

Liverpool Vision Limited

GROUP FINANCIAL STATEMENTS

For the Year Ended

31 March 2012



Company Registration No 06580889

Liverpool Vision Limited

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Liverpool Vision Limited

DIRECTORS AND ADVISORS

DIRECTORS

Cllr J Anderson
D G Bundred
J A Corner
Cllr P Keaveney
J H Kelly
Cllr R M Kennedy
Sir Terry P Leahy

M D Parker (Chair)
J Kehoe Perkinson
Cllr W Simon
T Slack
Cllr N Small
A E Wilson

SECRETARY

I J McCarthy

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Company no: 06580889

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TAX ADVISORS

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Royal Liver Building
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TAX ADVISORS (VAT)

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BANKERS

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Liverpool City Office
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Liverpool Vision Limited

DIRECTORS' REPORT

Company Registration No 06580889

The directors submit their report and the consolidated financial statements of Liverpool Vision Limited for the year ended 31 March 2012

PRINCIPAL ACTIVITIES

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

The company has revised its Articles of Association during 2011-12 in order to reflect the revised funding structure of the Company

REVIEW OF BUSINESS

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

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

In 2011/12 Liverpool Vision continued to drive and support the positive momentum which has been built in the city over the last decade, focusing on the established "Strategic Ambitions", agreed by the Board

Operating Context and Governance

During 2011/12 Liverpool Vision became a wholly owned subsidiary of Liverpool City Council, following the retirement from Membership of the NorthWest Development Agency and the Homes and Communities Agency, throughout the year the Company was supported strongly by Liverpool City Council, its sole Member. The Board has been strengthened by the election of the five City Council Directors, including the Leader of the Council and the Cabinet Members for Regeneration and Transport, Employment and Skills and Culture and Tourism

Economic conditions - particularly for Commercial Development - were extremely difficult, and public sector funding availability continued to reduce. These factors encouraged partners to work increasingly closely to achieve shared objectives, whilst conditions have been difficult, there have been some notable successes. Vision has continued to help boost Liverpool's momentum - it is growing in confidence, has an increasingly positive national and international image, and a vastly improved business environment

Liverpool City Council has demonstrated its strong commitment to the Company by its very considerable financial commitment and its positive, high level representation on the Board. The Council continues to scrutinise Liverpool Vision Ltd through its Regeneration Select Committee, and liaises frequently on a range of corporate and organisational matters. Vision works closely with several Council departments, in particular the Regeneration Directorate, the co-location of Culture Liverpool with Liverpool Vision has strengthened the collective ability to improve Liverpool's business and cultural offer

Liverpool City Council has committed both operational and programme funding support for 2012/13 and 2013/14. Liverpool Vision's Board fully understands how tight the funding environment is and manages operational and programme costs very carefully. The Board is clear that the ongoing difficult economic conditions, reductions in the level of public funding and pressure for change on the sole Member of the company, reinforce the need for and importance of Liverpool Vision to maintain its contribution to the long term economic recovery of the City of Liverpool

Liverpool Vision Limited

DIRECTORS' REPORT

In May 2012, Liverpool Vision adopted new Articles of Association. The new articles provide revised Objects for Liverpool Vision, reflect the single Membership of the Company, the requirements of the Companies Act (2006) and provide a clear set of matters which are reserved to Liverpool City Council.

Maintaining Momentum

The flat economic conditions continue to be the feature of Liverpool Vision's operating environment. The city still faces significant structural economic challenges and remains a national priority for economic regeneration. Unemployment and worklessness remain at unacceptably high levels and the development industry remains flat with occupier interest low.

Liverpool's determination to progress its economic resurgence remains as strong as ever. A number of initiatives have kept the city's economic growth in the national spotlight, including the 'City Deal' negotiated between Liverpool and the UK Government, the independent report by Lord Heseltine and Sir Terry Leahy into the Liverpool City Region economy and the promotion and emerging delivery of the Strategic Regeneration Framework for North Liverpool and South Sefton, working with a range of Government Departments.

The performance highlights in 2011/12 are presented below, set out by Strategic Ambitions have been

Strategic Ambition 1 – Support the city centre as a leading national and regional location for business with a 21st century physical environment and infrastructure and dynamic business sectors. Vision has laid the foundations for the city centre's growth in the next 15 years by leading the development of a Strategic Investment Framework, working closely with the city centre business communities. The work will be completed in 2012. This has been supported by active engagement with businesses in key neighbourhoods, contributing to the success of Regional Growth Fund bids.

Strategic Ambition 2 – Realise the potential of a regenerated North Liverpool. Vision has made a strong start in delivering the North Liverpool and South Sefton Strategic Regeneration Framework (SRF), working with Liverpool City Council, Sefton Metropolitan Borough Council and the Homes and Communities Agency. Important milestones have been passed in each of the 'People', 'Places' and 'Prosperity' themes, including **securing £25.3m of Regional Growth Fund for the City Fringe** development programme. Vision will work with developers to help begin the regeneration of the Stanley Dock and completing the delivery plan for the SRF. Staging part of the remarkable 'Sea Odyssey' event in North Liverpool also helped to showcase the area's excellent development opportunities.

Strategic Ambition 3 – Enable Liverpool to become the number one city for culture and tourism outside London. This year has seen Vision develop an increasingly close relationship with Liverpool City Council's Culture and Tourism teams, which are now based in the Vision offices. This has enhanced mutual capacity to plan and deliver major events, such as the Global Entrepreneurship Congress and Sea Odyssey. It is also beginning to strengthen the economic focus in the support provided to cultural and artistic organisations. The development and delivery of the Liverpool Plan gained momentum during the year, with the "it's Liverpool" marketing campaign and the launch of the Plan itself, and Marketing Liverpool is to be launched in 2012. Vision also laid the foundations for a strengthened tourism offer by developing the 'Migration Centre' concept into a viable proposal.

Strategic Ambition 4 – Create an innovative, enterprising and competitive economy. The Global Entrepreneurship Congress was the highlight of the year. 2011/12 was a transitional year for business growth, with the closure of the Northwest Development Agency, reduced funding availability and a stagnant economy. Despite these challenges, **Vision generated more than 400 new jobs and 100 new businesses.** It also safeguarded hundreds of other jobs and supported many businesses through the challenges posed by the civil disturbances in August 2011. The Global Entrepreneurship Congress and a broader programme of related events promoted enterprise as a career choice, laying the foundations for a new business culture in the city. This will be nurtured by an enhanced programme of business growth support in 2012/13, with decisions due on two substantial European Regional Development Fund bids in Quarter 2.

Liverpool Vision Limited

DIRECTORS' REPORT

Strategic Ambition 5 – Establish Liverpool as a top national and international investment location with dynamic trade, investment, knowledge and tourism relationships. Building on the success of Liverpool's presence at the World Expo 2010 in Shanghai, Vision has developed an international strategy to guide Liverpool's engagement in key markets. Work to deliver this gained momentum in 2011/12 by establishing a focused presence in London, the United States and China. This is beginning to generate a significant pipeline of investment projects, with 75 jobs already created, Vision also helped more than 100 businesses and engaged a further 400 others keen on trading overseas.

FUTURE DEVELOPMENTS

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

For 2012/13 our mission remains to create a world class city for business and culture. The work of the Board will continue to focus upon the established "Strategic Ambitions", with the actions set out in a Business Plan for 2012/13 – 2014/15.

In the year ahead Liverpool Vision aims to maintain a focus on the national and international promotion of the city's business and cultural offer through the establishment of the "Marketing Liverpool" initiative within the company. Further, the Company will combine its support for growing business start ups and enterprise promotion in a new fully integrated service. Importantly, the Company will support the opportunity created for the city by the election of a Mayor for Liverpool, where the Company will support the co-ordination of activity in established Mayoral priority areas.

KEY PERFORMANCE INDICATORS

Liverpool Vision's core purpose is to drive Liverpool's economy towards faster and more sustainable growth. At a high level we measure our successes against absolute and comparative figures of job growth, business creation and survival, improvements in productivity and growth and in the more active engagement of residents of the city. We measure our direct impact through the outputs generated for the enterprise, business support and development projects in which the company is involved, set out in the Business Plan for 2012-15, with lifetime targets for the whole period, pages 10-11 of the plan document set this out in full. The KPIs for 2012-13 are derived from those targets.

Indicator	Target	Source
Jobs created	586	Liverpool Vision Business Plan 2012-15
Businesses created	120	Liverpool Vision Business Plan 2012-15
Private sector investment	£56m	Liverpool Vision Business Plan 2012-15

Performance can also be assessed by the achievement of the following 'key deliverables' during the year

- The completion of the City Centre Strategic Investment Framework
- The creation of Marketing Liverpool
- Substantial progress in the delivery of the Liverpool Plan, including attracting private sector sponsorship and investment
- Progress with the preparations for the International Business Festival 2014
- Progress with delivering the Liverpool International Strategy, prioritising key markets
- The City Fringe Regional Growth Fund programme beginning to deliver outputs (counted as part of the overall targets)
- Substantial and active contributions to the development and management of a successful programme bid to the Regional Growth Fund Round 3
- Contributing positively to the establishment of new delivery and governance arrangements for area priorities, as part of the Mayoral arrangements

Liverpool Vision Limited

DIRECTORS' REPORT

FINANCIAL MANAGEMENT

Liverpool City Council is under very severe pressure to reduce spending. As the Company's sole operational funder this has in turn placed pressure on the Company. In response over recent years Liverpool Vision has reduced its operating costs and the scale of its programme of activity. The Company has now developed a three year plan that combines a use of Company Reserves and an income generation strategy to supplement funding from the City Council in order for the Company to maximise the provision of much needed economic development services. This is apparent in the 2011/12 financial statements where a planned in year deficit has been managed, to allow Company reserves to be used to maintain service levels to the City Council and business in the City.

RISKS AND UNCERTAINTIES

The company continues to manage operational and programme funding risk by undertaking rigorous reviews of project costs and funding, maintaining its delivery performance, considering ways to diversify its funding base, working closely with funding partners on monitoring and evaluation to maintain confidence in our ability to 'deliver' and by positioning proposed projects to take advantage of new funding mechanisms such as the Regional Growth Fund, European programmes and leveraging maximum levels of private sector funding for projects.

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

The Board are also very conscious that, despite the recession, Liverpool is in a stronger position now than for decades to promote the City as an investment location. Opportunities such as the Global Entrepreneurship Congress delivered in March 2012 are therefore of crucial importance. Liverpool must live up to expectations generated at the Shanghai World Expo and in the support for major projects.

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

PRINCIPLE RISKS AND UNCERTAINTIES

RISK	MITIGATION/CONTROL	POTENTIAL IMPACTS
Significant Reduction of operational funding	<ul style="list-style-type: none">Board/Chief Executive maintains close dialogue with Liverpool City CouncilAudit Committee maintains a regular review of forward funding outlook, and ability to control scale and viabilityReserves position supports position as going concernLCC confirmed operational and programme budget for 2012/13 and confirmed support in budgetary terms for 2013/14Board began medium term funding review October 2011, continued via Audit CommitteePotential to earn private and other income being reviewed as part of	<ul style="list-style-type: none">Reduces the ability of the Company to deliver the agreed outputs of its Business PlanCould compromise the Company's 'Going Concern' statusThe Board's view is that the Company has reached a viable minimum size, given the scale of the regeneration challenge. It will be difficult to manage significant reductions in operational funding from Liverpool City Council, without first generating income from other

Liverpool Vision Limited

DIRECTORS' REPORT

	<ul style="list-style-type: none"> budget preparation 2012/15 A Business Development Manager has been appointed in May 2012 with the responsibility for taking forward an income generation plan on behalf of the Company 	sources
- Reduced programme funding	<ul style="list-style-type: none"> Company is investigating new funding sources/mechanisms Developed quality proposition to the Regional Growth Fund, Round 3, with LCC Maximise resources from current and future ERDF programmes 	<ul style="list-style-type: none"> Reduces the ability of the Company to deliver the agreed outputs of its Business Plan
- Major Events Failure	<ul style="list-style-type: none"> All major projects/programmes have Activity profiles and where projects are externally funded they undergo thorough independent appraisal Progress on major projects is reported to the Board Appropriate and experienced teams put in place to manage projects Plan being developed for Enterprise Event in Spring 2013 Legal advice sought in contracting Insurance in place for public liability 	<ul style="list-style-type: none"> Impact on Company's reputation Could impact on the Company's reserves if leads to an overspend
- Loss of capable and experienced staff in key positions	<ul style="list-style-type: none"> Staff structure and management processes designed to encourage sharing of knowledge to prevent overdependence on single individuals Clear communication through 1-2-1s and management structures to keep staff informed and management aware of any emerging issues Staff development systems in place to help ensure job satisfaction 	<ul style="list-style-type: none"> Will impact on the company's ability to react quickly to the ever changing environment Could lead to delays in delivery
- Loss of Company Member Commitment	<ul style="list-style-type: none"> Maintain high level of communication between LV and LCC (Board and Committees, Chief Executive/Leader and key officers) Regular presentation to City Council Select Committees Service Level Agreement (SLA) and monitor process with LCC has been refreshed SLA between LV and LCC is in place Ensure Company activity is focused on City Council priorities 	<ul style="list-style-type: none"> Could impact on the Company's 'Going Concern' status Could impact on the structure of the Company

Liverpool Vision Limited

DIRECTORS' REPORT

FINANCING

The Operating costs of the company were met primarily through contributions by Liverpool City Council under a Services Agreement

DIRECTORS

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

Cllr J Anderson	
Cllr W J Bradley	(resigned 24 May 2011)
Cllr P Brant	(resigned 24 May 2011)
D G Bundred	
J A Corner	
J Kehoe Perkinson	
Cllr P Keaveney	(appointed 24 th May 2011)
J H Kelly	
Cllr R M Kennedy	(appointed 24 th May 2011)
P Lakin	(resigned 8 September 2011)
Sir Terry P Leahy	
D A McLaughlin	(resigned 8 September 2011)
M D Parker (Chair)	
Cllr W Simon	(appointed 24 th May 2011)
T Slack	
Cllr N Small	(appointed 24 th May 2011)
A E Wilson	

Liverpool Vision Limited

DIRECTORS' REPORT

EMPLOYEE INVOLVEMENT

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

Liverpool Vision will ensure that no job applicant or employee receives less favourable treatment on the grounds of sex, sexual orientation, gender re-assignment, marital status, pregnancy and maternity, race, colour, nationality, disability, religion or belief, age nor any other protected characteristic under the Equality Act 2010 and will ensure reasonable adjustments are made to ensure no job applicant nor employee is placed at a disadvantage because of their disability.

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.

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 Liverpool City Council 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.

Liverpool Vision Limited

DIRECTORS' REPORT

FINANCIAL RISK MANAGEMENT - continued

(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 £43,000 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 Liverpool Vision's main 'customer' is Liverpool City Council, who provides funding to Liverpool Vision in line with an agreed Service Level Agreement, such payments are made well within the Company's payment terms

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

AUDITORS

Following a competitive tender process, Grant Thornton UK LLP were appointed on 24 February 2012 as Auditors of the Liverpool Vision Group, which includes Liverpool Land Development Company Limited The appointment is for three years subject to annual review Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

CREDITOR POLICY

Liverpool Vision values its suppliers and acknowledges the importance of paying invoices, especially those of small businesses, promptly Normal policy is to pay all invoices within 30 days

Creditor payment days are carefully monitored in the Group, using the systems which record the actual purchases and payments

Liverpool Vision Limited

DIRECTORS' REPORT

PRIOR YEAR ADJUSTMENT

The consolidation of Liverpool Vision's accounts into those of Liverpool City Council has required a closer examination of the balances included in Liverpool Vision's Balance Sheet. This has revealed the requirement to restate the balances included, in relation to the Pension Scheme, in order to remove a liability that was created in 2008. These adjustments arise from the inclusion of transactions in the past years, the knowledge of which was incorrect at that time. To present the impact of current years transactions separately, the disclosure has to be made for prior year adjustment.

This has had a positive impact on the net assets of the company.

On behalf of the board



M D Parker
Chair of the Board
29TH November 2012



J Anderson
Mayor of Liverpool

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and profit or loss of the company and group for that period. In preparing these 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 applicable IFRS's have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken as directors, in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Liverpool Vision Limited

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

Independent auditor's report to the members of Liverpool Vision Limited

We have audited the financial statements of Liverpool Vision Limited for the year ended 31 March 2012 which comprise of the primary statements such as the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Comprehensive Income, the Consolidated and Company Statements of Cash Flow, the Consolidated and Company Statements of Changes in Equity and the related notes. 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.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2012 and of the group's and the company's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- 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.

Grant Thornton UK LLP

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Liverpool
Date 29th November 2012

Liverpool Vision Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Note	2012 £000	2011 £000
REVENUE – Programme income	3	3,390	4,919
Programme expenditure		(4,328)	(4,818)
PROGRAMME (DEFICIT) / SURPLUS		(938)	101
REVENUE – Operating income	3	3,220	5,213
Operating expenditure		(3,045)	(4,721)
OPERATING (DEFICIT) / SURPLUS AVAILABLE FOR PROGRAMMES		175	492
(DEFICIT) / SURPLUS FROM OPERATIONS	4	(763)	593
Net finance costs	6 / 7	80	(10)
TOTAL (DEFICIT) / SURPLUS BEFORE TAX	4	(683)	583
Income tax expense	8	87	(2)
(DEFICIT) / SURPLUS FOR THE FINANCIAL YEAR		(596)	581
Other comprehensive income			
Actuarial (loss) / gain on pension scheme	14	(801)	667
TOTAL COMPREHENSIVE (DEFICIT) / INCOME FOR THE YEAR		(1,397)	1,248

The accompanying accounting policies and notes form an integral part of these financial statements

Liverpool Vision Limited
COMPANY STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2012

	Note	2012 £000	2011 £000
REVENUE – Programme income	3	3,368	4,425
Programme expenditure		(4,306)	(4,043)
		<hr/>	<hr/>
PROGRAMME (DEFICIT) / SURPLUS		(938)	382
		<hr/>	<hr/>
REVENUE – Operating income	3	3,216	5,503
Operating expenditure		(3,041)	(5,168)
		<hr/>	<hr/>
OPERATING (DEFICIT) / SURPLUS AVAILABLE FOR PROGRAMMES		175	335
		<hr/>	<hr/>
(DEFICIT) / SURPLUS FROM OPERATIONS	4	(763)	717
Net finance costs	6 / 7	80	13
		<hr/>	<hr/>
TOTAL (DEFICIT) / SURPLUS BEFORE TAX	4	(683)	730
Income tax expense	8	87	(3)
		<hr/>	<hr/>
(DEFICIT) / SURPLUS FOR THE FINANCIAL YEAR		(596)	727
Other comprehensive income			
Actuarial gain/(loss) on pension scheme	14	(801)	667
		<hr/>	<hr/>
TOTAL COMPREHENSIVE (DEFICIT) / INCOME FOR THE YEAR		(1,397)	1,394
		<hr/>	<hr/>

Liverpool Vision Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2012

	Note	Group 2012 £000	£000	Group 2011 £000	£000	Group 2010 £000	£000
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	10	33		67		-	
		<u> </u>		<u> </u>		<u> </u>	
TOTAL NON-CURRENT ASSETS			33		67		-
CURRENT ASSETS							
Trade and other receivables	11	919		677		2,340	
Cash and cash equivalents		2,140		3,054		2,713	
		<u> </u>		<u> </u>		<u> </u>	
TOTAL CURRENT ASSETS			3,059		3,731		5,053
			<u> </u>		<u> </u>		<u> </u>
TOTAL ASSETS			<u>3,092</u>		<u>3,798</u>		<u>5,053</u>
LIABILITIES							
CURRENT LIABILITIES							
Trade and other payables	12	(1,513)		(1,619)		(3,108)	
Current tax liabilities				(3)		(2)	
		<u> </u>		<u> </u>		<u> </u>	
TOTAL CURRENT LIABILITIES			(1,513)		(1,622)		(3,110)
NON-CURRENT LIABILITIES							
Retirement benefit obligations	14	(271)		529		(586)	
Provisions	15	(100)		(100)		-	
		<u> </u>		<u> </u>		<u> </u>	
TOTAL NON-CURRENT LIABILITIES			(371)		429		(586)
			<u> </u>		<u> </u>		<u> </u>
TOTAL LIABILITIES			<u>(1,884)</u>		<u>(1,193)</u>		<u>(3,696)</u>
NET ASSETS							
			<u>1,208</u>		<u>2,695</u>		<u>1,357</u>
EQUITY							
Retained earnings			<u>1,208</u>		<u>2,605</u>		<u>1,357</u>

The accompanying accounting policies and notes form an integral part of these financial statements

The financial statements on pages 13 to 38 were approved by the Board of directors and authorised for issue on 29th November 2012 and were signed on its behalf by

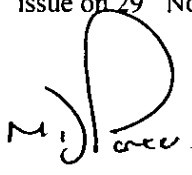

M D Parker J Anderson
Chairman Mayor of Liverpool

Company Number 06580889

Liverpool Vision Limited
COMPANY STATEMENT OF FINANCIAL POSITION
At 31 March 2012

	Note	Company 2012 £000	£000	Company 2011 £000	£000	Company 2010 £000	£000
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	10	33		67		-	
TOTAL NON-CURRENT ASSETS			33		67		-
CURRENT ASSETS							
Trade and other receivables	11	919		677		2,258	
Cash and cash equivalents		1,892		2,459		1,576	
TOTAL CURRENT ASSETS			2,811		3,136		3,834
TOTAL ASSETS			2,844		3,203		3,834
LIABILITIES							
CURRENT LIABILITIES							
Trade and other payables	12	(1,265)		(946)		(1,978)	
Current tax liabilities				(81)		(60)	
TOTAL CURRENT LIABILITIES			(1,265)		(1,027)		(2,038)
NON-CURRENT LIABILITIES							
Retirement benefit obligations	14	(271)		529		(586)	
Provisions	15	(100)		(100)		-	
TOTAL NON-CURRENT LIABILITIES			(371)		429		(586)
TOTAL LIABILITIES			(1,636)		(598)		(2,624)
NET ASSETS			1,208		2,605		1,210
EQUITY							
Retained earnings			1,208		2,605		1,210

The financial statements on pages 13 to 38 were approved by the Board of directors and authorised for issue on 29th November 2012 and were signed on its behalf by

M D Parker
Chairman

J Anderson
Mayor of Liverpool

Company Number 06580889

Liverpool Vision Limited

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Retained earnings 2012 £000	Retained earnings 2011 £000
As previously stated	1,513	265
Prior Year Adjustment (Note 22)	1,092	1,092
At start of the year, restated	2,605	1,357
Total (deficit) / income for the year	(596)	581
Total actuarial (loss) / gain on the pension scheme	(801)	667
At end of the year	1,208	2,605

Retained earnings

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

	Retained earnings 2012 £000	Retained earnings 2011 £000
As previously stated	1,513	118
Prior Year Adjustment (Note 22)	1,092	1,092
At start of the year	2,605	1,210
Total (deficit) / income for the year	(596)	728
Total actuarial (loss) / gain on the pension scheme	(801)	667
At end of the year	1,208	2,605

Retained earnings

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

The accompanying accounting policies and notes form an integral part of these financial statements

Liverpool Vision Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2012

	2012		2011	
	£000	£000	£000	£000
Cash flows from operating activities				
(Deficit) / Surplus before taxation	(683)		583	
<i>Adjustments for</i>				
Finance income	(14)		(14)	
Finance costs	(66)		24	
(Increase) / decrease in trade and other receivables	(242)		1,663	
(Decrease) / increase in trade and other payables	(107)		(1,489)	
Depreciation on property, plant and equipment	33		33	
Increase / (decrease) in retirement benefit obligation	63		(472)	
Cash used in operations	<u>(1,016)</u>		<u>328</u>	
Income taxes paid	88		(1)	
NET CASH GENERATED (USED IN) / FROM OPERATING ACTIVITIES		<u>(928)</u>		<u>327</u>
Cash flows from investing activities				
Finance income received	14		14	
NET CASH GENERATED FROM INVESTING ACTIVITIES		<u>14</u>		<u>14</u>
Net (decrease) / increase in cash and cash equivalents		(914)		341
Cash and cash equivalents at start of period		3,054		2,713
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>2,140</u>		<u>3,054</u>

Liverpool Vision Limited
COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 March 2012

	2012		2011	
	£000	£000	£000	£000
Cash flows from operating activities				
(Deficit) / Surplus before taxation	(683)		729	
<i>Adjustments for</i>				
Finance income	(14)		(13)	
Finance costs	(66)		24	
Decrease/(increase) in trade and other receivables	69		1,270	
(Decrease)/increase in trade and other payables	(70)		(702)	
Depreciation on property, plant and equipment	33		33	
Increase in retirement benefit obligation	63		(472)	
Cash generated from operations	<u>(668)</u>		<u>869</u>	
Income taxes paid	87		-	
NET CASH GENERATED FROM OPERATING ACTIVITIES		<u>(581)</u>		<u>869</u>
Cash flows from investing activities				
Finance income received	14		14	
NET CASH GENERATED FROM INVESTING ACTIVITIES		<u>14</u>		<u>14</u>
Net (decrease)/increase in cash and cash equivalents		<u>(567)</u>		<u>882</u>
Cash and cash equivalents at start of year		2,459		1,576
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>1,892</u>		<u>2,459</u>

Liverpool Vision Limited

GROUP FINANCIAL STATEMENTS

ACCOUNTING POLICIES

GENERAL INFORMATION

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

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

BASIS OF ACCOUNTING

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

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

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

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

GOING CONCERN

Liverpool Vision has worked with Liverpool City Council to restructure and meet the challenge of reduced income from its sole operational funder. The company has the support and confidence of Liverpool City Council and its income and expenditure position is stable for 2012/13. The position for 2013/14 is anticipated to be determined in January 2013, however Liverpool City Council have confirmed that they will ensure that Liverpool Vision has sufficient funding to meet the funding requirement of the company and to ensure that it continues to operate as a Going Concern. Liverpool Vision has, however, demonstrated its ability to manage its income position and any liabilities or obligations can be met from existing reserves for the next financial year. Accordingly, the accounts have been prepared on a going-concern basis.

BASIS OF CONSOLIDATION

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

Subsidiary

The subsidiary is an entity over which the group has the power to govern the financial and operating policies to obtain economic benefits from their activities. The subsidiary is fully consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in 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.

Liverpool Vision Limited

GROUP FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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. Programme income is a combination of funding provided by Liverpool City Council, payable on a monthly basis in line with an agreed Service Level Agreement, private sector income generation through mainly sponsorship of certain projects and a small number of public sector grants.

Operating income

Operating income is credited in the period in which it is received, this is funded by Liverpool City Council and is payable on a monthly basis in line with an agreed Service Level Agreement.

OPERATING SEGMENTS

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

FUNCTIONAL CURRENCY

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

FINANCE INCOME

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

FINANCE COSTS

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

TAXATION

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

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

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

Deferred tax is not discounted in its treatment.

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.

Liverpool Vision Limited

GROUP FINANCIAL STATEMENTS

ACCOUNTING POLICIES

TAXATION - continued

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

SURPLUS FOR THE FINANCIAL YEAR

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

PROPERTY, PLANT, EQUIPMENT AND DILAPIDATIONS

Liverpool Vision has entered into a lease that runs until 2020, with a lease break that can be enacted in 2013. Liverpool City Council have acted as a Guarantor on this lease. The Company is responsible for dilapidations upon exit and has created a provision for their capitalisation and depreciation. Depreciation is charged straight line over 3 years to a break clause.

OPERATING LEASE POLICY

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

EQUITY POLICY

Retained earnings represents the retained profits of the company.

FINANCIAL INSTRUMENTS

Classification of financial instruments

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

Recognition and valuation of financial assets

Cash and equivalents

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

Trade receivables

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

Investments

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

Recognition and valuation of financial liabilities

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

Trade payables

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

Liverpool Vision Limited

GROUP FINANCIAL STATEMENTS

ACCOUNTING POLICIES

RETIREMENT BENEFITS

Defined benefit schemes

The liability recognised in the statement of financial position 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 (SOCl) in the period in which they arise.

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

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

Liverpool City Council has a set down a bond with Merseyside Pension Fund to cover any unfunded liabilities upon termination of Liverpool Vision's contract with the Merseyside Pension Fund. This allows for 50% saving in the event of active members under the age of 50 becoming deferred benefits upon termination of the admission agreement. The bond amount is determined by the periodical actuarial reviews undertaken by Merseyside Pension Fund and in itself has no maximum limit and remains in force indefinitely, until the pension fund certifies that no further payments are due.

PROVISIONS AND DILAPIDATIONS

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

During 2010/2011 Liverpool Vision Limited entered into a lease, with Liverpool City Council acting as guarantor. The company is responsible for dilapidations upon surrender or expiry of the lease so a dilapidation provision has been made to account for this and amortisation is charged over three years to a break-clause. No decision has been made to surrender the lease at this time.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

Amendments to published standards effective for the year ended 31 March 2012

There are no amendments which were effective in the year ended 31 March 2012 which are relevant to the group or company.

Standards adopted early by the group

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

Liverpool Vision Limited

GROUP FINANCIAL STATEMENTS

ACCOUNTING POLICIES

STANDARDS ISSUED BUT NOT YET EFFECTIVE - continued

The following new standards and interpretations, which are yet to become mandatory, have not yet been applied in Liverpool Visions Limited's 2012 financial statements

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2013)
- Deferred Tax Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1 January 2012)
- Presentation of Items of Other Comprehensive Income - Amendments to IAS 1 (effective 1 July 2012)
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- Government Loans - Amendments to IFRS 1 (effective 1 January 2013)
- Annual Improvements 2009-2011 Cycle (effective 1 January 2013)

* = adopted by the EU as at 25/5/12

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

Liverpool Vision Limited

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2012

1. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Pension benefits

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

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

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

Dilapidations provision

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

2. (DEFICIT) / SURPLUS BEFORE TAXATION

	2012 £000	2011 £000
(Deficit) / Surplus before tax is stated after charging/(crediting)		
Funding from Government bodies	6,610	10,131
Audit services		
- statutory audit of parent and consolidated accounts	24	17
Other services		
- audit of subsidiary,	-	9
- Accounting support services	4	-
- Corporation tax compliance services	3	4
	31	30

Liability Limitation Agreement

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

Liverpool Vision Limited

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2012

2. (DEFICIT) / SURPLUS BEFORE TAXATION - continued

	2012 £000	2011 £000
The following table analyses the nature of expenses		
Programme expenditure	4,246	4,818
Staff costs (see note 5)	2,040	2,642
Depreciation	33	33
Premises costs	323	324
Marketing	49	136
Professional fees	16	60
Other expenses	666	1,526
	<u>7,373</u>	<u>9,539</u>

Split of Staff costs between Operating and Programme expenditure

	2012 £000	2011 £000
Programme	82	-
Operations	1,958	2,642
	<u>2,040</u>	<u>2,642</u>

3. DIRECTORS AND EMPLOYEES

The directors did not receive any remuneration during the year

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

	2012 Number	2011 Number
Corporate Services	16	20
Development	9	13
Investment and Enterprise	18	23
	<u>43</u>	<u>56</u>

The aggregate payroll cost of employees was as follows

	2012 £000	2011 £000
Wages and salaries	1,700	2,174
Social security costs	157	190
Pension costs	183	278
Total	<u>2,040</u>	<u>2,642</u>

All staff costs are included in operating expenditure

Remuneration of key management personnel

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

	2012 £000	2011 £000
Short-term employee benefits	406	497
Post-employment benefits	42	62
	<u>448</u>	<u>559</u>

Liverpool Vision Limited
NOTES TO THE GROUP FINANCIAL STATEMENTS
For the year ended 31 March 2012

4. FINANCE INCOME

	2012 £000	2011 £000
Bank interest	14	14

5. FINANCE COSTS

	2012 £000	2011 £000
Expected return on defined benefit scheme assets	(631)	(521)
Interest on scheme liabilities	565	545
	(66)	24

6. TAXATION

	2012 £000	2011 £000
<i>Current tax</i>		
UK – current year	(2)	3
UK – adjustments in respect of prior periods	-	(1)
	(2)	2
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(85)	-
	(87)	2

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

	2012 £000	2011 £000
(Deficit) / Surplus before tax	(683)	583
Tax at the domestic income tax rate 26% (2011 21%)	(178)	122
<i>Tax effects of</i>		
Income not taxable	86	(151)
Capital allowances in excess of prior periods	-	-
Unrelieved tax losses arising in the period	92	-
Adjustments in respect of prior periods	(2)	(1)
Consolidation adjustments	-	32
Total tax charge	(2)	2

Liverpool Vision Limited

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2012

7. 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 these 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.

8. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold Improvements £000
<i>Cost</i>	
At 1 April 2011	100
At 31 March 2012	100
<i>Accumulated depreciation</i>	
As at 31 March 2011	33
Depreciation charge in year	33
At 31 March 2012	66
<i>Net Book Value</i>	
At 31 March 2012	34
At 31 March 2011	67

9. FINANCIAL ASSETS

	Group 2012 £000	Company 2012 £000	Group 2011 £000	Company 2011 £000
<i>Current</i>				
Trade and other receivables	919	919	677	988
Cash and cash equivalents	2,140	1,892	3,054	2,458
Maximum exposure to credit risk	3,059	2,811	3,731	3,446

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

Liverpool Vision Limited

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2012

9. FINANCIAL ASSETS (continued)

Trade and other receivables are as follows

	Group 2012 £000	Company 2012 £000	Group 2011 £000	Company 2011 £000
<i>Current</i>				
Trade receivables	765	765	520	520
Amounts due from group undertakings	-	-	-	311
Corporation tax recoverable	3	3	-	-
Deferred tax	85	85	-	-
Prepayments and accrued income	66	66	157	157
	<u>919</u>	<u>919</u>	<u>677</u>	<u>988</u>

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

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

The average credit period taken on current debtors is 48 days (2011 19 days), the increase in debtor days relates to an increase in commercial income generation activity within year that has not been carried out previously

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

	2012 £000	2011 £000
Up to three months	821	520
Up to six months	29	16
Over 6 months	5	-
	<u>855</u>	<u>536</u>

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

Cash and cash equivalents of £2,140,000 (2011 £3,054,000) comprise cash and short term deposits held by the group treasury function. The carrying amount of these assets approximates to their fair value

At 31 March 2012, £2,140,000 of cash was denominated in sterling (2011 £3,054,000)

Liverpool Vision Limited

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2012

10. TRADE AND OTHER PAYABLES

	Group 2012 £000	Company 2012 £000	Group 2011 £000	Company 2011 £000
<i>Current</i>				
Trade payables	80	78	122	69
Other taxation and social security costs	387	382	338	376
Other payables	-	-	36	36
Accruals and deferred income	1,046	805	1,123	853
	<u>1,513</u>	<u>1,265</u>	<u>1,619</u>	<u>1,334</u>

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 4 days (2011: 5 days).

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

11. BORROWING FACILITIES

The Group has no bank borrowing facilities.

12. RETIREMENT BENEFITS

Defined benefit plan

Liverpool Vision contributes to a pension scheme providing benefits based on final pensionable pay, contributions being charged to the surplus or deficit 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.

Prior Year Adjustment

A prior year adjustment has been made through the accounts, in order to remove the liability of £1,092,000, which reflected the transfer of the opening liability in 2008 when Liverpool Vision was created.

Merseyside Pension Fund has confirmed that the scheme was an "open fully funded transfer" so there were no opening deficits to should have been provided for. The only deficit to be accounted for should be the ongoing contributions advised on an annual basis.

The £1,092,000 refers to the opening deficit which was topped up from the "Liverpool Vision 1999" company fund plus others and funded by Liverpool City Council, and therefore should be excluded from the accounts of Liverpool Vision.

Liverpool Vision Limited

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2012

12. RETIREMENT BENEFITS - continued

The disclosures as at 2012 are based on an actuarial valuation as at 31 March 2010 updated to 31 March 2012

Key assumptions used	2012 %	2011 %
Discount rate	4.9	5.5
Investment return on plan assets	2.39	8.06
Rate of RPI inflation	-	3.4
Rate of CPI inflation	2.5	2.9
Expected rate of salary increases	4.0	4.4
Future pension increases	2.5	2.9

The average life expectancy for a pensioner retiring at 65 on the balance sheet date is	2012 Years	2011 Years
Male	21.5	21.4
Female	24.2	24.1

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

Male	22.8	22.8
Female	25.8	25.7

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

	2012 £000	2011 £000
Current service cost	256	348
Past service (gain)	-	(541)
	<u>256</u>	<u>(193)</u>

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

	2012 £000	2011 £000
Interest cost	565	545
Expected return on scheme assets	(631)	(521)
	<u>(66)</u>	<u>24</u>

Liverpool City Council has given a Bond and Indemnity in order to meet the opening deficit on pension scheme transferred to Liverpool Vision Limited as and when it crystallises. This appears as a reserve in their accounts. The amount is determined by periodical actuarial reviews completed by Merseyside Pension Fund and in itself has no maximum limit and remains in force indefinitely until the pension fund certifies that no further payments are due.

Liverpool Vision Limited
NOTES TO THE GROUP FINANCIAL STATEMENTS
For the year ended 31 March 2012

12. RETIREMENT BENEFITS - continued

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

	2012 £000	2011 £000
At start of period	1,728	1,759
Current service cost	256	348
Past service cost / (gain)	-	(541)
Interest cost	565	545
Actuarial losses / (gains) on liabilities	401	(88)
Contributions by plan participants	109	140
Curtailments	2	-
Benefits / transfers paid	819	(435)
At end of period	<u>3,880</u>	<u>1,728</u>

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

	2012 £000	2011 £000
At start of period	2,257	1,173
Expected return on scheme assets	631	521
Actuarial (losses) / gains	(400)	579
Employer contributions	193	279
Employee contributions	109	140
Benefits paid	819	(435)
At end of period	<u>3,609</u>	<u>2,257</u>

The actual loss on scheme assets was £801,000

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

	2012 £000	2011 £000
Fair value of scheme assets	3,609	2,257
Present value of defined benefit obligations	<u>(3,880)</u>	<u>(1,728)</u>
Deficit in scheme	<u>(271)</u>	<u>529</u>
Liability recognised in statement of financial position	<u>(271)</u>	<u>529</u>

The figures included in the statement of financial position does not include the opening deficit of £1,092,000 from the transfer of staff into Liverpool Vision in 2008. This opening deficit has been funded by Liverpool City Council.

Liverpool Vision Limited

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2012

12. RETIREMENT BENEFITS - continued

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

	Fair value of assets £000 2012	% 2012	Expected Return % 2012	Fair value of assets £000 2011	% 2011	Expected Return % 2011
Equity instruments	6,187	59	7.0	5,533	61	7.5
Government bonds	1,643	16	3.1	975	11	4.4
Other bonds	419	4	4.1	611	7	5.1
Property	974	9	6.0	720	8	6.5
Cash /liquidity	230	2	0.5	210	2	0.5
Other assets	1,015	10	7.0	1,067	11	7.5
	10,468	100		9,116	100	

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

Typically an investment return of about 5.78% (net of expenses) on the existing assets is anticipated for accounting purposes, although this can vary from year to year

	2012 £000	2011 £000	2010 £000	2009 £000
Present value of defined benefit obligations	(11,831)	(9,679)	(9,710)	(6,661)
Fair value of scheme assets	10,468	9,116	8,032	5,756
Opening Deficit – Transfer of Staff	1,092	1,092	1,092	1,092
Deficit in scheme	(271)	529	(586)	187
Experience adjustments on scheme liabilities	-	125	-	-
Experience adjustments on scheme assets	(400)	579	1,609	(1,905)

The estimated amounts of contributions expected to be paid to the scheme during the financial period ending 31 March 2013 is £193,000

Liverpool Vision Limited

NOTES TO THE GROUP FINANCIAL STATEMENTS

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A sensitivity analysis undertaken by Mercer on behalf of Merseyside Pension Fund – Liverpool Vision, as at 31st March 2012 is detailed in the table below -

Disclosure Item	Central	Sensitivity 1 (+0.1% p.a. discount rate)	Sensitivity 2 (+0.1% p.a. inflation)	Sensitivity 3 (1 year increase in life expectancy)
	£000s	£000s	£000s	£000s
Liabilities	11,831	11,629	12,037	12,055
Assets	(10,468)	(10,468)	(10,468)	(10,468)
Deficit / (Surplus)	1,363	1,161	1,569	1,587
Projected Service Cost for next year	275	266	283	282
Projected Expected Return on Assets for next year	(638)	(638)	(638)	(638)
Projected Interest Cost for next year	609	611	619	620

Liverpool Vision Limited

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2012

13. PROVISIONS

Dilapidations provision £000	Group Dilapidations provision £000	Company Dilapidations provision £000
At 1 April 2011	100	100
Additional provision in the year	-	-
At 31 March 2012	<u>100</u>	<u>100</u>

	2012 £000	2011 £000	2012 £000	2011 £000
Current provision	-	-	-	-
Non – current provision	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

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

14. DEFERRED TAXATION

Deferred tax in the period is as follows

	£000
As at 1 April 2011	-
Increased in the year	85
At 31 March 2012	85
Timing differences	85

A deferred tax asset has been recognised as it is considered that the company and the group will have a number of commercially profitable projects in the future.

15. SHARE CAPITAL

The Company is limited by guarantee and has no share capital.

At the beginning of this financial year the Northwest Development Agency and the Homes and Communities Agency (formerly English Partnerships), retired as members, leaving Liverpool City Council as sole member.

16. CAPITAL COMMITMENTS

There were no capital commitments at the end of the financial year (2011 £nil)

Liverpool Vision Limited
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For the year ended 31 March 2012

17. OPERATING LEASE ARRANGEMENTS

Group	2012		2011	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Lease payments under operating leases recognised as an expense in the period	189	15	171	8

Company	2012		2011	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Lease payments under operating leases recognised as an expense in the period	189	15	171	8

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

Amounts due	2012		2011	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Within one year	233	8	189	15
Between one and five years	270	7	423	16
After five years	450	-	530	-
	953	15	1,142	31

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

Liverpool Vision Limited

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2012

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 relationship	Nature of transactions	2012		2011	
			Aggregate value for financial period £000	Net amount owed (to) / from the company £000	Aggregate value for financial period £000	Net amount owed (to) / from the company £000
Liverpool City Council	Member	Funding Receivable	5,318	155	7,163	164
Liverpool City Council	Member	Purchases	(113)	(5)	(317)	(3)
Northwest Regional Development Agency	Retiring Member	Funding Receivable	10	-	866	243
Homes and Communities Agency	Retiring Member	Funding Receivable	43	4	429	-
Appreciating People Limited	Common director	Purchases	(6)	-	(11)	(5)
River-Digital (UK) Limited	Common director	Purchases	(1)	-	(39)	-
Arena and Convention Centre	Common director	Purchases	(98)	-	(1)	-
2020 Liverpool Ltd	Common director	Purchases	(32)	-	(52)	-
Liverpool Hope University	Common director	Receivables	12	12	-	-
Liverpool Hope University	Common director	Purchases	-	-	(4)	-
The Mersey Partnership	Common director	Purchases	(128)	-	(43)	-
The Mersey Partnership	Common director	Receivables	-	-	13	-
The Liverpool Shanghai Partnership	Common director	Purchases	(24)	-	(92)	-

Liverpool Vision Limited

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2012

19. CONTROLLING PARTIES

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

20. CONTINGENT LIABILITIES

There were no contingent liabilities at the end of the financial year (2011 £nil)

21. PRIOR YEAR ADJUSTMENT

A prior year adjustment has arisen from the inclusion of transactions in the past years, the knowledge of which was incorrect at that time. In order to perceive the impact of current years transactions separately, the disclosure has to be made for prior year adjustment.

The prior year adjustment that has been made through the accounts, has removed the liability of £1,092,000, which reflected the transfer of the opening liability in 2008 when Liverpool Vision was created.

Merseyside Pension Fund has confirmed that the scheme was an "open fully funded transfer" so there were no opening deficits that should have been provided for. The only amount to be accounted for should be the ongoing contributions advised on an annual basis.

The £1,092,000 refers to the opening deficit which was topped up from the "Liverpool Vision 1999" company fund plus others and funded by Liverpool City Council, and therefore should be excluded from the accounts of Liverpool Vision.

This has had a positive impact on the net assets of the company.