Registered Number 00039402

Gardiner Sons & Co Limited

Directors' report and financial statements

for the year ended 31 December 2011

Gardiner Sons & Co Limited
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for the year ended 31 December 2011

Contents

Gardiner Sons & Co Limited

Directors and Advisors for the year ended 31 December 2011

Directors
MW Barnes Chairman
M Carr
J Watkins (Resigned 30 November 2011)

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

Independent Auditors
PricewaterhouseCoopers LLP
31 Great George Street
Bristol
BS1 5QD

Gardiner Sons & Co Limited

Registered number - 00039402

Directors' report for the year ended 31 December 2011

The directors present their report and audited financial statements for the year ended 31 December 2011

Business review and principal activity

The principal activity of the company is the operation of home improvement centres in Bristol and Cirencester

The results for the company show a profit on ordinary activities before taxation of £1,940,423 (2010 £2,112,799) for the year and turnover of £16,328,799 (2010 £17,806,743)

Profit for financial the year amounted to £1,471,729 (2010 £1,558,197) The dividend proposed and paid in respect of the year ended 31 December 2011 is £1,134,216 (2010 £1,121,718) resulting in a transfer to reserves of £337,513 (2010 £436,479)

Equity shareholders funds total £10,740,703 (2010 £10,832,068) after a dividend payment of £1,134,216 (2010 £1,121,718)

The external commercial environment is expected to remain competitive in 2012 However, we remain confident that we will maintain our current level of performance in the future We continue to invest in the design and layout of our stores to enhance our customers' shopping experience

Key performance indicators

Given the straightforward nature of the business, other than the indicators shown above, we are of the opinion that further analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to relate to the competitive environment and employee retention These risks are mitigated due to the company operating from freehold premises and with the benefit of a positive cash balance and no borrowings

Directors and their interests

The directors of the company who were in office during the year and up to the date of signing the financial statements were

M Barnes
M Carr
J Watkins (Resigned 30 November 2011)

No director had any interest in the shares of the company

Directors' report (continued)

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 directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

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

Directors' report (continued)

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

Independent Auditors

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

In the case of each of the persons who are directors at the time when the report is approved

a) as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and

b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

By Order of the Board

J Watson
Secretary

Date 18 April 2012

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 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses , the Accounting Policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 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 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 December 2011 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

KEFinn

Katharine Finn (Senior Statutory Auditor)
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
18 April 2012

Gardiner Sons & Co Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover		**16,328,799**	17,806,743
Cost of sales		**(9,506,050)**	(10,435,167)
Gross profit		**6,822,749**	7,371,576
Administrative expenses		**(4,467,165)**	(4,805,081)
Operating profit – before group payments		**2,355,584**	2,566,495
Management charge payable to parent undertaking		**(386,010)**	(382,142)
Operating profit		**1,969,574**	2,184,353
Interest payable to parent undertaking		**(140,000)**	(140,000)
Interest receivable and similar income	2	**21,249**	10,546
Other finance income	15	**89,600**	57,900
Profit on ordinary activities before taxation	2	**1,940,423**	2,112,799
Taxation on profit on ordinary activities	3	**(468,694)**	(554,602)
Profit for the financial year	11	**1,471,729**	1,558,197

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 total recognised gains and losses for the year ended 31 December 2011

	Note	2011	2010
		£	£
Profit for the financial year		**1,471,729**	1,558,197
Actuarial (losses)/gains on defined benefit pension scheme	15	**(364,400)**	354,200
(Increase) in gains not recognised under FRS 17	15	**(163,700)**	(147,500)
Movement on deferred tax relating to the pension scheme	9	**99,222**	(101,360)
Total recognised gains and losses for the financial year		**1,042,851**	1,663,537

A statement of the movement in reserves is shown in note 11 to these financial statements

Gardiner Sons & Co Limited

Balance sheet as at 31 December 2011

	Note	2011	2010
		£	£
Fixed assets			
Tangible assets	4	**9,773,601**	9,902,796
Current assets			
Stocks	5	**3,509,916**	3,305,400
Debtors	6	**760,079**	836,378
Fixed short term cash deposits		**1,500,000**	1,000,000
Cash at bank and in hand		**1,062,708**	1,741,969
		6,832,703	6,883,747
Creditors: amounts falling due within one year	7	**(3,139,823)**	(3,476,675)
Net current assets		**3,692,880**	3,407,072
Total assets less current liabilities		**13,466,481**	13,309,868
Creditors: amounts falling due after more than one year	8	**(2,800,000)**	(2,800,000)
Net assets excluding pension scheme		**10,666,481**	10,509,868
Pension scheme surplus	15	**74,222**	322,200
Net assets including pension scheme		**10,740,703**	10,832,068
Capital and reserves			
Called up share capital	10	**1,262,661**	1,262,661
Profit and loss account	11	**9,478,042**	9,569,407
Total shareholders' funds	12	**10,740,703**	10,832,068

The financial statements on pages 7 to 22 were approved by the Board of Directors on 18 April 2012 and signed on its behalf by

J Watson
Company Secretary

M.W. BARNES
DIRECTOR

Registered Number 00039402

Gardiner Sons & Co Limited

Cash flow statement for the year ended 31 December 2011

	Note	2011	2011	2010	2010
		£	£	£	£
Net cash inflow from operating activities	a		**1,601,736**		2,656,851
Returns on investment and servicing of finance					
Interest received		**21,249**		10,546	
Interest paid to parent undertaking		**(140,000)**		(140,000)	
Net cash outflow from returns on investments and servicing of finance			**(118,751)**		(129,454)
Taxation			**(535,385)**		(611,666)
Capital expenditure					
Proceeds from sale of tangible fixed assets		**19,900**		-	
Purchase of tangible fixed assets		**(12,545)**		(30,656)	
Net cash outflow from capital expenditure			**7,355**		(30,656)
Equity dividends paid			**(1,134,216)**		(1,121,718)
(Decrease)/increase in net cash	b,c		**(179,261)**		763,357

The notes to the cash flow statement are set out on page 11 of these financial statements

Cash flow statement for the year ended 31 December 2011

Notes to the cash flow statement

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

	2011	2010
	£	£
Operating profit	**1,969,574**	2,184,353
Depreciation charges	**132,678**	174,615
Difference between pension charge and cash contributions	**(91,300)**	(97,400)
Profit on sales of tangible fixed assets	**(10,838)**	-
(Increase) / decrease in stocks	**(204,516)**	118,280
Decrease in debtors	**85,299**	53,394
(Decrease) / increase in creditors	**(279,161)**	223,609
Net cash inflow from operating activities	**1,601,736**	2,656,851

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

	2011	2010
	£	£
(Decrease) / increase in cash in the year	**(179,261)**	763,357
Movement in net funds in the year	**(179,261)**	763,357
Net funds at 1 January	**(58,031)**	(821,388)
Net funds at 31 December	**(237,292)**	(58,031)

(c) Analysis of net funds

	At 1 January 2011 £	Cash flow 2011 £	**At 31 December 2011 £**
Fixed short term cash deposits	1,000,000	500,000	**1,500,000**
Cash at bank and in hand	1,741,969	(679,261)	**1,062,708**
Deposit from parent undertaking	(2,800,000)	-	**(2,800,000)**
	(58,031)	(179,261)	**(237,292)**

Gardiner Sons & Co Limited

Accounting policies

Basis of accounting Companies Act 2006

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied consistently throughout the year, are set out below

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

Tangible assets and depreciation

Tangible 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 15, 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 In accordance with FRS 17, the plan surplus recognised on the balance sheet has been restricted to the extent that the company can expect to secure future economic benefit, either by paying a reduced rate of contributions or taking a refund from the plan

Notes to the financial statements for the year ended 31 December 2011

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

	2011 £	2010 £
Wages and salaries	**2,828,991**	3,013,644
Social security costs	**210,454**	230,110
Other pension costs (note 15)	**93,723**	90,651
Depreciation	**132,678**	174,615
Auditors' remuneration – audit of annual financial statements	**14,000**	13,250
Auditors' remuneration – taxation	-	1,530
Interest receivable on bank deposits	**(21,249)**	(10,546)
Profit on sale of tangible fixed assets	**(10,838)**	-
Management charge payable to parent undertaking	**386,010**	382,142

3 Tax on profit on ordinary activities

	2011 £	2010 £
Current tax		
UK Corporation tax on the profit for the year	**477,117**	563,106
Adjustment in respect of prior years	**577**	2,496
Total current tax	**477,694**	565,602
Deferred tax		
Origination and reversal of timing differences (note 9)	**(9,000)**	(11,000)
Tax on profit on ordinary activities	**468,694**	554,602

Gardiner Sons & Co Limited

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

Tax on profit on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 26 5% (2010 - 28%) The differences are explained below

	2011	2010
	£	£
Profit on ordinary activities before tax	**1,940,423**	2,112,799
Profit on ordinary activities at standard rate of tax of 26 5% (2010 28%)	**514,212**	591,584
Profit on disposal of fixed assets	**(2,995)**	-
Depreciation in excess of capital allowances	**13,839**	16,031
Additional enhanced relief	-	(1,025)
FRS 17 profit and loss account adjustments	**(47,939)**	(43,484)
Adjustment in respect of prior years	**577**	2,496
Current tax charge for year	**477,694**	565,602

4 Tangible fixed assets

	Freehold land & buildings	**Fixtures & fittings**	**Plant, machinery & vehicles**	**Total**
	£	**£**	**£**	**£**
Cost				
At 1 January 2011	9,669,233	1,821,709	1,302,493	12,793,435
Additions	-	12,545	-	12,545
Disposals	-	-	(46,185)	(46,185)
At 31 December 2011	**9,669,233**	**1,834,254**	**1,256,308**	**12,759,795**
Accumulated depreciation				
At 1 January 2011	60,131	1,730,493	1,100,015	2,890,639
Disposals	-	-	(37,123)	(37,123)
Provision for the year	-	51,484	81,194	132,678
At 31 December 2011	**60,131**	**1,781,977**	**1,144,086**	**2,986,194**
Net book amount				
At 31 December 2011	**9,609,102**	**52,277**	**112,222**	**9,773,601**
At 31 December 2010	9,609,102	91,216	202,478	9,902,796

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

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

	2011	2010
	£	£
Trade debtors	**597,569**	711,475
Other debtors	**44,763**	18,877
Prepayments and accrued income	**87,747**	85,026
Deferred taxation (see note 9)	**30,000**	21,000
	760,079	836,378

7 Creditors – Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	**2,078,394**	2,410,887
Other creditors	**161,039**	100,933
Corporation tax	**302,117**	359,808
Other taxation and social security	**331,179**	359,813
Accruals and deferred income	**267,094**	245,234
	3,139,823	3,476,675

8 Creditors – Amounts falling due after more than one year

	2011	2010
	£	£
Deposit from parent undertaking	**2,800,000**	2,800,000

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 2012 The deposit carries an interest rate of 5% per annum

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

9 Deferred taxation

Deferred taxation provided in the financial statement is as follows

	2011	2010
	£	£
Depreciation in excess of capital allowances	**30,000**	21,000
Deferred tax asset (see note 6)	**30,000**	21,000
Pension surplus (see note 15)	**(26,078)**	(125,300)
Total deferred tax asset/(liability)	**3,922**	(104,300)

The movement on deferred taxation is as follows

	2011	2010
	£	£
At 1 January	**(104,300)**	(13,940)
Credited / to the statement of total recognised gains and losses	**99,222**	(101,360)
Credited to the profit and loss account	**9,000**	11,000
At 31 December	**3,922**	(104,300)

Factors affecting current and future tax charges

During the year, as a result of the changes in the UK main corporation tax rate to 26% that was substantively enacted on 29 March 2011 and that will be effective from 1 April 2011, and to 25% that was substantively enacted on 5 July 2011 and that will be effective from 1 April 2012, the relevant deferred tax balances have been re-measured

Further reductions to the UK corporation tax rate were announced in the March 2011 Budget The Changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2016 The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognized in these financial statements

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

10 Called up share capital

	Authorised £	Allotted, issued and fully paid £
6,000,000 ordinary shares of 25p each at 31 December 2010 and 31 December 2011	**1,500,000**	**1,262,661**

11 Reserves

	Profit and loss account £
At 1 January 2011	9,569,407
Profit for the year	1,471,729
Actuarial losses on defined benefit scheme	(364,400)
Increase in gains not recognised under FRS 17	(163,700)
Movement in deferred tax asset relating to pension scheme	99,222
Dividends paid	(1,134,216)
At 31 December 2011	**9,478,042**

12 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the year	**1,471,729**	1,558,197
Dividend paid	**(1,134,216)**	(1,121,718)
Transfer to reserves	**337,513**	436,479
Actuarial (loss)/gain on defined benefit pension scheme	**(364,400)**	354,200
(Increase) in gains not recognised under FRS 17	**(163,700)**	(147,500)
Movement on deferred tax asset relating to pension scheme	**99,222**	(101,360)
Net (decrease) / increase in shareholders' funds	**(91,365)**	541,819
Opening shareholders' funds	**10,832,068**	10,290,249
Closing shareholders' funds	**10,740,703**	10,832,068

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

13 Employees

	2011 Number	2010 Number
The average number of persons employed by the company during the year on a full time equivalent basis was	141	156

14 Directors' emoluments

	2011 Aggregate £	2011 Highest Paid Director £	2010 Aggregate £	2010 Highest Paid Director £
Directors' emoluments	309,593	141,000	248,941	85,000

	2011 Money Purchase Schemes	2011 Defined Benefit Schemes	2010 Money Purchase Schemes	2010 Defined Benefit Schemes
Number of directors with benefits accruing under pension schemes	1	1	2	2

The highest paid director had no annual retirement benefits accruing at the end of the year Amounts paid to the highest director include an ex gratia payment of £67,000

No amounts were paid to or receivable by directors under long term incentive schemes or share option schemes An amount of £85,000 (2010 £85,000) 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

15 Pension commitments

The company operates a defined benefit pension scheme With effect from 1 December 1990, the company 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 unit linked investments with the Equitable Life Assurance Society

15 Pension commitments (continued)

An actuarial valuation as at 31 March 2009 was carried out by a professionally qualified actuary based on assumptions determined by the trustees, the most significant assumptions being

- An investment return of 3 7% pre-retirement, on fixed interest investments
- An investment return of 6 7%, pre-retirement, on equity and property investments
- Increases in payment of pensions that are in respect of services between 6th April 1997 and 31st March 2006 of 2 7%
- Increases in payment of pensions that are in respect of service from 1st April 2006 of 2 1%

Based on these assumptions, liabilities were valued at £3,227,000 and assets at £2,878,000, a past funding shortfall of £349,000 The calculation assumed that no further benefits will accrue but based the benefits on members' projected final pay

To eliminate this past funding shortfall, the trustees and the Company agreed the payment of additional contributions In 2011 this resulted in employer contributions exceeding the FRS 17 current service cost by £91,300 (2010 £97,400)

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 2011 for the final salary scheme and the money purchase schemes were £185,051 (2010 £188,051) of which £27,560 (2010 £27,482) relates to money purchase schemes

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

	2011	2010
Rate of increases in salary	**2.0%**	4 4%
Rate of increases of pensions in payment	**2.1%**	2 2%
Rate used to discount scheme liabilities	**4.7%**	5 4%
Retail price index inflation assumption	**2.7%**	3 4%
Consumer prices index inflation assumption	**2.0%**	2 7%

	2011	2010
Longevity at age 65 for current pensioners		
Men	**22.5**	21 4
Women	**24.3**	23 2
Longevity at age 65 for future pensioners		
Men	**24.0**	22 9
Women	**25.8**	24 8

15 Pension commitments (continued)

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

	2011	2010
	£	£
Total market value of assets	**4,467,700**	4,351,100
Present value of scheme liabilities	**(4,056,200)**	(3,756,100)
Surplus in the scheme	**411,500**	595,000
Gains not recognised under FRS 17	**(311,200)**	(147,500)
Related deferred tax liability	**(26,078)**	(125,300)
Net pension surplus	**74,222**	322,200

As at 31 December the fair value of the fund assets invested was £4,467,700 (2010 £4,351,100) with expected long-term rate of return of 5 2% (2010 6 6%)

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

Changes in the present value of the defined benefit obligations are as follows:

	2011	2010
	£	£
Opening defined benefit obligation	**3,756,100**	3,654,700
Service cost	**66,163**	63,169
Interest cost	**201,500**	210,200
Members' contributions	**16,537**	17,131
Actuarial losses/(gains)	**97,200**	(148,600)
Benefits paid and death-in-service premiums	**(81,300)**	(40,500)
Closing defined benefit obligation	**4,056,200**	3,756,100

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

15 Pension commitments (continued)

Changes in the fair value of plan assets are as follows:

	2011 £	2010 £
Opening fair value of plan assets	**4,351,100**	3,740,200
Expected return	**291,100**	268,100
Actuarial (losses)/gains	**(267,200)**	205,600
Contributions by employer	**157,463**	160,569
Members' contributions	**16,537**	17,131
Benefits paid and death-in-service premiums	**(81,300)**	(40,500)
Closing fair value of plan assets	**4,467,700**	4,351,100
Expected contributions to the scheme in the next year	**175,000**	175,000

The amount recognised in statement of total recognised gains and losses (STRGL) is as follows:	2011 £	2010 £
Actual return less expected return on scheme assets	**(267,200)**	205,600
Experience gains arising on liabilities	**121,100**	39,800
Change in present value of liabilities due to change in assumptions	**(218,300)**	108,800
Total actuarial (loss)/gain recognised in STRGL	**(364,400)**	354,200
(Increase) in gains not recognised under FRS 17	**(163,700)**	(147,500)
Movement in deferred tax relating to pension scheme	**99,222**	(101,360)
Total (loss)/gain recognised in STRGL	**(428,878)**	105,340

Scheme assets do not include any of the company's own financial instruments or any property occupied by the company

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy The actual return on scheme assets in the year was £23,900 (2010 £473,700 gain)

15 Pension commitments (continued)

The amounts (credited)/charged to the profit and loss account are as follows:

	2011	2010
	£	£
Expected return on plan assets	**(291,100)**	(268,100)
Interest on obligation	**201,500**	210,200
Other finance income	**(89,600)**	(57,900)
Current service cost	**66,163**	63,169
Total	**(23,437)**	5,269

	2011	2010	2009	2008	2007
	£	£	£	£	£
Defined benefit obligation	**(4,056,200)**	(3,756,100)	(3,654,700)	(2,624,200)	(3,327,200)
Plan assets	**4,467,700**	4,351,100	3,740,200	3,177,600	3,496,000
Surplus/(deficit)	**411,500**	595,000	85,500	553,400	168,800
Experience adjustments on plan liabilities	**121,100**	39,800	49,400	9,300	45,100
Experience adjustments on plan assets	**(267,200)**	205,600	325,800	(850,200)	(176,900)
Total cumulative actuarial gains and (losses) recognised in the STRGL	**(873,900)**	(509,500)	(863,700)	(270,000)	(312,100)

16 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

17 Related parties

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 under FRS 8