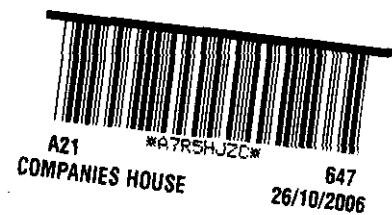


Registered Number 39402

Gardiner Sons & Co Limited  
Directors' report and financial statements  
for the year ended 31 December 2005



**Gardiner Sons & Co Limited**  
**Directors' report and financial statements**  
**for the year ended 31 December 2005**

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# **Gardiner Sons & Co Limited**

## **Directors and Advisors for the year ended 31 December 2005**

### **Directors**

MW Barnes Chairman

R Gill (resigned 31 December 2005)

M Carr

P Cook

J Watkins

### **Secretary**

J Watson

### **Registered office**

PO Box 259

Broad Plain

Bristol

BS99 7DN

Incorporated on 10 August 1893

### **Bankers**

The Royal Bank of Scotland PLC

36-38 Baldwin Street

Bristol

BS1 1NR

### **Auditors**

PricewaterhouseCoopers LLP

31 Great George Street

Bristol

BS1 5QD

# **Gardiner Sons & Co Limited**

## **Directors' report for the year ended 31 December 2005**

The directors present their report and audited financial statements for the year ended 31 December 2005.

### **Principal activity and review of the business**

The principal activity of the company is the operation of home improvement centres. The business of the company is expected to continue unchanged throughout 2006. The directors consider the results of the year and the financial position of the company to be satisfactory.

### **Directors and their interests**

The directors of the company during the year were:

M Barnes

R Gill (resigned 31 December 2005)

M Carr

P Cook

J Watkins

No director had any interest in the shares of the company.

### **Trading results**

Profit after tax for the year amounted to £1,849,863 (2004: £2,224,637 restated). The 2004 results have been restated to fully implement Financial Reporting Standard 17 'Retirement Benefits'. The dividend proposed and paid in respect of the year ended 31 December 2005 is £971,968 (2004: £937,800). The retained balance after dividends of £877,895 is to be transferred to reserves (2004: £1,286,837 restated).

### **Fixed assets**

The movement in fixed assets in the year is set out in note 4 to the financial statements.

The directors consider the market value of land and buildings to be greater than the book value disclosed in these financial statements.

### **Statement of the directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2005. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Gardiner Sons & Co Limited**

## **Employees**

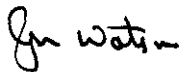
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate 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.

The Company's policy is to continue to develop its communications with all employees, to inform them on matters of concern to them as employees and to promote awareness of the financial and economic factors affecting the performance of the company and subject to practical and commercial considerations, to consult them on decisions that affect their current jobs or future prospects.

## **Auditors**

PricewaterhouseCoopers LLP as auditors have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

## **By Order of the Board**



J Watson  
Secretary  
22 March 2006

# Gardiner Sons & Co Limited

## Independent auditors' report to the members of Gardiner Sons & Co Limited

We have audited the financial statements of Gardiner Sons & Co Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

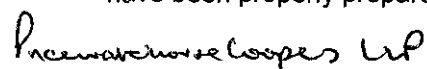
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Bristol  
22 March 2006

# Gardiner Sons & Co Limited

## Profit and loss account for the year ended 31 December 2005

	Note	2005 £	As restated 2004 £
<b>Turnover</b>		<b>17,886,024</b>	19,102,349
Cost of sales		(10,345,171)	(11,176,598)
<b>Gross profit</b>		<b>7,540,853</b>	7,925,751
Administrative and selling expenses		(4,493,844)	(4,345,358)
<b>Operating profit – before group payments</b>		<b>3,047,009</b>	3,580,393
Management charge payable to parent undertaking		(362,517)	(361,437)
<b>Operating profit</b>		<b>2,684,492</b>	3,218,956
Interest payable to parent undertaking		(140,000)	(140,000)
Interest receivable	2	117,501	114,807
Other finance expense	16	(50,600)	(52,800)
<b>Profit on ordinary activities before taxation</b>	2	<b>2,611,393</b>	3,140,963
Taxation on profit on ordinary activities	3	(761,530)	(916,326)
<b>Profit on ordinary activities after taxation</b>		<b>1,849,863</b>	2,224,637
Dividend paid		(971,968)	(937,800)
<b>Retained profit for the financial year</b>	12	<b>877,895</b>	1,286,837

All operations are continuing.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

## Gardiner Sons & Co Limited

### Statement of recognised gains and losses for the year ended 31 December 2005

	2005 £	2004 £
Profit for the financial year	1,849,863	2,224,637
Actuarial loss on defined benefit pension scheme	(283,600)	(169,600)
Movement on deferred tax asset relating to the pension scheme deficit	61,170	27,900
Unrealised gains on current asset investment	168,352	87,320
<b>Total recognised gains and losses for the financial year</b>	<b>1,795,785</b>	<b>2,170,257</b>
Prior year adjustment – FRS 17 – see note 13	(786,380)	
<b>Total recognised gains and losses recognised since last annual report</b>	<b>1,009,405</b>	

A statement of the movement in reserves is shown in note 12 to these financial statements.

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



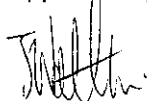
# Gardiner Sons & Co Limited

## Balance sheet as at 31 December 2005

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	4	9,135,206	8,882,218
<b>Current assets</b>			
Stocks	5	3,208,976	3,205,512
Debtors	6	922,536	821,571
Investments	7	974,487	806,135
Cash at bank and in hand		3,266,700	3,207,348
		<b>8,372,699</b>	8,040,566
<b>Creditors: amounts falling due within one year</b>	8	<b>(3,561,559)</b>	(3,942,986)
<b>Net current assets</b>		<b>4,811,140</b>	4,097,580
<b>Total assets less current liabilities</b>		<b>13,946,346</b>	12,979,798
<b>Creditors: amounts falling due after more than one year</b>	9	<b>(2,800,000)</b>	(2,800,000)
<b>Net assets excluding pension liability</b>		<b>11,146,346</b>	10,179,798
Pension liability	16	(929,111)	(786,380)
<b>Net assets including pension liability</b>		<b>10,217,235</b>	9,393,418
<b>Capital and reserves</b>			
Called up share capital	11	1,262,661	1,262,661
Revaluation reserve	12	74,487	(93,865)
Profit and loss account	12	8,880,087	8,224,622
<b>Equity shareholders' funds</b>	13	<b>10,217,235</b>	9,393,418

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

Approved by the Board on 22 March 2006 and signed on its behalf by:



J Watkins  
Director

# Gardiner Sons & Co Limited

## Cash flow statement for the year ended 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
<b>Net cash inflow from operating activities</b>	a		2,285,904		2,546,409
<b>Returns on investment and servicing of finance</b>					
Interest received		117,501		114,807	
Interest paid to parent undertaking		(140,000)		(140,000)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(22,499)		(25,193)
<b>Taxation</b>			(823,070)		(892,692)
<b>Capital expenditure and financial investments</b>					
Proceeds from sale of tangible fixed assets		30,362		11,000	
Purchase of tangible fixed assets		(439,377)		(568,912)	
<b>Net cash outflow from capital expenditure and financial investment</b>			(409,015)		(557,912)
<b>Equity dividends paid</b>			(971,968)		(937,800)
<b>Increase in net cash</b>	b,c		59,352		132,812

The notes to the cash flow statement are set out on page 9 of these financial statements.

# Gardiner Sons & Co Limited

## Cash flow statement for the year ended 31 December 2005

### Notes to the cash flow statement

#### (a) Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating profit	2,684,492	3,218,956
Transfer from fixed assets to administration expenses	-	17,339
Depreciation charges	175,544	131,597
Difference between pension charge and cash contributions	(130,300)	(130,000)
Profit on sales of tangible fixed assets	(19,517)	(4,793)
Increase in stocks	(3,464)	(77,478)
Increase in debtors	(109,965)	(75,365)
Decrease in creditors	(310,886)	(533,847)
<b>Net cash inflow from operating activities</b>	<b>2,285,904</b>	<b>2,546,409</b>

#### (b) Reconciliation of net cash flow to movement in net funds (note c)

	£
Increase in cash in the year	59,352
Change in net funds resulting from cash flow	59,352
Unrealised gain on current asset investments	168,352
Movement in net funds in the year	227,704
Net funds at 1 January 2005	1,213,483
<b>Net funds at 31 December 2005</b>	<b>1,441,187</b>

#### (c) Analysis of net funds

	At 1 January 2005 £	Cash flow 2005 £	Other changes 2005 £	At 31 December 2005 £
Cash in hand, at bank	3,207,348	59,352	-	3,266,700
Current asset investments	806,135	-	168,352	974,487
Deposit from parent undertaking	(2,800,000)	-	-	(2,800,000)
	1,213,483	59,352	168,352	1,441,187

# Gardiner Sons & Co Limited

## Accounting policies

These financial statements have been prepared under the historical cost convention as modified by the revaluation of current asset investments under the alternative accounting rules set out in the Company Act 1985, and in accordance with applicable Accounting Standards.

### Changes in accounting policies

The company has adopted Financial Reporting Standard 17 'Retirement benefits' in the financial statements. The adoption of the standard represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy to adopt FRS 17 was to decrease staff costs by £130,300 (2004: £130,000) and to increase other finance expense by £50,600 (2004: £52,800), to increase profit for the year by £79,700 (2004: £77,200) and to increase total losses by £222,430 (2004: £141,700).

### Turnover

Turnover represents sales to third parties and is determined by reference to the selling value of goods delivered and services rendered during the year, net of Value Added Tax. All turnover is derived from continuing operations from one class of business in the United Kingdom.

### Fixed assets and depreciation

Fixed assets are stated at cost after deducting accumulated depreciation. Depreciation is charged so as to write off the cost, less residual value, of assets over their estimated useful lives on the straight line basis. The rates of depreciation vary according to the type of asset and are:

Plant, machinery, fixtures and fittings	10% - 20%
Motor vehicles	25%

No depreciation is provided on freehold properties, as the directors consider that the residual value of such properties is considerably in excess of the current carrying amounts. In order to confirm this, an impairment test has been carried out in accordance with FRS 11.

### Stocks

Stocks of goods purchased for resale are valued at the lower of cost (net invoice price after all discounts) and net realisable value.

### Deferred taxation

Deferred taxation is provided in full on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

### Pension costs

The company operates a defined benefit pension scheme and a money purchase pension scheme. As disclosed in note 16, defined benefit pension costs are recognised in the profit and loss account and the statement of total recognised gains and losses in accordance with the requirements of FRS 17. Contributions to the money purchase pension scheme are charged to the profit and loss account as incurred.

### Current asset investments

Investments in UK stock exchange unit trusts are valued at market value.

# Gardiner Sons & Co Limited

## Notes to the financial statements for the year ended 31 December 2005

### 1 Ultimate parent undertaking

The company's parent undertaking is Gardiner (Holdings) Limited which is registered in Great Britain and is the parent undertaking of the largest and smallest group to consolidate the financial statements of the company. Copies of the group financial statements can be obtained from PO Box 259, Broad Plain, Bristol, BS99 7DN.

### 2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting) the following amounts:

	2005 £	As restated 2004 £
Wages and salaries	2,866,138	2,857,223
Social security costs	213,670	186,360
Other pension costs (note 16)	100,103	96,205
Depreciation	175,544	131,597
Auditors' remuneration	10,000	9,750
Auditors' remuneration – non audit fees	940	895
Interest receivable on bank deposits	(117,501)	(114,807)
Profit on sale of tangible fixed assets	(19,517)	(4,793)
Management charge payable to parent undertaking	362,517	361,437

### 3 Tax on profit on ordinary activities

	2005 £	2004 £
<b>Current tax</b>		
UK Corporation tax on the profit for the year	751,367	916,326
Adjustment in respect of previous periods	1,163	-
Total current tax	752,530	916,326
<b>Deferred tax</b>		
Origination and reversal of timing differences (note 10)	9,000	-
<b>Tax on profit on ordinary activities</b>	<b>761,530</b>	<b>916,326</b>

# Gardiner Sons & Co Limited

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

The factors affecting the current tax charge are set out below:

	2005	2004
	£	£
Profit on ordinary activities before tax	2,611,393	3,140,963
Profit on ordinary activities at standard rate of tax of 30% (2004: 30%)	783,418	942,289
Profit on disposal of fixed assets	(5,855)	(1,616)
Depreciation in excess of capital allowances	(2,286)	645
Adjustment in respect of previous year	1,163	-
Pension contribution relief in excess of net pension cost charge	(23,910)	(23,160)
Other reliefs	-	(1,832)
Current tax charge for year	752,530	916,326

## 4 Tangible fixed assets

	Freehold land & buildings	Fixtures & fittings	Plant, machinery & vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2005	8,618,001	1,416,262	1,003,367	11,037,630
Additions	21,262	91,514	326,601	439,377
Disposals	-	-	(100,400)	(100,400)
<b>At 31 December 2005</b>	<b>8,639,263</b>	<b>1,507,776</b>	<b>1,229,568</b>	<b>11,376,607</b>
<b>Accumulated depreciation</b>				
At 1 January 2005	60,131	1,259,228	836,053	2,155,412
Provision for the year	-	76,281	99,263	175,544
Disposals	-	-	(89,555)	(89,555)
<b>At 31 December 2005</b>	<b>60,131</b>	<b>1,335,509</b>	<b>845,761</b>	<b>2,241,401</b>
<b>Net book amount</b>				
<b>At 31 December 2005</b>	<b>8,579,132</b>	<b>172,267</b>	<b>383,807</b>	<b>9,135,206</b>
At 31 December 2004	8,557,870	157,034	167,314	8,882,218

# Gardiner Sons & Co Limited

## 5 Stocks

Stocks comprise goods for resale. The directors estimate that the replacement cost of stocks is not materially different from that stated in the balance sheet.

## 6 Debtors

	2005 £	2004 £
Trade debtors	637,567	574,352
Other debtors	189,753	139,943
Prepayments and accrued income	84,216	87,276
Deferred taxation (see note 10)	11,000	20,000
	922,536	821,571

## 7 Current asset investments

	2005 £	2004 £
UK Stock Exchange Unit Trust Investments	974,487	806,135

At 31 December 2005 the historic cost of the investment was £900,000 (2004: £900,000).

## 8 Creditors – Amounts falling due within one year

	2005 £	2004 £
Trade creditors	2,126,259	2,205,779
Other creditors	188,778	284,681
Corporation tax	451,367	521,907
Other taxation and social security	386,443	307,412
Accruals and deferred income	408,712	623,207
	3,561,559	3,942,986

# Gardiner Sons & Co Limited

## 9 Creditors – Amounts falling due after more than one year

	2005	2004
	£	£
Deposit from parent undertaking	2,800,000	2,800,000

A deposit of £4,000,000 was placed by Gardiner (Holdings) Limited on 1 October 1995 at an interest rate of 6% per annum. On 30 June 1998 £700,000 was withdrawn by Gardiner (Holdings) Limited and the interest rate was reduced to 5% per annum. A further £500,000 was withdrawn on 31 March 2000.

The deposit is to be withdrawn at a date to be agreed by both group companies. There are no arrangements for any further withdrawal prior to 31 December 2006.

## 10 Deferred taxation

Deferred taxation provided in the financial statement is as follows:

	2005	2004
	£	£
Pension deficit (see note 16)	398,190	337,020
Depreciation in excess of capital allowances (see note 6)	11,000	20,000
<b>Total deferred tax asset</b>	<b>409,190</b>	<b>357,020</b>

The movement on deferred taxation is as follows:

	2005	2004
	£	£
At 1 January	357,020	329,300
Credited to the statement of total recognised gains and losses	61,170	27,720
Charged to the profit and loss account	(9,000)	-
<b>At 31 December</b>	<b>409,190</b>	<b>357,020</b>

## 11 Called up share capital

	Authorised £	Allotted, issued and fully paid £
Ordinary shares of 25p each at 31 December 2004 and 31 December 2005	1,500,000	1,262,661



# Gardiner Sons & Co Limited

## 12 Reserves

	Profit and loss account £	Revaluation reserve £
At 1 January 2005 as previously reported	9,011,002	(93,865)
Prior year adjustment – FRS 17	(786,380)	-
At 1 January 2005 restated	8,224,622	(93,865)
Retained profit for the year	877,895	-
Actuarial loss on defined benefit scheme	(283,600)	-
Movement in deferred tax asset relating to pension scheme deficit	61,170	-
Unrealised gain on current asset investments	-	168,352
<b>At 31 December 2005</b>	<b>8,880,087</b>	<b>74,487</b>

## 13 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Opening shareholders' funds as previously reported	10,179,798	8,882,841
Prior year adjustment – FRS 17 (note 16)	(786,380)	(721,700)
Opening shareholders' funds restated	9,393,418	8,161,141
Unrealised gain on current asset investment	168,352	87,320
Actuarial loss on defined benefit pension scheme	(283,600)	(169,600)
Movement on deferred tax asset relating to pension scheme deficit	61,170	27,720
Profit for the year as restated	1,849,863	2,224,637
Dividend paid	(971,968)	(937,800)
<b>Closing shareholders' funds</b>	<b>10,217,235</b>	<b>9,393,418</b>

## 14 Employees

	2005 Number	2004 Number
The average number of persons employed by the company during the year on a full time equivalent basis was:	165	169

# Gardiner Sons & Co Limited

## 15 Directors' emoluments

	2005 Aggregate £	2005 Highest Paid Director £	2004 Aggregate £	2004 Highest Paid Director £
Directors' emoluments	394,658	85,000	449,383	93,000
	2005 Money Purchase Schemes	2005 Defined Benefit Schemes	2004 Money Purchase Schemes	2004 Defined Benefit Schemes
Number of directors with benefits accruing under pension schemes	3	3	4	4

The highest paid director has no retirement benefits accruing.

No amounts were paid to or receivable by directors under long term incentive schemes or share option schemes.

An amount of £85,000 (2004: £93,000) is included in the management charge due from the subsidiary company to the parent company for making available the services of a director as a director of the subsidiary company.

## 16 Pension commitments

The company operates a defined benefit pension scheme. With effect from 1 December 1990, the group formed a new pension scheme, the Gardiners Pension and Life Assurance Scheme (1990) for members of the previous parent undertaking's pension scheme. The scheme had previously been closed to new entrants which means that the current service cost will increase as members approach retirement.

The scheme is a funded, defined benefits scheme where benefits are based on final pensionable pay. The assets are in an insurance policy invested in a with-profits fund and FTSE All-share Tracking pension fund with the Equitable Life Assurance Society.

An actuarial valuation as at 31 March 2003 was carried out in accordance with the advice of a professionally qualified actuary using the aggregate method, the most significant assumptions being:

- an investment return of 7.5% per annum for equities and 4.5% per annum for other assets pre-retirement and 4.5% per annum post-retirement
- salary increases of 4.6% per annum
- increases to pensions in payment in respect of post 6 April 1997 service of 2.5%

# Gardiner Sons & Co Limited

## 16 Pension commitments (continued)

The actuarial value of the assets as at 31 March 2003 was £1,240,000 which represented 53% of the benefits that had accrued to members at that time, allowing for future pay increases.

As a result, a contribution rate of 50.8% of pensionable pay was recommended with effect from 1 April 2005 to spread the cost of pensions over the members' working lives with the group.

In 2005, members contributed 6% of pensionable pay less an amount equivalent to the lower earnings limit and the company made additional contributions to ensure that total normal contributions were equal to 50.8% of pensionable pay, as recommended by the actuary.

The group also operates money purchase pension schemes on behalf of certain specified employees. Contributions made by the group are calculated on various bases, and are charged to the profit and loss account as incurred.

The total contributions made by the group in 2005 for the final salary scheme and the money purchase schemes were £230,403 (2004: £226,205).

The financial assumptions used to calculate scheme liabilities under FRS 17 as at 31 December are:

	2005	2004	2003
Rate of increases in salary	4.0%	4.0%	3.9%
Rate of increases of pensions in payment	2.9%	2.9%	2.7%
Rate used to discount scheme liabilities	4.8%	5.3%	5.5%
Inflation rate	3%	3.0%	2.9%

The following amounts at 31 December were measured in accordance with Financial Reporting Standard 17 'Retirement Benefits':

	2005 £'000	2004 £'000	2003 £'000
Total market value of assets	1,955	1,620	1,434
Present value of scheme liabilities	(3,282)	(2,743)	(2,465)
Deficit in the scheme	(1,327)	(1,123)	(1,031)
Related deferred tax asset	398	337	309
Net pension deficit	(929)	(786)	(722)

# Gardiner Sons & Co Limited

## 16 Pension commitments (continued)

As at 31 December the fair value of the funds assets invested and expected long-term rate of return were as shown below:

	2005		2004		2003	
	£'000	Expected return	£'000	Expected return	£'000	Expected return
Equities	1,058	6.6%	652	7.1%	357	7.3%
Bonds	897	4.3%	968	4.8%	1,077	4.9%
	1,955		1,620		1,434	

The following amounts have been recognised in the performance statements in the year to 31 December under the requirements of FRS 17 'Retirement Benefits':

Analysis of the amount charged to operating profit	2005 £'000	2004 £'000	2003 £'000
<b>Operating profit</b>			
Current service cost	82	70	67
<b>Total operating charge</b>	82	70	67

	2005 £'000	2004 £'000	2003 £'000
<b>Other finance charges and analysis of the amount credited to other finance income</b>			
Expected return on pension scheme assets	97	84	63
Interest on pension scheme liabilities	(148)	(137)	(116)
<b>Net charge</b>	(51)	(53)	(53)

	2005 £'000	2004 £'000	2003 £'000
<b>Statement of total recognised gains and losses (STRGL)</b>			
Actual return less expected return on pension scheme assets	130	4	16
Experience gains and losses arising on liabilities	(33)	9	(1)
Change in assumptions underlying present value of liabilities	(381)	(182)	(190)
<b>Actuarial loss recognised in STRGL</b>	(284)	(169)	(175)

	2005 £'000	2004 £'000	2003 £'000
<b>Movement in deficit during the year</b>			
Deficit in scheme at beginning of year	(1,123)	(1,031)	(834)
Movement in year:			
Current service cost	(81)	(70)	(67)
Contributions	212	200	98
Other finance charges	(51)	(53)	(53)
Actuarial loss	(284)	(169)	(175)
<b>Deficit in scheme at end of the year</b>	(1,327)	(1,123)	(1,031)

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## 16 Pension commitments (continued)

Details of experience gains and losses for the year	2005 £'000	2004 £'000	2003 £'000	2002 £'000
Difference between the expected and actual return in scheme assets:				
Amount (£'000)	130	4	16	(223)
Percentage of scheme assets	6.7%	0.2%	1.1%	(17.9%)
Experience gains and losses on scheme liabilities				
Amount (£'000)	(33)	9	(1)	(59)
Percentage of scheme liabilities	(1.0%)	0.3%	-	(2.8%)
Total amount recognised in statement of total recognised gains and losses:				
Amount (£'000)	(284)	(169)	(175)	(461)
Percentage of the present value of the scheme liabilities	(8.6%)	(6.2%)	(7.1%)	(22.1%)

## 17 Contingent liabilities

There is a bank cross guarantee to cover banking facilities across all group companies. There is a debenture in favour of the company's bankers.

## 18 Related parties note

As the company is a wholly owned subsidiary within a group that prepares consolidated financial statements, the company is exempt from disclosing transactions with group entities.