



# **Liverpool Vision Limited**

## **REPORT AND FINANCIAL STATEMENTS**

**For the Year Ended 31 March 2017**

Company Registration No. 06580889

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# Liverpool Vision Limited

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# Liverpool Vision Limited

## DIRECTORS AND ADVISORS

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### **DIRECTORS**

Mayor J Anderson OBE  
Cllr G Millar  
Cllr W Simon  
Cllr A O'Byrne

### **SECRETARY**

I J McCarthy

### **REGISTERED OFFICE**

Liverpool Vision Limited  
10<sup>th</sup> Floor  
The Capital  
39 Old Hall Street  
Liverpool  
L3 9PP

**Company no: 06580889**

### **AUDITORS**

Grant Thornton UK LLP  
Chartered Accountants and Statutory Auditor  
Royal Liver Building  
Liverpool  
L3 1PS

### **BANKERS**

NatWest  
Liverpool City Office  
22 Castle Street  
Liverpool  
L2 0UP

# Liverpool Vision Limited

## DIRECTORS' REPORT

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Company Registration No. 06580889

The directors submit their report and the financial statements of Liverpool Vision Limited for the year ended 31 March 2017.

### PRINCIPAL ACTIVITIES

Liverpool Vision Limited is the Mayor of Liverpool's Economic Development Company. The principal activity of the company is to promote and facilitate the economic development of Liverpool.

### REVIEW OF BUSINESS

During 2016/17 the company focused on the delivery of its business plan for the year, aiming to generate jobs and investment in Liverpool. Further information is included within the Strategic Report.

Liverpool Land Development Company Limited ("LLDC"), a subsidiary of Liverpool Vision Limited ("LV"), is now a dormant company with no activity undertaken in 2016/17.

### GOVERNANCE

Liverpool Vision continues to operate under the Articles of Association adopted in May 2012. These reflect the single Membership of the Company and the requirements of the Companies Act (2006), and provide a clear set of matters which are reserved to Liverpool City Council ("LCC").

The Board of Directors now consists of Joe Anderson, Mayor of Liverpool (Chair), Councillor Gary Millar, Councillor Ann O'Byrne and Councillor Wendy Simon. The Board is supported by an Advisory Group consisting of the Chief Executives of Liverpool City Council and Liverpool Vision, David Wade-Smith (the Mayor's business advisor) and Ian McCarthy (Company Secretary). The Finance Sub-Committee exists to scrutinise financial management, audit and risk management, and reports to the Board.

Liverpool City Council continues to scrutinise Liverpool Vision Limited and liaises on corporate and organisational matters where necessary. Liverpool Vision works closely with several Council departments, particularly the Chief Executive's Office and Regeneration.

### FINANCIAL MANAGEMENT

Liverpool Vision's finance function seeks continual improvement. Finances and procurement are managed through financial regulations and an annually reviewed set of financial control procedures, developed with advice from Liverpool City Council's Internal Audit service. Standard contract terms and conditions are utilised to minimise the risk that the Company and its resources are exposed to.

A new reporting structure and suite of financial management reports was developed and implemented during 2015/16, to facilitate in-depth analysis of income and expenditure activity. This ensures that budget holders, management and governance structures have up-to-date and accessible information to inform decision making. The Company is subject to an annual internal and external audit. Formal oversight of finance, audit and risk management is through the Board, advised by the Finance Sub-Committee.

# Liverpool Vision Limited

## DIRECTORS' REPORT

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### DIRECTORS

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

Mayor J Anderson OBE  
Cllr A O'Byrne  
Cllr G Millar  
Cllr W Simon

### EMPLOYEE INVOLVEMENT

The Company remains committed to involving its employees in the business and providing the opportunity to contribute to its development. Information is shared and views sought through a number of feedback mechanisms including regular meetings with all staff focusing on core purpose, performance and resources, a staff appraisal system and a current set of HR policies. Management and staff will continue to work together to identify opportunities for further improvement, aiming to secure a diverse workforce and equality of opportunity.

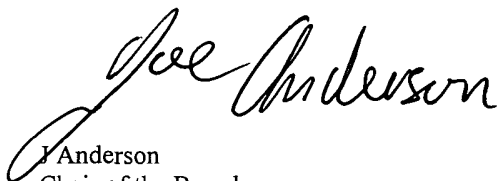
### POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political contributions during the year or the prior year.

### AUDITOR

The Auditor, Grant Thornton UK LLP offer themselves for re-appointment in accordance with Section 487 (2) of the Companies Act 2006

On behalf of the board



J Anderson  
Chair of the Board  
Mayor of Liverpool  
11<sup>th</sup> September 2017

# Liverpool Vision Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Directors' Report, the Strategic 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 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 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 company's auditor is 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

## STRATEGIC REPORT

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### FINANCING

The year saw a decline in operating results with a loss of £(1,349,000) compared to a loss of £(12,000) in the prior year. This was driven by the re-phasing of Single Investment Fund (SIF) income available for International Business Festival purposes from 2016/17 into future financial periods. Furthermore, the decrease in operating results was compounded by past service costs and loss from settlements of £261,000 associated with the Company's defined benefit pension scheme. Liverpool Vision Limited is the Mayor of Liverpool's Economic Development Company and operates on a "not for profit" type basis. The operating costs of the company were met primarily through contributions by Liverpool City Council.

### PERFORMANCE

During 2016/17 the Company focused on the delivery of its business plan for the year, aiming to generate jobs and investment in Liverpool. The performance of Liverpool Vision in 2016/17 was strong. Through the year the company succeeded in supporting the creation of 1,243 jobs and attracted more than £76 million in private sector investment; both of which exceed the total target identified for 2016/17.

This is a particularly noteworthy achievement alongside the delivery of the UK's second International Festival for Business 2016 (IFB2016), which was developed, co-ordinated and delivered by Liverpool Vision.

#### Outputs

A summary of the total key direct outputs achieved in the year is below.

#### Key Direct Outputs

		Total
Jobs created (No.)	<i>Business Plan</i>	1,220
	<i>Actual</i>	1,243
Private sector investment (£)	<i>Business Plan</i>	£46,000,000
	<i>Actual</i>	£76,843,000

During 2016/17 Liverpool Vision overachieved its key direct output targets, delivering 102% of the jobs created target and 167% of the private sector investment target. The achievement of the jobs created target was a result of Invest Liverpool's 22 successful projects and these accounted for a large proportion of the private sector investment generated but was also supplemented by private sector contributions supporting Marketing Liverpool activity.

The Marketing Liverpool revenue was received from a number of sources, including Liverpool Convention Bureau directory sales, digital placements, Seasonal Guide advertiser income and private sector partners for MIPIM 2017, which attracted contributions of over £300,000. This exemplifies Liverpool Vision's continuing move to a more commercial approach; a key priority for the company.

Further details of activity across the programme areas of Liverpool Vision are shown below.

#### *International Festival for Business 2016 (IFB2016) and International Business Festival 2018*

Developing and delivering IFB2016 played a major part of Liverpool Vision's activities in 2016/17. Branded within the UK Government's GREAT campaign, it was developed in close partnership with government and business across the UK and internationally. Staged in Liverpool during June and July 2016, the Festival attracted 14,000 delegates from nearly 100 countries. It was the largest business event staged in the UK in 2016, providing UK businesses with a significant opportunity to secure international sales and investment.

In addition to an extensive event programme, businesses were also able to access additional business services from the IFB Team. This included meeting the specialist advisors and buyers, attendance at masterclass seminars and meeting businesses with complementary needs and offers. IFB2016 Interim Evaluation was

# Liverpool Vision Limited

## STRATEGIC REPORT

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published in October 2016 and provides full details in respect of impact and value, the full results are available here: <http://www.liverpoolvision.co.uk/news/latest-news/ifb-2016-interim-evaluation/>

Since the successful delivery of IFB2016, there has been much activity on the design and concept of the rebranded International Business Festival 2018, which will again be held in Liverpool.

### ***Marketing Liverpool***

Marketing Liverpool has made significant progress in the past year. It successfully led the delivery of a range of projects, an increasing proportion of these on a commercial basis. Liverpool's presence at MIPIM, the world's leading property expo, provides a good example of this. Marketing Liverpool project managed the venture, working with a group of private sector partners and the Mayor of Liverpool, with the private sector providing the funding to meet operational costs.

### ***Invest Liverpool***

Invest Liverpool continues to be successful in attracting investment into the city and raising the profile of the city region on the international stage. The Invest team have hosted numerous international business delegations, with a particular focus on those sectors in which Liverpool contains international expertise. The key international markets of the USA and China have remained pivotal targets, with the appointment of a new Head of China Affairs, part funded by Wirral MBC, and the continued development of the Liverpool City Region China Partnership.

Liverpool City Region Integrated Business Support Programme (LCRIBS) and the Growth Hub continue to develop and aid in lead generation and the creation of job opportunities.

## **THE FUTURE**

Liverpool Vision's priorities for the 2016-18 period will continue to focus on the creation of jobs and the generation of investment in Liverpool. The 2015-18 business plan is published and sets out how Liverpool Vision will continue to help create a more prosperous future over the next financial year. It will achieve this by focussing on three main areas:

- Marketing Liverpool, which aims to position Liverpool as a major international visitor and investment destination.
- Invest Liverpool, which will continue to raise the city region's international profile and secure new business investment, working within priority sectors to generate leads and develop intelligence regarding potential investors.
- The International Business Festival 2018, which will provide a platform for UK and international companies to increase their international sales and demonstrate Liverpool's ability to host such a prestigious, large scale, international business event.

The Business Plan is available to view at <http://www.liverpoolvision.co.uk/about/publications/>



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# Liverpool Vision Limited

## STRATEGIC REPORT

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### RISK MANAGEMENT

Liverpool Vision's approach to risk management is designed to minimise the Company's exposure to risk as far as possible, whilst delivering the objectives set out in its business plan. Risks are identified through open discussion at Senior Management Team (SMT) meetings, general manager level and by individual budget holders. Risks are also identified in the early stages of planning and appraising individual projects (which can occur at any time in the business year).

Risks are grouped to help establish relationships between them; the following categories are used: strategic, operational and financial. Risks are then assessed according to their likelihood of occurring and their impact should they occur, using a scoring system. Action is prioritised according to seriousness.

All risks are logged, managed and control measures identified via the Liverpool Vision risk register; grouped under the appropriate headings, the risks are as follows:

- Strategic/ Organisational:
  - Lack of good governance;
  - Loss of focus on business plan priorities;
  - Loss of Mayor/Liverpool City Council commitment to Liverpool Vision;
  - Failure to maintain good relations and clear roles with partners in the city/ city region;
  - Engagement of the private sector in the governance of Liverpool Vision; and
  - Liverpool City Region revised arrangements for economic development in the City Region.
- Operational:
  - Failure of major programme or project;
  - Programme management failure leading to clawback of external funding;
  - Breach of Data Protection Act or commercial/sensitive data;
  - Failure to follow regulations and procedures as a good employer;
  - Responsibility for management of Tourism and Convention Membership;
  - Failure to secure and retain appropriately skilled human resource, especially in specialist and business critical functions;
  - Failure to build and maintain positive relationship with business;
  - Change to public procurement arrangements for economic development services; and
  - Major loss of operational capability caused by force majeure.
- Financial
  - Organisational culture and behaviour limits performance of the company;
  - Significant reduction in public and private funding – maintenance of “going concern” over the medium term;
  - Failure to maintain appropriate procurement arrangements;
  - Failure to manage project costs;
  - Failure to manage cash flow;
  - Failure to maintain appropriate financial protocols/ systems;
  - Fraudulent actions;
  - Failure to meet visitor economy income target; and
  - Brexit.

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# Liverpool Vision Limited

## STRATEGIC REPORT

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### FINANCIAL RISK MANAGEMENT

All financial instruments (Note 12) held by the 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 company’s operations expose it to a variety of financial risks. The company has in place risk management policies that seek to limit the adverse effects on the financial performance of the company by using various instruments and techniques.

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

**(a) Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company’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 company maintains an active and ongoing dialogue with Liverpool City Council to ensure it has sufficient funds to meet its costs.

The company has the support of Liverpool City Council and has obtained confirmation that funding will be provided by the Liverpool City Council to support Liverpool Vision’s activities until 31 March 2019.

The company believes it has sufficient cash facilities and funding support from Liverpool City Council to meet its operational commitments. At the year end the company had no overdrawn balances.

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

**(b) Foreign exchange risk**

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

**(c) Interest rate risk**

The company holds cash or cash equivalents with its bank and whilst exposed to interest rate risk 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 company considers that interest rates in the short to medium term will remain relatively stable. However, in terms of sensitivity analysis a 100 basis points rise in the interest rate above the current level could generate additional annual interest income of circa £14,630 based on year end cash reserves. Conversely, a 25 basis points fall could reduce annual interest income of circa £3,658 based on year end cash reserves. There would be an equivalent increase or decrease in equity, respectively.

**(d) Credit risk**

# Liverpool Vision Limited

## STRATEGIC REPORT

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The company's financial assets are bank balances and trade and other receivables which represent the company'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 company's credit risk is primarily attributable to its trade receivables and accrued income. Management have a credit policy in place and exposure to credit risk is monitored on an on-going basis.

Management believe the company 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.

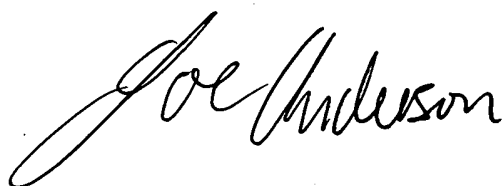
### Capital risk management

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 the next two financial years, having had agreement from Liverpool City Council, via Liverpool Vision Board meeting, that they will provide funding to support Liverpool Vision throughout 2017/18 and 2018/19. Liverpool Vision has demonstrated its ability to manage its income position and that 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.

### 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 Company, using the systems which record the actual purchases and payments.

On behalf of the board



J Anderson  
Chair of the Board  
Mayor of Liverpool  
11<sup>th</sup> September 2017

# Liverpool Vision Limited

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

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We have audited the financial statements of Liverpool Vision Limited for the year ended 31 March 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 4, 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

### **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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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*

Carla Kennaugh  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Liverpool  
Date: 11<sup>th</sup> September 2017

# Liverpool Vision Limited

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

	Note	2017 £000	2016 £000
REVENUE	2	10,293	8,038
TOTAL EXPENDITURE	2	(11,642)	(8,050)
(LOSS) FROM OPERATIONS		(1,349)	(12)
Finance income	4	1	3
Finance costs	5	(44)	(49)
TOTAL (LOSS) BEFORE TAX		(1,392)	(58)
Income tax expense	6	-	(9)
(LOSS) FOR THE FINANCIAL YEAR		(1,392)	(67)
OTHER COMPREHENSIVE INCOME:			
Actuarial (loss) / gain on pension scheme	14	(179)	497
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,571)	430

All of the activities of the Company are classed as continuing.

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

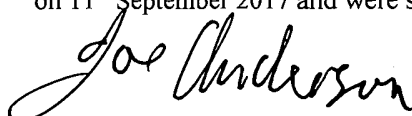
# Liverpool Vision Limited

## STATEMENT OF FINANCIAL POSITION AT 31<sup>st</sup> MARCH 2017

	Note	2017 £000	2016 £000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	275	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>275</b>	<b>-</b>
<b>CURRENT ASSETS</b>			
Inventories	9	2	-
Trade and other receivables	10	1,138	2,836
Cash and cash equivalents	10	1,463	2,882
<b>TOTAL CURRENT ASSETS</b>		<b>2,603</b>	<b>5,718</b>
<b>TOTAL ASSETS</b>		<b>2,878</b>	<b>5,718</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	(1,255)	(3,253)
Provisions	15	(86)	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>(1,341)</b>	<b>(3,253)</b>
<b>NON-CURRENT LIABILITIES</b>			
Retirement benefit obligations	14	(967)	(324)
Provisions	15	(200)	(200)
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>(1,167)</b>	<b>(524)</b>
<b>TOTAL LIABILITIES</b>		<b>(2,508)</b>	<b>(3,777)</b>
<b>NET ASSETS</b>		<b>370</b>	<b>1,941</b>
<b>EQUITY</b>			
Retained earnings		370	1,941

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

The financial statements on pages 11 to 37 were approved by the Board of directors and authorised for issue on 11<sup>th</sup> September 2017 and were signed on its behalf by:



J Anderson  
Chairman  
Mayor of Liverpool

Company Number 06580889

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# Liverpool Vision Limited

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

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	Retained earnings 2017 £000	Retained earnings 2016 £000
At start of the year	1,941	1,511
(Loss) for the year	(1,392)	(67)
Other Comprehensive Income:		
Total actuarial (loss) / gain on the pension scheme	(179)	497
At end of the year	370	1,941

### *Retained earnings*

The retained earnings reserve includes the loss 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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

	2017		2016	
	£000	£000	£000	£000
<b>Cash flows from operating activities</b>				
(Loss) before taxation	(1,392)		(58)	
<i>Adjustments for:</i>				
Depreciation	95		-	
Finance income	(1)		(3)	
Finance costs	44		49	
Decrease / (increase) in trade and other receivables	1,696		(969)	
(Decrease) / increase in trade and other payables	(1,997)		1,560	
Increase in provisions	86		-	
Increase in retirement benefit obligation	420		172	
<b>Cash (used)/generated from operations</b>	<u>(1,049)</u>		<u>751</u>	
Income taxes paid	(1)		(2)	
<b>NET CASH (USED) / GENERATED FROM OPERATING ACTIVITIES</b>		<u>(1,050)</u>		<u>749</u>
<b>Cash flows from investing activities</b>				
Finance income	1		3	
Purchases of property, plant and equipment	(370)		-	
<b>NET CASH (USED)/GENERATED FROM INVESTING ACTIVITIES</b>		<u>(369)</u>		<u>3</u>
Net (decrease) / increase in cash and cash equivalents		<u>(1,419)</u>		<u>752</u>
Cash and cash equivalents at start of year		2,882		2,130
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u>1,463</u>		<u>2,882</u>



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# Liverpool Vision Limited

## ACCOUNTING POLICIES

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### GENERAL INFORMATION

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

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

### GOING CONCERN

Notwithstanding the loss for the year the financial statements continue to be prepared on the going concern basis. 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 the next two financial years, having had confirmation from Liverpool City Council that they will provide funding to support and underwrite Liverpool Vision's activity throughout 2017/18 and 2018/19. Liverpool Vision has demonstrated its ability to manage its income position and that 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

A subsidiary is an entity over which the group has the power to govern the financial and operating policies to obtain economic benefit from their activities. Liverpool Vision Limited is the sole member of Liverpool Land Development Company Limited ("LLDC") a company limited by guarantee having no share capital. Liverpool Vision became the sole member on 30 April 2008 at no cost. Its interest in LLDC was initially recognised at cost and subsequently measured at cost.

Liverpool Vision Limited has not prepared consolidated financial statements that includes LLDC on the grounds of materiality as LLDC is dormant in the current and the prior financial year. These financial statements reflect the company only and not its group.

### REVENUE RECOGNITION

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

#### *Programme income*

The company recognises programme income in the Statement of Comprehensive Income as the associated costs are 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

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# Liverpool Vision Limited

## ACCOUNTING POLICIES

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provided by Liverpool City Council, private sector income generation through mainly sponsorship of certain projects and a 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.

### **FUNCTIONAL CURRENCY**

The presentational and functional currency of the 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 statement of financial position 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.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or tax expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income, or equity, respectively. 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.

### **PROFIT FOR THE FINANCIAL YEAR**

Any profit and other comprehensive income generated is carried forward in retained earnings to be used towards achieving the strategic ambitions.

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# Liverpool Vision Limited

## ACCOUNTING POLICIES

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### PROPERTY, PLANT AND EQUIPMENT

Equipment is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Leasehold improvement and other equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of other equipment. The following useful lives are applied:

- other equipment: 2-10 years.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

### OPERATING LEASE POLICY

Leases are treated as operating leases in accordance with the conditions set under IAS17. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

### INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct, and where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling cost less costs incurred in marketing, selling and distribution.

### 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 profit or loss or other comprehensive income in the Statement of Comprehensive Income. The company 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.

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# Liverpool Vision Limited

## ACCOUNTING POLICIES

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

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

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

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

## **RETIREMENT BENEFITS**

### **Defined benefit schemes**

The liability recognised in the 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 (SOCI) 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 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. No asset has been recognised in respect of this bond within the financial statements.

## **PROVISIONS AND DILAPIDATIONS**

Provisions are recognised when the company 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. A supplemental office property lease has been signed on the 21<sup>st</sup> July 2016 extending the lease to the 31<sup>st</sup> December 2018. 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.

# Liverpool Vision Limited

## ACCOUNTING POLICIES

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### STANDARDS ISSUED BUT NOT YET EFFECTIVE - ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

#### Amendments to published standards effective for the year ended 31 March 2017

There are no amendments which were effective in the year ended 31 March 2017 which are relevant to the company.

#### Standards adopted early by the company

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

#### Interpretations and standards effective in the current period

The following new standards, amendments to standards or interpretations became effective for the first time. The adoption of these interpretations, standards or amendments to standards were either not relevant for the company or have not led to any significant impact on the Company's financial statements.

Standard		Effective date:
		periods commencing on or after
IFRS 14	Regulatory deferral accounts	1 January 2016

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

At the date of the authorisation of the financial information, the following standards and interpretations, which have not been applied in the financial information, were in issue but not yet effective:

Standard		Effective date:
		periods commencing on or after
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to IAS 7	Disclosure Initiative	1 January 2017
Annual improvements to IFRS 2014-2016 Cycle	IFRS 12 Disclosure of interest in other entities	1 January 2017
IFRS 16	Leases	1 January 2019
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers including amendments to IFRS 15	1 January 2018
Amendments to IFRS 2014-2016 Cycle	Relating to IFRS 12 Disclosure of interest in other entities	1 January 2018

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# Liverpool Vision Limited

## ACCOUNTING POLICIES

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### ***IFRS 15 'Revenue from Contracts with Customers'***

IFRS 15 presents new requirements for the recognition of revenue. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities.

Management is currently considering the impact of the new standard and are in the process of reviewing all its contracts to ascertain how the new requirements will impact the identification of services and the allocation of consideration to them.

### ***IFRS 16 'Leases'***

IFRS 16 will replace IAS 17 and three related interpretations. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS16 is effective from periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard however will be performing a full review of all agreements against the requirements of this new Standard.

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# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

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

The company 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 company 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 company 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 based upon a dilapidations assessment undertaken by an independent commercial property and real estate services adviser in May 2015. The directors consider that this dilapidations assessment remains appropriate at 31 March 2017.

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### 2. TURNOVER AND (LOSS) BEFORE TAXATION

	2017 £000	2016 £000
All rendering of services:		
Funding from Government bodies	6,462	6,522
Funding from Non-Government bodies	3,831	1,516
	<u>10,293</u>	<u>8,038</u>

(Loss) / profit before tax is stated after charging:

Audit services		
- statutory audit of financial statements	20	18
Other services		
- Accounting support services	4	3
- VAT advisory services	5	4
- Corporation tax compliance services	8	4
Operating lease costs		
- Land and buildings	238	246
	<u>275</u>	<u>275</u>

Liability Limitation Agreement

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

	2017 £000	2016 £000
The following table analyses the nature of expenses:		
Programme expenditure	7,481	4,565
Staff costs (see note 3)	3,119	2,515
Premises costs	386	378
Professional fees	47	71
Other expenses	609	521
	<u>11,642</u>	<u>8,050</u>

Split of Staff costs between Operating and Programme expenditure:

	2017 £000	2016 £000
Programme	1,603	1,085
Operations	1,516	1,430
	<u>3,119</u>	<u>2,515</u>



# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

### 3 DIRECTORS AND EMPLOYEES

The directors did not receive any remuneration during the year or the prior year.

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

	2017 Number	2016 Number
Corporate Services	16	16
Business Support	-	2
International Investment and Development	14	13
Marketing	22	19
International Festival for Business	15	8
	<u>67</u>	<u>58</u>

The aggregate payroll cost of employees was as follows:

	2017 £000	2016 £000
Wages and salaries	2,423	2,119
Social security costs	248	176
Pension costs	448	220
Total	<u>3,119</u>	<u>2,515</u>

#### Remuneration of key management personnel

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

	2017 £000	2016 £000
Short-term employee benefits	534	536
Post-employment benefits	222	45
	<u>756</u>	<u>581</u>

### 4. FINANCE INCOME

	2017 £000	2016 £000
Bank interest	<u>1</u>	<u>3</u>

### 5. FINANCE COSTS

	2017 £000	2016 £000
Expected return on defined benefit scheme assets	(504)	(462)
Interest on scheme liabilities	548	511
	<u>44</u>	<u>49</u>

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

### 6. TAXATION

	2017 £000	2016 £000
<i>Current tax</i>		
UK – current year	-	1
	-	1
<i>Deferred tax</i>		
Origination and reversal of temporary differences	-	8
	-	9

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

	2017 £000	2016 £000
(Loss) before tax	(1,392)	(58)
Tax at the domestic income tax rate 20% (2016: 20%)	(279)	(11)
<i>Tax effects of:</i>		
Income not taxable	-	-
Effect of change of tax rate on opening balances	-	8
Expenses not deductible	279	12
Total tax charge	-	9

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

### 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. Liverpool Vision Limited has not prepared consolidated financial statements that includes LLDC on the grounds of materiality as LLDC is dormant in the current and the prior financial year. Liverpool Vision became the sole member on 30 April 2008 at no cost. LLDC is now a dormant company with no activity undertaken in 2016/17. At 31 March 2017 LLDC has capital and reserves amounting to £Nil (2016: £Nil).

### 8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements £000	Other Equipment £000	Total £000
<i>Cost:</i>			
At 1 April 2016	100	-	100
Additions	-	370	370
At 31 March 2017	100	370	470
<i>Accumulated depreciation:</i>			
At 1 April 2016	100	-	100
Depreciation	-	95	95
At 31 March 2017	100	95	195
<i>Carrying value:</i>			
At 31 March 2017	-	275	275
At 31 March 2016	-	-	-
	Leasehold Improvements £000	Other Equipment £000	Total £000
<i>Cost:</i>			
At 31 March 2015 and 31 March 2016	100	-	-
<i>Accumulated depreciation:</i>			
At 31 March 2015 and 31 March 2016	100	-	-
<i>Carrying value:</i>			
At 31 March 2015 and 31 March 2016	-	-	-

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

### 9. INVENTORIES

Inventories consist of the following:

	2017 £000	2016 £000
Consumables	2	-

In 2017, a total of £15,084 (2016: £Nil) of inventories was included in the loss for the year. This includes an amount of £15,084 (2016: £Nil) resulting from write-down of inventories

### 10. TRADE AND OTHER RECEIVABLES

	2017 £000	2016 £000
<i>Current:</i>		
Trade and other receivables	1,138	2,836
Cash and cash equivalents	1,463	2,882
Maximum exposure to credit risk	2,601	5,718

Trade and other receivables are as follows:

	2017 £000	2016 £000
<i>Current:</i>		
Trade receivables	165	413
Amount due from related parties	30	82
Deferred tax (see note 16)	70	70
Prepayments and accrued income	873	2,271
	1,138	2,836

All of Liverpool Vision Limited's trade and other receivables have been reviewed for indicators of impairments. An impairment provision amounting to £265,499 (2016: £122,591) has been included in the financial statements.

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

### 11. TRADE AND OTHER PAYABLES

	2017 £000	2016 £000
<i>Current:</i>		
Trade payables	291	414
Other taxation and social security costs	195	147
Corporation tax payable	-	1
Accruals and deferred income	769	2,691
	<u>1,255</u>	<u>3,253</u>

All payables are denominated in Sterling.

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

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

### 12. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	2017 £000	2016 £000
<b>Financial assets</b>		
Cash and cash equivalents	1,463	2,882
Receivables	987	1,766
	<u>2,450</u>	<u>4,648</u>
<b>Financial liabilities</b>		
Trade payables	291	414
Accruals	301	914
	<u>592</u>	<u>1,328</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 47 days (2016: 126 days). The decrease in debtor days is due to prior year trade receivables including a significant amount of current receivables.

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

The company 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 company believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	2017 £000	2016 £000
Up to three months	5	476
Between three and six months	-	29
Over 6 months	-	63
	<u>5</u>	<u>568</u>

There are no significant credit risks arising from financial assets that are neither past due nor Impaired other than receivables included within the impairment provision detailed in note 10.

Cash and cash equivalents of £1,463,000 (2016: £2,882,000) comprise cash and short term deposits held by the company treasury function. The carrying amount of these assets approximates to their fair value.

At 31 March 2017, £1,463,000 of cash was denominated in sterling (2016: £2,882,000).

### 13. BORROWING FACILITIES

The Company has no bank borrowing facilities at 31 March 2017 and 31 March 2016.

### 14. RETIREMENT BENEFITS

#### Defined Benefit Plan

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

The disclosures as at 2017 are based on an actuarial valuation as at 31 March 2017.

Key assumptions used:	2017 %	2016 %
Discount rate	2.5	3.5
Investment return on plan assets	21.19	0.90
Rate of CPI inflation	2.3	2.0
Expected rate of salary increases	3.8	3.5
Future pension increases	2.3	2.0

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

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

	2017 Years	2016 Years
Male	21.9	22.5
Female	24.7	25.4

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

Male	24.9	24.9
Female	27.7	28.2

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:

	2017 £000	2016 £000
Service cost:		
Current service cost	426	403
Past service costs and loss from settlements	261	-
	<u>687</u>	<u>403</u>

Amounts recognised within finance costs in the Statement of Comprehensive Income in respect of the defined benefit scheme are as follows:

	2017 £000	2016 £000
Interest cost	548	511
Expected return on scheme assets	(504)	(462)
	<u>44</u>	<u>49</u>

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

	2017 £000	2016 £000
Actuarial gains / (losses) on plan assets	4,242	(375)
Actuarial gains / (losses) on plan liabilities	(4,421)	872
	<u>(179)</u>	<u>497</u>

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

Liverpool City Council has given a Bond and Indemnity in order to meet the opening deficit on the 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. No assets have been recognised in relation to this bond within the financial statements. Liverpool City Council have committed this reserve to fund the Liverpool Vision element of the deficit as at 31<sup>st</sup> March 2017

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

	2017 £000	2016 £000
At start of period	7,935	8,225
Current service cost	426	403
Interest cost	548	511
Actuarial losses / (gains) on liabilities	4,421	(872)
Contributions by plan participants	151	122
Curtailments	261	-
Benefits paid	(543)	(454)
At end of period	<u>13,199</u>	<u>7,935</u>

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

	2017 £000	2016 £000
At start of period	7,611	7,625
Expected return on scheme assets	504	462
Actuarial gains / (loss)	4,242	(375)
Administration expenses	(10)	(8)
Employer contributions	277	239
Employee contributions	151	122
Benefits paid	(543)	(454)
At end of period	<u>12,232</u>	<u>7,611</u>

The actuarial gain on scheme assets was £4,242,000 (2016: loss of £375,000).



# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

The amount included in the Statement of Financial Position arising from the company's obligation in respect of defined benefit schemes is as follows:

	2017 £000	2016 £000
Fair value of scheme assets	12,232	7,935
Present value of defined benefit obligations	(13,199)	(7,611)
Deficit in scheme	(967)	(324)
Liability recognised in Statement of Financial Position	(967)	(324)

The figures included in the Statement of Financial Position do 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.

	Fair value of assets £000	%	Fair value of assets £000	%
	2017	2017	2016	2016
Equity instruments	10,239	54	7,495	52
Government bonds	764	4	664	5
Other bonds	2,176	11	1,635	11
Property	1,488	8	1,289	9
Cash /liquidity	649	3	497	3
Other assets	3,775	20	2,890	20
	<u>19,091</u>	<u>100</u>	<u>14,470</u>	<u>100</u>

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 22.2% (net of expenses) on the existing assets is anticipated for accounting purposes, although this can vary from year to year.

	2017 £000	2016 £000
Present value of defined benefit obligations	(21,150)	(15,886)
Fair value of scheme assets	19,091	14,470
Opening Deficit – Transfer of Staff	1,092	1,092
Deficit in scheme	(967)	(324)
Experience adjustments on scheme liabilities	(4,421)	872
Experience adjustments on scheme assets	4,242	(375)

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

The estimated amounts of contributions expected to be paid to the scheme during the financial period ending 31<sup>st</sup> March 2018 is £189,000.

A sensitivity analysis undertaken by Mercer on behalf of Merseyside Pension Fund – Liverpool Vision, as at 31<sup>st</sup> March 2017 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 (+0.1% p.a. pay growth)	Sensitivity 4 (1 year increase in life expectancy)
	£000	£000	£000	£000	£000
Liabilities	21,150	20,783	21,524	21,226	21,583
Assets	(19,091)	(19,091)	(19,091)	(19,091)	(19,091)
Deficit / (surplus)	2,059	1,692	2,433	2,135	2,492
Projected service cost for next year	647	626	668	647	661
Projected interest cost for next year	49	42	58	51	60

### 15. PROVISIONS

	Dilapidations provision £000	Other £000	Total £000
At 1 April 2016	200	-	200
Additional provisions	-	86	86
At 31 March 2017	200	86	286

	2016 £000
Current provision	86
Non – current provision	200
	<u>286</u>

Liverpool Vision entered into a lease for office accommodation that runs until 31<sup>st</sup> December 2018. Liverpool City Council have acted as a Guarantor on this lease. The company is now responsible for

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

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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.

Other provisions as at 31<sup>st</sup> March 2017 relate to costs associated with a restructuring programme carried out by management in 2016/17.

### 16. DEFERRED TAXATION

Deferred tax in the year is as follows:

	£000
At 1 April 2016	70
Effect of change in tax rate	
- income statement	-
At 31 March 2017	<u>70</u>

Deferred tax relates to the temporary differences arising from the differences between the tax base and the accounting base of assets and liabilities. The deferred tax asset arises as a result of tax losses available for use in the future.

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

### 17. SHARE CAPITAL

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

Liverpool City Council is the sole member.

### 18. CAPITAL COMMITMENTS

There were no capital commitments at the end of the financial year (2016: £Nil).

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

### 19. OPERATING LEASE ARRANGEMENTS

	2017		2016	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Lease payments under operating leases recognised as an expense in the period	238	15	246	17

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

Amounts due:	2017		2016	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Within one year	211	10	234	13
Between one and five years	131	7	-	10
After five years	-	-	-	-
	342	17	234	23

Operating lease payments represent rentals payable by the Company for its office properties, photocopier and printers. A supplemental office property lease has been signed on the 21<sup>st</sup> July 2016 extending the lease to the 31<sup>st</sup> December 2018 at an annual rental of £175,000 per annum.

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

### 20. RELATED PARTY TRANSACTIONS

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

All amounts owed (to) / from the company are included within trade receivables or trade payables.

Related entity	Nature of relationship	Nature of transactions	2017	Net	2016	Net
			Aggregate value for financial year £000	amount owed (to) / from the company £000	Aggregate value for financial year £000	amount owed (to) / from the company £000
Arena and Convention Centre Liverpool Limited	Common director	Purchases	181	(8)	430	-
Arena and Convention Centre Liverpool Limited	Common director	Receivables	176	-	127	7
Bluecoat Arts Centre	Common director	Receivables	3	-	1	1
Council of the Liverpool Chamber of Commerce	Common director	Purchases	2	-	-	-
Council of the Liverpool Chamber of Commerce	Common director	Receivables	6	-	-	10
FACT	Common director	Receivables	1	-	-	-
John Lennon Airport Board	Common director	Receivables	10	-	2	1
Liverpool Bid Company	Board Member	Purchases	-	-	1	-
Liverpool Bid Company	Board Member	Receivables	26	-	34	2
Liverpool Biennial	Common director	Purchases	17	-	-	-

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

Related entity	Nature of relationship	Nature of transactions	2017	Net	2016	Net
			Aggregate value for financial year	amount owed (to) / from the company	Aggregate value for financial year	amount owed (to) / from the company
			£000	£000	£000	£000
Liverpool City region Local Enterprise Partnership	Common director	Purchases	22	-	97	-
Liverpool City region Local Enterprise Partnership	Common director	Receivables	81	18	-	-
Liverpool and Sefton chamber of commerce	Common director	Purchases	2	-	3	-
Liverpool and Sefton chamber of commerce	Common director	Receivables	6	-	-	-
Liverpool Royal Court Theatre	Common director	Purchases	1	-	-	-
Liverpool Royal Court Theatre	Common director	Receivables	1	-	-	-
Liverpool City Council	Common director	Purchases	82	(1)	108	-
Liverpool City Council	Common director	Receivables	5,407	30	5,647	82
Liverpool Waterfront Business Partnership	Board Member	Receivables	-	-	5	6
Royal Liverpool Philharmonic	Common director	Purchases	3	-	-	-
Royal Liverpool Philharmonic	Common director	Receivables	8	-	6	-
St Georges Hall Charitable Trust	Trustee	Purchases	5	-	-	-
St Georges Hall Charitable Trust	Trustee	Receivables	3	-	-	1
TATE Liverpool	Common director	Receivables	6	-	8	-

# Liverpool Vision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

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### 21. CONTROLLING PARTIES

This company is controlled by Liverpool City Council ("LCC"), an entity based in England and Wales. The financial statements of Liverpool Vision Limited are not consolidated into the financial statements of Liverpool City Council.

### 22. CONTINGENT LIABILITIES

There were no contingent liabilities at the end of the financial year (2016: £Nil).