

Registered Number 4211637

Cammell Laird Shiprepairers & Shipbuilders Limited
Annual report and financial statements
for the year ended 31 May 2010

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Cammell Laird Shiprepairers & Shipbuilders Limited

Annual report and financial statements for the year ended 31 May 2010

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Directors and advisors for the year ended 31 May 2010

Directors

J R Syvret
J Kennedy
M J Moran
A Simpson
A Barr

Secretary

J R Syvret

Registered Office

Cammell Laird Shipyard
Campbeltown Road
Birkenhead
Merseyside
CH41 9BP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
8 Princes Parade
St Nicholas Place
Liverpool
L3 1QJ

Bankers

Barclays
Manchester City Office
Manchester
M60 2AU

Cammell Laird Shiprepairers & Shipbuilders Limited: Reg 4211637

Directors' report for the year ended 31 May 2010

The directors present their report and the audited financial statements of the Company for the year ended 31 May 2010

Principal activities

The principal activity of the company during the year was the provision of marine services to ship owners and operators

Review of business and future developments

This financial year has seen further substantial growth with turnover rising from £90,816,000 in 2009 to £93,266,000 this year. This has been achieved as a direct result of the company's growing reputation for delivering a cost effective quality service to the ship owners and operators in the ship repair, conversion and military market place. This resulted in a profit for the year of £7,322,000 (£6,762,000 in 2009)

Highlights of the year were the successful completion of the major refits of Royal Fleet Auxiliary (RFA) Fort Victoria, Black Rover, Diligence and Orangeleaf. At the end of the financial year the extensive refit programme on the RFA Gold Rover was in progress. Within the commercial market, successful major contracts were completed with James Fisher Shipping, Seatruck Ferries, Isle of Man Steam Packet Company, Northlink Ferries and Maersk, and the conversions of the Nexan Skaggerak and Sefton Supporter.

In January 2010, the Company was awarded the contract to build sections of the Queen Elizabeth Aircraft Carrier. Whilst this work commenced fully in June 2010, a large amount of preparation work was completed for the project within this financial year.

In June 2008, the Company was pleased to sign "Through Life Support Contracts" for eleven of the Royal Fleet Auxiliary's (RFA) sixteen vessels, on a rolling five year basis. This was as a result of an extensive tendering process within the RFA, a department of the UK Ministry of Defence. The contract is working well with excellent feedback from the customer.

As a result of the Company's continued growth in turnover, we have continued to invest in key personnel and improved IT and management systems in order that we are well positioned to manage the current and future business successfully. The Company recently negotiated increased infrastructure at the Birkenhead yard (namely, long term availability of one of Europe's largest undercover module construction facilities). The Company will enter the heavy engineering sector and will target bespoke offshore, marine, and energy/renewable energy markets. With the Company's highly skilled range of engineers, it is expected that these trades personnel will be able to migrate across the varying business sectors providing stability whilst de-risking core activities and markets.

Dividends

Dividends paid during the year amounted to £9,613,000. This excludes proposed dividends that have yet to be approved by the balance sheet date of £962,208.

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Directors' report (continued)

Key Performance Indicators:

The following are considered to be the Company's key performance indicators

	2010 £'000	2009 £'000
Turnover	93,355	90,816
Man-hours sold	1,010,788	964,781
Supply Chain Purchases	43,812	44,653

Future Trading

The Company achieved a lower level of growth than previous years, of 2.8%, due to the reasons explained previously. 2010/11 is not expected to see the same level of growth. This is mainly due to the impact of the Defence Review whereby RFA Bayleaf and Fort George have had work cancelled in the current year. With the "Through Life Support Contracts" in place with the MoD RFA, the Company is focused on meeting its new key performance indicators in addition to delivering value for money projects, on time and to the highest quality. This will include the continued expansion of the technical services department, in addition to providing around the clock support for vessels in fleet time, worldwide.

Principal Business Risks and Uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

Personnel: There is both a local and national shortage of skilled tradesmen and management. Whilst the Company has been able to manage the growth achieved to date, this is becoming increasingly more difficult. In addition, a large percentage of the white and blue collar workforces are at near retirement age and it is becoming increasingly difficult to replace them with people of similar experience and qualifications. The Company has therefore established an apprentice training scheme at the adjacent Maritime & Engineering College North West and intends to train sufficient numbers of apprentices to meet its committed commercial obligations and future business aspirations.

Credit risk: For larger value projects the Company negotiates stage payments to neutralise cash flow. For medium size projects the Company requires payment that at least covers direct costs prior to the departure of the ship. Due to lack of credit insurance, there remains a risk on smaller value projects of bad debts. This is managed via tight credit control procedures plus constant monitoring of the customer base.

Price risk: For commercial repair activity, the Company negotiates prices on a contract by contract basis, and as such continually monitors and reflects changes in labour and material prices. For MoD contracts, prices are agreed on a contract by contract basis with prices subject to annual inflation adjustments.

Liquidity risk: The Company does not have any commercial borrowings and only enters into major contracts which have at least cash neutral payment terms. These are based on agreed payment plans for significant contracts. The Company continually looks at debtor and creditor days to manage working capital. Long term projects are financed via stage payments, with balances paid on completion of contracts.

Interest rate cash flow risk: Due to the net positive cash position, and with no outstanding borrowings, the Company is largely protected from movements of interest rates.

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Directors' report (continued)

Supply base: The Company utilises a broad range of contractors and suppliers. A significant challenge for the business is for the supply chain base to grow in line with the business.

Trading: The level of trading with the MoD and commercial customers has fluctuated over the last few years. The Company's growth has been achieved through a small number of significant contracts.

Market: The Company operates in a competitive market place with nearly all its contracts awarded after commercial tender. The requirements of the tender include price but are also based on management structure, risk management, health and safety and security plans.

Commercial Contracts: Procedures and policies are continuously reviewed to reduce any potential contract risk. Performance bonds are sometimes issued in accordance with contractual terms.

Health and Safety: The Company remains totally committed to the health and safety of all employees, contractors and visitors and to date has an excellent record in respect of reportable incidents. Our employee liability insurance supplier has assisted the Company with independent advice to identify potential areas of concern in relation to health and safety and facilities to enable the development of mitigating actions.

Other: The Company operates from approved ISPS yards and is independently accredited by BVQI to ISO9001 standard.

The Company is committed to working with employees for the benefits of both the company and its workers and to this extent enjoys a partnership with Amicus/Unite and GMBU. In addition the Company is working with Liverpool Chamber of Commerce and Mersey Maritime to improve employee skill levels.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the Company as a whole.

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Directors' report (continued)

Directors

The directors who held office during the year are disclosed on page 1

The interests of the directors of the Company in the shares of the Company were

	Interests in ordinary A shares of 1 pence each	
	31 May 2010	31 May 2009
J R Syvret	10,134	10,134
J Kennedy	1,583	1,583
M J Moran	1,583	1,583

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 prepared the group and parent company 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 group and the company and of the profit or loss of the company and group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with Section 418, each director in office at the date the directors' report confirms that

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

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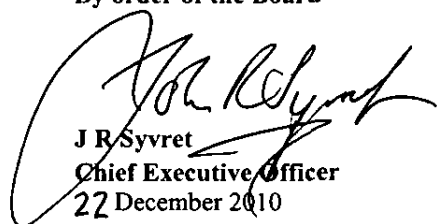
Directors' report (continued)

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent Auditors

The Auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed by the Board of Directors

By order of the Board



J R Syvret
Chief Executive Officer
22 December 2010

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Independent auditors' report to the members of Cammell Laird Shiprepairers & Shipbuilders Limited

We have audited the Group and Parent company financial statements of Cammell Laird Shiprepairers & Shipbuilders Limited for the year ended 31 May 2010 which comprise the Group Profit and Loss Account and the Group and Company Balance Sheets, the Group Cash Flow Statement, the accounting policies 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors responsibilities on pages 5 and 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the Parent company's affairs as at 31 May 2010 and of the group's profit and cash flows 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Nicholas Gower

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Liverpool

22 December 2010

Cammell Laird Shiprepairers & Shipbuilders Limited: Reg 4211637

Group Profit and Loss Account for the year ended 31 May 2010

	Note	2010 £'000	2009 £'000
Turnover	1	93,266	90,816
Cost of sales		(75,117)	(75,509)
Gross profit		18,149	15,307
Administrative expenses		(7,926)	(6,080)
Operating profit		10,223	9,227
Interest receivable	5	17	189
Profit on ordinary activities before taxation	2	10,240	9,416
Tax charge on profit on ordinary activities	6	(2,918)	(2,654)
Profit for the financial year	16	7,322	6,762

The profit on ordinary activities before taxation derives entirely from continuing activities

Other than the profit for the financial year, there have been no other recognised gains or losses during either 2010 or 2009

The Company profit for the year was £7,322,000 (2009 £6,762,000) The Company has elected to take the exemption under section 230 of the Companies Act 2006 to not present the Parent Company profit and loss account

The accounting policies and accompanying notes on pages 13 to 23 are an integral part of these financial statements

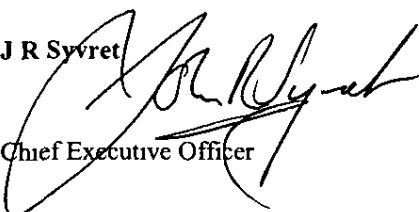
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Group Balance Sheet as at 31 May 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	9	3,941	1,198
Current assets			
Stocks	10	4,524	7,854
Debtors	11	7,467	6,034
Cash at bank and in hand		7,854	11,365
		19,845	25,253
Creditors: amounts falling due within one year	12	(16,938)	(17,312)
Net current assets		2,907	7,941
Net assets		6,848	9,139
Capital and reserves			
Called up share capital	14	-	-
Share premium	15	450	450
Profit and loss account	16	6,398	8,689
Total shareholders' funds	17	6,848	9,139

The financial statements on pages 9 to 23 were approved by the board of directors on 22 December 2010 and were signed on its behalf by

The accounting policies and accompanying notes on pages 13 to 23 are an integral part of these financial statements

J R Syvret

 Chief Executive Officer

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Company Balance Sheet as at 31 May 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	9	3,934	1,185
Current assets			
Stocks	10	4,475	7,853
Debtors	11	7,713	6,405
Cash at bank and in hand		7,623	10,940
		19,811	25,198
Creditors: amounts falling due within one year	12	(16,897)	(17,244)
Net current assets		2,914	7,954
Net assets		6,848	9,139
Capital and reserves			
Called up share capital	14	-	-
Share premium	15	450	450
Profit and loss account	15	6,398	8,689
Total shareholders' funds	17	6,848	9,139

The financial statements on pages 9 to 23 were approved by the board of directors on 22 December 2010 and were signed on its behalf by

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J R Syvret
Chief Executive Officer

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Group Cash Flow Statement for the year ended 31 May 2010

	2010 £'000	2009 £'000
Cash flow statement		
Net cash inflow from operating activities	14,764	4,093
Returns on investments and servicing of finance		
Interest received	17	189
Net cash inflow from returns on investments and servicing of finance	17	189
Taxation	(5,617)	(1,085)
Capital expenditure		
Purchase of tangible fixed assets	(3,064)	(557)
Net cash outflow for capital expenditure	(3,064)	(557)
Equity dividends paid	(9,613)	(3,264)
Decrease in cash	(3,511)	(624)
Reconciliation to net cash		
Net cash at 1 June	11,365	11,989
Decrease in net cash	(3,511)	(624)
Net cash at 31 May	7,854	11,365

Reconciliation of operating profit to cash inflow from operating activities

	2010 £'000	2009 £'000
Operating profit	10,223	9,227
Depreciation charges	321	210
Decrease in stocks	3,330	(7,820)
Increase in debtors	(1,433)	1,691
Increase in creditors	2,323	785
Net cash inflow from operating activities	14,764	4,093

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Accounting policies

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. A summary of the principal accounting policies that have been consistently applied has been set out below.

Basis of consolidation

The consolidated Financial Statements include those of the Company and all of its subsidiaries. The results of businesses acquired or disposed of are accounted for from or to the effective date of acquisition or disposal.

Turnover

Turnover represents income earned from ship repair and conversion provided to third parties, excluding VAT and completed prior to the year end. Turnover also includes the proportion of the sales value of long-term contracts based on their state of completion at the balance sheet date. Turnover and profit is recognised on long term contracts as the project progresses, on short term contracts revenue is recognised when the contract is completed. Long term is deemed to be of greater than 60 days duration. The stage of progress complete is based on the jointly compiled and agreed monitoring reports between the Company and the customer.

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation is calculated to write-off original cost less the expected residual value of the assets, over their estimated useful lives on a straight line basis.

The economic lives of the various assets are considered to be

	Years
Plant and equipment	3 – 20
Leasehold improvements	3 – 20
Fixtures and fittings	3 – 5
Motor vehicles	5

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value on a first in first out basis. Cost includes all direct expenditure and appropriate overhead expenditure incurred in bringing goods to their current state under normal operating conditions. Net realisable value is based on anticipated selling price less the cost of selling such goods. Profit on long-term contracts, principally in relation to the repair of ships, is recognised once the project's outcome can be assessed with reasonable certainty. The profit is calculated by applying the percentage completion at the balance sheet date to the expected contract profit. Any losses envisaged on long-term contracts are provided as soon as they are foreseen regardless of the extent of completion.

Operating leases

Rentals under operating leases are charged to the profit and loss account as incurred.

Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Timing differences between the company's taxable profits and its accounting profits arising from gains and losses in the tax assessments in periods different from those which they are recognised in the financial statements. The deferred tax assets and liabilities are not discounted

Related Party Transactions

The company has taken advantage of the exemption allowed under FRS 8, "Related Party Disclosures", not to disclose related party transactions with members of the group

Notes to the financial statements for the year ended 31 May 2010

1 Turnover

Turnover consists entirely of sales made in the United Kingdom

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2010	2009
	£'000	£'000
Wages	18,959	15,841
Social security costs	1,974	1,582
Staff costs	20,933	17,423
Depreciation for the year – owned assets	321	210
Operating leases – other	1,810	1,073
Machinery and equipment hire	1,688	2,015
Auditors' remuneration:		
Auditors remuneration – audit fees	40	40
Other fees payable to the auditors – taxation services	10	5

3 Directors' emoluments

	2010	2009
	£'000	£'000
Remuneration	423	271
Highest paid director (aggregate emoluments)	241	137

There are no directors with benefits accruing under a company pension scheme

4 Employee information

The average number of persons (including executive directors) employed during the year was

	2010	2009
	No.	No
Operations	566	456
Administration	27	25
	593	481

5 Net interest receivable

	2010	2009
	£'000	£'000
Interest receivable on short-term deposits and other investments	17	189

6 Taxation

	2010	2009
	£'000	£'000
Current tax:		
UK corporation tax on profits of the period	2,820	2,647
Adjustment in respect of previous periods	(3)	(20)
Total current tax charge	2,817	2,627
Deferred tax:		
Origination and reversal of timing differences	101	72
Adjustments in respect of previous periods	-	(45)
Total deferred tax charge (note 13)	101	27
Tax on profit on ordinary activities	2,918	2,654

The tax charge for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2010	2009
	£'000	£'000
Profit on ordinary activities before taxation	10,240	9,416
Profit on ordinary activities, multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	2,867	2,637
Effects of		
Expenses not deductible for tax purposes	57	35
Accelerated capital allowances / other timing differences	(99)	(25)
Adjustments in respect of prior periods	(8)	(20)
Current tax charge for the year	2,817	2,627

The second Finance Bill of 2010 (the 'Bill') was given Royal Assent on 27th July 2010 and became Finance (No 2) Act 2010 (the Act). The Act, in the main, covers the tax rates announced in the Emergency Budget of 22nd June 2010 and includes legislation to reduce the main rate of Corporation Tax from 28% to 27% from 1st

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April 2011 This legislation had not been substantively enacted at the balance sheet date and, therefore, the effect is not included in these financial statements The Emergency Budget also proposed further reductions in the main rate in future years 26% in 2012-13, 25% in 2013-14, 24% in 2014-15, although these future reductions are not referred to in the Act

Whilst the reduction in the main rate of Corporation tax from 28% to 27% will have no effect on current tax assets and liabilities which arise prior to the effective date of change, there are implications for deferred tax accounting The reduction in tax rate will not impact deferred tax that is expected to reverse prior to 1st April 2011 and the effect on deferred tax expected to reverse after this date is not considered material

7 Dividends

	2010	2009
	£'000	£'000
Equity - Ordinary		
Dividends paid re 2008/9 accounts £152 52 (2009 £97 92) per 1p share	5,084	3,264
Interim Dividend Paid re 2009/10 accounts £135 87 per share	4,529	-
Total Dividend Paid	9,613	3,264

The directors have recommended a final dividend of £962,208 (£28 87 per share)

8 Fixed asset investments

The Company had the following investments at 31 May 2010

Name of investment	Class of share capital held	Proportion held	Nature of business
Scott Lithgow Ltd	Ordinary	100%	Ship repair and marine engineering
Birkenhead Shiprepair Yard Ltd	Ordinary	100%	Ship repair and marine engineering
Neway Industrial and Environmental Services Limited	Ordinary	100%	Industrial Cleaning

The above undertakings are registered in England and Wales

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9 Tangible assets

a) Group	Plant and equipment	Leasehold improvements	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 June 2009	911	1,087	214	167	2,379
Additions	1,099	1,954	4	7	3,064
At 31 May 2010	2,010	3,041	218	174	5,443
Accumulated depreciation					
At 1 June 2009	(494)	(451)	(114)	(122)	(1,181)
Charge for the year	(148)	(124)	(33)	(16)	(321)
At 31 May 2010	(642)	(575)	(147)	(138)	(1,501)
Net book value					
At 31 May 2010	1,369	2,466	71	36	3,941
At 31 May 2009	418	636	100	45	1,198

b) Company	Plant and equipment	Leasehold improvements	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 June 2009	891	1,087	214	167	2,359
Additions	1,099	1,954	4	7	3,064
At 31 May 2010	1,990	3,041	218	174	5,423
Accumulated depreciation					
At 1 June 2009	(487)	(451)	(114)	(122)	(1,174)
Charge for the year	(142)	(124)	(33)	(16)	(314)
At 31 May 2010	(629)	(575)	(147)	(138)	(1,488)
Net book value					
At 31 May 2010	1,361	2,466	71	36	3,934
At 31 May 2009	404	636	100	45	1,185

At 31 May 2010 (2009 £nil) there were no capital commitments contracted but not provided for in the accounts

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10 Stock

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Raw materials and consumables	108	32	108	33
Work in progress	4,416	7,821	4,367	7,821
Total stocks	4,524	7,853	4,475	7,854

11 Debtors

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade debtors	5,361	5,042	5,226	4,952
Amounts owed by related party	353	167	353	167
Prepayments and accrued income	709	173	709	174
Inter company debtors	-	-	331	307
Other taxation and social security	1,044	616	1,094	769
Deferred taxation (see note 13)	-	36	-	36
Total debtors	7,467	6,034	7,713	6,405

12 Creditors: amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade creditors	11,601	8,773	11,528	8,757
Amounts owed to related party	67	44	67	44
Corporation tax	1,772	4,535	1,772	4,535
Deferred Tax Liability	65	-	65	-
Inter Company Creditors	-	-	75	96
Other taxation and social security payable	1,078	1,484	1,063	1,351
Accruals and deferred income	2,355	2,476	2,327	2,461
Total creditors falling due within one year	16,938	17,312	16,897	17,244

13 Deferred taxation

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
At 1 June	36	63	36	63
Charged to profit and loss account	(101)	(27)	(101)	(27)
At 31 May (see note 11)	(65)	36	(65)	36

The balance relates to

Accelerated capital allowances	(138)	(44)	(138)	(44)
Short term timing differences	73	80	73	80
Total deferred tax asset	(65)	36	(65)	36

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14 Called-up share capital

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Authorised:				
16,700 ordinary A shares of 1 penny each	167	167	167	167
16,700 ordinary B shares of 1 penny each	167	167	167	167
Allotted, called-up and fully paid:				
16,700 ordinary A shares of 1 penny each	167	167	167	167
16,700 ordinary B shares of 1 penny each	167	167	167	167
Total	334	334	334	334

Dividends – Unless the holders of the majority of A ordinary shares and the holders of a majority of B ordinary shares agree an amount equal to 75% of the company's profit available for distribution in respect of each financial year shall be distributed by the company to the shareholders by way of a dividend

Voting rights – A & B shares have equal voting rights The holders of the majority of A ordinary shares and the holders of the majority of B ordinary shares must have voted in favour for a resolution to be passed

Rights in winding up – the shareholders shall prove to the maximum extent permitted by law for all sums due or to fall due to them respectively from the Company and shall exercise all rights of set-off

15 Reserves

Group	Share premium account	Profit and loss account
	£'000	£'000
At 1 June 2009	450	8,689
Dividends paid in the year	-	(9,613)
Retained profit for the financial year	-	7,322
At 31 May 2010	450	6,398

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At 1 June 2009	450	8,689
Dividends paid in the year	-	(9,613)
Retained profit for the financial year	-	7,322
At 31 May 2010	450	6,398

16 Financial commitments

At 31 May 2010 the Company had annual commitments under operating leases expiring as follows

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Land and buildings				
Within 2 – 5 years	1,000	1,073	1,000	1,073
Greater than 5 years	1,500	-	1,500	-
	2,500	1,073	2,500	1,073

17 Reconciliation in equity shareholders funds

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Profit for the year	7,322	6,762	7,322	6,762
Dividends paid	(9,613)	(3,264)	(9,613)	(3,264)
Retained profit for the financial year	(2,291)	3,498	(2,291)	3,494
Equity shareholders' funds at 1 June	9,139	5,641	9,139	5,635
Equity shareholders' funds at 31 May	6,848	9,139	6,848	9,139

18 Analysis of net cash

	At 1 June 2009 £'000	Cash flow £'000	At 31 May 2010 £'000
Cash in hand and at bank	11,365	(3,511)	7,854

19 Related Party Transactions

The Company is a joint venture between the directors and The Mersey Docks and Harbour Company

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Purchases from Mersey Docks (excluding VAT)	496	570	496	570
Sales to Mersey Docks (excluding VAT)	714	910	714	910
Debtor 31 May Mersey Docks	353	167	353	167
Creditor 31 May Mersey Docks	67	44	67	44

20 Ultimate Controlling Party

The directors believe there is no one controlling party as the Company is a joint venture between the directors and The Mersey Docks and Harbour Company