

Signed BDO.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

Company Number 02753023

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

ANNUAL REPORT

YEAR ENDED 31 MARCH 2017

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LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2017

The directors present their annual report and the audited financial statements for the year ended 31 March 2017.

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, incorporated in England, is limited by guarantee and does not have any share capital. The company has one wholly owned subsidiary - Visit Liverpool Limited, also incorporated in England. This company was dormant throughout the year ended 31 March 2017.

Since the year end, the company's registered office changed from 12 Princes Parade, Liverpool, L3 1BG to 1 Mann Island, Liverpool, L3 1BP.

Directors

The directors of the company during the year and since the year end were:

	Appointed	Resigned
Mr Neil Sturmeay	26-Jan-10	
Cllr Phillip Davies	21-May-12	
Mr Chris Bliss	19-Sep-13	05-Oct-17
Ms Amanda Lyne	21-Apr-16	
<i>Company Secretary</i>		
Matthew Noon	25-Sep-15	

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all of the directors of Liverpool City Region Local Enterprise Partnership.

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DIRECTORS' REPORT (CONTINUED)

YEAR ENDED 31 MARCH 2017

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.

Role and Business model

In March 2012, at an Annual General Meeting, the company adopted new Articles of Association and adopted a name change to Liverpool City Region Local Enterprise Partnership. Both resolutions reflected the acceptance of a revised and enhanced role for the company to support the newly created public: private partnerships, Local Enterprise Partnerships (LEPs), designed to stimulate economic growth in their localities.

Since this date, Government has agreed Local Growth Deals that provide devolved funds to LEP areas and this was augmented by the formation of the Liverpool City Region Combined Authority (LCRCA) who negotiated a Devolution Deal that has installed an elected Metro Mayor alongside devolved funds. The LCRCA acts as the Accountable Body for funds allocated to the LCR LEP as well as other directly allocated funds.

Further change occurred in November 2015 creating a clear partition between the governance of the company and the LEP Board – a change designed to avoid any actual or perceived conflicts of interest. The company however continues to support the Local Enterprise Partnership (LEP) in an operational capacity. The Company in this role can enter into contracts (for example for grant funding or for contracts of employment) that the unincorporated LEP Partnership Board is unable to do. The LEP Partnership Board provides a collaborative platform for the private and public sectors, alongside others such as Higher Education and Third Sector, to promote economic growth in the Liverpool City Region (LCR) but it does not make financial decisions nor award funds nor perform any direct delivery. Such division satisfies the LEP Assurance Framework, issued in November 2016, which imposed a requirement for more transparency by LEPs in terms of their governance and decision-making processes.

The Company continues to operate as a not for profit entity, limited by the guarantee of its members. The LEP Company receives direct support, including financial, through its Partnership scheme which includes around 460 entities from all sectors of the economy ranging from restaurants and hotels to multi-national manufacturers. Among these are all of the 6 constituent local authorities that comprise Liverpool City Region and whose leaders and city mayor are all ex-officio members of the LEP Board along with the Metro Mayor.

The Company Board is taken from the Members of the LEP Board and comprises an ex-officio representative of the Local Authorities alongside up to five co-opted Directors from the private sector LEP Board Members. They meet regularly throughout the year and oversee the operation of the company in the delivery of activities to support economic growth and the development of economic strategy. Delivery is focused on pre-determined 'Key Growth Sectors' and also thematically in such as business support. As members of the LEP Board, they can ensure the actions of the company are in support of the LEP Board's goals as required under the Articles of Association. To aid this, the Chair and Vice-Chair of the LEP Board, whilst not Company Directors, have a right of attendance to observe company direction and activities to ensure they remain appropriate. None of the LEP Company Board

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positions are remunerated in this capacity. The Chair of the LEP Board is Asif Hamid MBE, appointed on 6 April 2017.

The key growth sectors, mentioned earlier, provide the structure for the company's executive each of which has a sub-board that reports to the main LEP board and advises on sector specific strategies and opportunities for growth. An Enterprise Advisory Board performs a similar function in respect of business growth.

Context for Company activities

The formation of the LCR Combined Authority has led to closer relationship between the LEP and the public bodies providing local government. In addition to the Chair of the LEP being a member of the Combined Authority (CA), the Company works closely with the CA at an executive level by formulating economic policy and implementing and managing grant-funded projects to support or encourage economic growth. The closer relationship led to the relocation of the LEP to Mann Island in July 2017 where it is co-located with the CA's executive.

The election of Steve Rotheram as Liverpool City Region Metro Mayor in May 2017 delivers a commitment under the devolution agreement which provides additional funds and powers. These new funds together with any unallocated funds from previously devolved funds such as Local Growth Deals are to be co-invested through a Single Investment Fund (SIF). The LEP Company through its executive plays a role in pipeline development for the SIF as well as making specific and discrete bids for SIF in its own right.

In addition to these key strategic alliances with the CA, the Company also has lead responsibility for the LCR Growth Hub which is a key government initiative to drive business growth. Although it adopts the lead role, the Growth Hub is delivered by multiple partners across the LCR demonstrating the strength of the LEP's partnering, through the Company, with a wide variety of stakeholders.

June 2016's referendum on the UK's membership of the EU and subsequent decision to leave will affect the ESIF funds in the long-term. However, the government has undertaken to underwrite all live projects as well as planning a replacement fund the National Prosperity Fund. The Company will continue to seek funding opportunities that augment its core activities through these sources.

The relevance and continuing role of LEPs has been reiterated through several announcements and actions by Government. Most tangibly, support to LEPs by Government was confirmed by the notification in a letter from Tom Walker (Director of Cities and Local Growth Unit) in December 2016 that they would provide financial support of £500k for 2017-18.

Financial Performance

The deficit of £82k has resulted from operating in a challenging and changing environment. The transition between successive EU funding programmes created delays in the agreement of new grant awards in the new programme and in payment of final claims in the old programme. Cost control has been a priority but contractual obligations in EU funded projects has meant needing to maintain expenditure levels on EU-funded projects beyond the availability of match from third party sources such as eligible UK grant and non-grant sources. The resulting deficit is therefore a charge against the company's resources, namely its reserve balance.

Support from individual entities through the Partnership scheme continues to provide a clear and tangible demonstration of the support given to the LEP from the local businesses, local authorities and other entities from a variety of sectors that constitute the LCR economic community. The income that derives from these relationships is of vital importance to the organisation in terms of providing a source of independent and discretionary income to provide as 'match' income against grants that do not fully support eligible expenditure. Corporate membership made up 21% of total income in the year.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

The company has experienced an increase in the use of grants this year and now two thirds of the company's total income is grant (£2,149k - 67%, 2016: £2,277k – 60%). Of this, 40% was European funding (2016:35%) or 27% of total income in the year. Grants from central government decreased in the year by £351k because of a Regional Growth Funded project finishing (£130k in 2016), no deferred LEP core funds (2016: £122k), and a reduction in Growth Hub funding from £550k in 2016 to £451k in 2017. Other smaller grants (for example specific grants for low carbon and rural activities and similar) were £163k higher than last year.

The delays resulting from the transition between EU programmes placed downward pressure on cash balances which reduced by £307k in the year to a yearend balance of £126k. The need to maximise defrayment against these projects short-term creditors decreased by £147k.

Risks and uncertainties

Most of the company's income is by way of grant received in arrears. Opportunities to generate reserves and cash are limited and careful management of working capital is essential. Regular reports on working capital are provided to the directors to allow them to discharge their responsibilities regarding the liquidity of the company. The Company Board performs a financial oversight role over the company which extends to Risk as well as considering contracts of high value.

As a non-profit making body, LCRLEP maximises the use of income to support its activities. Many of these activities are funded by government and European grants which have a finite lifespan and can give rise to risk and uncertainties regarding continuity of funding. Many of the grants that support projects reimburse a proportion of costs that have been expended prior to claim. The company relies on existing cash reserves to support its ongoing commitments together with those on the project in the period between defrayal and reimbursement. Liquidity management is therefore essential and is reviewed regularly and reported regularly.

Grant contracts allow financial penalties to be imposed for non-compliance, or under achievement. These are indefinite events and cannot be crystallised as either a creditor or provision and so represent a contingent liability. The company manages this risk by undertaking a rigorous internal sign-off procedure for grant claims, maintaining staff knowledge of up to date grant regimes and holding regular reviews of contract performance. As Accountable Body for these projects, the Combined Authority performs an additional level of audit before final submission of grant claims to managing authorities.

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:



Neil Sturme

Director of Liverpool City Region Local Enterprise Partnership

Date: 31 OCTOBER 2017.

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 profit or loss 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 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows 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 2017 and of its loss 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, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

Matters on which we are required to report by exception

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 material misstatements in the directors' report.

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; or
- the directors were not entitled to prepare the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

BDO LLP

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

Date: *1st NOVEMBER 2017.*

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

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Incoming Resources			
Subscriptions, sponsorships and other income receivable		1,072,032	1,491,788
Grant income receivable		2,148,981	2,277,441
Total income	3	3,221,013	3,769,229
Resources expended			
Core activities and project costs		(2,686,957)	(3,166,896)
Administrative expenses		(617,582)	(592,596)
Operating surplus/(deficit) on ordinary activities	5	(83,526)	9,737
Interest receivable and similar income	6	1,292	4,936
Surplus/(deficit) for the year before taxation		(82,234)	14,673
Taxation	7	-	(987)
Surplus/(deficit) and comprehensive income for the year		(82,234)	13,686

All amounts relate to continuing activities.

There were no recognised gains and losses for 2017 or 2016 other than those included in the profit for the financial period.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
Balance at beginning of the year	722,916	709,230
Surplus/(deficit) and comprehensive income for the year	(82,234)	13,686
Balance at end of the year	640,682	722,916

The notes on pages 11 to 19 form part of these financial statements.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2017

	Notes	2017	2016
		£	£
Fixed Assets			
Tangible assets	8	32,874	4,154
Investments	9	1	1
		<u>32,875</u>	<u>4,155</u>
Current Assets			
Debtors	10	1,442,669	1,393,907
Cash at bank and in hand		126,066	433,340
		<u>1,568,735</u>	<u>1,827,247</u>
Creditors – amounts falling due within one year	11	(960,928)	(1,108,486)
Net current assets		<u>607,807</u>	<u>718,761</u>
Total assets less current liabilities			
Net assets		<u><u>640,682</u></u>	<u><u>722,916</u></u>
Represented by:			
Accumulated surplus	16	<u><u>640,682</u></u>	<u><u>722,916</u></u>

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



Neil Sturme,
Director of Liverpool City Region Local Enterprise Partnership, Company Number 2753023

Date: 31 OCTOBER 2017.

The notes on pages 11 to 19 form part of these financial statements.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

		2017	2016
		£	£
Cash flows from operating activities			
(Deficit) / surplus for the financial year		(82,234)	13,686
Depreciation of tangible assets	8	13,382	2,414
Interest and rent received	6	(1,292)	(4,936)
Taxation expense	7	-	987
(Increase) / decrease in trade and other debtors	10	(48,762)	813,562
(Decrease) in trade and other creditors	11	(146,571)	(10,466,845)
Loss (Profit) on disposal		790	-
Cash from operations		(264,687)	(9,641,132)
Taxation paid		(987)	-
Net cash (used) from operating activities		(265,674)	(9,641,132)
Cash flows from investing activities			
Purchases of tangible assets	8	(42,892)	(3,889)
Interest and rent received	6	1,292	4,936
Net cash from investing activities		(41,600)	1,047
Net (decrease) / increase in cash and cash equivalents		(307,274)	(9,640,085)
Cash and cash equivalents at the beginning of year		433,340	10,073,425
Cash and cash equivalents at end of the year		126,066	433,340

The notes on pages 11 to 19 form part of these financial statements.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES

1.1 Basis of accounting

Liverpool City Region Local Enterprise Partnership is a private company limited by guarantee incorporated in England & Wales under the Companies Act. The address of the registered office and the nature of the company's operations and its principal activities are set out in the directors' report. The financial statements have been prepared in accordance with FRS 102 (Section 1A Small Entities), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The financial statements have been prepared on a historical cost basis.

The preparation of financial statements in compliance with FRS 102 Section 1A Small Entities requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies (see note 2). The following accounting policies have been applied:

1.2 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements

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 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 statement of comprehensive income 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. Grants are accounted under the accruals model as permitted by FRS 102. The deferred element of grants is included in creditors. Commitments to organisations that apply for financial support are recognised at the point that the commitment is made, rather than relating it to the timing of the underlying commercial contract for which funding to the organisation is provided.

On occasion, the 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 statement of comprehensive income, however any associated debtors and creditors in respect of these are shown in the Statement of Financial Position. The LCRLEP is not presently the Accountable Body for any grants and so no transactions of this nature are included in the accounts for this financial year. In addition, and although not acting in the capacity of Accountable Body, the LEP does make other grant payments to claimants which are included in the Statement of Comprehensive Income.

1.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

1.5 Tangible fixed assets - continued

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last statement of financial position / balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income

1.6 Investments

Investments in unlisted company shares, which have been classified as fixed asset investments as the company intends to hold them on a continuing basis, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in profit or loss for the period.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.10 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.

1.11 Holiday pay accruals

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

1.12 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the statement of financial position date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.13 Leases

The company has no assets which are financed by leasing agreements that give rights approximating to ownership ('finance leases').

As such, all leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

The benefits of lease incentives received on entering into new leases are spread over the lease term.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

1.14 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company as a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Debtors are provided against when there is objective evidence that the debt will not be recoverable.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 8)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3 INCOME RECEIVABLE

This consists entirely of income arising in the United Kingdom.

4 EMPLOYEE INFORMATION

	2017 No.	2016 No.
The average weekly number of persons employed by the company was:	38	38

Staff costs of the above were as follows: -

	2017 £	2016 £
Wages and salaries	1,257,518	1,318,104
Social security costs	112,976	123,832
Other pension costs (see note 12)	106,376	101,848
	<u>1,476,870</u>	<u>1,543,784</u>

The above includes key management personnel comprising 3 (2016: 4) directors and several senior managers who together have authority and responsibility for planning, directing and controlling the activities of the entity. The total compensation paid to key management personnel for services provided to the company was £273,053 (2016: £286,815).

5 OPERATING SURPLUS/DEFICIT ON ORDINARY ACTIVITIES

	2017 £	2016 £
Operating surplus/deficit on ordinary activities is stated after charging:		
Depreciation of tangible owned fixed assets	13,382	2,414
Auditor's remuneration		
Statutory services	11,790	14,800
Other services	1,800	10,700
Other lease rentals – land and buildings	124,981	111,597
	<u>140,953</u>	<u>128,511</u>

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £	2016 £
Bank interest	692	4,936
Rental income	600	-
	<u>1,292</u>	<u>4,936</u>

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

7 TAXATION

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

	2017	2016
	£	£
UK Corporation tax charge on profit for the year	-	987
Adjustments in respect of prior periods	-	-
Total current tax	-	987

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 – lower than) the standard rate of corporation tax in the UK of 20 % (2016 – 20%). The differences are explained below:

	2017	2016
	£	£
Surplus / (deficit) on ordinary activities before tax	(82,234)	14,673
Deficit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016-20%)	(16,447)	2,935
Effects of:		
Expenses and income not taxable for tax purposes	11,190	2,062
Fixed asset differences	12,873	7,421
Adjust opening deferred tax to average rate of 20%	7,186	-
Adjust closing deferred tax to average rate of 20%	(11,923)	(7,186)
Deferred tax not recognised	(2,890)	(4,245)
Other tax adjustments	11	-
	-	987

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

8 TANGIBLE FIXED ASSETS

	Computers & Equipment £	Office Alterations / Furniture £	Total £
Cost			
As at 1 April 2016	819,462	381,754	1,201,216
Additions	42,892	-	42,892
Disposals	(790)	-	(790)
At 31 March 2017	<u>861,564</u>	<u>381,754</u>	<u>1,243,318</u>
Accumulated depreciation			
As at 1 April 2016	816,128	380,934	1,197,062
Charge for year	13,244	138	13,382
At 31 March 2017	<u>829,372</u>	<u>381,072</u>	<u>1,210,444</u>
Net book value as at 31 March 2017	<u>32,192</u>	<u>682</u>	<u>32,874</u>
Net book value as at 31 March 2016	<u>3,334</u>	<u>820</u>	<u>4,154</u>

9 INVESTMENTS

The company has a wholly owned subsidiary Visit Liverpool Limited, this company is incorporated in England. At 31 March 2017, the share capital and reserves of this company was £1 (2016: £1). The company was dormant throughout the year ended 31 March 2017.

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>			
visit Liverpool Limited	England*	100% Ordinary	Dormant company

* The registered office is the same as Liverpool City Region Local Enterprise Partnership which is noted in the directors' report

10 DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	204,498	386,645
Prepayments and accrued income	190,597	317,969
Other debtors	1,047,574	689,293
	<u>1,442,669</u>	<u>1,393,907</u>

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

11 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	193,599	183,090
Accruals and deferred income	567,300	764,786
Other creditors	132,474	91,646
Other taxes and social security	67,555	67,977
Corporation tax	-	987
	<u>960,928</u>	<u>1,108,486</u>

There are no amounts included under 'creditors' which are payable or repayable other than by instalments and fall due for payment or repayment after the end of the period of five years beginning with the day next following reporting date. There are no amounts included under 'creditors' in respect of which any security has been given by the company.

12 PENSION OBLIGATIONS

The company fulfils its obligations to staff under The Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010.

13 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2017, the company had total future minimum commitment under non-cancellable operating leases as follows: -

	2017	2016
	£	£
Not later than one year:		
Office buildings	78,272	81,836

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

14 FINANCIAL INSTRUMENTS

	2017	2016
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	1,453,487	1,560,648
	<u>1,453,487</u>	<u>1,560,648</u>
Financial liabilities		
Financial liabilities measured at amortised cost	566,501	497,903
	<u>566,501</u>	<u>497,903</u>

Financial assets measured at amortised cost comprise cash, trade debtors, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors.

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

15 RELATED PARTY TRANSACTIONS

The details of related party transactions that occurred in the year are as follows:

Cllr Phil Davies (Director, Liverpool City Region LEP)

Leader, Wirral Metropolitan Borough Council (WMBC) – a Local Authority member of the LEP and client for economic data-modelling. Total income derived from WMBC in year to 31 March 2017 £47,213 (2016: £62,392). £4,799 was owed to LEP at 31 March 2017 (2016: £60,223).

Mersey Maritime Group Ltd (Co-Optee). £233 (2016: £0) paid by LEP in the year for event costs. £0 was owed by LEP at 31 March 2017 (2016: £0).

Neil Sturmeay (Director, Liverpool City Region LEP)

Partner, Grant Thornton UK LLP. Total fees paid to Grant Thornton in the year were £13,551 (2016: £15,000) for access to an economic data modelling tool and venue hire, of which £0 was outstanding at 31 March 2017 (2016: £15,000).

Mark Basnett (Managing Director, Liverpool City Region LEP)

Remuneration by LEP as disclosed as part of note 4 of the accounts.

Non-exec director fee and membership charged by LEP to Merseyside Special Investment Fund (MSIF) Ltd. Total of £17,500 in year to 31 March 2017 (2016: £15,000), of which £2,400 was outstanding at 31 March 2017 (2016: £1,500).

Paula Basnett, wife of Mark Basnett, is the Chief Executive of Wirral Chamber of Commerce. Wirral Chamber of commerce receives funding from the LEP in respect of its Growth Hub and Careers and Enterprise grants. Total of £73,830 in year to 31 March 2017 (2016: £41,774), of which £9,999 was outstanding at 31 March 2017 (2016: £0).

Amanda Lyne (Director, Liverpool City Region LEP)

Reappointed as a director in on 21 April 2016, having resigned on 3 November 2015, Amanda Lyne was a named consultant on a supply contract with Burgundy Gold Ltd to provide support to the company on the low carbon portfolio in 2015-16. No fees were paid to Burgundy Gold Ltd during the year (2016: £25,795) and there was no outstanding balance at the year-end (2016: £0).

Kate Willard (Ex-Director, Liverpool City Region LEP – resigned 3 Nov 2015)

Kate Willard, who resigned as a director on 3 November 2015, had historically provided consultancy services to the company through Kate Willard Ltd in 2015-16. No consultancy fees were paid to Kate Willard Ltd during the year (2016: £34,904) and no balance was outstanding at the year-end (2016: £0).

16 RESERVES

The company's reserves are as follows:

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

17 CONTROLLING PARTY

There are no individuals or entities that control the company.