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Westcrowns Contracting Services Limited

Report and Financial Statements

31 March 2007

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COMPANIES HOUSE

Directors and advisors

Directors
J W Haran Chairman
J F Haran
L E M Haran
S Haran
W A M McBride
R McDonald
A D McIndoe
A W Brown

Secretary
I K Finlayson

Auditors
Ernst & Young LLP
George House
50 George Square
Glasgow
G2 1RR

Bankers
Clydesdale Bank PLC
30 St Vincent Place
Glasgow
G1 2HL

Solicitors
MacRoberts
152 Bath Street
Glasgow
G2 4TB

Registered office
Quay House
Quay Road North
Rutherglen
Glasgow
G73 1LD

Company Registration Number
SC 045884

Directors' report

The directors present their report and financial statements for the year ended 31 March 2007

Results and dividends

The profit for the year attributable to shareholders amounted to £702,000 A dividend to the ordinary shareholders (net of waivers) of £90,000 was paid during the financial year as per note 8 to the accounts

Principal activity

The principal activity of the company is that of flooring contractors and the supply and fitting of profilit glass products

Review of the business

The directors are pleased to report the increase in turnover and profitability from last year Turnover has increased by 21% as a result of consistent repeat business with key customers Gross margin has increased to 32% in the year (last year 28%) This increase is due to investments made in the previous year which enabled improved operational efficiency and alliances with key suppliers As a result of the increase in turnover, the increase in gross margin and the strong control of overhead expenditure, the company has been able to increase its operating profit by 132%

The company is continuing with its strategy of controlled turnover growth and gross margin improvement by means of increased product development to meet the requirements of its key customers

During the year, dividends of £90,000 have been paid to the parent company

The directors believe that the company is in a strong position to achieve increased turnover and profitability in the next year

Financial risk management objectives and policies

Although the company's policy does permit trading in any financial instruments, the company's principal financial instruments comprise of cash, short and long term deposits and/or borrowings, the main purpose of which is to provide finance for its normal trading operations These borrowings are taken out at either normal commercial variable or fixed rates of interest The company's interest payable can therefore be affected by movements in interest rates The company assessing such position does not undertake active hedging of this risk

The company has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations

The company aims to mitigate credit risk by continuing to trade with their key customers In addition, the company performs credit checks on its customers and tailors its credit terms accordingly

The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets Investment and ongoing expansion is carefully controlled, with authorization limits operating at different levels up to board level

Directors

All the directors listed on page 1 have held office throughout the year under review In accordance with the Articles of Association no director is required to retire by rotation

I K Finlayson resigned as a director on 28 June 2007

Directors' report

Directors statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Ernst & Young LLP will be reappointed as the company's auditors in accordance with the elective resolution passed by the company on 21 October 1994 under section 386 Companies Act 1985

On behalf of the board

J F Haran
Director

14/11/07

Statement of directors' responsibilities in respect of the financial statements

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,

- make judgements and estimates that are reasonable and prudent,

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report

to the members of Westcrowns Contracting Services Limited

We have audited the company's financial statements for the year ended 31 March 2007 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 25 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for the preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK 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)

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 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 March 2007 and of the profit 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

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Glasgow
14 November 2007

Profit and loss account

for the year ended 31 March 2007

	Notes	2007 £000	2006 £000
Turnover	2	8,449	6,988
Cost of sales		(5,714)	(4,998)
Gross profit		2,735	1,990
Administrative expenses		(1,981)	(1,665)
Operating profit	3	754	325
Interest payable	6	(99)	(52)
Profit on ordinary activities before taxation	7(b)	655	273
Tax on profit on ordinary activities	7(a)	47	(15)
Profit for the financial year	18	702	258

Statement of total recognised gains and losses

for the year ended 31 March 2007

	Notes	2007 £000	2006 £000
Profit for the financial year		702	258
Surplus on revaluation of property	9	38	315
Total gains and losses since last annual report		740	573

Balance sheet

at 31 March 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Tangible assets	9	2,112	1,612
Current assets			
Stocks	10	275	264
Debtors	11	2,969	3,386
		3,244	3,650
Creditors amounts falling due within one year	12	(1,970)	(2,566)
Net current assets		1,274	1,084
Total assets less current liabilities		3,386	2,696
Creditors. amounts falling due after more than one year	13	(1,597)	(1,547)
Accruals and deferred income			
Deferred government grants	16	(245)	(255)
Total assets less total liabilities		1,544	894
Capital and reserves			
Called up share capital	17/18	2	2
Revaluation reserve	18	346	315
Profit and loss account	18	1,196	577
Equity shareholders' funds		1,544	894

J F Haran
Director

14/11/07.

Statement of cash flows

for the year ended 31 March 2007

	Notes	2007 £000	2006 £000
Net cash inflow from operating activities	3(b)	609	615
Returns on investments and servicing of finance			
Interest element of finance leases and hire purchase payments		(5)	(4)
Bank overdraft and loan interest		(94)	(48)
		(99)	(52)
Taxation			
Corporation tax paid		(11)	(11)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(558)	(1,209)
Proceeds on sale of tangible fixed assets		13	5
Receipt of government grants		250	
		(295)	(1204)
Equity dividends paid		(90)	(35)
Net cash inflow/(outflow) before financing		114	(687)
Financing			
Repayments of capital element of finance leases and hire purchase contracts		(49)	(40)
Long term loans		1,350	1,176
Repayment of long term loans		(1,201)	(22)
		100	(22)
Increase in cash		214	427

Statement of cash flows

for the year ended 31 March 2007

	Notes	2007 £000	2006 £000
Reconciliation of net cash movement in net (debt)/funds	3(c)		
Increase in cash in the year		214	427
Cash flow from hire purchase financing		49	40
Cash flow from increase in loans		(1,350)	(1,176)
Repayment of loans		1,201	22
		114	(687)
New hire purchase agreements		(82)	(44)
Movement in net funds/(debt) in the year		32	(731)
Net (debt)/ at 1 April		(1,718)	(1,414)
Net (debt) at 31 March		(1,686)	(1,291)

Non cash transactions

During the year, the company entered into finance lease and hire purchase arrangements in respect of assets with a total capital value of £82,000 (2006 £44,000)

Notes to the financial statements

at 31 March 2007

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention modified to include the revaluation of heritable property and are prepared in accordance with applicable accounting standards

Fixed assets

Fixed assets are initially recorded at cost Freehold property was revalued, the most recent valuation being at 14 March 2007, with the revaluation surplus taken to the revaluation reserve

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life by equal annual instalments, as follows

Buildings	40 years from revaluation in 2006
Motor vehicles	4 years
Plant and machinery	5 years
Fixtures and fittings	5 years
Computer equipment	3 years

No depreciation is provided on the value of land An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on these assets is transferred annually from the revaluation reserve to the profit and loss reserve

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Government grants

Government grants on capital expenditure are credited to a deferred income account and are released to profit over the expected useful life, of the relevant assets by equal annual instalments

Grants of a revenue nature are credited to income so as to match the expenditure to which they relate

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows

Raw materials and goods for resale	purchase cost on a first in, first out basis
Work in progress and finished goods	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

Notes to the financial statements

at 31 March 2007

1. Accounting policies (continued)

Long term contracts

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs (as defined in Stocks above) as contract activity progresses Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract Revenues derived from variations on contracts are recognised only when they have been accepted by the customer Full provision is made for losses on all contracts in the year in which they are first foreseen

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more tax, with the exception of deferred tax assets which are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

Pensions

Employees are members of a defined benefit pension scheme operated by the Westcrowns Group The scheme requires contributions to be made to an independently administered fund Contributions to this fund are charged to the profit and loss account on a defined contribution basis

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

2. Turnover

Turnover represents the amounts derived from the provision of goods and services, stated net of value added tax Turnover is attributable to the continuing activity of flooring contractors and the supply and fitting of profilit glass products

Notes to the financial statements

at 31 March 2007

3 Operating profit

(a) This is stated after charging and (crediting)

	2007 £000	2006 £000
Depreciation of tangible owned assets	93	6
Depreciation of assets held under finance leases and hire purchase contracts	78	35
	171	41
Gain on sale of tangible fixed assets	(6)	(3)
Auditors' remuneration		
audit services	12	11
Operating lease rentals		
land and buildings		46
plant, vehicles and other equipment	101	50

(b) Net cash inflow from operating activities

	2007 £000	2006 £000
Operating profit	754	325
Depreciation	171	41
(Gain) on sale of fixed assets	(6)	(3)
Grant release	(10)	
(Increase)/decrease in stocks	(11)	3
Decrease/(increase) in debtors	214	(696)
(Decrease)/increase in creditors	(503)	945
Net cash inflow from operating activities	609	615

(c) Analysis of net debt

	At 1 April 2006 £000	Cash flow £000	Non cash changes £000	At 31 March 2007 £000
Bank overdrafts	(221)	214		(7)
Loans	(1,432)	(149)		(1,581)
Finance leases	(65)	49	(82)	(98)
	(1,718)	114	(82)	(1,686)

Notes to the financial statements

at 31 March 2007

3. Operating profit (continued)

(c) Analysis of net debt (continued)

	At 1 April 2005 £000	*Cash flow £000*	*Non cash changes £000*	*At 31 March 2006 £000*
Bank overdrafts	(648)	427		(221)
Loans	(278)	(1,154)		(1,432)
Finance leases	(61)	40	(44)	(65)
	(987)	(687)	(44)	(1,718)

4 Directors' remuneration

	2007 £000	*2006 £000*
Emoluments	332	265

	2007 No	*2006 No*
Members of defined benefit pension scheme	6	6

The emoluments of the highest paid director for the year ended 31 March 2007 were £169,000 (2006 £112,000) He was a member of the group's defined benefit pension scheme and his accrued pension at 31 March 2007 was £13,000 (2006 £10,000) per annum

5. Staff costs and numbers

	2007 £000	*2006 £000*
Wages and salaries	1,923	1,513
Social security costs	217	166
Other pension costs	76	67
	2,216	1,746

Notes to the financial statements

at 31 March 2007

5. Staff costs and numbers (continued)

The average number of persons employed by the company, including directors, during the year was as follows

	2007	*2006*
	No	*No*
Administration	24	20
Other	53	45
	77	65

6. Interest payable

	2007	*2006*
	£000	*£000*
Bank overdraft and loan interest	94	48
Finance charges payable under finance leases and hire purchase contracts	5	4
	99	52

7. Taxation

(a) Tax on profit on ordinary activities

		2007	*2006*
	Notes	*£000*	*£000*
Current tax			
UK corporation tax			(11)
Overprovided in previous year		11	
Total current tax	7(b)	11	(11)
Deferred tax			
Origination and reversal of timing differences	7(d)	36	(4)
Tax on profit on ordinary activities		47	(15)

Notes to the financial statements

at 31 March 2007

7 Taxation (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the rate of corporation tax in the UK of 30% (2006 30%) The differences are reconciled below

	Notes	2007 £000	2006 £000
Profit on ordinary activities before taxation		655	273
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 30% (2006 30%)		197	82
Expenses not deductible for tax purposes		9	9
Fixed asset timing differences		36	(4)
Group relief for nil payment		(242)	(69)
Marginal relief			(7)
Adjustment in respect of previous periods		(11)	
Total current tax	7(a)	(11)	11

(c) Factors that may affect future tax charges

At the balance sheet date, there are no factors which will significantly affect the future tax charge of the company

(d) Deferred tax

The deferred tax asset, calculated at 30%, included in the balance sheet is as follows

	Notes	2007 £000	2006 £000
Fixed asset timing differences		47	11
Short term timing differences		2	2
Deferred tax asset	11	49	13

		£000
At 1 April 2006		13
Deferred tax credit in profit and loss account	7(a)	36
At 31 March 2007		49

Notes to the financial statements

at 31 March 2007

8. Dividends

	2007 £000	2006 £000
Equity dividends at £53 37 (2006 £20 78) per share	90	35

The holders of 538 ordinary shares waived their entitlement to the dividends paid in 2007 and 2006 Accordingly, the dividends were paid only to the holders of the remaining 1,684 ordinary shares

9. Tangible fixed assets

	Heritable property £000	*Motor vehicles £000*	*Plant and machinery £000*	*Fixtures and fittings £000*	*Computer equipment £000*	*Total £000*
Cost or valuation						
At 1 April 2006	1,500	198	52	22	28	1,800
Additions		98	523	3	16	640
Disposals		(35)				(35)
At 31 March 2007	1,500	261	575	25	44	2,405
Cost		261	575	25	44	905
Valuation	1,500					1,500
	1,500	261	575	25	44	2,405
Depreciation						
At 1 April 2006		102	38	21	27	188
Charge for year	38	82	44	2	5	171
Disposals		(28)				(28)
Revaluation	(38)					(38)
At 31 March 2007		156	82	23	32	293
Net book value						
At 31 March 2007	1,500	105	493	2	12	2,112
At 1 April 2006	1,500	96	14	1	1	1,612

Notes to the financial statements

at 31 March 2007

9. Tangible fixed assets (continued)

The company's freehold property was valued on 14 March 2007 by Allison, Lightbody, Waddell, Chartered Surveyors at its open market value for existing use at £1,500,000 This has resulted in a further uplift of £38,000 which has been credited to the revaluation reserve The valuation was carried out in accordance with the RICS Appraisal and Valuation Standards (Fifth Edition) dated September 2003 as amended The directors have ascertained from the valuers that the value of the land included in the valuation above amounts to £128,250 However, the directors considered this to be immaterial and accordingly the total value of heritable property has been depreciated

Had it not been revalued at 31 March 2007, the heritable property would have been included on the historical cost basis as follows

	£000
Cost	1,185
Cumulative depreciation based on cost	(31)
Net book amount	1,154

The net book value of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts

	2007	*2006*
	£000	*£000*
Motor vehicles	98	86

10 Stocks

	2007	*2006*
	£000	*£000*
Work in progress		
Costs less loss provisions	836	802
Progress payments received/receivable	(828)	(802)
	8	
Raw materials and consumables	267	264
	275	264

In the opinion of the directors the replacement cost of stocks is not materially different from that stated in the balance sheet

Notes to the financial statements

at 31 March 2007

11. Debtors

	Notes	2007 £000	2006 £000
Due within one year			
Trade debtors		1,969	2,515
Amounts owed by group undertakings		842	450
Other debtors		98	378
Prepayments and accrued income			29
Deferred tax	7(d)	49	13
Directors' loan			1
Corporation tax		11	
		2,969	3,386

12 Creditors: amounts falling due within one year

	Notes	2007 £000	2006 £000
Bank borrowings	14	41	246
Obligations under finance leases and hire purchase contracts	15	48	42
Trade creditors		1,062	1,714
Excess progress payments		187	130
Amounts owed to group undertakings		165	176
Corporation tax			11
Other taxes and social security costs		148	88
Accruals and deferred income		319	120
Other creditors			39
		1,970	2,566

13. Creditors: amounts falling due after one year

	Notes	2007 £000	2006 £000
Bank borrowings	14	1,547	1,407
Obligations under finance leases and hire purchase contracts	15	50	23
Amounts owed to group undertakings			117
		1,597	1,547

Notes to the financial statements

at 31 March 2007

14 Bank borrowings

	Notes	2007 £000	2006 £000
Not wholly repayable within five years (see below)		1,231	256
Wholly repayable within five years		357	1,397
Total secured bank borrowings		1,588	1,653
Less included in creditors amounts falling due within one year	12	(41)	(246)
Included in creditors amounts falling due after more than one year	13	1,547	1,407

Not wholly repayable within five years

(a) £300,000 bank loan at 7 11% per annum, repayable in quarterly instalments of £10,544 (capital and interest)

Amounts repayable	2007 £000	2006 £000
In one year or less	26	25
In more than one year, but not more than two years	28	25
In more than two years, but not more than five years	98	85
In more than five years	79	121
	231	256

(b) £1m bank loan at 5 95063% per annum, repayable in variable monthly instalments

Amounts repayable	2007 £000	2006 £000
In one year or less	8	
In more than one year, but not more than two years	16	
In more than two years, but not more than five years	51	
In more than five years	925	
	1,000	—

The bank borrowings are secured by a floating charge over all the assets of the company, by cross guarantees between all group companies registered in Scotland, and by a standard security over the company's heritable property

Notes to the financial statements

at 31 March 2007

15. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows

	2007 £000	2006 £000
Amounts payable		
Within one year	53	47
In two to five years	54	25
	107	72
Less finance charges allocated to future periods	(9)	(7)
	98	65

Finance leases and hire purchase contracts are analysed as follows

	Notes	2007 £000	2006 £000
Current obligations	12	48	42
Non current obligations	13	50	23
		98	65

Analysis of changes in finance leases and hire purchase contracts during current and previous years

	2007 £000	2006 £000
At 1 April	65	61
Inception of finance leases and hire purchase contracts	82	44
Capital element of finance leases and hire purchase payments	(49)	(40)
At 31 March	98	65

16. Deferred government grants

	£000
At 1 April 2006	255
Release in year	(10)
At 31 March 2007	245

Notes to the financial statements

at 31 March 2007

17. Share capital

	2007	2006
	No	No
Authorised		
Ordinary shares of £1 each	250,000	250,000
	£	£
Allotted, called up and fully paid		
2,222 (2006 2,222) ordinary shares of £1 each	2,222	2,222

18. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Total £000
At 1 April 2005	2			354	356
Profit for the year				258	258
Dividends				(35)	(35)
Revaluation of heritable property			315		315
At 1 April 2006	2		315	577	894
Profit for the year				702	702
Dividends				(90)	(90)
Transfer in respect of depreciation on revalued property			(7)	7	
Revaluation of heritable property			38		38
At 31 March 2007	2		346	1,196	1,544

19. Capital commitments

No future capital expenditure has been contracted at 31 March 2007 (2006 £Nil)

Notes to the financial statements

at 31 March 2007

20. Pension commitments

FRS17 disclosures

The parent company sponsors the Westcrowns Limited Pension and Life Assurance Scheme which is an arrangement which provides benefits on a "defined benefit" basis

Although the scheme is a defined deferred benefit scheme, the company is unable to identify its share of underlying assets and liabilities therefore the company has accounted for the contributions to the scheme as if it were a defined contribution scheme The company's pension cost for the year was £76,000 (2006 £67,000)

The contributions made by the employer over the financial year have been 20% of pensionable salaries less member contributions (inclusive of death in service benefit insurance premiums) Contributions to the scheme will continue at this level from 1 April 2007

A full actuarial valuation of the scheme was carried out as at 31 March 2005 by a qualified actuary An updated valuation of this scheme for FRS17 purposes was carried out by a qualified independent actuary as at 31 March 2007

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions

	At 31 March 2007	*At 31 March 2006*	*At 31 March 2005*
Rate of increase in salaries	N/A	N/A	N/A
Rate of increase in deferred pensions	3 10%	2 70%	2 70%
Rate of increase in pensions in payment	2 50%	2 50%	2 70%
Discount rate	5 30%	5 00%	5 50%
Inflation assumption	3 10%	2 70%	2 70%

There is no requirement for a salary increase assumption as the Scheme structure changed with effect from 31 March 2005, from a defined benefit accrual to a Career Average Revalued Scheme

The assets in the scheme and the expected rates of return were

	Long term rate of return expected at 31 March 2007	*Value at 31 March 2007 £000*	*Long term rate of return expected at 31 March 2006*	*Value at 31 March 2006 £000*	*Long term rate of return expected at 31 March 2005*	*Value at 31 March 2005 £000*
Equities	5 20%	5,659	4 80%	5,288	5 15%	3,551
Bonds	2 70%	556	2 30%	341	3 15%	354
Cash	3 15%	333	2 40%	269	3 15%	635
Total market value of assets		6,548		5,898		4,540
Actuarial value of liability		(7,142)		(6,509)		(5,527)
Deficit in the scheme		(594)		(611)		(987)

Notes to the financial statements

at 31 March 2007

21 Other financial commitments

At 31 March 2007 the company had annual commitments under non cancellable operating leases as follows

	Plant, vehicles and other equipment	
	2007	*2006*
	£000	*£000*
Operating leases which expire		
Within one year	4	
Within two to five years	46	52
	50	52

22. Contingent liabilities

Cross guarantees exist between all Scottish registered group companies in favour of the group's bankers At 31 March 2007 the combined group bank borrowings subject to the guarantee amounted to £3,895,000 gross and £3,242,000 net of credit balances (2006 £3,670,000 gross, £2,445,000 net)

Other contingent liabilities are those arising in the ordinary course of business in connection with the completion of contracts in accordance with specifications

23. Post balance sheet events

There have been no significant post balance sheet events

24. Related parties

Included in the profit and loss account are the following amounts relating to transactions with group companies

	2007	*2006*
	£000	*£000*
Sales	1	1
Cost of sales	40	63
Administrative expenses	94	94

There are no other related party transactions which require to be notified under the provisions of Financial Reporting Standard No 8

25. Ultimate parent company

The directors regard Westcrowns Limited, a company registered in Scotland, as the controlling party and ultimate parent company Copies of the Westcrowns Limited's group financial statements may be obtained from Westcrowns Limited, Quay House, Quay Road North, Rutherglen, Glasgow, G73 1LD