

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

Company Number 02753023

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

ANNUAL REPORT YEAR ENDED 31 MARCH 2015

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LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

CHAIRMAN'S STATEMENT

YEAR ENDED 31 MARCH 2015

It has been an extremely important year for the economy and for the role of Local Enterprise Partnerships (LEPs) in driving economic growth. The recently elected government has re-affirmed this role and the Combined Authority, which has now operated for over a year, continues to work closely with the LEP. The Combined Authority is made up of all the City Region's Local Authority Leaders, along with the elected Mayor of Liverpool City Council (all of whom are also directors on the LEP Board) and the Chair of the LEP.

It has also been an extremely significant year for Liverpool City Region LEP with the securing of a Growth Deal that was better than expected. This builds on previous successes and other initiatives that will be detailed later. This success has been achieved in no small part as a result of the knowledge and expertise of the LEP staff imparted to the LEP board as well as to sub-boards that provide specialist advice and opportunities in identified growth sectors or cross-cutting themes, such as enterprise and business growth.

The upturn in economic activity experienced nationally over the last year has been reflected in the Liverpool City Region economy. Economic performance has been robust. The number of people in employment has continued to grow, reaching pre-recession levels. Since 2010, over 23,000 private sector jobs have been created in the City Region, many in Key Growth Sectors of Advanced Manufacturing, Visitor Economy, Low Carbon Economy and Superport. The stock of businesses has increased, highlighting improved entrepreneurialism and higher rates of self-employment. 2013 saw the highest number of business start-ups for a decade. Productivity levels remain relatively strong with the City Region one of the top ten LEP areas for labour productivity over the last decade.

As the only LEP with a membership model that provides financial support, we continue to set ourselves apart from the other 38 LEPs established across England. LEP members are drawn from a wide range of economic sectors but share a commitment to collaborate and accelerate rates of growth across the City Region, and as such, membership remains critically important for the LEP. It provides the LEP with a source of expertise and sector-specific knowledge that gives genuine strength and endorsement to any lobbying that it undertakes on behalf of the City Region.

The Liverpool City Region Growth Plan was submitted to Government in March 2014 and since then over £1bn of public sector investment has been secured. In the first round of Growth Deal, allocations the City Region received over £232m of funding across transport, skills and the International Festival for Business 2016. In January 2015, Government provided a further allocation of Local Growth Funds and the City Region was successful in securing £31.6m of further investment. Government then committed to the missing piece of our March 2014 submission - a City Region Capital Investment Fund, along with extended funding for the highly successful Business Growth Grant that the LEP has administered over the last two years. Government then announced the Road Investment Strategy in December 2014. Every City Region scheme included within our

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

CHAIRMAN'S STATEMENT (CONTINUED)

YEAR ENDED 31 MARCH 2015

Growth Plan was committed, including £250m to £500m of investment for access to the Port of Liverpool.

Private sector involvement in economic prioritisation remains essential for Government. The City Region has included this in its Local Growth Fund Assurance Framework developed with the Combined Authority. The Local Enterprise Partnership, via the City Region Combined Authority as accountable body, will make investment choices aligned to strategic priorities that support the delivery of Growth Deal objectives. The assurance framework guarantees robust local arrangements to ensure value for money and effective delivery of projects.

As always, the LEP continues to work closely with the private sector on the development of the Key Growth Sectors that have been identified to enable the City Region to grow and create jobs. In addition to the Key Growth Sectors, the LEP is also continuing to develop the Employment and Skills agenda, as well as Business Growth and entrepreneurship.

The LEP not only operates at a strategic level but also provides delivery support on many other programmes including the Regional Growth Fund and has also developed the Liverpool City Region EU Structural and Investment Funds Strategy to inform and prioritise the £190m EU Programme for the City Region.

Activity during the year under review has included:

- The Business Growth Grant Programme has now created and safeguarded over 900 jobs with an additional 1,000 to be confirmed as a direct result of the Programme over the next two years.
- Through the New Markets Programme, the company is currently engaging with 400 businesses to support high growth business expansion
- The creation and management of a new Commercial Advice matchmaking service www.advicefinder.co.uk for businesses in the City Region with 300 registered commercial advisors
- Working with Visitor Economy businesses to support over 49,000 jobs and generate £3.8bn economic impact
- Working with the City Region's universities to successfully bid for Sensor City University Zone, one of only four University Enterprise Zones (UEZs) in the UK
- Established a Health Enterprise Hub to promote the region as a world class life science destination
- Secured Heat Networks Delivery Unit (HNDU) funding for low carbon initiatives across the City Region
- Developed the Innovation Plan that has identified 12 projects that will deliver growth and ensure the City Region is recognised globally as a world class innovator
- Provided leadership of business support for High Speed Rail including a direct link into Liverpool

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CHAIRMAN'S STATEMENT (CONTINUED)

YEAR ENDED 31 MARCH 2015

2015/2016 will also see the company focusing heavily on our Business Growth agenda with the development of a Business Growth Hub. This Hub provides a simple point of access for businesses in each part of the City Region to easily access a wide range of support and expertise. Inward investment will also be a priority with the development of an Investment Hub for the City Region to provide potential investors with a fully coordinated investment service.

Robert Hough CBE
Chairman

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

DIRECTORS' REPORT YEAR ENDED 31 MARCH 2015

The directors present their annual report and the audited financial statements for the year ended 31 March 2015.

1 Principal activity

The company was incorporated on 5 October 1992, as The Mersey Partnership, with its principal activity being the promotion of the economic, cultural and social well-being of the area known as "The Mersey Region", consisting of the City of Liverpool and the Metropolitan Boroughs of Knowsley, St Helens, Sefton and Wirral, including the Unitary Borough of Halton as from 1 April 2001.

The company is limited by guarantee and does not have any share capital. The company has one wholly owned subsidiary - Visit Liverpool Limited, incorporated in England. This company was dormant throughout the year ended 31 March 2015. A previous subsidiary company, Merseyside Tourism and Conference Bureau Ltd was dissolved on 28 October 2014. This was also dormant during the year until dissolution.

2 Directors

The directors of the company who served during the year are listed below:

		Appointed	Resigned
Mr Neil Sturmev		26 January 2010	
Mayor Joseph Anderson OBE		21 July 2010	
Mr Robert Hough CBE	Chair	16 March 2012	
Mr Asif Hamid	Deputy Chair	16 March 2012	
Cllr Peter Dowd		16 March 2012	
Mr Richard Else		16 March 2012	
Cllr Phillip Davies		21 May 2012	
Mr Peter Nears		16 March 2012	12 March 2015
Professor Howard Newby		16 March 2012	12 March 2015
Cllr Robert Polhill		16 March 2012	
Mr Alistair Poole		16 March 2012	
Cllr Ronald Round		16 March 2012	
Mrs Kath Boullen MBE		21 June 2012	
Ms Kate Willard		6 September 2012	
Cllr Barrie Grunewald		15 May 2013	
Ms Amanda Lyne		18 July 2013	
Mr Chris Bliss		19 September 2013	
Company Secretary	Richard Paton	26 June 2007	

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

DIRECTORS' REPORT (CONTINUED)

YEAR ENDED 31 MARCH 2015

Provision of information to auditor

So far as each of the directors is aware at the time the report is approved:

- 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 to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

3 Review of Business

The Liverpool City Region Local Enterprise Partnership (LCRLEP) is one of 39 LEPs in England that were established following the October 2010 White Paper 'Local Growth: realising every place's potential'. Their role is to promote and stimulate economic growth in their agreed local functioning economic areas through a partnership of the public and private sectors.

In line with the localism agenda, each LEP was allowed to adopt the appropriate form and function that met the needs of their particular area. The LCRLEP adopted an incorporated form to provide legal capacity to employ and form other contracts. A pre-existing entity, The Mersey Partnership, provided the vehicle for the creation of the incorporated body. The company continues to operate as a not-for-profit entity, reinvesting surpluses to further its principal activity of the promotion "of the economic, cultural and social well-being of the area known as "The Mersey Region", consisting of the City of Liverpool and the Metropolitan Boroughs of Knowsley, St Helens, Sefton and Wirral, including the Unitary Borough of Halton as from 1 April 2001."

Transitioning from The Mersey Partnership on 16 March 2012, the LCRLEP adopted its business model which supplements Central Government funding through a financial membership scheme receiving subscriptions from both public and private sector organisations to provide local financial support. These provide the LCRLEP with a significant source of income over and above public grants, equivalent to 23% of total income in 2014-15. Although the annual value of financial support from members has been maintained unchanged since the transition, the company's activities require constant review to continue to encourage the members to continue to support the company. Members are actively engaged and encouraged to inform the company's development of economic strategy, policy and tactical interventions through direct interface with relationship managers and members' events that promote the company's initiatives and projects that are aimed at stimulating the conditions for economic growth. Nevertheless, membership is renewed annually on the anniversary of joining and therefore has an impact on the company's ability to develop long-term plans.

56% of the company's income in 2014-15 was provided through public grants from Central Government and European sources – an increase from 50% in 2013-14. The majority of this grant income supports specific operational projects under which the company is contracted to perform a number of deliverables. Public grants include the imposition of financial penalties for non compliance or under achievement and this risk is managed by undertaking rigorous internal sign-

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

DIRECTORS' REPORT (CONTINUED)

YEAR ENDED 31 MARCH 2015

off procedure for grant claims, maintaining staff knowledge of up to date grant regimes and holding regular reviews of contract performance.

The use of grants, that support operational projects, presents a cash-flow pressure as costs are incurred before being reimbursed through payment of a retrospective grant claim. The company therefore maintains cash balances to support its current commitments as well as the interim period between initial defrayment and reimbursement. Credit facilities are not used to manage this cash-flow pressure and so liquidity management is a key focus for the company and is reviewed regularly.

Management of current commitments and the cash implications arising from them is important but of equal importance is the continuing and future viability of the company. The company produces annual budgets based on the financial year and also undertakes a rolling forecast throughout the year to allow a response to changes, both externally and internally, over the period.

The company has a high use of grant income which it matches to private sector income to deliver key interventions to stimulate growth or enhance the conditions for growth. However, grant sources of income are not continuous and are time limited - as are the projects they support. The transition between grants and projects requires careful planning but allows and requires a dynamic, flexible and agile approach to running the company. The major source of grant has been EU grants and in 2015-16 the current programme ends and a new one commences. It is planned that bids to the new programme will be made and that if successful will allow new projects to commence as current ones expire.

More recently and since the formation of LEPs, additional funds have been made available by the last Government to support the core activities of LEPs and their costs of developing economic plans and strategies. Such funds were at the discretion of the Government which exposes the company to changes in national policy on LEPs but the current picture (especially after May's general election) is one of continued support for the LEP model across the country.

On 1 July 2013, the company entered into an agreement called 'Marketing Liverpool' to outsource the direct management of its tourism marketing staff and activities to Liverpool Vision Ltd. This meant the tourism marketing staff employed by the company were seconded to Liverpool Vision. This agreement ended on 30 June 2015 and due to its success the arrangement has been made permanent through the transfer of employment of these staff and full operational responsibility to Liverpool Vision Ltd. The LEP will have oversight of this commission through the Visitor Economy Board (VEB) and the company will continue to act as the executive lead for the City Region's Visitor Economy operating as the Destination Management Organisation (DMO). Together the VEB and LEP Executive will ensure that the sector remains central to the region's place marketing activities via its responsibilities as the official tourist board for the Liverpool City Region.

The LEP, along with all other LEPs, provides a forum and mechanism for the private, public and other sectors to collaborate in driving economic growth in their functional economic geography.

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DIRECTORS' REPORT (CONTINUED)

YEAR ENDED 31 MARCH 2015

This LEP has used as its foundations the 'growth sectors' previously established that are expected to be key drivers of economic growth in the Liverpool City Region. They are Knowledge Economy, Visitor Economy, Low Carbon and Superport but as the economy develops and other sub-sectors grow in importance these will emerge in their own right such as Advanced Manufacturing. However, growth is largely delivered through business growth, with SMEs either increasing their size, increasing in number or increasing their survival rate from start-up. So whilst there is a sector focus, this is overlaid with generic activities to encourage business growth which is supported by other cross-cutting themes such as skills, transport and infrastructure. The company leads on business growth for the City Region and works closely with partners on skills, housing and infrastructure.

In order that the LEP Board is well informed and able to make strategic recommendations on the use of public funds it is supported by an infrastructure of sub-boards that either focus on a growth sector or a cross cutting theme. Members of the board have assumed either 'Chair' or 'champion' roles to support each of these functions and report on performance. The LEP also performs a core role with regard to the development of economic strategy and plans liaising with government and local authorities to inform the region's continuing dialogue for investment and allocation or devolution of public funds to the City Region. Along with a central support function, the company's staff are organised around these themes providing the Board and its members, the sub-boards and partners with direct executive support.

The company reported an operating deficit of £43,773 in the financial year ending on 31 March 2015. Interest on bank deposits of £2,646 reduced the deficit charged against reserves to £41,127. This deficit results in part from charges in respect of clawback on projects that completed in summer 2013 but only advised as a liability in 2014-15. Projects under closure are subject to a final closure audit, in addition to those conducted during the life of the project. The closure audit can revisit previous claims previously cleared for payment. This has given rise to reduced final payment of grant as expenditure previously claimed and paid has now been considered as ineligible. However, the adjustments are small and reserves are able to accommodate this, the underlying performance presents no concerns with regard to viability or liquidity. Overall the company has increased its income levels on last year allowing an increase in operating activities. Total income was higher by over £0.5m which is an increase of 16%. The increase largely reflects the full year impact of new ERDF projects that commenced in July and October 2013. The new projects also caused an increase in the company's payroll costs which increased by £101k. This represented an increase in staff numbers of 5 from 40 over the year. These newly recruited staff were required to deliver the new ERDF projects starting in 2013.

Membership income, which represents tangible support from the private, public and other sectors, has not only been sustained since the transition to LEP status but has increased over the three years of its existence as follows; 2012/13 (£849k); 2013/14 (£874k) and 2014/15 (£893k). Membership income demonstrates continued support and engagement from the public and private sector in the City Region and provides powerful evidence of this support when talking to Government.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

DIRECTORS' REPORT (CONTINUED)

YEAR ENDED 31 MARCH 2015

Membership income is a vital source of funds that provides much required match income to deliver grant funded projects. Match requirements vary with different sources of public funds and some are met directly by the recipient businesses. A particularly important and successful project began in 2013-14 and is a three year programme of support to SMEs using funds obtained by the LEP from the Regional Growth Fund (RGF), a fund managed by the Department of Business, Innovation and Skills (BIS). This provides capital grants to SMEs to support schemes that support expansion or consolidation leading to job creation or job safeguarding. The terms of the grant allow the LEP to utilise a proportion of this grant over its three years duration for the administration of the scheme. This together with central government funding to support the LEP's core activities and to develop its strategy meant that the LEP's total funding from central government was £870k, a reduction against £1,054k in 2013-14.

The majority of the company's costs, 84%, continue to be incurred on direct delivery costs. Administrative costs (including central staff), represent 16%, which is lower than the target of 20% of total costs.

The Company's liquidity, as measured by net current assets was £707k at 31 March 2015 which is comparable to last year's value of £742k. However, the composition of this value has significantly changed in terms of cash and creditors. These values are significantly higher and result from the management of the capital grants referenced above. As capital transactions, they are not posted to the income and expenditure account but are reflected in the balance sheet in cash and creditors. This has also impacted the cash ratio (excluding debtors) against current liabilities which strengthened in the year from 57% at 31 March 2014 to 87% at 31 March 2015. At 31 March 2015, £8,837k of the cash balance was in respect of these grants leaving £1,237k available to support the LEP's other operational commitments. The company's short term creditors also include these grants causing them to increase from £3m to £11.6m in the year. If both the cash and creditors balances are considered net of the RGF capital grants they are £1,237k and £2,738k respectively resulting in a cash ratio value of 45%. This underlying performance is still greater than last year's equivalent cash ratio of 35%.

The new Government remains committed to the private sector having a central involvement in economic development and prioritisation of investment in strategic projects to encourage and support growth. LEPs remain the means by which the Government wishes to see this engagement and leadership role delivered. The City Region has embraced this with the LEP being made a voting member on the Combined Authority, although only on non-statutory matters. This relationship is further enhanced and reinforced through the LEP Assurance Framework introduced as a condition of Local Growth Deals but to be applied to all future funds allocated or devolved to the City Region. The Assurance Framework was developed with the Combined Authority who act for the City Region as accountable body and will manage and allocate funds against priorities recommended by the LEP aligned to strategic priorities that support the delivery of Growth Deal objectives. The Assurance Framework provides Government with re-assurance that robust local arrangements exist to ensure value for money and effective delivery of these projects and the proper management of public funds allocated to them.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

DIRECTORS' REPORT (CONTINUED)

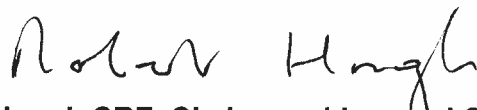
YEAR ENDED 31 MARCH 2015

The company has played a central and pivotal role in co-ordinating the Growth Deal bid process and is also engaged in areas of delivery and will work with partners to monitor progress and impact.

5 Auditor

BDO LLP will be proposed for re-appointment at the Annual General Meeting. The directors' report was prepared under the special provision for small companies under part 15 of The Companies Act 2006.

The report was approved by the board and signed on its behalf by:

 2 October 2015

Robert Hough CBE, Chairman, Liverpool City Region Local Enterprise Partnership

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

DIRECTORS' RESPONSIBILITIES STATEMENT

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Financial Statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

We have audited the financial statements of Liverpool City Region Local Enterprise Partnership for the year ended 31 March 2015 which comprise the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at 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 2015 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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, 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.

BDO LLP
Hamid Ghafoor (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Liverpool, UK *7/10/15*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Subscriptions, sponsorships and other income receivable		1,705,141	1,566,887
Grant income receivable		2,167,847	1,660,827
Exceptional item	2	-	117,307
Total income	3	3,872,988	3,345,021
Core activities and project costs		(3,283,711)	(2,773,375)
Administrative expenses		(633,050)	(597,783)
Operating deficit on ordinary activities	5	(43,773)	(26,137)
Interest receivable and similar income	6	2,646	625
Deficit for the year before taxation		(41,127)	(25,512)
Taxation	7	-	-
Deficit for the year after taxation	14	(41,127)	(25,512)

All amounts relate to continuing activities.

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 15 to 21 form part of these financial statements.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

BALANCE SHEET

AT 31 MARCH 2015

	Notes	2015	2014
		£	£
Fixed Assets			
Tangible assets	8	2,679	8,530
Investments	9	1	3
		<u>2,680</u>	<u>8,533</u>
Current Assets			
Debtors	10	2,207,469	2,074,706
Cash at bank and in hand		10,073,425	1,784,566
		<u>12,280,894</u>	<u>3,859,272</u>
Creditors – amounts falling due within one year	11	(11,574,344)	(3,117,448)
Net current assets		<u>706,550</u>	<u>741,824</u>
Total assets less current liabilities		<u>709,230</u>	<u>750,357</u>
Net assets		<u><u>709,230</u></u>	<u><u>750,357</u></u>
Represented by:			
Accumulated surplus	14	<u><u>709,230</u></u>	<u><u>750,357</u></u>

The notes on pages 15 to 21 form part of these financial statements.

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by:

 26th March 2015

Robert Hough CBE, Chairman, Liverpool City Region Local Enterprise Partnership
Company Number 2753023

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2015

	Notes	2015	2014
		£	£
Operating activities			
Net cash inflow from operating activities	15	8,287,093	1,227,531
Returns on investment and servicing of finance			
Interest received		2,646	625
Net cash inflow from returns on investment and servicing of finance		2,646	625
Taxation			
Payment of corporation tax		-	(146)
Capital expenditure and Investments			
Payments to acquire tangible fixed assets		(880)	(2,378)
Increase in cash	17	<u>8,288,859</u>	<u>1,225,632</u>

The notes on pages 15 to 21 form part of these financial statements.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

1 ACCOUNTING POLICIES

1.1 Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Income, expenditure and grant policies

Due to the nature of the company's activities, the directors consider that it would be inappropriate to present the income and expenditure account in either of the standard formats recognised by the Companies Act 2006. The format adopted has been selected as it presents the categories of income and expenditure in the detail required by the members of the company.

Income receivable including grants, which excludes value added tax, is credited to the income and expenditure account according to the period to which it relates, the deferred element being shown in creditors.

European grant and income receivable from government departments is credited to the income and expenditure account in proportion to the expenditure for the period to which it relates. The company provides for the potential cost of repaying some of the grant it has received for previous years.

LCRLEP acts as the accountable body and receives and pays out grant, on receipt of grant claims, from claimants. The grants received and the grants paid to these claimants are not shown in the income and expenditure account, however any associated debtors and creditors in respect of these are shown in the balance sheet.

1.3 Consolidation

The company is exempt under Section 402 of the Companies Act 2006 from the requirement to prepare group accounts by virtue of the fact that its subsidiaries are dormant and excluded from consolidation. The accounts present information about it as an individual undertaking and not about its group.

1.4 Tangible fixed assets

Depreciation is provided at rates calculated to write-off the cost, less estimated residual value, over the expected useful life. The basis of calculation is:-

- Office alterations and furniture -15 percent straight line per annum
- Computers and equipment -33 1/3 percent straight line per annum

1.5 Operating leases

Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

1.6 Investments

Investments are stated at the lower of cost and net realisable value.

1.7 Pension scheme arrangements

The company contributes to individual personal pension arrangements in respect of its full time employees. The company provides no other post retirement benefits to its employees.

1.8 Reserves

The company has approved a policy to increase revenue reserves and cash balances in the medium term. This is to recognise the increase in the remit and scale of the organisation over recent years.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

2 EXCEPTIONAL ITEM

Last year's exceptional item was the effect of two unrelated ERDF grant accounting adjustments in respect of the 2000-06 and 2007-13 programmes.

Grant repayment provision

Part of the company's business is delivery of ERDF projects and the nature of ERDF rules and their interpretation by both the EU and UK government means there is always a need to review the possibility of claw-back. As such the company constantly reassesses the likelihood of any retrospective claw-back on programmes. Provision for possible claw-back of ERDF grant for the 2000-06 programme had been reassessed and increased over previous years based on experience of actual claw back suffered following government audits. Advice provided by the Department for Communities and Local Government in 2014 as to the current status of this programme and the remote nature of any further claw-back meant that the provision was no longer required and as such had been released in the accounts at 31 March 2014.

Accrued income for overhead recovery

The second part of the adjustment related to accrued income for the overhead recovery element of the 2007-13 ERDF programme.

In prior years grant debtors included accrued income for overhead recovery claimed in line with the original agreed criteria. With the knowledge that revised guidance had been issued during the life of a number of projects and was applied retrospectively, a contingent liability was also disclosed relating to this matter, the effect of which was to reduce the value of overhead costs that could be claimed.

The company, working with the Department for Communities and Local Government, had exhausted all practical routes of appeal and review to collect the related grant debtor and had provided for non recovery in full in these accounts. The exceptional item reflected the value of transactions included in the accounts of prior years and any accrued income relating to 2013-14 had been released against 'Grant income receivable'.

	2015	2014
	£	£
Grant repayment provision released	-	484,646
Release accrued income on overhead recovery	-	(367,339)
	<u>-</u>	<u>117,307</u>

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

3 INCOME RECEIVABLE

This consists entirely of income arising in the United Kingdom.

4 EMPLOYEE INFORMATION

	2015	2014
The average weekly number of persons employed by the company was:	45	40

Staff costs of the above were as follows:-

	2015	2014
	£	£
Wages and salaries	1,507,645	1,406,529
Social security costs	138,283	131,114
Other pension costs (see note 12)	58,362	65,439
	<u>1,704,290</u>	<u>1,603,082</u>

5 OPERATING DEFICIT ON ORDINARY ACTIVITIES

	2015	2014
	£	£
Operating deficit on ordinary activities is stated after charging:		
Depreciation of tangible owned fixed assets	6,731	11,814
Auditor's remuneration		
Statutory services	11,600	13,115
Other services	4,560	6,750
Other lease rentals – land and buildings	139,832	68,265

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2015	2014
	£	£
Bank interest	2,646	625
	<u>2,646</u>	<u>625</u>

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

7 TAXATION

The company was established for non-profit making purposes and HM Revenue and Customs have accepted this status.

	2015	2014
	£	£
UK Corporation tax charge on profit for the year	-	-
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Tax on profit	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 – higher than) the standard rate of corporation tax in the UK of 20 % (2014 – 20%). The differences are explained below:

	2015	2014
	£	£
Deficit on ordinary activities before tax	(41,127)	(25,512)
Deficit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014-20%)	(8,225)	(5,102)
Effects of:		
Expenses not taxable for tax purposes	15,353	8,806
Adjustment to tax charge in respect of prior periods	-	-
Capital allowances in excess of depreciation	(8,549)	(10,686)
Other short term timing differences	-	-
Utilisation of tax losses	1,421	6,982
Unrelieved tax losses and other deductions in the period	<hr/>	<hr/>
	<u>-</u>	<u>-</u>

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

8 TANGIBLE FIXED ASSETS

	Computers & Equipment £	Office Alterations / Furniture £	Total £
Cost			
As at 1 April 2014	815,617	380,830	1,196,447
Additions	880	-	880
At 31 March 2015	<u>816,497</u>	<u>380,830</u>	<u>1,197,327</u>
Accumulated depreciation			
As at 1 April 2014	807,087	380,830	1,187,917
Charge for year	6,731	-	6,731
At 31 March 2015	<u>813,818</u>	<u>380,830</u>	<u>1,194,648</u>
Net book value as at 31 March 2015	<u>2,679</u>	<u>-</u>	<u>2,679</u>
Net book value as at 31 March 2014	<u>8,530</u>	<u>-</u>	<u>8,530</u>

9 INVESTMENTS

The company has a wholly owned subsidiary Visit Liverpool Limited, this company is incorporated in England. At 31 March 2015 the share capital and reserves of this company was £1 (2014:£1). The company was dormant throughout the year ended 31 March 2015.

10 DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade debtors	395,263	538,650
Prepayments and accrued income	159,528	152,822
Other debtors	1,652,678	1,383,234
	<u>2,207,469</u>	<u>2,074,706</u>

11 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade creditors	286,001	147,000
Accruals and deferred income	1,123,151	931,453
Other creditors	10,116,557	1,894,029
Other taxes and social security	48,635	144,966
Corporation tax	-	-
	<u>11,574,344</u>	<u>3,117,448</u>

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

12 PENSION OBLIGATIONS

The company contributes to individual personal pension policies in respect of its employees.

13 COMMITMENTS UNDER OPERATING LEASES

	2015 £	2014 £
At 31 March 2015, the company had annual commitments under non-cancellable operating leases as follows:-		
Expiring within 1 year:		
Office buildings	76,798	51,199
Expiring between 2 to 5 years:		
Office buildings	109,115	-

These relate to a rental contract for 12 Princes Parade with Peel Estates.

14 RECONCILIATION OF MOVEMENT IN RESERVES

	2015 £	2014 £
Accumulated surplus:		
Opening balance	750,357	775,869
Deficit for the year	<u>(41,127)</u>	<u>(25,512)</u>
Closing balance	<u>709,230</u>	<u>750,357</u>

15 RECONCILIATION OF OPERATING DEFICIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Operating deficit	(43,773)	(26,137)
Depreciation	6,731	11,814
(Increase) / decrease in debtors	(132,761)	496,629
Increase in creditors	<u>8,456,896</u>	<u>745,225</u>
Net cash inflow from operating activities	<u>8,287,093</u>	<u>1,227,531</u>

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2015 £	2014 £
Increase cash in the year	8,288,859	1,225,632
Net fund as at 1 April 2014	1,784,566	558,934
Net fund at 31 March 2015	<u>10,073,425</u>	<u>1,784,566</u>

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

17 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2014	Cashflow	At 31 March 2015
	£	£	£
Net cash:			
Cash in hand and at bank	<u>1,784,566</u>	<u>8,288,859</u>	<u>10,073,425</u>

18 RELATED PARTY TRANSACTIONS

The directors include employees of organisations that are members or otherwise related to the company. One director of the company, Amanda Lyne, is a named consultant on a supply contract with Burgundy Gold Ltd, to provide support to the company on our Low Carbon portfolio (not including time for her support as a Director) for which consultancy fees of £38,213 were paid for the year to 31 March 2015. The outstanding balance owed at the year end was zero. Other directors receive no remuneration from Liverpool City Region Local Enterprise Partnership. There are arms-length transactions between the company and these organisations and these relationships are not regarded as being related parties