

Company Registration No 04825449

## **2020 KNOWSLEY LIMITED**

### **Annual report and financial statements for the year ended 31 March 2011**

THURSDAY



LD5      \*L13REI5S\*      #63  
01/03/2012  
COMPANIES HOUSE

---

# **2020 KNOWSLEY LIMITED**

## **Annual report and financial statements for the year ended 31 March 2011**

<b>Contents</b>	<b>Pages</b>
<b>Directors and advisors</b>	<b>1</b>
<b>Directors' report</b>	<b>2 - 4</b>
<b>Independent auditors' report</b>	<b>5 - 6</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Cash flow statement</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10 - 25</b>

---

# **2020 KNOWSLEY LIMITED**

## **Directors and advisors**

### **Directors**

C J Lavery  
P A Seddon  
T R Muir  
M Butterworth  
K Jackson  
M Barnard

### **Company secretary and registered office**

C Sjogren  
Export House  
Cawsey Way  
Woking  
Surrey  
GU21 6QX

### **Chartered accountants and statutory auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

### **Bankers**

Royal Bank of Scotland  
62/63 Threadneedle Street  
London  
EC2R 8LA

# **2020 KNOWSLEY LIMITED**

## **Directors' report for the year ended 31 March 2011**

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2011. This report has been prepared in accordance with the special provisions within Part 15 of the Companies Act 2006 relating to small companies.

### **Principal activity and business review**

On 29 March 2005, 2020 Liverpool Limited acquired an 80.1% interest in the issued share capital of the Company. On the same day, 2020 Liverpool Limited entered into a joint venture agreement with Knowsley Metropolitan Borough Council, as part of the arrangements for the provision of professional technical services by 2020 Knowsley Limited to Knowsley Metropolitan Borough Council.

The Company provides design consultancy services across a broad spectrum of technical areas including building, engineering and landscape architecture. This is the Company's sixth year of trading and the Directors are satisfied with the results for the year and are confident of the Company's future prospects.

### **Results and dividends**

The loss for the year after taxation amounted to £56,667 (2010: £55,305 profit). The Directors do not recommend the payment of a dividend (2010: £nil).

### **Directors**

The Directors who served the Company throughout the year and up to the date of signing this report unless otherwise stated are as follows:

J T Measures (resigned 10 June 2010)  
G J Morgan (resigned 10 June 2010)  
J E Pincock (resigned 20 September 2010)  
P A Seddon  
T R Muir  
R J Seeley (resigned 6 June 2011)  
C J Lavery (appointed 10 June 2010)  
D Loneragan (resigned 8 December 2011)  
M Butterworth (appointed 22 December 2010)  
K Jackson (appointed 18 April 2011)  
M Barnard (appointed 23 September 2011)

# **2020 KNOWSLEY LIMITED**

## **Directors' report for the year ended 31 March 2011 (continued)**

### **Employees**

The Directors' objective is to ensure that every member of staff has the training and motivation to do their job to the highest standard, both now and in the future. Staff have access to the Mouchel Group learning and development team, Mouchel Learning, which is designed to promote, support, encourage, organise and facilitate learning and development within the business. It provides a focus for training and continuing professional development and the promotion of technical excellence.

Save As You Earn schemes have been put in place to promote employee investment in the ultimate holding company, Mouchel Group plc.

The Company's policy and practice in respect of disabled persons is to encourage the recruitment and subsequent training, career development and promotion of disabled persons on the basis of their aptitude and abilities, and the retention and retraining of employees who become disabled. The Company has an equal opportunities policy and is committed to providing equal opportunities to all employees and job applicants irrespective of sex, marital status, disability, race, colour, nationality, ethnic or national origins, age, social background or sexual orientation.

### **Financial risk management**

The Company's financial instruments and risk management policies can be found in note 1 of the notes to the financial statements.

### **Statement of Directors' responsibilities**

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 period. 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 those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

# 2020 KNOWSLEY LIMITED

## Directors' report for the year ended 31 March 2011 (continued)

### Statement of Directors' responsibilities (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Disclosure of information to auditors

Each of the Directors at the date of approval of this report confirms that

i. So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

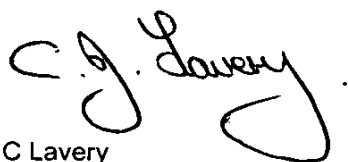
ii. The Director has taken all the steps that he/she ought to have taken as a director to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 (1) to (4) of the Companies Act 2006.

### Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



C Lavery  
Director  
28 February 2012

# **2020 KNOWSLEY LIMITED**

## **Independent Auditors' Report To The Members Of 2020 Knowsley Limited**

We have audited the financial statements of 2020 Knowsley Limited for the year ended 31 March 2011 which comprise the Profit and loss 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the 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 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. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2011 and of its loss 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.

# 2020 KNOWSLEY LIMITED

## Independent Auditors' Report To The Members Of 2020 Knowsley Limited (continued)

### 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

A handwritten signature in black ink, appearing to be 'M. Jordan', followed by a long horizontal line extending to the right.

Mark Jordan (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 February 2012



# 2020 KNOWSLEY LIMITED

## Profit and loss account For the year ended 31 March 2011

	Note	2011 £	2010 £
<b>Turnover</b>	2	<b>4,848,753</b>	3,705,412
Cost of sales		<u>(4,151,253)</u>	<u>(2,381,253)</u>
<b>Gross profit</b>		<b>697,500</b>	1,324,159
Administrative expenses before exceptionals		<b>(459,536)</b>	(1,243,603)
Exceptional administrative expenses	3	<b>(310,527)</b>	-
<b>Total administrative expenses</b>		<b>(770,063)</b>	<b>(1,243,603)</b>
<b>Operating loss</b>		<b>(72,563)</b>	80,556
Interest receivable and similar income	7	<b>3,860</b>	2,966
Interest payable and similar charges		<u>(501)</u>	<u>(1,271)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(69,204)</b>	82,251
Tax on profit on ordinary activities	8	<u><b>12,537</b></u>	<u>(26,9456)</u>
<b>Loss on ordinary activities after taxation</b>		<u><b>(56,667)</b></u>	<u>55,305</u>

The above results relate to the continuing operations of the Company

The Company had no gains or losses other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the years stated above and their historical cost equivalents

# 2020 KNOWSLEY LIMITED

## Balance sheet As at 31 March 2011

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	9	<u>30,327</u>	<u>46,479</u>
<b>Current assets</b>			
Debtors	10	<u>554,714</u>	<u>560,794</u>
Cash at bank and in hand		<u>84,995</u>	<u>499,951</u>
		<u>639,709</u>	<u>1,060,745</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(745,450)</u>	<u>(1,127,088)</u>
<b>Net current liabilities</b>		<u>(105,741)</u>	<u>(66,343)</u>
<b>Total assets less current liabilities</b>		<u>(75,414)</u>	<u>(19,864)</u>
<b>Net liabilities</b>		<u>(75,414)</u>	<u>(19,864)</u>
<b>Capital and reserves</b>			
Called up share capital	13	<u>1,000</u>	<u>1,000</u>
Profit and loss account	16	<u>(76,414)</u>	<u>(20,864)</u>
<b>Total shareholders' deficit</b>	17	<u>(75,414)</u>	<u>(19,864)</u>

The notes on pages 10 to 25 are an integral part of these financial statements

These financial statements on pages 7 to 25 were approved by the board of Directors on 28 February 2012 and were signed on its behalf by



C Lavery  
Director

Company Registration No 04825449

# 2020 KNOWSLEY LIMITED

## Cash flow statement For the year ended 31 March 2011

	Note	2011 £	2010 £
<b>Cashflow from operating activities</b>			
Cash (utilised in)/generated from operations before exceptional costs	19	(119,788)	107,314
Exceptional costs		<u>(248,527)</u>	<u>-</u>
<b>Net Cash Flow from operating activities</b>		<b>(368,315)</b>	<b>107,314</b>
<b>Returns on investments and servicing of finance</b>			
Interest received	7	3,860	2,966
Interest paid	7	<u>(501)</u>	<u>(1,271)</u>
		<b>3,359</b>	<b>1,695</b>
<b>Taxation</b>			
Corporation tax paid		-	(47,000)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	9	<u>-</u>	<u>(4,728)</u>
<b>Net cash (outflow)/inflow before financing</b>		<b>(364,956)</b>	<b>57,281</b>
<b>Financing</b>			
Loan repayments made		<u>(50,000)</u>	<u>(50,000)</u>
<b>(Decrease)/increase in cash</b>	20, 21	<b><u>(414,956)</u></b>	<b><u>7,281</u></b>

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011

### 1 Principal accounting policies

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006. The principal accounting policies as adopted and applied consistently throughout the year are described below.

#### Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention.

#### Going concern

The financial statements are prepared on the going concern basis on the assumption that the company will continue in operational existence for the foreseeable future. The company made a loss of £56,667 for the year ended 31 March 2011 (2010 profit of £55,305) and the company had a deficit in shareholders' funds at 31 March 2011 of £75,414 (2010 deficit of £19,864).

The directors have prepared and considered cash flow projections for the company for the foreseeable future. Based on these cash flow projections which are the sole responsibility of the directors based upon their present plans, expectations and intentions, the directors are satisfied that the company is able to meet its liabilities as they fall due for the foreseeable future and for a minimum period of twelve months from the date of these financial statements.

As a result of the above the directors consider it appropriate for the financial statements to be prepared on the going concern basis.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at their purchase cost, together with any incidental costs of acquisition less depreciation and, where appropriate, provision for impairment.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Office equipment	2 – 7.5 years
Computer hardware and software	3 years

#### Repairs and renewals

These costs are charged against profits as and when they are incurred.

#### Turnover

Turnover represents the fair value of services provided in the case of time charge work and the value of services provided as a proportion of the total value of the contract in the case of fixed fee contracts. Turnover is net of value added tax.

Provision is made in full for estimated losses, if the costs of fulfilling the contract exceed the recoverable amount. Turnover is only recognised to the extent that it is probable that it will be recoverable.

Where the outcome cannot be measured reliably, turnover is recognised to the extent of costs incurred to date where it is probable that costs will be recoverable.

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 1 Principal accounting policies (continued)

Where turnover that has been recognised is found to not be recoverable due to a dispute with the client, these amounts are charged against turnover. Where non-recovery is as a result of inability of a client to meet its obligations, these amounts are charged to administrative expenses.

#### **Accrued income**

Amounts recoverable on contracts are stated at the lower of cost and net realisable value. Cost includes a proportion of attributable overhead expenses. Net realisable value is determined by reference to the estimated cost of completion and a provision for anticipated losses.

#### **Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax 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.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

#### **Pension costs**

##### *Defined benefit schemes*

The Company participates in two pension schemes providing benefits based on final pensionable pay.

The schemes are operated by the Mouchel Group and Knowsley Metropolitan Borough Council, where the pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. The assets of the schemes are held separately from those of the Mouchel Group and Knowsley Metropolitan Borough Council. See note 18 for further information.

##### *Defined contribution scheme*

The Mouchel Group, to which the Company belongs, also operates a defined contribution pension scheme. The pension costs charged against profits represent the amount of contributions payable to the schemes in respect of the accounting period. The assets of the schemes are held separately from those of the Mouchel Group in independently administered funds.

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 1 Principal accounting policies (continued)

#### Share based payments

Certain employees of the Company have been issued equity settled share based payments in the ultimate parent company, Mouchel Group plc. Equity settled share based payments are measured at fair value (excluding the effect of non market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the estimate of the shares that will eventually vest.

For share options where there are no market based vesting conditions, fair value is measured using the Black-Scholes pricing model. For share options where there are market based vesting conditions, the Monte Carlo simulation model is used for fair value measurement.

#### Operating leases

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease. Lease incentives are spread on a straight line basis over the period to which they relate.

#### Financial risk management

2020 Knowsley Limited is exposed to interest rate risk, credit risk, liquidity risk and price risk in varying degrees but all have relatively low levels of risk. For this reason the Company does not undertake hedging or complex financial instruments to mitigate risks. The Mouchel Group finance department manage these risks within a set of policies and procedures. The policies for managing these risks are set out below.

##### (a) Interest rate risk

The Company has a loan from the parent company upon which interest is charged at 1% above the Bank of England base rate. The loan is anticipated to provide appropriate and necessary funding as the Company establishes itself, which is anticipated as short term in nature. As a result of this the exposure to interest rate risk is an accepted risk, and no hedging or matching of assets with liabilities is deemed necessary.

##### (b) Credit risk

The principal financial assets are cash and debtors. Counterparty risk on cash deposits is managed by adhering to guidelines which currently state that a maximum of £5,000,000 of cash can be deposited with any one party who has an AA rating or better. Trade debtors are managed through set up and authorisation policies for new customers and monthly monitoring of balances.

##### (c) Liquidity risk

As the Company has sufficient cash balances liquidity risk is considered low.

##### (d) Price risk

The Company does not hold any equity securities that are available for sale, and does not have any exposure to commodity price risk.

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 1 Principal accounting policies (continued)

#### Financial instruments

Financial instruments comprise internal cash resources and debtors and creditors arising from normal trading activities. The policy is to manage the financial instruments centrally to provide both the working capital and the investment funds necessary for ongoing operations and future development.

The majority of UK projects and contracts are in sterling, and otherwise are in line with the currencies in which the majority of the costs are denominated.

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

#### (a) Debtors

Debtors are initially measured at book value, do not carry any interest, and are reduced by appropriate provisions for estimated irrecoverable amounts. Such provisions are recognised in the profit and loss account.

#### (b) Cash

Cash comprises cash on hand and demand deposits.

#### (c) Creditors

Creditors are initially measured at their book value.

#### (d) Borrowings

Bank overdrafts and interest-bearing loans are initially measured at book value.

#### Exceptional items

Material and non-recurring items of income and expense are disclosed in the profit and loss account as "Exceptional items". Examples of items which may give rise to disclosure as "Exceptional items" include gains or losses on disposal of businesses, costs of restructuring and reorganisation of existing businesses, integration of newly acquired businesses, asset impairments and pension fund settlements and curtailments.

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 2 Turnover

The turnover and profit before tax are attributable to the principal activity of the Company. All turnover originated in the United Kingdom.

In the course of its business the Company carried out trading on normal business terms with the following shareholders and entities:

Knowsley Metropolitan Borough Council, a shareholder, contributed £4,092,417 (2010 £2,865,992) to turnover and 2020 Liverpool Limited, a shareholder, contributed £612,321 (2010 £726,384) to turnover. In addition, during the year, Mouchel Limited, a subsidiary of Mouchel Group plc contributed £67,365 (2010: £65,030) to turnover.

### 3 Exceptional items

	2011	2010
	£	£
Redundancy costs	<u>310,527</u>	<u>-</u>

Management uses underlying profit to measure and manage the financial performance of the Company on a day-to-day basis. Underlying profit excludes material income and charges considered to be one off or non-recurring in nature.

Restructuring costs were incurred in 2011, ensuring that we have the right organisational structure and staffing levels going forward. The tax effect of the exceptional items above is a credit of £69,588 (2010: £nil) in the profit and loss account.

### 4 Operating profit

Operating profit is stated after charging:

	2011	2010
	£	£
Depreciation	16,152	32,725
Auditors' remuneration		
- audit services	8,333	-
Payments under operating leases		
Rental Payments	<u>33,793</u>	<u>35,868</u>



# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 5 Directors' emoluments

All directors who served during the year were either employed by Knowsley Metropolitan Borough Council or other companies who are members of the Mouchel Group. They do not consider it practical to allocate their remuneration between the various entities and therefore no directors' emoluments have been included in these accounts.

During the year no Directors (2010: £nil) participated in a defined benefit pension scheme or had accrued pension benefits (2010: £nil).

### 6 Employees

The average number of persons (including executive Directors) employed by the Company during the year was:

	2011 Number	2010 Number
Management and administrative	8	8
Technical	43	42
	<u>51</u>	<u>50</u>
Staff costs (including temporary staff and Directors)	2011 £	2010 £
Wages and salaries	1,335,275	1,384,227
Social security costs	114,508	113,765
Pension costs (note 18)	147,440	148,431
Cost of employee share scheme (note 15)	1,117	2,228
	<u>1,598,340</u>	<u>1,648,651</u>

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 7 Net interest receivable

	2011 £	2010 £
Bank interest receivable	3,860	2,966
Interest payable to Group companies	(501)	(1,271)
Net interest receivable	<u>3,359</u>	<u>1,695</u>

Interest payable to Group companies is in respect of the loan from the ultimate parent company Mouchel Group plc

### 8 Tax charge on profit on ordinary activities

#### (a) Analysis of tax charge for the year

	2011 £	2010 £
UK Corporation tax at 28% (2010 28%) for the year	-	28,122
Under provision of tax in respect of prior year	-	2,489
Total current tax	-	30,611
Deferred tax for the year	(12,537)	(3,665)
<b>Tax on profit on ordinary activities</b>	<u>(12,537)</u>	<u>26,946</u>

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 8 Tax on profit on ordinary activities (continued)

#### (b) Factors affecting the tax charge for the year

The tax provided for the year is different to that resulting from applying the standard rate of corporation tax in the UK of 28% (2010 28%) The differences are explained below

	2011	2010
	£	£
<b>(Loss)/Profit on ordinary activities before tax</b>	<b>(69,204)</b>	<b>82,251</b>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 28%)	<b>(19,377)</b>	23,030
Effects of		
Expenses not deductible for tax purposes	<b>2,968</b>	3,257
Depreciation in excess of capital allowances	<b>(2,003)</b>	1,835
Losses carried forward	<b>18,412</b>	-
Adjustment in respect of prior years	-	2,489
<b>Current tax charge for the year</b>	<b>-</b>	<b>30,611</b>

#### (c) Deferred tax

The amount of deferred tax provided in the financial statements is

	2011	2010
	£	£
Losses carried forward	<b>17,097</b>	
Share based payments	-	-
Depreciation in excess of capital allowances	<b>11,247</b>	15,807
	<b>28,344</b>	<b>15,807</b>

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### (c) Deferred tax (continued)

The movement on deferred tax was

	2011 £	2010 £
At 1 April	15,807	12,156
Amounts charged to the profit and loss account		
Deferred tax asset in relation to losses	17,097	-
Depreciation in excess of capital allowances	(4,560)	3,724
Share based payments	-	(59)
Amounts charged directly to equity		
Share based payments	-	(14)
At end of year	<u>28,344</u>	<u>15,807</u>

### (d) Factors affecting current and future tax charge

The UK main corporation tax rate will change from 28% to 26% effective from 1 April 2011. Further reductions to the tax rate were announced in the March 2011 budget. The changes, which are proposed to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014. Deferred tax has been calculated at a rate of 25%.

### 9 Tangible fixed assets

	Office equipment £	Computer hardware and software £	Total £
<b>Cost</b>			
At 1 April 2010	116,463	177,654	294,117
Additions	-	-	-
<b>At 31 March 2011</b>	<u>116,463</u>	<u>177,654</u>	<u>294,117</u>
<b>Depreciation</b>			
At 1 April 2010	69,984	177,654	247,638
Charge for the year	16,152	-	16,152
<b>At 31 March 2011</b>	<u>86,136</u>	<u>177,654</u>	<u>263,790</u>
<b>Net book value</b>			
<b>At 31 March 2011</b>	<u>30,327</u>	<u>-</u>	<u>30,327</u>
At 31 March 2010	<u>46,479</u>	<u>-</u>	<u>46,479</u>

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 10 Debtors: amounts due within one year

	2011 £	2010 £
Trade debtors	41,659	475,986
Deferred tax (note 8c)	28,344	15,807
Accrued income	475,570	61,695
Prepayments	9,141	7,306
	<u>554,714</u>	<u>560,794</u>

At 31 March 2011 the Company was owed £494,856 (2010 £1,554,769) by 2020 Liverpool Limited, £49,049 (2010 £152,673) by Mouchel Limited, £12,303 (2010 £5,470) by the Impact Partnership Ltd and £1,146 by other Mouchel group companies (2010 £6,665) These amounts will be settled net so are shown at the net amount within note 10

Amounts due from Group undertakings are unsecured, interest free and payable on demand

### 11 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	28,922	48,255
Payment on Account	38,755	
Loan from ultimate parent company (note 14)	-	50,000
Amounts owed to Group undertakings	504,104	267,303
Other taxes and social security	111,710	195,237
Other creditors	12	18,337
Corporation tax	18,167	18,167
Accruals and deferred income	43,780	529,789
	<u>745,450</u>	<u>1,127,088</u>

At 31 March 2011 the Company owed £275,882 (2010 £208,375) to Mouchel Limited, £776,218 (2010 £1,768,552) to 2020 Liverpool Limited, £nil (2010 £3,227) to the Unity Partnership Ltd and £9,360 to other Mouchel group companies (2010 £6,727) These balances will be settled on a net basis so debtor balances are deducted to arrive at the amounts shown above

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 12 Obligations under operating leases

At 31 March, the Company has no annual commitments under non-cancellable operating leases (2010 £nil)

### 13 Called up share capital

#### Allotted and fully paid

199 ordinary A shares of £1 each	199	199
801 ordinary B shares of £1 each	801	801
	<u>1,000</u>	<u>1,000</u>

A shares are those held by Knowsley Metropolitan Borough Council and B shares are those held by 2020 Liverpool Ltd. Both categories of shares carry equal rights except that for the purposes of paying and receiving dividends. Any dividends shall be distributed such that 50% of the dividend declared should be payable to the holders of A shares and 50% payable to the holders of B shares.

### 14 Loan from ultimate parent company

On 1 February 2006, a loan of £250,000 was drawn down from the ultimate parent company, Mouchel Group plc. The loan was repayable over a five year period, interest was being charged at 1% above the Bank of England base rate. This loan was secured by way of a debenture dated 8th May 2006 over the assets of the Company. The loan is now fully repaid.

This loan was repayable as follows

	2011	2010
	£	£
Due within one year	-	50,000
Total due	<u>-</u>	<u>50,000</u>

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 15 Share-based payments

#### (a) Overview of schemes

Employees are invited to participate in various share schemes offered by the parent company Mouchel Group plc

#### *Approved and Unapproved Executive Share Option Schemes (AES and UES)*

The Executive Share Option Scheme applies to senior executives. For options granted, the option price is not less than the market value of an ordinary share, or the nominal value if higher. A performance condition has to be met before options can be exercised.

No options were granted during the financial years ended 31 March 2011 and 31 March 2010. For approved options granted between March 1997 and November 2003, options are exercisable on condition that Mouchel Group plc (the parent) adjusted earnings per share (EPS) increases by RPI + 6% over a three year period. For unapproved options granted between March 1997 and November 2003, options are exercisable on condition that the Group's adjusted earnings per share increases by RPI + 12% over a three year period.

#### *Sharesave Scheme*

The Sharesave scheme is a savings plan whereby employees contract to save a fixed amount each month with a savings institution over a three year period. At the end of the savings term, the employees are given the option to purchase shares at a price set before savings began. The option must be exercised within six months of maturity of the savings contract, otherwise it lapses. Participants leaving for a qualifying reason have six months within which to exercise their option up to their savings amount. Options over 5,053 (2010 4,344) ordinary shares were granted during the year to employees of 2020 Knowsley Limited.

#### (b) Sharesave schemes

The fair value of sharesave options granted and the assumptions used in the calculations are as follows:

Grant date	June 09	June 10
Exercise from	01 08 12	01 08 13
Exercise to	31 01 13	31 01 14
Share price at grant date (p)	247.5	177.00
Exercise price (p)	261.00	158
Total number of employees remaining in schemes at 31 March 2011	2	1
Shares under option (no.) at 31 March 2011	2,382	2,756
Vesting period (years)	3.00	3.00
Expected volatility	42.26	50.01
Option life (years)	3.00	3.25
Expected life (years)	3.00	3.25
Risk free rate (%)	1.09	1.49
Expected dividends expressed as dividend yield (%)	2.60	3.45
Expectations of meeting performance criteria (%)	100	75
Fair value per option (p)	65.07	43.5

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 15 Share-based payments (continued)

#### (b) Sharesave schemes (continued)

Scheme	Options at beginning of year	Granted during the year	Exercised during the year	Expired during the year	Options as at end of the year	Option price (p)
July 06	3,361	-	-	(3,361)	-	353 00
June 07	3,832	-	-	(3,832)	-	455 17
June 08	1,218	-	-	-	1,218	472 17
June 09	4,344	-	-	(1,962)	2,382	261 00
June 10	-	5,053	-	(2,297)	2,756	158 00
	<u>12,755</u>	<u>5,053</u>	<u>-</u>	<u>(11,452)</u>	<u>6,356</u>	

#### (c) Share option movements

Awards outstanding at the end of the year have the following expiry dates and exercise prices

Range of exercise movements	2011			2010		
	Weighted average exercise price (p)	Number of shares.	Weighted average remaining life: expected and contractual (days)	Weighted average exercise price (p)	Number of shares	Weighted average remaining life: expected and contractual (days)
0 - 100	-	-	-	-	-	-
101 - 200	158.00	2,756	449.65	-	-	-
201 - 300	261.00	2,382	251.84	261 00	4,344	-
301 - 400	-	-	-	353 00	3,361	-
401 - 500	472.17	1,218	58.64	459 27	5,050	150 39

Movements in the number of awards outstanding and their related exercise prices are as follows

Scheme	Sharesave	
	No.	Weighted average exercise price
Awards outstanding at 31 March 2010	12,755	363 74
Granted	5,053	158
Expired/Lapsed	(11,452)	(332 31)
<b>Awards outstanding at 31 March 2011</b>	<b><u>6,356</u></b>	<b><u>256.81</u></b>



# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 15 Share-based payments (continued)

#### (c) Share option movements (continued)

Where employee services received are settled by the issue of equity instruments the Company recognises an expense in the profit and loss account. The expense is measured by reference to the fair value of the equity instruments settled at the date of grant and is recognised on a straight-line basis over the vesting period.

The accounting treatment applies to all grants of equity instruments after 7 November 2002 that had not vested as at 1 August 2004. The total expense recognised in the profit and loss account in the year for these schemes was £1,117 (2010: £2,228).

### 16 Profit and loss account

	2011 £	2010 £
As at 1 April	(20,864)	(78,383)
(Loss)/profit for the year	(56,667)	55,305
Share based payments	1,117	2,228
Deferred tax on share based payments	-	(14)
As at 31 March	<u>(76,414)</u>	<u>(20,864)</u>

### 17 Reconciliation of movements in shareholders' deficit

	2011 £	2010 £
(Loss)/profit for the financial year	(56,667)	55,305
Share based payments	1,117	2,228
Deferred tax on share based payments	-	(14)
Net (increase)/decrease in shareholders' deficit	<u>(55,550)</u>	<u>57,519</u>
Opening shareholders' deficit	(19,864)	(77,383)
Closing shareholders' deficit	<u>(75,414)</u>	<u>(19,864)</u>

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 18 Pension commitments

As the Mouchel Staff Pension Scheme is run for the Mouchel Group as a whole, the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis. This also applies to the Merseyside Pension Fund. Accordingly, the Company accounts for the schemes as if they were defined contribution schemes. The contributions to the schemes for the period were £147,440 (2010: £148,431).

The financial statements of Mouchel Group plc are publicly available and note 22 gives details of how to obtain a copy of them. Copies of the financial statements of the Merseyside Pension Fund can be obtained from Merseyside Pension Fund, Castle Chambers, 43 Castle Street, Liverpool, L69 2NW.

### 19 Cash (utilised in)/generated from operations before exceptional costs

	2011 £	2010 £
Operating profit before exceptional items	237,964	80,556
Depreciation	16,152	32,725
Share based payments	1,117	2,228
(Decrease)/increase in debtors	40,235	(409,999)
Increase in creditors	(415,257)	401,804
<b>Net cash flow from operations before exceptional costs</b>	<b>(119,789)</b>	<b>107,314</b>

### 20 Reconciliation of net cash flow to movement in net funds

	2011 £	2010 £
(Decrease)/increase in cash	(414,956)	7,281
Loan repayments made	50,000	50,000
Net (decrease)/increase in funds	(364,956)	57,281
Net funds at the beginning of the year	449,951	392,670
<b>Net funds at the end of the year</b>	<b>84,995</b>	<b>449,951</b>

# 2020 KNOWSLEY LIMITED

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 21 Analysis of net funds

	At 1 April 2010	Cash flow	At 31 March 2011
	£	£	£
Cash	499,951	(414,956)	<b>84,995</b>
Loan due within one year	(50,000)	50,000	-
Net funds	<u>449,951</u>	<u>(364,956)</u>	<u><b>84,995</b></u>

### 22 Ultimate and immediate parent company

The immediate parent company is 2020 Liverpool Limited. The ultimate parent undertaking and ultimate controlling party is Mouchel Group plc, a company incorporated in England and Wales, whose registered address is Export House, Cawsey Way, Woking, Surrey, GU21 6QX.

Mouchel Group plc is the parent undertaking of both the largest and smallest Groups which include the Company and for which Group accounts are prepared.