SC 83620

The Dunfermline Press Limited

Report and Financial statements

1 April 2006

Directors' report

Directors

A D M MacDonald CBE MA LLB CA
I B Romanes
Mrs D Romanes
W S Henderson CA
J C Rafferty
J Brown

Secretary

Mrs D Romanes

Registered Number

83620

Registered Office

Pitreavie Business Park
Dunfermline
Fife

The directors submit their report for the period ended 1 April 2006 to the annual general meeting

Financial statements and dividends

The directors submit the audited financial statements of the group for the period ended 1 April 2006 The profit after taxation amounts to £2,294,472 (2005 £2,408,574) and is dealt with as shown in the profit and loss account

Principal activities and review of business developments

The function of the company is to act as a holding company The group publishes local newspapers The directors intend to continue to expand and develop the group's business

Directors

The directors of the company during the period were those listed above

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever applicable

Employee involvement

During the year the policy of providing employees with information about the group has been continued Regular meetings are held between local management and employees to allow a free flow of information and ideas

Directors' report
(continued)

Financial risk management policy

The group's principal financial instruments comprise cash, overdrafts and bank loans Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the group's operating activities

The main risks associated with the group's financial assets and liabilities are set out below

Interest rate risk

Interest is charged at floating rate on group loans Therefore financial assets, liabilities, interest income, interest charges and cash flows can be affected by movements in interest rates The directors review interest rate risk on a regular basis

Price risk

There is no significant exposure to changes in the carrying value of financial liabilities

Credit risk

The group aims to minimise credit risk by constant monitoring to ensure that credit terms are granted only to customers who demonstrate an appropriate payment history and satisfy credit check procedures

Liquidity risk

The group aims to mitigate liquidity risk by forecasting requirements and managing cash generated by its operations

The group aims to maintain a balance between continuity of funding and flexibility through the use of overdrafts and bank loans All capital expenditure requires approval

Foreign currency risk

Foreign currency risk on receivable and payable balances is not considered significant as the company sells and purchases mainly in sterling

The group has a foreign equity investment which has a matching foreign currency loan There are no hedging arrangements in place for the foreign currency exposure

Directors' interests

According to the register maintained as required under the Companies Act 1985, the directors' interests in the share capital of the company are as follows

	Ordinary shares of 10p each 1 April 2006	*Ordinary shares of 10p each 2 April 2005*
I B Romanes	9,005	9,005
Mrs D Romanes	13,571	13,571
J C Rafferty		
W S Henderson		
A D M MacDonald		
J Brown		

Directors' report
(continued)

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 2 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

A resolution to re appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting

By order of the Board

D Romanes
Secretary
25 January 2007

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 United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records which 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

ERNST & YOUNG

Independent auditors' report

to the members of The Dunfermline Press Limited

We have audited the group and parent company financial statements for the period ended 1 April 2006 which comprise Group profit and loss account, Group statement of recognised gains and losses, Group balance sheet, Company balance sheet, Group statement of cash flows, and the related notes 1 to 28 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 preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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)

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 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 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

ERNST & YOUNG

Independent auditors' report

to the members of The Dunfermline Press Limited

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 group's and the parent company's affairs as at 1 April 2006 and of the group's profit for the period 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
Edinburgh
30 January 2007

Group profit and loss account

for the period ended 1 April 2006

	Notes	*2006* £	*2005* £
Turnover	2	20,249,156	19,250,806
Operating costs	3	(15,993,963)	(15,099,514)
Operating Profit	4	4,255,193	4,151,292
Interest payable	7	(1,220,392)	(1,041,504)
Other income	8	291,934	322,302
Profit on ordinary activities before taxation		3,326,735	3,432,090
Taxation	9	1,032,263	1,023,516
Profit on ordinary activities after taxation		2,294,472	2,408,574

Group statement of total recognised gains and losses

	2006 £	*2005* £
Profit for the financial period	2,294,472	2,408,574
Actuarial gain/(loss) and related tax	117,429	(258,448)
Total recognised gains relating to period	2,411,901	2,150,126

Group balance sheet

at 1 April 2006

	Notes	2006	2005 (restated)
		£	£
Fixed assets			
Intangible assets	11	27,388,635	27,082,654
Tangible assets	12	1,676,764	1,738,623
Investments	13	5,314,431	5,234,492
		34,379,830	34,055,769
Current assets			
Stocks	14	23,145	23,206
Debtors	15	2,449,601	2,552,644
Cash at bank and in hand		2,455	217,429
		2,475,201	2,793,279
Creditors amounts falling due within one year	17	5,506,156	5,100,296
Net current liabilities		(3,030,955)	(2,307,017)
Total assets less current liabilities		31,348,875	31,748,752
Creditors: amounts falling due after more than one year	18	17,821,608	19,552,493
Net assets excluding pension liability		13,527,267	12,196,259
Defined benefit pension assets		(297,167)	(271,215)
Defined benefit pension liability		1,161,702	1,365,605
Net defined benefit pension liability	25	864,535	1,094,390
Net assets including pension liability		12,662,732	11,101,869
Capital and reserves			
Called up share capital	22	2,258	2,258
Reserves	23	12,660,474	11,099,611
Shareholders' funds	23	12,662,732	11,101,869

W S Henderson

D Romanes

Directors

25 January 2007

Balance sheet

at 1 April 2006

	Note	2006	2005 (restated)
		£	£
Tangible fixed assets			
Investments	13	29,589,072	29,509,133
Current assets			
Debtors	15	187,284	142,531
Cash at bank and in hand		2,838,276	433,071
		3,025,560	575,602
Creditors amounts falling due within one year	17	10,214,119	7,532,670
Net current liabilities		(7,188,559)	(6,957,068)
Total assets less current liabilities		22,400,513	22,552,065
Creditors amounts falling due after more than one year	18	14,621,608	16,402,493
Provisions for liabilities and charges	21		
		7,778,905	6,149,572
Capital and reserves			
Called up share capital	22	2,258	2,258
Reserves	23	7,776,647	6,147,314
	23	7,778,905	6,149,572

W S Henderson

D Romanes

Directors

25 January 2007

Group statement of cash flows

for the period ended 1 April 2006

	Notes	2006 £	2005 £
Net cash inflow from operating activities	4(b)	4,406,667	3,768,057
Returns on investments and servicing of finance	16	(957,485)	(618,883)
Taxation		(1,092,091)	(1,011,009)
Capital expenditure and financial investment	16	(178,714)	21,760
		2,178,377	2,159,925
Acquisitions and disposals	16	(114,163)	(5,731,781)
Equity dividends paid		(851,038)	(1,148,818)
		1,213,176	(4,720,674)
Financing	16	(2,297,113)	5,400,000
(Decrease)/increase in cash		(1,083,937)	679,326

Reconciliation of net cash flow to movement in net debt

	Notes	2006 £	2005 £
(Decrease)/increase in cash		(1,083,937)	679,326
Cash outflow/(inflow) from (decrease)/increase in debt and lease financing		2,297,113	(5,400,000)
Change in net debt arising from cash flows		1,213,176	(4,720,674)
Additional loan notes issued		(150,000)	
Exchange differences		(79,939)	(169,016)
Net debt at 3 April 2005		(21,640,230)	(16,750,540)
Net debt at 1 April 2006		(20,656,993)	(21,640,230)

Notes to the financial statements

at 1 April 2006

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

FRS21 (Events after the balance sheet date) has been adopted in the current period As a result of the adoption of FRS21 prior year net assets have been increased by £401,037 in the group and have been decreased by £2,658,945 in the company

Consolidation

The group financial statements consolidate the financial statements of The Dunfermline Press Limited and all its subsidiary undertakings drawn up to 1 April 2006 No profit and loss account is presented for The Dunfermline Press Limited as permitted by section 230 of the Companies Act 1985

Depreciation

Acquired newspaper titles which are separately identifiable are recorded at their fair value on acquisition where this can be measured reliably Where the useful life of the newspaper titles is considered to be indefinite no annual amortisation is provided but the title is subject to annual impairment review and any impairment to carrying value is charged to profits in the period

The cost of tangible fixed assets is written off in equal monthly instalments over the expected useful lives of assets from the dates of purchase as follows

Heritable property	50 years
Plant, machinery and vehicles	4 30 years

Stocks

Stocks are valued at the lower of cost and net realisable value

Deferred taxation

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

Leased assets

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives The capital element of finance obligations under leases and hire purchase contracts are included as liabilities in the balance sheet The interest element of the rental obligations are charged to the profit and loss account over the period of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease

Notes to the financial statements

at 1 April 2006

1. Accounting policies

(continued)

Pensions

The group operates five pension schemes One of the schemes is a defined contribution scheme and four of the schemes are defined benefit schemes

Defined benefit pension schemes

Pension scheme assets are measured using market values Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability Any increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit

The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in interest payable Actuarial gains and losses are recognised in the statement of total recognised gains and losses Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised on the balance sheet net of related deferred tax

Defined contribution pension schemes

Amounts charged to profits represent the contribution payable to the schemes in the period

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange differences on the carrying amount of the related investments Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves

2. Turnover

Turnover comprises the invoice value of sales by the group, exclusive of VAT and after deduction of trade discounts

3. Operating costs

	2006	*2005*
	£	*£*
Raw materials and consumables	50,774	45,315
Other external charges	4,594,283	4,386,539
Staff costs (note 5)	8,040,514	7,666,293
Depreciation	225,636	223,696
Other operating charges	3,076,636	2,721,237
Loss on disposal of fixed assets	6,120	56,434
	15,993,963	15,099,514

Notes to the financial statements

at 1 April 2006

4 Operating profit

		2006	2005
		£	£
(a) This is stated after charging			
Operating lease rentals	land and buildings	134,135	131,999
	plant and machinery	6,179	13,032
Auditors' remuneration	audit	42,400	37,500
Auditors' remuneration	other services	21,875	17,595

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

	2006	2005
	£	£
Operating profit	4,255,193	4,151,292
Depreciation	225,636	223,696
Difference between pension charge and contributions paid	(190,350)	(197,340)
Decrease in stocks	61	29,470
Decrease/(increase) in debtors	61,384	(90,951)
Increase/(decrease) in creditors	48,623	(404,542)
Loss on sale of fixed assets	6,120	56,434
Sundry income		(2)
Net cash inflow from operating activities	4,406,667	3,768,057

5. Staff costs

	2006	2005
	£	£
Wages and salaries	7,027,891	6,737,033
Social security costs	644,495	629,283
Other pension costs	368,128	299,977
	8,040,514	7,666,293

The average monthly number of employees during the period was as follows	2006	2005
	No	No
Operatives	51	54
Staff	339	326
	390	380

Notes to the financial statements

at 1 April 2006

6 Emoluments of directors

	2006	2005
	£	£
Fees	75,000	75,000
Emoluments	290,000	290,000
Pension contributions to defined contribution pension scheme	25,575	25,575
	390,575	390,575

	2006	2005
	No	No
Members of money purchase pension schemes	1	1

The emoluments of the highest paid director are as follows

	2006	2005
	£	£
Highest paid director	240,000	240,000
Company contributions paid to money purchase pension scheme	25,575	25,575

7. Interest payable

	2006	2005
	£	£
Bank loans and overdrafts	1,080,208	826,199
Other loans	110,444	179,762
Other finance costs	29,740	35,543
	1,220,392	1,041,504

8. Other income

	2006	2005
	£	£
Other interest receivable	15,497	12,674
Income from fixed asset investments	276,437	309,630
Sundry income		(2)
	291,934	322,302

Notes to the financial statements

at 1 April 2006

9. Taxation

	2006 £	2005 £
a) The charge based on profit for the year comprises		
UK corporation tax at 30% (2005 30%)	972,409	1,066,968
Over provision for prior years	(43,329)	(19,430)
Total current tax	929,080	1,047,538
Transfer from deferred taxation	103,183	(24,022)
	1,032,263	1,023,516

	2006 £	2005 £
b) Factors affecting current tax charge		
The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% The differences are reconciled below		
Profit on ordinary activities before taxation	3,326,735	3,432,090
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2005 30%)	998,021	1,029,627
Effect of		
Disallowed expenses and non taxable income	(2,143)	(19,174)
Depreciation in excess of capital allowances	1,436	(17,066)
Adjustments in respect of prior years	(43,329)	(19,430)
Other timing differences	(5,363)	67,708
Unrelieved tax losses	(8,542)	5,873
Marginal relief	(11,000)	
Total current tax	929,080	1,047,538

c) Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised in revaluing newspaper titles to their carrying value in note 11 If they were sold at this value then the total amount unprovided for is £6 4million

	2006 £	2005 £
d) Group		
The deferred tax included in the balance sheet is as follows		
Accelerated capital allowances	(68,518)	(76,740)
Other timing differences	(42,698)	(89,476)
Included in debtors (Note16)	(111,216)	(166,216)

10. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £2,480,371 (2005 £6,010 (restated))

Notes to the financial statements

at 1 April 2006

11. Intangible fixed assets

Group	*Newspaper titles* £
Cost	
At 3 April 2005	27,082,654
Acquired in year	305,981
At 1 April 2006	27,388,635
Net book value	
At 3 April 2005	27,082,654
At 1 April 2006	27,388,635

The group's newspaper titles were initially recognised at their fair values on acquisition in 2001, 2002 and 2005 Each of these titles has a long history of premium value in its local marketplace within a long established industry These factors, together with the unique nature of these local newspaper titles contribute to their durability Consequently, the useful lives of these titles are considered by the directors to be indefinite and no annual amortisation is provided The carrying value of each of these titles is subject to an annual impairment review

£273,980 of the additions relates to the acquisition of Firth FM Holdings Limited and Your Radio FM Limited This will be subject to amortisation from 1 April 2006

12. Tangible fixed assets

Group	*Heritable Property* £	*Plant, machinery and vehicles* £	*Total* £
Cost			
At 3 April 2005	1,832,673	4,144,686	5,977,359
Additions	868	147,995	148,863
Acquisition of subsidiary		78,733	78,733
Disposals		(45,484)	(45,484)
At 1 April 2006	1,833,541	4,325,930	6,159,471
Depreciation			
At 3 April 2005	538,497	3,700,239	4,238,736
Acquisition of subsidiary		55,550	55,550
Charge for the period	37,850	187,786	225,636
Disposals		(37,215)	(37,215)
At 1 April 2006	576,347	3,906,360	4,482,707
Net book value			
At 1 April 2006	1,257,194	419,570	1,676,764
At 3 April 2005	1,294,176	444,447	1,738,623

Notes to the financial statements

at 1 April 2006

13 Fixed asset investments

Group	*2006*	*2005*
	£	£
Unlisted investments		
At cost at 3 April 2005	5,234,492	5,407,824
Sold during the period		(342,348)
Exchange adjustment	79,939	169,016
	5,314,431	5,234,492

The Group holds 100% of the preference shares of Celtic News Group Limited, a company incorporated in Ireland

Company	*2006*	*2005*
	£	£
Interest in subsidiary undertakings		
At cost at 3 April 2005	24,274,942	17,622,018
Purchased during period		6,652,924
At cost at 1 April 2006	24,274,942	24,274,942

The subsidiary undertakings each of which is wholly owned are as follows

Name of company	*Country of registration*	*Nature of business*
A Romanes & Son Limited	Scotland	Newspaper publishing
Clyde & Forth Press Limited	Scotland	Newspaper publishing
Orr Pollock & Company Limited	Scotland	Newspaper publishing, trades as agent+
Craig M Jeffrey Limited	Scotland	Newspaper publishing, trades as agent+
West Independent Newspapers Limited	Scotland	Newspaper publishing, trades as agent+
Paton Cook Limited	Scotland	Non trading+
Cook Paton Limited	Scotland	Non trading+
Frank Lawrance (Slough Observer) Limited	England	Non trading+
Slough Observer Limited	Scotland	Newspaper publishing, trades as agent+
MAD Publishing Limited	England	Newspaper publishing, trades as agent+
D & J Croal Limited	Scotland	Newspaper publishing
Border Weeklies Limited	Scotland	Newspaper publishing
Firth FM Holdings Limited	Scotland	Holding company for radio station+

+Owned by Clyde & Forth Press Limited

Notes to the financial statements
at 1 April 2006

13. Fixed asset investments
(continued)

Analysis of the acquisition of subsidiary undertaking – Firth FM Holdings Limited and Your Radio Limited

	Book value £	*Revaluation* £	*Provisions* £	*Fair value to the group* £
Intangible fixed assets (Note 11)		273,980		273,980
Tangible fixed assets	23,183			23,183
Debtors	13,341			13,341
Cash and bank	684			684
Total assets	37,208	273,980		311,188
Creditors	(46,341)			(46,341)
Total liabilities	(9,133)	273,980		264,847
Net assets	(9,133)	273,980		264,847
Discharged by				
Cash				114,847
Loan notes issued				150,000

	2006 £	*2005* £
Unlisted investments		
At cost at 3 April 2005	5,234,191	5,407,523
Sold during the period		(342,348)
Exchange adjustment	79,939	169,016
At cost at 1 April 2006	5,314,130	5,234,191

The company holds 100% of the preference shares of Celtic News Group Limited, a company incorporated in Ireland

	2006 £	*2005* £
Company		
Total fixed asset investments	29,589,072	29,509,133

Notes to the financial statements

at 1 April 2006

14. Stocks

	Group 2006 £	Group 2005 £
Raw materials	17,975	18,231
Work in progress	5,170	4,975
	23,145	23,206

15. Debtors

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Trade debtors	2,131,024	2,160,392		
Other debtors	78,292	92,051	76,944	
Prepayments	129,069	133,985		
Deferred tax (Note 9)	111,216	166,216		
Due from subsidiary undertaking			110,340	142,531
	2,449,601	2,552,644	187,284	142,531

16. Notes to cash flow statement

	2006 £	2005 £
Returns on investments and servicing of finance.		
Interest received	15,497	12,674
Interest paid	(1,249,419)	(941,187)
Dividends received	276,437	309,630
	(957,485)	(618,883)

Capital expenditure and financial investment

	2006 £	2005 £
Purchase of property, plant and equipment	(148,863)	(114,623)
Proceeds from sale of property, plant and equipment	2,149	136,383
Purchase of intangible assets	(32,000)	
	(178,714)	21,760

Acquisitions and disposals

	2006 £	2005 £
Purchase of subsidiary undertakings	(114,847)	(6,652,924)
Cash acquired with subsidiary undertakings	684	578,795
Unlisted investments disposal		342,348
	(114,163)	(5,731,781)

Notes to the financial statements

at 1 April 2006

16. Notes to cash flow statement

(continued)

	2006	2005
	£	£
Financing		
Repayment of loan notes	(1,292,307)	(1,100,000)
Bank loans (repaid)/received	(1,004,806)	6,500,000
	(2,297,113)	5,400,000

Analysis of changes in net debt

	At 3 April 2005 £	Cash flows £	Additional loan notes issued £	Exchange differences £	At 1 April 2006 £
Cash at bank and in hand	1,921	534			2,455
Loan notes	(3,876,921)	1,292,307	(150,000)		(2,734,614)
Bank loans	(17,977,576)	1,004,806		(79,939)	(17,052,709)
Finance leases and hire purchase contracts	(3,162)				(3,162)
Bank overdraft	215,508	(1,084,471)			(868,963)
	(21,640,230)	1,213,176	(150,000)	(79,939)	(20,656,993)

17. Creditors: amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade creditors	512,959	420,251		
Other creditors	28,656	25,168		
Corporation tax	363,656	526,667		
Other taxes and social security	826,344	841,603		
Accruals and deferred income	936,701	981,441	1,037	48,551
Loans	673,408	1,009,697	673,408	1,009,697
Loan notes	1,292,307	1,292,307	1,192,307	1,192,307
Obligations under finance leases (note 20)	3,162	3,162		-
Amounts owed to subsidiary undertakings			8,347,367	5,282,115
Bank overdraft	868,963			
	5,506,156	5,100,296	10,214,119	7,532,670

Notes to the financial statements
at 1 April 2006

18. Creditors: amounts falling due after more than one year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Loans (note 19)	16,379,301	16,967,879	13,429,301	14,017,879
Loan notes (note 19)	1,442,307	2,584,614	1,192,307	2,384,614
	17,821,608	19,552,493	14,621,608	16,402,493

19. Loans/loan notes

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Amounts falling due between one and five years	10,484,346	11,254,008	7,284,346	8,104,008
Amounts falling due after more than 5 years	7,337,262	8,298,485	7,337,262	8,298,485
	17,821,608	19,552,493	14,621,608	16,402,493

Details of loans not wholly repayable within five years are as follows

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Term loan repayable in instalments	7,337,262	8,298,485	7,337,262	8,298,485

The rate of interest payable on the term loans is 1 5% over the bank's Euro base rate and 1 5% over the LIBOR base rate

The bank revolving credit facility, bank term loan and bank overdraft are secured by a bond and floating charge over all the assets of the group together with standard securities over certain of the group's properties

20. Obligations under finance leases and hire purchase contracts

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Finance leases and hire purchase contracts are analysed as follows				
Current obligations	3,162	3,162		

Notes to the financial statements

at 1 April 2006

21. Provisions for liabilities and charges

Group

Deferred taxation	*2006*	*2005*
	£	*£*
At 2 April 2005	166,216	(105,654)
Arising during the year	(55,000)	(60,562)
Included in debtors (Note 15)	(111,216)	(166,216)
Company		
At 2 April 2005		30,267
Arising during the year		(30,267)

22. Called up share capital

		Authorised		*Allotted, called up and fully paid*
	2006	*2005*	*2006*	*2005*
	£	*£*	*£*	*£*
Ordinary shares of 10p each	10,000	10,000	2,258	2,258

Notes to the financial statements
at 1 April 2006

23. Reconciliation of shareholders' funds and movements on reserves
Group

	Share capital	*Share premium*	*Capital reserve*	*Capital redemption reserve*	*Merger reserve*	*Profit and loss account (as restated)*	*Total*
	£	£		£	£	£	£
At 3 April 2004 (as previously reported)	2,258	355,600	866 198	2,599	7 305,691	1 218 214	9 750 560
Prior year adjustment	-	-	-	-	-	350,001	350,001
Profit for the period	-	-	-	-	-	2 408,574	2,408 574
Dividends paid	-	-	-	-	-	(1 148,818)	(1,148 818)
Actuarial loss and related tax	-	-	-	-	-	(258 448)	(258 448)
At 2 April 2005 (restated)	2 258	355 600	866,198	2 599	7,305,691	2 569,523	11 101 869
Profit for the period	-	-	-	-	-	2,294,472	2,294 472
Dividends	-	-	-	-	-	(851,038)	(851 038)
Actuarial gain and related tax	-	-	-	-	-	117 429	117,429
At 1 April 2006	2,258	355,600	866 198	2,599	7 305 691	4,130,386	12,662 732

Notes to the financial statements
at 1 April 2006

23. Reconciliation of shareholders' funds and movements on reserves
(continued)

Company

	Share capital £	*Share premium* £	*Capital redemption reserve* £	*Merger reserve* £	*Profit and loss account* £	*Total* £
At 3 April 2004 (as previously reported)	2,258	355,600	2,599	7 305 691	976,233	8,642,381
Prior year adjustment	-	-	-	-	(1,350,001)	(1,350,001)
Profit for the period	-	-	-	-	6 010	6 010
Dividends paid	-	-	-	-	(1,148,818)	(1 148,818)
At 2 April 2005 (restated)	2,258	355 600	2,599	7,305 691	(1,516 576)	6,149,572
Profit for the period	-	-	-	-	2,480,371	2 480,371
Dividends paid	-	-	-	-	(851,038)	(851,038)
At 1 April 2006	2 258	355 600	2 599	7,305 691	112,757	7,778,905

Notes to the financial statements

at 1 April 2006

24. Financial commitments

Group

The commitments under non cancellable operating leases were as follows

	Land and buildings	
	2006	*2005*
Annual commitments which expire	£	£
Within one year		15,000
Between two and five years	20,700	12,000
After more than five years	82,500	91,200
	103,200	118,200

25. Pensions

The Group operates one defined contribution scheme and four defined benefit schemes with assets held in separate trustee administered funds The latest actuarial valuations were made at 6 April 2003 for the defined benefits schemes

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuations at 6 April 2003 as updated by the various actuaries to the defined benefit schemes to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 1 April 2006 Scheme assets are stated at their market value at 1 April 2006

The main assumptions used are

	At 1 April 2006	*At 2 April 2005*	*At 3 April 2004*
Rate of salary increases	2 75%	2 5%	2 5%
Rate of increase in pensions in payment	2 75%	2 5%	2 5%
Discount rate	5 00%	5 25% and 5 4%	5 25% and 5 5%
Inflation assumption	2 75%	2 5%	2 5%

Notes to the financial statements

at 1 April 2006

25. Pensions

(continued)

The assets and liabilities of the schemes and the expected rates of return were

	Long term rate of return expected	*At 1 April 2006 Value*	*Long term rate of return expected*	*At 2 April 2005 Value*	*Long term rate of return expected*	*At 3 April 2004 Value*
	%	*£*	*%*	*£*	*%*	*£*
Equities	8	7,102,680	7	4,760,274	7 and 8	4,732,000
Bonds and Gilts	5	588,547	5	689,298	5	818,000
Property	8	95,445	7	47,948	8	40,000
Other	4	3,990,180	4	3,581,979	4	3,230,000
Total market value of assets		11,776,852		9,079,499		8,820,000
Present value of scheme liabilities		12,203,936		10,642,915		9,683,000
		(427,084)		(1,563,416)		(863,000)
Restriction in recognition of surplus		(807,966)				(493,000)
Deficit in schemes		(1,235,050)		(1,563,416)		(1,356,000)
Related deferred tax asset		370,515		469,026		406,800
Net pension liability		(864,535)		(1,094,390)		(949,200)

Pension costs charged

	2006	*2005*
	£	*£*
Charge in respect of defined benefit schemes	213,290	195,674
Charge in respect of defined contribution schemes	25,575	25,575
	238,865	221,249

Notes to the financial statements

at 1 April 2006

25. Pensions

(continued)

Net interest on pension liability

	2006 £	2005 £
Expected return on pension scheme assets	417,175	375,398
Interest on pension scheme liabilities	(446,915)	(410,941)
Net cost	(29,740)	(35,543)

Actuarial gain/(loss) in the statement of total recognised gains and losses

	2006 £	2005 £
Actual return less expected return on pension scheme assets	1,652,751	277,160
Experience gains and losses arising on the scheme liabilities	(680,531)	(253,273)
Changes in assumptions underlying the present value of the scheme liabilities	(804,464)	(393,100)
Actuarial gain/(loss) recognised	167,756	(369,213)
Deferred tax	(50,327)	110,765
	117,429	(258,448)

Movement in deficit during the year

	2006 £	2005 £
Deficit in schemes at the beginning of the year	(1,563,416)	(1,356,000)
Movement in year		
Current service cost	(64,655)	(57,258)
Contributions	255,005	254,598
Net finance cost	(29,740)	(35,543)
Actuarial gain/(loss)	167,756	(369,213)
Deficit in schemes at the end of the year	(1,235,050)	(1,563,416)

Notes to the financial statements

at 1 April 2006

25. Pensions

(continued)

History of experience gains and losses

	2006	*2005*	*2004*	*2003*
	£	*£*	*£*	*£*
Difference between the expected and actual return on scheme assets				
Amount	1,652,751	277,160	905,305	(2,178,582)
Percentage of scheme assets	14 0%	(3 1%)	10 3%	(30%)
Experience gains and losses on scheme liabilities				
Amount	(680,531)	(253,273)	(163,230)	1,291,101
Percentage of the present value of the scheme liabilities	(5 6%)	(2 4%)	(1 7%)	14 7%
Total amount recognised in statement of total recognised gains and losses				
Amount	167,756	(369,213)	245,203	(1,594,681)
Percentage of the present value of the scheme liabilities	1 4%	(3 5%)	2 5%	(18%)

26. Contingent liability

The company has guaranteed the bank borrowings of its subsidiary undertakings amounting to £5,705,386 (2005 £3,727,186)

27. Related party transactions

The loan notes are issued to Mr I B Romanes and Mr W S Henderson who are directors of the company Interest on the loan notes amounting to £93,263 (2005 £138,529) was paid to Mr Romanes and £17,762 (2005 £26,596) was paid to Mr Henderson during the year Mr J Rafferty is a partner in Burness, Solicitors During the year the group has paid his firm £46,953 (2005 £96,040) in respect of professional fees

28. Post balance sheet event

In June 2006, the company purchased the entire share capital of William Trimble Limited, a company registered in Northern Ireland, for £10 85 million