

Company Registration No 04825449

2020 KNOWSLEY LIMITED

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

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2020 KNOWSLEY LIMITED

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

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2020 KNOWSLEY LIMITED

Directors and advisers

Directors

C J Lavery
D Lonergan
P A Seddon
R J Seeley
T R Muir
M Butterworth

Company secretary and registered office

C Sjogren
Export House
Cawsey Way
Woking
Surrey
GU21 6QX

Independent 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 2010

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2010. 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 future developments

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 fifth year of trading and the Directors are satisfied with the results for the year and are confident of the Company's future prospects. The Directors are satisfied that adequate funding is available through the provision of a loan from Mouchel Group plc.

Results and dividends

The profit for the year after taxation amounted to £55,305 (2009: £53,150). The Directors do not recommend the payment of a dividend (2009: £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
M J Gubbins (resigned 22 December 2009)
M Butterworth (appointed 22 December 2009)
C J Lavery (appointed 10 June 2010)
D Lonergan (appointed 10 June 2010)

2020 KNOWSLEY LIMITED

Directors' report for the year ended 31 March 2010 (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 2010 (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 Sjogren
Company secretary

17 March

2011

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 2010 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 Statement of Directors' Responsibilities set out on pages 3 and 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 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.

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 2010 and of its profit and cashflows 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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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



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

17 MARCH

2011

2020 KNOWSLEY LIMITED

Profit and loss account For the year ended 31 March 2010

	Note	2010 £	2009 £
Turnover	2	3,705,412	3,259,639
Cost of sales		<u>(2,381,253)</u>	<u>(2,153,187)</u>
Gross profit		1,324,159	1,106,452
Administrative expenses		<u>(1,243,603)</u>	<u>(1,035,402)</u>
Operating profit	3	80,556	71,050
Interest receivable and similar income	6	2,966	14,855
Interest payable and similar charges	6	<u>(1,271)</u>	<u>(6,346)</u>
Profit on ordinary activities before taxation		82,251	79,559
Tax on profit on ordinary activities	7	<u>(26,946)</u>	<u>(26,409)</u>
Profit for the financial year	16	<u>55,305</u>	<u>53,150</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

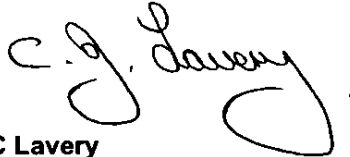
2020 KNOWSLEY LIMITED

Balance sheet As at 31 March 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	8	<u>46,479</u>	<u>74,476</u>
Current assets			
Debtors	9	560,794	147,144
Cash at bank and in hand		<u>499,951</u>	<u>492,670</u>
		1,060,745	639,814
Creditors' amounts falling due within one year	10	<u>(1,127,088)</u>	<u>(741,673)</u>
Net current liabilities		<u>(66,343)</u>	<u>(101,859)</u>
Total assets less current liabilities		<u>(19,864)</u>	<u>(27,383)</u>
Creditors: amounts falling due after more than one year	11	-	(50,000)
Net liabilities		<u>(19,864)</u>	<u>(77,383)</u>
Capital and reserves			
Called up share capital	13	1,000	1,000
Profit and loss account	16	(20,864)	(78,383)
Total shareholders' deficit	17	<u>(19,864)</u>	<u>(77,383)</u>

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These financial statements were approved by the board of Directors on 17 March 2011 and were signed on its behalf by


C Lavery
Director

2020 KNOWSLEY LIMITED

Cash flow statement For the year ended 31 March 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	19	107,314	183,822
Returns on investments and servicing of finance			
Interest received	6	2,966	14,855
Interest paid	6	(1,271)	(6,346)
		<u>1,695</u>	<u>8,509</u>
Taxation			
Corporation tax paid		(47,000)	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		<u>(4,728)</u>	<u>(8,421)</u>
Net cash inflow before financing		57,281	183,910
Financing			
Loan repayments made		<u>(50,000)</u>	<u>(50,000)</u>
Increase in cash	20, 21	<u>7,281</u>	<u>133,910</u>

2020 KNOWSLEY LIMITED

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

1 Principal accounting policies

Basis of preparation

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

Going concern

The financial statements are prepared on the going concern basis.

As at 31 March 2010, the Company had a deficit on shareholders funds of £19,864 (2009 deficit £77,383). The directors have prepared forecasts and budgets for the foreseeable future. These forecasts and budgets demonstrate that the Company can meet its liabilities as they fall due for the foreseeable future and for a minimum of 12 months from the date of approval of these financial statements based on the support of Mouchel Limited, an intermediate parent company. The directors have received confirmation from Mouchel Limited that balances due to them will not be called until such time as they are able to be settled. Based on this, the directors consider it appropriate to prepare the financial statements on a 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.

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.

2020 KNOWSLEY LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

1 Principal accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign 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 taxation is provided in full on material timing differences at the rate of taxation anticipated to apply when these differences crystallise. Timing differences arise from the inclusion of items of income and expenditure in the taxation computations in periods different from those in which they are included in the financial statements

A deferred tax asset is only recognised when it is more likely than not that it will be recovered in the future. Deferred tax assets and liabilities recognised have not been discounted

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

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

2020 KNOWSLEY LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

1 Principal accounting policies (continued)

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, no third party borrowings and continues to be cash generative, 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.

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.

2020 KNOWSLEY LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

1 Principal accounting policies (continued)

Financial instruments (continued)

(c) Creditors

Creditors are initially measured at their book value

(d) Borrowings

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

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 £2,865,992 (2009 £2,408,765) to turnover and 2020 Liverpool Limited, a shareholder, contributed £726,384 (2009 £814,339) to turnover. In addition, during the year, Mouchel Limited, a subsidiary of Mouchel Group plc contributed £65,030 (2009 £6,900) to turnover.

3 Operating profit

Operating profit is stated after charging:

	2010	2009
	£	£
Depreciation	32,725	70,945
Auditors' remuneration		
- audit services	-	5,031
Payments under operating leases		
- other	35,868	35,868

Audit fees were borne by Mouchel Group plc and not recharged.

4 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 (2009: £nil) participated in a defined benefit pension scheme or had accrued pension benefits (2009: £nil).

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Notes to the financial statements for the year ended 31 March 2010 (continued)

5 Employees

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

	2010 Number	2008 Number
Management and administrative	8	8
Technical	42	45
	<u>50</u>	<u>53</u>

	2010 £	2009 £
Staff costs (including temporary staff and Directors)		
Wages and salaries	1,384,227	1,591,097
Social security costs	113,765	108,934
Pension costs (note 18)	148,431	149,285
Cost of employee share scheme (note 15)	2,228	3,396
	<u>1,648,651</u>	<u>1,852,712</u>

6 Net interest receivable

	2010 £	2009 £
Bank interest receivable	2,966	14,855
Interest payable to Group companies	(1,271)	(6,346)
Net interest receivable	<u>1,695</u>	<u>8,509</u>

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

2020 KNOWSLEY LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

7 Tax charge on profit on ordinary activities

(a) Analysis of tax charge for the year

	2010	2009
	£	£
UK Corporation tax at 28% (2009 28%) for the year	28,122	34,556
Under provision of tax in respect of prior year	2,489	-
Total current tax	30,611	34,556
Deferred tax for the year	(3,665)	(8,147)
Tax on profit on ordinary activities	26,946	26,409

(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% (2009 28%) The differences are explained below

	2010	2009
	£	£
Profit on ordinary activities before tax	82,251	79,559
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	23,030	22,277
Effects of		
Expenses not deductible for tax purposes	3,257	3,865
Depreciation in excess of capital allowances	1,835	11,879
Losses brought forward	-	(3,465)
Adjustment in respect of prior years	2,489	-
Current tax charge for the year	30,611	34,556

2020 KNOWSLEY LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

7 Tax on profit on ordinary activities (continued)

(c) Deferred tax

The amount of deferred tax provided in the financial statements is

	2010 £	2009 £
Share based payments	-	73
Depreciation in excess of capital allowances	15,807	12,083
	<u>15,807</u>	<u>12,156</u>

The movement on deferred tax was

	2010 £	2009 £
At 1 April	12,156	3,669
Amounts charged to the profit and loss account		
Deferred tax asset in relation to losses	-	(3,465)
Depreciation in excess of capital allowances	3,724	11,879
Share based payments	(59)	(267)
Amounts charged directly to equity		
Share based payments	(14)	340
At end of year	<u>15,807</u>	<u>12,156</u>

(d) Factors affecting current and future tax charges

The UK main corporation tax rate will change from 28% to 27% effective from 1 April 2011. Further reductions to the tax rate were announced in the June 2010 budget. The changes, which are proposed to be enacted separately each year, propose to reduce the rate by 1% per annum to 24% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

2020 KNOWSLEY LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

8 Tangible fixed assets

	Office equipment £	Computer hardware and software £	Total £
Cost			
At 1 April 2009	111,735	177,654	289,389
Additions	4,728	-	4,728
At 31 March 2010	116,463	177,654	294,117
Depreciation			
At 1 April 2009	53,672	161,241	214,913
Charge for the year	16,312	16,413	32,725
At 31 March 2010	69,984	177,654	247,638
Net book value			
At 31 March 2010	46,479	-	46,479
At 31 March 2009	58,063	16,413	74,476

9 Debtors: amounts due within one year

	2010 £	2009 £
Trade debtors	475,986	20,213
Amounts owed by Group undertakings	-	25,029
Deferred tax (note 7c)	15,807	12,156
Accrued income	61,695	68,185
Prepayments	7,306	21,561
	560,794	147,144

At 31 March 2010 the Company was owed £1,554,769 (2009 £18,477) by 2020 Liverpool Limited, £152,673 (2009 £6,552) by Mouchel Limited, £5,470 (2009 £nil) by the Impact Partnership Ltd and £6,665 by other Mouchel group companies (2009 £nil) 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

2020 KNOWSLEY LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

10 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	48,255	22,364
Loan from ultimate parent company (note 14)	50,000	50,000
Amounts owed to Group undertakings	267,303	140,810
Other taxes and social security	195,237	68,117
Other creditors	18,337	19,571
Corporation tax	18,167	34,556
Accruals and deferred income	529,789	406,255
	<u>1,127,088</u>	<u>741,673</u>

At 31 March 2010 the Company owed £208,375 (2009 £224,511) to Mouchel Limited, £1,768,551 (2009 £16,299) to 2020 Liverpool Limited, £3,227 (2009 £nil) to the Unity Partnership Ltd and £6,727 to other Mouchel group companies (2009 £nil). 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.

11 Creditors: amounts falling due after more than one year

	2010 £	2009 £
Loan from Group undertakings (note 14)	-	50,000
	<u>-</u>	<u>50,000</u>

12 Obligations under operating leases

At 31 March, the Company had annual commitments under non-cancellable operating leases expiring as follows:

	2010 £	2009 £
Land and buildings		
Expiring within one year	-	33,793
	<u>-</u>	<u>33,793</u>

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Notes to the financial statements for the year ended 31 March 2010 (continued)

13 Called up share capital

	2010 £	2009 £
Authorised		
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>
Allotted and called up		
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, each class of Shares shall be treated as a separate class and the Directors shall be authorised to declare and pay different levels of dividends on each class of 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 is repayable over a five year period, interest is being charged at 1% above the Bank of England base rate. This loan is secured by way of a debenture dated 8 May 2006 over the assets of the Company.

This loan is repayable as follows:

	2010 £	2009 £
Due within one year	50,000	50,000
Obligations due between one and two years	-	50,000
Total due	<u>50,000</u>	<u>100,000</u>

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Notes to the financial statements for the year ended 31 March 2010 (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 2010 and 31 March 2009. 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 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 4,344 (2009 1,218) 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:

	June 08	June 09
Grant date	01 08 11	01 08 12
Exercise from	31 01 12	31 01 13
Exercise to	432.75	247.50
Share price at grant date (p)	472.17	261.00
Exercise price (p)	2	5
Total number of employees remaining in schemes	1,218	4,344
Shares under option (no.)	3.00	3.00
Vesting period (years)	26.36	42.26
Expected volatility	3.00	3.00
Option life (years)	3.00	3.00
Expected life (years)	4.40	1.09
Risk free rate (%)	1.10	2.60
Expected dividends expressed as dividend yield (%)	100	100
Expectations of meeting performance criteria (%)	77.21	65.07
Fair value per option (p)		

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Notes to the financial statements for the year ended 31 March 2010 (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 05	451	-	(451)	-	-	239 00
June 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	-	-	4,344	261 00
	8,862	4,344	(451)	-	12,755	

(c) Share option movements

Range of exercise movements	2010			2009		
	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	-	-	-	-	-	-
201 - 300	261.00	4,344	-	239 00	451	-
301 - 400	353.00	3,361	-	353 00	3,361	115 67
401 - 500	459.27	5,050	150.39	459 27	5,050	432 10

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 2009	8,862	407 73
Granted	4,344	261 00
Exercised/ Transferred	(451)	239 00
Awards outstanding at 31 March 2010	12,755	363 74

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Notes to the financial statements for the year ended 31 March 2010 (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 £2,228 (2009 £3,396).

16 Profit and loss account

	2010 £	2009 £
As at 1 April	(78,383)	(135,269)
Profit for the year	55,305	53,150
Share based payments	2,228	3,396
Deferred tax on share based payments	(14)	340
As at 31 March	<u>(20,864)</u>	<u>(78,383)</u>

17 Reconciliation of movements in shareholders' deficit

	2010 £	2009 £
Profit for the financial year	55,305	53,150
Share based payments	2,228	3,396
Deferred tax on share based payments	(14)	340
Net decrease in shareholders' deficit	57,519	56,886
Opening shareholders' deficit	(77,383)	(134,269)
Closing shareholders' deficit	<u>(19,864)</u>	<u>(77,383)</u>

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Notes to the financial statements for the year ended 31 March 2010 (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 £148,431 (2009 £149,285).

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 Net cashflow from operating activities

	2010 £	2009 £
Operating profit	80,556	71,050
Depreciation	32,725	70,945
Share based payments	2,228	3,396
(Increase) / decrease in debtors	(409,999)	47,879
Increase / (decrease) in creditors	401,804	(9,448)
Net cash inflow from operating activities	107,314	183,822

20 Reconciliation of net cash flow to movement in net funds

	2010 £	2009 £
Increase in cash	7,281	133,910
Loan repayments made	50,000	50,000
Net increase in funds	57,281	183,910
Net funds at the beginning of the year	392,670	208,760
Net funds at the end of the year	449,951	392,670

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Notes to the financial statements for the year ended 31 March 2010 (continued)

21 Analysis of net funds

	At 1 April 2009	Cash flow	Non cash changes	At 31 March 2010
	£	£	£	£
Cash	492,670	7,281	-	499,951
Debt due within one year	(50,000)	50,000	(50,000)	(50,000)
Debt due after one year	(50,000)	-	50,000	-
Net funds	<u>392,670</u>	<u>57,281</u>	<u>-</u>	<u>449,951</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.