# Liverpool Vision Limited

## GROUP FINANCIAL STATEMENTS

For the Year Ended

31 March 2010



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
T Slack
J H Kelly
Sir T P Leahy
D A McLaughlin
Cllr P Brant
A E Wilson
J A Corner

**SECRETARY**
I J McCarthy

**REGISTERED OFFICE**
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Liverpool
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**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 2010

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 year the company continued the process of integrating the activities of the three predecessor companies, driving and supporting the positive momentum which has built in the city over recent years, focusing the activity of the Board on particular "Strategic Ambitions" which will promote the achievement of the established Economic Prospectus for the City

*Operating Context and Governance*

During 2009/10 the company maintained the strong continued support of its members Liverpool City Council, Northwest Regional Development Agency ("NWDA") and the Homes & Communities Agency 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 led the production of a "Strategic backdrop" to Liverpool's economy and future performance, the Economic Prospectus for the City, "People, Place and Prosperity" Launched at the Arena and Convention Centre Liverpool in June 2009 The Board have been very actively engaged in the work of the Company through a programme of Board Workshops

The Board has been strengthened in the year with the appointment of two new Board members, Jon Corner providing experience in the Digital & Creative sector and Tim Slack in the support for small business

The very difficult economic conditions, particularly for Commercial Development, and tightening Public Sector funding environment have continued through 2009/10 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 Our joint Business Support Programmes with Business Link are regarded as a regional model of good practice Support and financial assistance was provided for a notable inward investment success, to support the relocation of B&M store's HQ to Liverpool involving the creation of some 600 jobs Whilst there has been an inevitable slow down in development activity, Vision has maintained support for improvements to the business environment focussed on key business districts of the city, particularly the Waterfront, Commercial District and Knowledge Quarter

A new branding for the city was established in 2009, supporting the progress which is being made in repositioning the city nationally and internationally The city's presence at the World Expo in Shanghai during 2010 provides the most tangible example of the level of the city's international business ambitions

Liverpool City Council has demonstrated its strong commitment to the Company by its very considerable financial commitment, its positive high level representation on the Board, and the approval of the company's

Business Plan (2009/10-2011/12) by its Executive Board in April 2009, and ongoing liaison and scrutiny through the year by its Regeneration Select Committee Members have committed funding to the Company for 2010/11

The Board of Liverpool Vision are very conscious of the considerable constraints on public funding and maintains strong management of both operational and programme costs

The Board is clear that the difficult economic conditions, reductions in the level of public funding and pressure for change on each of our Members reinforce the need for and importance of Liverpool Vision to contribute to the continued economic recovery of the City of Liverpool

*Maintaining Momentum*

The recession has continued to be the major influence on the operational context for Liverpool Vision Improvements in the business environment over the last decade have better positioned the city to face these difficult economic conditions Nevertheless the city still faces significant structural economic challenges, and remains a regional and national priority for economic regeneration Unemployment and worklessness has increased through the recession, and the development industry remains flat with occupier interest low Forecasts suggest it will be 2015 before the city recovers the 8,000 jobs lost in the recession, but that output levels may recover more quickly

The particular challenges and achievements in 2009/10 have been

- The major single priority in the year has been Vision's lead role in preparing Liverpool's presence at The World Expo in Shanghai during 2010 This has been a very close, positive collaboration with the City Council, Liverpool Shanghai Partnership, the City's Universities and Northwest Regional Development Agency The Expo presents a huge opportunity to present Liverpool on the world stage in 2010
- Securing funding and planning consent for the Women's' International Centre for Economic Development which will be on site in 2010/11, and the delivery of Vision's Local Enterprise Development Programme to support some 600 business starts and creation of over 745 new jobs
- Introduction of a Business Improvement Programme in conjunction with Business Link NW, providing a regional response to businesses needing urgent advice in difficult conditions
- Delivery of the Financial Assistance to Business Scheme The scheme has six "live" commitments totalling £2 4m which will support the creation of 828 jobs in Liverpool
- Funding the establishment of a "Soft Landing Business Centre" at Liverpool Science Park to assist the attraction of new small technology based businesses to the City
- Supporting the establishment of the Baltic Creative Community Interest Company, to support the growth of the cluster of creative businesses in the area The Trust has now acquired a number of small workshops / units and begun to refurbish the Units
- Maintained progress in the delivery of a programme of strategic public realm improvements including the Pier Head and Canal Link, Lime Street Gateway, Brownlow Hill and Derby Square Funding was secured for further projects in the year notably, Knowledge Quarter, Castle Street, Baltic Creative Quarter and the Commercial District / Dale Street
- To continue to support the national and international repositioning of the City
- Achievement of major milestones in the delivery of the Edge Lane Gateway, notably confirmation of the Compulsory Purchase Order and the Department of Transport's confirmation of some £19 3m funding

Considerable progress has been maintained in the organisational and operational integration of the Company with the encouragement and support of the Audit and H R Committees In particular we have improved the management and reporting of operational and programme spend and outputs, established a single set of terms and conditions of employment which all staff have adopted, established a Performance Management and Development system for all staff, and established a Partnership Agreement with UNISON in conjunction with our active Staff Consultative Committee

Reflecting the need for an efficient organisational structure focused on the priorities of the Company, a new structure was agreed and put in place in June 2010 providing broad realignment into four areas, International and Business Relations, Programme Delivery, Strategy and Corporate Planning and Management Services

*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 the 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

For 2010/11 the work of the Board will be focussed upon 12 "Strategic Ambitions" which will drive the achievement of the Economic Prospectus, with individual Board Members leading Strategic Issue Groups to take forward key ambitions Board Members will lead on the following issues,

- David Bundred – North Liverpool
- Mike Parker – Low Carbon and Climate Change Knowledge Economy
- Tim Slack – Entrepreneurship, Business Growth & Finance
- Jon Corner – Digital & Creative
- Jeanette Kehoe-Perkinson – Internationalisation
- John Kelly – Skilled Workforce

During 2010/11 Vision will conclude the preparation of three important regeneration frameworks for the city, covering the Knowledge Quarter, International Gateway and most importantly North Liverpool These will be completed and taken forward with partners in 2010

A particular priority for 2010, supported by a Board Champion will be to work with Liverpool City Council, Homes and Communities Agency, Northwest Development Agency, New Heartlands, HMRI, Government Office and Peel to translate the conclusion of work on the North Liverpool Regeneration Framework into a long term Implementation Plan for the comprehensive revitalisation of North Liverpool's physical, economic and social fabric and integration with the proposed Liverpool Waters Development

*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 disadvantaged communities During 2009/10 the credit crunch and the depth of the recession has 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 2009/10 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 were similarly affected, the focus of those programmes has continued to shift from growth and expansion to helping businesses survive the recession

## RISKS AND UNCERTAINTIES

The company continues to enjoy the support and confidence of its public sector members However, those members are experiencing change and all are under severe financial pressures which are affecting their ability to maintain the significant levels of project and programme funding, provided over recent years We now know that NWDA will close at the end of 2011/12 and will not therefore be able to provide operational funding support for Vision in 2011/12 The company is managing that risk by undertaking rigorous reviews of project costs and funding, maintaining its delivery performance, 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 Regional Growth Fund and European JESSICA programme

At the Board meeting on 3rd December 2010, a report on the future role and structure of Liverpool Vision was considered The Board having fully considered the options available, have agreed that Liverpool Vision will work with Liverpool City Council to transfer its activities to the City Council Whilst it is envisaged all staff will have transferred to LCC by 1st April 2011, the transfer will be subject to key milestones being jointly achieved, with Liverpool Vision providing the core of a new Council Directorate which will retain the 'Liverpool Vision' brand An orderly wind-down of existing contracts and commitments will take place in Liverpool Vision under the control of Liverpool City Council It is envisaged all such contracts will be completed by the end of 2011/12

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

The profile of risk management within Vision has been raised following the work of the Audit Committee The overall approach will follow established good practice focusing attention on identifying risks, evaluating risks, managing risks and monitoring and review

Liverpool Land Development Company 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 2009/10 the contributions received under these agreements totalled £4 9m A similar, though marginally reduced, level of funding is anticipated to be received in 2010/11 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 The decision to close NWDA in March 2010 has resulted in the loss of operational funding support for the Company from 2011/12

**DIRECTORS**

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

M D Parker
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 (resigned 2 June 2010)
Cllr P Brant (appointed 2 June 2010)
J Corner (appointed 19 February 2010)
T Slack (appointed 19 February 2010)

**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
3 December 2010

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 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 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

We have audited the group and parent company financial statements ("the financial statements") on pages 10 to 32 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 auditors**
As more fully explained in the Directors' Responsibilities Statement set out on page 7, 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 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/UKNP

**Opinion on the 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 2010 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

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

22 Dec 2010

# Liverpool Vision Limited
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 March 2010

| | Note | 2010 £000 | 2009 £000 |
|---|---|---|---|
| REVENUE – Programme income | 3 | 6,372 | 8,165 |
| Programme expenditure | | (7,475) | (7,978) |
| PROGRAMME (DEFICIT)/SURPLUS | | (1,103) | 187 |
| REVENUE – Operating income | 3 | 5,229 | 5,244 |
| Operating expenditure | | (3,460) | (4,280) |
| OPERATING SURPLUS | | 1,769 | 964 |
| SURPLUS FROM OPERATIONS | | 666 | 1,151 |
| Finance income | 6 | 10 | 192 |
| Finance costs | 7 | (110) | (25) |
| TOTAL SURPLUS BEFORE TAX | 4 | 566 | 1,318 |
| Income tax expense | 8 | (2) | (16) |
| SURPLUS FOR THE FINANCIAL PERIOD | | 564 | 1,302 |
| Other comprehensive income | | | |
| Actuarial (loss)/gain on pension scheme | | (813) | 304 |
| Transfer of opening deficit on pension scheme | | - | (1,092) |
| TOTAL COMPREHENSIVE (DEFICIT) / INCOME FOR THE PERIOD | | (249) | 514 |

# Liverpool Vision Limited
## CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION
## At 31 March 2010

| | Note | Group 2010 £000 | Group 2010 £000 | Group 2009 £000 | Group 2009 £000 | Company 2010 £000 | Company 2010 £000 | Company 2009 £000 | Company 2009 £000 |
|---|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | | |
| CURRENT ASSETS | | | | | | | | | |
| Trade and other receivables | 10 | 2,340 | | 2,438 | | 2,258 | | 1 880 | |
| Cash and cash equivalents | | 2,713 | | 3,513 | | 1,576 | | 1 385 | |
| TOTAL ASSETS | | | 5,053 | | 5,951 | | 3,834 | | 3 265 |
| LIABILITIES | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | |
| Trade and other payables | 11 | (3,108) | | (4,516) | | (2,036) | | (1 830) | |
| Current tax liabilities | | (2) | | (16) | | - | | (16) | |
| TOTAL CURRENT LIABILITIES | | | (3,110) | | (4,532) | | (2,036) | | (1 846) |
| NON-CURRENT LIABILITIES | | | | | | | | | |
| Retirement benefit obligations | 13 | (1,678) | | (905) | | (1,678) | | (905) | |
| TOTAL NON-CURRENT LIABILITIES | | | (1,678) | | (905) | | (1,678) | | (905) |
| TOTAL LIABILITIES | | | (4,788) | | (5,437) | | (3,714) | | (2 751) |
| NET ASSETS | | | 265 | | 514 | | 120 | | 514 |
| EQUITY | | | | | | | | | |
| Retained earnings | 15 | | 265 | | 514 | | 120 | | 514 |

The financial statements on pages 10 to 32 were approved by the Board of directors and authorised for issue on 10 September 2010 and were signed on its behalf by

M D Parker
Chairman

Company Number 6580889

# Liverpool Vision Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 March 2010

| | **2010** £000 | £000 | 2009 £000 | £000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Surplus before taxation | 566 | | 1,318 | |
| *Adjustments for* | | | | |
| Finance income | (10) | | (192) | |
| Finance costs | 110 | | 25 | |
| Decrease in trade and other receivables | 98 | | 318 | |
| Decrease in trade and other payables | (1,408) | | (3,149) | |
| Increase in retirement benefit obligation | (150) | | 92 | |
| **Cash used in operations** | (794) | | (1,588) | |
| Interest paid | - | | - | |
| Income taxes paid | (16) | | - | |
| NET CASH USED IN OPERATING ACTIVITIES | | (810) | | (1,588) |
| **Cash flows from investing activities** | | | | |
| Cash and cash equivalents acquired with subsidiary | - | | 4,909 | |
| Finance income received | 10 | | 192 | |
| NET CASH GENERATED FROM INVESTING ACTIVITIES | | 10 | | 5,101 |
| Net (decrease)/increase in cash and cash equivalents | | (800) | | 3,513 |
| Cash and cash equivalents at start of period | | 3,513 | | - |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | 2,713 | | 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 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 will work with Liverpool City Council to transfer its activities to the City Council All Liverpool Vision employees will be transferred to LCC under a TUPE arrangement as of 1st April 2011 All contracts will be considered on an individual basis, with an orderly wind-down expected to be completed before the end of 2011/12 Any obligations or liabilities of the Company will be met in full from either the existing reserves of Liverpool Vision or by support from Liverpool City Council 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 deficit of £395,000 (2009 Surplus £514,000)

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

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 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

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 (£)

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 lıabılıty recognısed ın the balance sheet ın respect of defined benefit pensıon plans ıs the present value of the defined benefit oblıgatıon at the balance sheet date less the faır value of plan assets, together wıth adjustments for unrecognısed past-servıce costs The defined benefit oblıgatıon ıs calculated annually by ındependent actuarıes usıng the projected unıt credıt method The present value of the defined benefit oblıgatıon ıs determıned by dıscountıng the estimated future cash outflows usıng ınterest rates of hıgh-qualıty corporate bonds that are denomınated ın the currency ın whıch the benefits wıll be paıd, and that have terms to maturıty approxımatıng to the terms of the related pensıon lıabılıty

Actuarıal gaıns and losses arısıng from experıence adjustments and changes in actuarıal assumptıons are charged or credıted to equıty ın the Statement of Comprehensıve Income (SOCI) ın the perıod ın whıch they arıse

Past-servıce costs are recognısed ımmedıately ın ıncome, unless the changes to the pensıon plan are condıtıonal on the employees remaınıng ın servıce for a specıfied perıod of tıme (the vestıng perıod) In thıs case, the past-servıce costs are amortısed on a straıght-lıne basıs over the vestıng perıod.

Gaıns and losses on curtailments/settlements are recognısed when the curtaılment/settlement occurs

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The followıng standards have been ıssued but have not been adopted by the Group ın these financıal statements as they are not yet effectıve

- Interpretatıons that are not predıcted to have an ımpact on the group
    - IFRIC 9 'Reassessment of embedded derıvatıves' – Amendment
    - IFRIC 13 'Customer loyalty programmes'
    - IFRIC 15 'Agreements for the constructıon of real estate'
    - IFRIC 16 'Hedges of a net ınvestment ın a foreıgn operatıon'
    - IFRIC 17 'Dıstrıbutıons of non-cash assets to owners'
    - IFRIC 18 'Transfers of assets from customers'
    - IFRIC 19 'Extınguıshıng Fınancıal Lıabılıtıes wıth Equity Instruments'

- IFRS 1 'Fırst tıme adoptıon of IFRS' – Revısıon and amendments As the group adopted IFRS for the first tıme ın the perıod to 31 March 2009 these revısıons and amendments are not predıcted to have any ımpact on the group

- IFRS 2 'Share based payment' – Amendments The amendments relate to vestıng condıtıons and cancellatıons and cash-settled share based payment transactıons As the group do not have any share schemes these amendments are not predıcted to have any ımpact on the group

- IFRS 3 'Busıness combınatıons' – Revısıon The revısıon ıs part of the second phase of the busıness combınatıons project between the Internatıonal Accountıng Standards Board and the US Fınancıal Accountıng Standards Board. The maın changes ınclude the scope, accountıng for acquısıtıon costs and post acquısition changes to contıngent consıderatıon, accountıng for goodwıll and accountıng for busıness combınatıons achıeved in stages There ıs addıtıonal guıdance on recognıtıon and measurement of faır values and on determınıng what ıs part of the busıness combınatıon transactıon There are also a number of changes to dısclosure requırements The revısıon ıs effectıve for perıods commencıng on or after 1 July 2009 The dırectors wıll consıder the requırements of the revısıon on any future busıness acquısıtıons

STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

- IAS 24 'Related Party Disclosures' – Amendments The main amendment to the standard is a revised definition of a related party The definition now includes joint ventures under joint common control and clarification that a subsidiary of an associate is related to the investor Commitments outstanding at the balance sheet date must also be disclosed in addition to outstanding balances Additional guidance is also presented in relation to disclosures with the government by government related entities The amendments are effective for periods commencing on or after 1 January 2011 The directors have not taken the option to adopt early

- 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 The amendment relates to the presentation of rights issued accounted for in a currency other than the presentational currency of the issuer Previously these were accounted for as derivative liabilities but the amendment allows, after certain criteria is met, that they be accounted for as equity The amendment is effective for periods commencing on or after 1 February 2010 As the group has no share capital the adoption of this standard is not predicted to have any 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 13

## 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

| | 2010 | 2009 |
|---|---|---|
| | £000 | £000 |
| **Revenue** | | |
| Programme income | 6,372 | 8,165 |
| Operating income | 5,229 | 5,244 |
| Total revenue | 11,601 | 13,409 |
| **Surplus** | | |
| Programme (deficit)/surplus | (1,103) | 187 |
| Operating surplus | 1,769 | 964 |
| Finance income | 10 | 192 |
| Finance costs | (110) | (25) |
| Income tax expense | (2) | (16) |
| Surplus after tax | 564 | 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 £3,807,167 of programme income representing 32 8% of total revenue and £4,095,800 of operating income representing 35 3% of total revenue Funder 2 provided £2,343,789 of programme income representing 20 2% of total revenue

## 4. SURPLUS BEFORE TAXATION

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Surplus before tax is stated after charging/(crediting) | | |
| Government grants towards programmes | (5,997) | (8,165) |
| Government grants towards operations | (5,192) | (5,244) |

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

| | 2010 | 2009 |
|---|---|---|
| Audit services | | |
| - statutory audit of parent and consolidated accounts | 18 | 15 |
| Other services | | |
| - audit of subsidiaries, where such services are provided by Baker Tilly UK Audit LLP or its associates | 12 | 9 |
| - Accounting support services | 18 | |
| - Corporation tax compliance services | 8 | 3 |
| | 56 | 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

| | 2010 Number | 2009 Number |
|---|---|---|
| Corporate Services | 15 | 15 |
| Development | 21 | 21 |
| Investment and Enterprise | 17 | 17 |
| | 53 | 53 |

| The aggregate payroll cost of employees was as follows | 2010 £000 | 2009 £000 |
|---|---|---|
| Wages and salaries | 2,238 | 2,013 |
| Social security costs | 199 | 178 |
| Pension costs | 295 | 256 |
| Total | 2,732 | 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

| | 2010 | 2009 |
|---|---|---|
| | £000 | £000 |
| Short-term employee benefits | 471 | 434 |
| Post-employment benefits | 59 | 55 |
| | 530 | 489 |

## 6. FINANCE INCOME

| | 2010 | 2009 |
|---|---|---|
| | £000 | £000 |
| Bank interest | 10 | 192 |

## 7. FINANCE COSTS

| | 2010 | 2009 |
|---|---|---|
| | £000 | £000 |
| Expected return on defined benefit scheme assets | (367) | (424) |
| Interest on scheme liabilities | 477 | 449 |
| | 110 | 25 |

## 8. TAXATION

| | 2010 £000 | 2009 £000 |
|---|---|---|
| *Current tax* | | |
| UK | 2 | 16 |
| | 2 | 16 |
| *Deferred tax* | | |
| Current year | - | - |
| Other material items | - | - |
| | - | - |
| Tax attributable to the Company and its subsidiaries | 2 | 16 |

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

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Surplus before tax | 566 | 1,318 |
| Tax at the domestic income tax rate 28% | 158 | 369 |
| *Tax effects of* | | |
| Expenses not deductible for tax purposes | - | - |
| Other differences | (156) | (353) |
| Total tax charge | 2 | 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 2010 £000 | Company 2010 £000 | Group 2009 £000 | Company 2009 £000 |
|---|---|---|---|---|
| *Current* | | | | |
| Trade receivables | 2,249 | 2,183 | 1,117 | 618 |
| Other receivables | 19 | 3 | 44 | - |
| Prepayments and accrued income | 72 | 72 | 1,277 | 1,262 |
| | 2,340 | 2,258 | 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 71 days (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

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Up to three months | 2,164 | 878 |
| Up to six months | - | 194 |
| | 2,164 | 1,072 |

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

## 11. TRADE AND OTHER PAYABLES

| | Group 2010 £000 | Company 2010 £000 | Group 2009 £000 | Company 2009 £000 |
|---|---|---|---|---|
| *Current* | | | | |
| Trade payables | 289 | 214 | 309 | 303 |
| Amounts due to group undertakings | - | 26 | - | 19 |
| Other taxation and social security costs | 60 | 60 | 684 | 684 |
| Other payables | 198 | 224 | 119 | 37 |
| Accruals and deferred income | 2,561 | 1,512 | 3,404 | 787 |
| | 3,108 | 2,036 | 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 9 days (24 days )

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

## 12. BORROWING FACILITIES

The Group has no bank borrowing facilities

## 13. RETIREMENT BENEFITS

**Defined benefit plan**

Lıverpool Vısıon contnbutes to a pensıon scheme provıdıng benefits based on final pensıonable pay, contnbutions beıng charged to the Statement of Comprehensıve Income so as to spread the cost of the pensıons over employees' workıng lıves with the company Lıverpool Vısıon was granted Admıtted Body Status wıthın the Merseysıde Pensıon Fund wıth effect from 1 May 2008 and the scheme for the company was operatıonal from thıs date The contnbutıons to the Merseysıde Pensıon Fund are determıned by a qualıfied actuary on the basıs of tnennıal valuatıons usıng the projected unıt method

The dısclosures as at 2010 are based on an actuanal valuatıon as at 31 March 2007 updated to 31 March 2010

| Key assumptıons used | 2010 % | 2009 % |
|---|---|---|
| Dıscount rate | 5 6 | 7 1 |
| Expected return on plan assets | | |
| Rate of ınflatıon | 3.3 | 3 3 |
| Expected rate of salary increases | 4 55 | 4 55 |
| Future pensıon ıncreases | 3 3 | 3 3 |

The average lıfe expectancy for a pensıoner retırıng at 65 on the balance sheet date ıs

| | 2010 Years | 2009 Years |
|---|---|---|
| Male | 20 4 | 20 3 |
| Female | 23 2 | 23.2 |

The average life expectancy for a pensıoner retıring at 65, aged 45 at the balance sheet date

| | | |
|---|---|---|
| Male | 21 3 | 21 3 |
| Female | 24 1 | 24 1 |

The assumptions used by the actuary are the best estımates chosen from a range of possıble actuanal assumptıons whıch, due to the tımescale covered, may not necessanly be bome out ın practıce

Amounts recognısed wıthın operatıng surplus ın the statement of comprehensıve ıncome ın respect of the defined benefit scheme are as follows

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Current servıce cost | 235 | 344 |
| Past servıce cost | 33 | - |
| | 268 | 344 |

**13. 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

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Interest cost | 477 | 449 |
| Expected return on scheme assets | (367) | (424) |
| | 110 | 25 |

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

| | 2010 £000 | 2009 £000 | 2010 Cumulative £000 |
|---|---|---|---|
| Actual return less expected return on pension scheme assets | (813) | 304 | (509) |
| 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) |
| | (813) | (788) | (1,601) |

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

**13. RETIREMENT BENEFITS (continued)**

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

| | 2010 £000 | 2009 £000 |
|---|---|---|
| At start of period | 6,661 | - |
| Current service cost | 235 | 344 |
| Past service cost | 33 | - |
| Interest cost | 477 | 449 |
| Actuarial gains and losses | 2,422 | (2,209) |
| Contributions by plan participants | 143 | 126 |
| Benefits paid | (261) | - |
| Business combinations | - | 7,951 |
| At end of period | 9,710 | 6,661 |

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

| | 2010 £000 | 2009 £000 |
|---|---|---|
| At start of period | 5,756 | - |
| Expected return on scheme assets | 367 | 424 |
| Actuarial gains and losses | 1,609 | (1,905) |
| Employer contributions | 418 | 252 |
| Employee contributions | 143 | 126 |
| Benefits paid | (261) | - |
| Business combinations | - | 6,859 |
| At end of period | 8,032 | 5,756 |

The actual return on scheme assets was £ 1,976,000

**13. 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

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Fair value of scheme assets | 8,032 | 5,756 |
| Present value of defined benefit obligations | (9,710) | (6,661) |
| Deficit in scheme | (1,678) | (905) |
| Liability recognised in statement of financial position | (1,678) | (905) |

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

| | Fair value of assets £000 2010 | % 2010 | Fair value of assets £000 2009 | % 2009 |
|---|---|---|---|---|
| Equity instruments | 5,108 | 64 | 3,085 | 54 |
| Government bonds | 972 | 12 | 1,019 | 18 |
| Other bonds | 530 | 6 | 276 | 5 |
| Property | 506 | 6 | 535 | 9 |
| Cash /liquidity | 209 | 3 | 242 | 4 |
| Other assets | 707 | 9 | 599 | 10 |
| | 8,032 | 100 | 5,756 | 100 |

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

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

The estimated amounts of contributions expected to be paid to the scheme during the financial period ending 31March 2011 is £278,000

## 14. 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)

## 15. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Retained earnings 2010 £000 | Retained earnings 2009 £000 |
|---|---|---|
| At start of the period | 514 | - |
| Total comprehensive (deficit)/income for the period | (249) | 514 |
| At end of period | 265 | 514 |

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

## 16. CAPITAL COMMITMENTS

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

## 17. OPERATING LEASES PAYABLE

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Minimum lease payments under operating leases recognised as an expense in the period | 202 | 203 |

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

| Amounts due | 2010 £000 | 2009 £000 |
|---|---|---|
| Within one year | 127 | 163 |
| Between one and five years | 577 | 809 |
| After five years | 667 | 809 |
| | 1,371 | 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

## 18 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* | ***2010*** | | ***2009*** | |
|---|---|---|---|---|---|
| | | **Aggregate value for financial period** | **Net amount owed to the company** | **Aggregate value for financial period** | **Net amount owed to the company** |
| | | **£000** | **£000** | **£000** | **£000** |
| Liverpool City Council | Funding Receivable | 7,903 | 615 | 7,315 | 1,459 |
| Northwest Regional Development Agency | Funding Receivable | 2,344 | 1,028 | 1,090 | 522 |
| Homes and Communities Agency | Funding Receivable | 543 | - | 735 | - |
| KPMG | Consulting advice | 25 | - | - | - |
| | | **10,815** | **1,643** | **9,140** | **1,981** |

**19. CONTROLLING PARTIES**

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