-	19
Other taxation and social security costs	684	684
Other payables	119	37
Accruals and deferred income	3,404	787
	4,516	1,830

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 24 days.

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

12. DEFERRED TAX

	Group 2009 £000	Company 2009 £000
Analysis for financial reporting purposes:		
Deferred tax liabilities		
- amounts due to be settled within 12 months	-	-
- amounts due to be settled after 12 months	-	-
Deferred tax assets		
- amounts due to be recovered within 12 months	-	-
- amounts due to be recovered after 12 months	-	-
Net position at end of period	-	-

The movement in the period in the Group's net deferred tax position was as follows:

	Group 2009 £000	Company 2009 £000
At start of period	-	-
Charge to income for the period	-	-
Charge to equity for the period	-	-
Net assets acquired on acquisition of subsidiary	-	-
At end of period	-	-

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 2009 are based on an actuarial valuation as at 31 March 2007 updated to 31 March 2009.

Key assumptions used:	2009
	%
Discount rate	7.1
Expected return on plan assets	
Rate of inflation	3.3
Expected rate of salary increases	4.55
Future pension increases	3.3

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

	2009
	Years
Male	20.3
Female	23.2

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

Male	21.3
Female	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.

Amounts recognised within operating surplus in the statement of comprehensive income in respect of the defined benefit scheme are as follows:

	2009
	£000
Current service cost	344
Past service cost	-
	344

14. RETIREMENT BENEFITS (continued)

Amounts recognised within finance (income) costs in the statement of comprehensive income in respect of the defined benefit scheme are as follows:

	2009
	£000
Interest cost	449
Expected return on scheme assets	(424)
	25

Amounts recognised within comprehensive income in respect of the defined benefit scheme are as follows:

	2009	2009 Cumulative
	£000	£000
Actual return less expected return on pension scheme assets	304	304
Experience gains and losses arising on scheme liabilities	-	-
Changes in assumptions underlying the present value of the scheme liabilities	-	-
Transfer of opening deficit on pension scheme	(1,092)	(1,092)
	(788)	(788)

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.

14. RETIREMENT BENEFITS (continued)

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

	2009 £000
At start of period	-
Current service cost	344
Past service cost	-
Interest cost	449
Actuarial gains and losses	(2,209)
Contributions by plan participants	126
Benefits paid	-
Business combinations	7,951
At end of period	6,661

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

	2009 £000
At start of period	-
Expected return on scheme assets	424
Actuarial gains and losses	(1,905)
Employer contributions	252
Employee contributions	126
Benefits paid	-
Business combinations	6,859
At end of period	5,756

The actual return on scheme assets was £(1,481,000).

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:

	2009 £000
Fair value of scheme assets	5,756
Present value of defined benefit obligations	(6,661)
Deficit in scheme	(905)
Liability recognised in statement of financial position	(905)

Major categories of plan assets as a percentage of fair value of total plan assets:

	Fair value of assets £000 2009	% 2009
Equity instruments	3,085	54
Government bonds	1,019	18
Other bonds	276	5
Property	535	9
Cash /liquidity	242	4
Other assets	599	10
	5,756	100

The five year history of experience adjustments are as follows (this is the first year of the company, thus only one year is shown):

	2009 £000
Present value of defined benefit obligations	(6,661)
Fair value of scheme assets	5,756
Deficit in scheme	(905)
Experience adjustments on scheme liabilities	-
Experience adjustments on scheme assets	(1,905)

The estimated amounts of contributions expected to be paid to the scheme during the financial period ending 31March 2010 is £233,000.

15. SHARE CAPITAL

The Company is limited by guarantee and has no share capital. Its Members are Liverpool City Council, Northwest Regional Development Agency and Homes and Communities Agency (formerly English Partnerships).

16. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Retained earnings £000
At start of the period	-
Total comprehensive income for the period	514
At end of period	514

Retained earnings
The retained earnings reserve includes the surplus arising from the statement of comprehensive income and the actuarial gain / (loss) on the pension scheme.

17. ACQUISITION OF A SUBSIDIARY

See also note 9. This transaction has been accounted for by the purchase method of accounting.

	Acquiree's carrying amount	Fair value adjustments	Fair value
	2009	2009	2009
	£000	£000	£000
Trade and other receivables	2,756	-	2,756
Cash and cash equivalents	4,909	-	4,909
Trade and other payables	(7,665)	-	(7,665)
Fair value of identifiable assets and liabilities			-
Goodwill			-
Cost of the business combination			-
Satisfied by:			
Cash			-
Acquisition expenses			-
			-
Cash consideration paid			-
Cash and cash equivalents acquired			4,909
Net cash inflow arising on acquisition			4,909

LLDC contributed £4,838,000 of revenue and £Nil of net surplus for the period between the date of acquisition and the balance sheet date, which is the same as the start of the Group financial period.

18. CAPITAL COMMITMENTS

There were no capital commitments at the end of the financial period.

19. OPERATING LEASES PAYABLE

	2009 £000
Minimum lease payments under operating leases recognised as an expense in the period	203

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

Amounts due:	2009 £000
Within one year	163
Between one and five years	809
After five years	809
	1,781

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

20. 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 transactions*	*2009*	
		Aggregate value for financial period £000	**Net amount owed to the company £000**
Liverpool City Council	Funding Receivable	7,315	1,459
Northwest Regional Development Agency	Funding Receivable	1,090	522
Homes and Communities Agency	Funding Receivable	735	-
		9,140	**1,981**

21. CONTROLLING PARTIES

This company is jointly controlled by Liverpool City Council ("LCC"), Northwest Regional Development Agency ("NWDA") and Homes and Communities Agency ("HCA").