Registered Number 39402

Gardiner Sons & Co Limited
Directors' report and
financial statements
for the year ended 31 December 2008

Gardiner Sons & Co Limited
Directors' report and financial statements for the year ended 31 December 2008

Contents

Gardiner Sons & Co Limited

Directors and Advisors for the year ended 31 December 2008

Directors
MW Barnes Chairman
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 2008

The directors present their report and audited financial statements for the year ended 31 December 2008.

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 pre tax profit of £2,043,410 (2007: £2,510,756) for the year and sales of £16,971,543 (2007: £18,011,887).

Profit after tax for the year amounted to £1,585,935 (2007: £2,086,271). The dividend proposed and paid in respect of the year ended 31 December 2008 is £1,057,057 (2007: £1,040,032) resulting in a transfer to reserves of £528,878 (2007: £1,046,239).

Equity shareholders funds total £10,253,769 (2007: £9,947,807) after a dividend payment of £1;057,057 (2007: £1,040,032).

The external commercial environment is expected to remain competitive in 2009. 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 during the year were:

M Barnes
M Carr
P Cook
J Watkins

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

Gardiner Sons & Co Limited

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 2008. 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.

So far as the directors are aware, there is no current relevant audit information of which the company's auditors are unaware. The directors have taken all of the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

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 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report and all other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Independent auditors' report to the members of Gardiner Sons & Co Limited (continued)

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 2008 and of its profit and cash flows for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol
23 March 2009

Gardiner Sons & Co Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover		**16,971,543**	18,011,887
Cost of sales		**(9,593,886)**	(10,364,809)
Gross profit		**7,377,657**	7,647,078
Administrative and selling expenses		**(4,921,233)**	(4,770,610)
Operating profit – before group payments		**2,456,424**	2,876,468
Management charge payable to parent undertaking		**(394,278)**	(376,646)
Operating profit		**2,062,146**	2,499,822
Interest payable to parent undertaking		**(140,000)**	(140,000)
Interest receivable	2	**97,564**	140,534
Other finance income	15	**23,700**	10,400
Profit on ordinary activities before taxation	2	**2,043,410**	2,510,756
Taxation on profit on ordinary activities	3	**(457,475)**	(424,485)
Profit for the financial year	11	**1,585,935**	2,086,271

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.

The notes on pages 11 to 21 form part of the financial statements.

Statement of total recognised gains and losses for the year ended 31 December 2008

	Note	2008 £	2007 £
Profit for the financial year		**1,585,935**	2,086,271
Actuarial gain on defined benefit pension scheme		**42,100**	42,900
Gains not recognised under FRS 17		**(223,200)**	-
Movement on deferred tax asset relating to the pension scheme	9	**(41,816)**	(349,139)
Total recognised gains and losses for the financial year		**1,363,019**	1,780,032

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

The notes on pages 11 to 21 form part of these financial statements.

Gardiner Sons & Co Limited

Balance sheet as at 31 December 2008

	Note	2008	2007
		£	£
Fixed assets			
Tangible assets	4	**10,021,129**	9,054,638
Current assets			
Stocks	5	**3,309,034**	3,227,636
Debtors	6	**811,730**	943,732
Cash at bank and in hand		**1,462,721**	2,827,200
		5,583,485	6,998,568
Creditors: amounts falling due within one year	7	**(2,788,589)**	(3,423,559)
Net current assets		**2,794,896**	3,575,009
Total assets less current liabilities		**12,816,025**	12,629,647
Creditors: amounts falling due after more than one year	8	**(2,800,000)**	(2,800,000)
Net assets excluding pension scheme		**10,016,025**	9,829,647
Pension scheme surplus (restricted)	15	**237,744**	118,160
Net assets including pension surplus		**10,253,769**	9,947,807
Capital and reserves			
Called up share capital	10	**1,262,661**	1,262,661
Profit and loss account	11	**8,991,108**	8,685,146
Equity shareholders' funds	12	**10,253,769**	9,947,807

The notes on pages 11 to 21 form part of these financial statements.

Approved by the Board on 17 March 2009 and signed on its behalf by:

J Watkins
Director

Gardiner Sons & Co Limited

Cash flow statement for the year ended 31 December 2008

	Note	2008	2008	2007	2007
		£	£	£	£
Net cash inflow from operating activities	a		1,437,685		1,527,225
Returns on investment and servicing of finance					
Interest received		97,564		140,534	
Interest paid to parent undertaking		(140,000)		(140,000)	
Net cash inflow/(outflow) from returns on investments and servicing of finance			(42,436)		534
Taxation			(567,492)		(629,477)
Capital expenditure					
Proceeds from sale of tangible fixed assets		30,850		6,462	
Purchase of tangible fixed assets		(1,166,029)		(148,625)	
Net cash outflow from capital expenditure			(1,135,179)		(142,163)
Equity dividends paid			(1,057,057)		(1,040,032)
Decrease in net cash	b,c		(1,364,479)		(283,913)

The notes to the cash flow statement are set out on page 10 of these financial statements

Gardiner Sons & Co Limited

Cash flow statement for the year ended 31 December 2008

Notes to the cash flow statement

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

	2008 £	2007 £
Operating profit	**2,062,146**	2,499,822
Depreciation charges	**186,397**	186,620
Difference between pension charge and cash contributions	**(318,800)**	(1,110,500)
Profit on sales of tangible fixed assets	**(17,709)**	(6,462)
(Increase)/decrease in stocks	**(81,398)**	28,948
Decrease in debtors	**22,798**	15,877
Decrease in creditors	**(415,749)**	(87,080)
Net cash inflow from operating activities	**1,437,685**	1,527,225

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

	£
Decrease in cash in the year	(1,364,479)
Movement in net funds in the year	(1,364,479)
Net funds at 1 January 2008	27,200
Net funds at 31 December 2008	**(1,337,279)**

(c) Analysis of net funds

	At 1 January 2008 £	Cash flow 2008 £	**At 31 December 2008 £**
Cash at bank and in hand	2,827,200	(1,364,479)	**1,462,721**
Deposit from parent undertaking	(2,800,000)	-	**(2,800,000)**
	27,200	(1,364,479)	**(1,337,279)**

Gardiner Sons & Co Limited

Accounting policies

These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

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 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.

Gardiner Sons & Co Limited

Notes to the financial statements for the year ended 31 December 2008

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:

	2008 **£**	2007 £
Wages and salaries	**2,947,669**	2,965,402
Social security costs	**213,127**	212,566
Other pension costs (note 15)	**92,813**	96,885
Depreciation	**186,397**	186,620
Auditors' remuneration – audit of annual financial statements	**12,000**	12,000
Auditors' remuneration – taxation	**1,430**	1,000
Interest receivable on bank deposits	**(97,564)**	(140,534)
Profit on sale of tangible fixed assets	**(17,709)**	(6,462)
Management charge payable to parent undertaking	**394,278**	376,646

3 Tax on profit on ordinary activities

	2008 **£**	2007 £
Current tax		
UK Corporation tax on the profit for the year	**348,271**	567,492
Total current tax	**348,271**	567,492
Deferred tax		
Origination and reversal of timing differences (note 9)	**109,204**	(143,007)
Tax on profit on ordinary activities	**457,475**	424,485

3 Tax on profit on ordinary activities (continued)

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

	2008	2007
	£	£
Profit on ordinary activities before tax	**2,043,410**	2,510,756
Profit on ordinary activities at standard rate of tax of 28.5% (2007: 30%)	**582,372**	753,227
Profit on disposal of fixed assets	**(5,047)**	(1,939)
Depreciation in excess of capital allowances	**9,334**	5,098
Additional enhanced relief	**(768)**	-
Pension contributions in excess of current service cost	**(237,620)**	(188,894)
Current tax charge for year	**348,271**	567,492

4 Tangible fixed assets

	Freehold land & buildings	Fixtures & fittings	Plant, machinery & vehicles	Total
	£	£	£	£
Cost				
At 1 January 2008	8,640,842	1,677,395	1,282,453	11,600,690
Additions	1,028,391	11,992	125,646	1,166,029
Disposals	-	-	(112,387)	(112,387)
At 31 December 2008	**9,669,233**	**1,689,387**	**1,295,712**	**12,654,332**
Accumulated depreciation				
At 1 January 2008	60,131	1,496,217	989,704	2,546,052
Provision for the year	-	77,402	108,995	186,397
Disposals	-	-	(99,246)	(99,246)
At 31 December 2008	**60,131**	**1,573,619**	**999,453**	**2,633,203**
Net book amount				
At 31 December 2008	**9,609,102**	**115,768**	**296,259**	**10,021,129**
At 31 December 2007	8,580,711	181,178	292,749	9,054,638

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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

	2007	2008
	£	£
Trade debtors	**594,163**	621,305
Other debtors	**71,300**	80,276
Prepayments and accrued income	**101,464**	88,144
Deferred taxation (see note 9)	**44,803**	154,007
	811,730	943,732

7 Creditors – Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	**1,754,907**	1,978,753
Other creditors	**184,322**	268,866
Corporation tax	**148,271**	367,492
Other taxation and social security	**274,313**	346,394
Accruals and deferred income	**426,776**	462,054
	2,788,589	3,423,559

8 Creditors – Amounts falling due after more than one year

	2008 £	2007 £
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 2009.

9 Deferred taxation

Deferred taxation provided in the financial statement is as follows:

	2008 £	2007 £
Depreciation in excess of capital allowances	**44,803**	14,000
Pension contribution timing difference	**-**	140,007
Deferred tax asset (see note 6)	**44,803**	154,007
Pension surplus (see note 15)	**(92,456)**	(50,640)
Total deferred tax (liability)/asset	**(47,653)**	103,367

The movement on deferred taxation is as follows:

	2008 £	2007 £
At 1 January	**103,367**	309,499
Charged to the statement of total recognised gains and losses	**(41,816)**	(349,139)
(Charged)/credited to the profit and loss account	**(109,204)**	143,007
At 31 December	**(47,653)**	103,367

10 Called up share capital

	Authorised £	Allotted, issued and fully paid £
Ordinary shares of 25p each at 31 December 2007 and 31 December 2008	**1,500,000**	**1,262,661**

11 Reserves

	Profit and loss account £
At 1 January 2008	8,685,146
Profit for the year	1,585,935
Actuarial gain on defined benefit scheme	42,100
Gains not recognised under FRS 17	(223,200)
Movement in deferred tax asset relating to pension scheme	(41,816)
Dividends paid	(1,057,057)
At 31 December 2008	**8,991,108**

12 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the year	**1,585,935**	2,086,271
Dividend paid	**(1,057,057)**	(1,040,032)
Transfer to reserves	**528,878**	1,046,239
Actuarial gain on defined benefit pension scheme	**42,100**	42,900
Gains not recognised under FRS 17	**(223,200)**	-
Movement on deferred tax asset relating to pension scheme	**(41,816)**	(349,139)
Net increase in shareholders funds	**305,962**	740,000
Opening shareholders' funds	**9,947,807**	9,207,807
Closing shareholders' funds	**10,253,769**	9,947,807

13 Employees

	2008 Number	2007 Number
The average number of persons employed by the company during the year on a full time equivalent basis was:	**162**	165

14 Directors' emoluments

	2008 Aggregate £	2008 Highest Paid Director £	2007 Aggregate £	2007 Highest Paid Director £
Directors' emoluments	**347,906**	**88,000**	340,202	87,000

	2008 Money Purchase Schemes	2008 Defined Benefit Schemes	2007 Money Purchase Schemes	2007 Defined Benefit Schemes
Number of directors with benefits accruing under pension schemes	**3**	**3**	3	3

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 £88,000 (2007: £87,000) 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 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 unit linked investments with the Equitable Life Assurance Society.

15 Pension commitments (continued)

An actuarial valuation as at 31 March 2006 was carried out by a professionally qualified actuary based on assumptions determined by the trustees, the most significant assumptions being:

- An investment return of 4.3% pre-retirement, on fixed interest investments.
- An investment return of 7.3%, pre-retirement, on equity and property investments.
- An investment return of 3.8% post retirement.
- Increases in payment of pensions that are in respect of services between 6th April 1997 and 31st March 2006 of 2.9%.
- Increases in payment of pensions that are in respect of service from 1st April 2006 of 2.2%.

Based on these assumptions, liabilities were valued at £3,326,000 and assets at £2,101,000, a past funding shortfall of £1,225,000. 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 2008 this resulted in employer contributions exceeding the FRS 17 service cost by £318,800 (2007: £1,150,000).

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 2008 for the final salary scheme and the money purchase schemes were £411,613 (2007: £1,207,385) of which £20,683 (2007: £20,308) relates to money purchase schemes.

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

	2008	2007
Rate of increases in salary	**3.7%**	4.5%
Rate of increases of pensions in payment:		
For service 1 January to 31 March	**2.7%**	2.2%
1 April to 31 December	**2.7%**	2.7%
Rate used to discount scheme liabilities	**6.7%**	5.8%
Inflation rate	**2.7%**	3.5%

The mortality assumptions used in the valuation of the defined benefit pension liabilities are summarised below.

	2008	2007
Longevity at age 65 for current pensioners		
Men	**22.1**	21.9
Women	**24.6**	24.8
Longevity at age 65 for future pensioners		
Men	**24.1**	22.8
Women	**26.6**	25.7

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15 Pension commitments (continued)

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

	2008 £	2007 £'000
Total market value of assets	**3,177,600**	3,496,000
Present value of scheme liabilities	**(2,624,200)**	(3,327,200)
Surplus in the scheme	**553,400**	168,800
Gains not recognised under FRS 17	**(223,200)**	-
Related deferred tax liability	**(92,456)**	(50,640)
Net pension surplus	**237,744**	118,160

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

	2008		2007	
	£	**Expected return**	**£**	**Expected return**
Unit linked	**2,386,000**	**6.6%**	2,610,800	6.5%
With profits	**791,600**	**4.7%**	885,200	4.9%
	3,177,600	**6.2%**	3,496,000	6.1%

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

	2008 £	2007 £
Opening defined benefit obligation	3,327,200	3,294,400
Service cost	72,130	76,577
Interest cost	194,800	171,100
Members' contributions	20,970	20,623
Actuarial gains	(892,300)	(219,800)
Benefits paid and death-in-service premiums	(98,600)	(15,700)
Closing defined benefit obligation	2,624,200	3,327,200

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

	2008 £	2007 £
Opening fair value of plan assets	3,496,000	2,299,400
Expected return	218,500	181,500
Actuarial losses	(850,200)	(176,900)
Contributions by employer	390,930	1,187,077
Members' contributions	20,970	20,623
Benefits paid and death-in-service premiums	(98,600)	(15,700)
Closing fair value of plan assets	3,177,600	3,496,000
Expected employer contributions to the scheme in the next year:	190,000	390,000

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15 Pension commitments (continued)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)		
Total actuarial gain	42,100	42,900
Gains not recognised under FRS 17	(223,200)	-
Total (loss)/gain recognised in STRGL	(181,100)	42,900

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 a £631,700 loss (2007: £4,600).

The amounts recognised in profit or loss are as follows:

	2008	2007
	£	£
Current service cost	72,130	76,577
Interest on obligation	194,800	171,100
Expected return on plan assets	(218,500)	(181,500)
Total	48,430	66,177

	2008	2007
	£	£
Statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	**(850,200)**	(176,900)
Experience gains and losses arising on liabilities	**9,300**	45,100
Change in assumptions underlying present value of liabilities	**883,000**	174,700
Actuarial gain recognised in STRGL	**42,100**	42,900

	31/12/2008	31/12/2007	31/12/2006	31/12/2005	31/12/2004
	£	£	£	£	£
Defined benefit obligation	**(2,624,200)**	(3,327,200)	(3,294,400)	(3,281,800)	(2,743,000)
Plan assets	**3,177,600**	3,496,000	2,299,400	1,954,500	1,619,600
Surplus/(deficit)	**553,400**	168,800	(995,000)	(1,327,300)	(1,123,400)
Experience adjustments on plan liabilities	**9,300**	45,100	30,800	(32,800)	8,500
Experience adjustments on plan assets	**(850,200)**	(176,900)	123,700	130,500	3,800
Total cumulative actuarial gains and losses recognised in the Statement of Total Recognised Gains and losses	**(270,000)**	(312,100)	(355,000)	(628,000)	(344,000)

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.