

**Report of the Directors and
Financial Statements for the year ended 31 October 2005
for
MENTMORE LIMITED**



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COMPANIES HOUSE 03/08/2006

MENTMORE LIMITED

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MENTMORE LIMITED

Company Information
for the year ended 31 October 2005

DIRECTORS:	S W Williams R D Hodsdon
SECRETARY:	R D Hodsdon
REGISTERED OFFICE:	Brittanic House Stirling Way Borehamwood Hertfordshire WD6 2BT
REGISTERED NUMBER:	307397 (England and Wales)
AUDITORS:	PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham B3 2DT
BANKERS:	National Westminster Bank Plc P O Box No 34 15 Bishopsgate London EC2P 2AP
SOLICITORS:	Wragge & Co 55 Colmore Row Birmingham B3 2AS

MENTMORE LIMITED

Report of the Directors for the year ended 31 October 2005

The directors present their report with the audited financial statements of the company for the year ended 31 October 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of an investment company.

REVIEW OF BUSINESS

The financial position of the company is as shown in the annexed financial statements.

DIVIDENDS

An interim dividend of 7.08p was paid to ordinary shareholders on 31 October 2005.

During the previous period ended 31 October 2004, an interim dividend of 0.45p together with a special dividend of 0.89p per ordinary share was paid to ordinary shareholders.

No final dividend is proposed for the year ended 31 October 2005 (period ended 31 October 2004: £: nil).

DIRECTORS

The directors during the year under review were:

S W Williams
R D Hodsdon

The directors holding office at 31 October 2005 did not hold any beneficial interest in the issued share capital of the company at 1 November 2004 or 31 October 2005.

The directors in office at 31 October 2005 are also directors of the intermediate parent undertaking, Safestore Holdings Limited, and their interests in the share capital of Safestore Holdings Limited are shown in the directors' report of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 profit or loss of the company for that year. 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment in accordance with Section 385A of the Companies Act 1985.

ON BEHALF OF THE BOARD:



R D Hodsdon - Secretary
7 June 2006

**Report of the Independent Auditors to the members of
Mentmore Limited**

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

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
7 June 2006

MENTMORE LIMITED

Profit and Loss Account for the year ended 31 October 2005

	Note	Year ended 31/10/05 £000's	Period 1/5/03 to 31/10/04 £000's
TURNOVER		-	-
Administrative expenses		<u>(103)</u>	<u>(37,879)</u>
		(103)	(37,879)
Other operating income		<u>-</u>	<u>257</u>
OPERATING LOSS	3	(103)	(37,622)
Profit on sale of joint venture		-	24,178
Profit on sale of tangible fixed assets		-	240
Profit on sale of investments		<u>-</u>	<u>791</u>
		(103)	(12,413)
Income from shares in group undertakings	4	11,521	2,000
Interest receivable and similar income	5	<u>2,926</u>	<u>5,051</u>
		14,447	7,051
Interest payable and similar charges	6	<u>(1,716)</u>	<u>(5,738)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		12,628	(11,100)
Tax on profit/(loss) on ordinary activities	7	<u>(2)</u>	<u>(187)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR /PERIOD AFTER TAXATION		12,626	(11,287)
Dividends	8	<u>(12,900)</u>	<u>(2,431)</u>
LOSS FOR THE FINANCIAL YEAR /PERIOD	16	<u>(274)</u>	<u>(13,718)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

MENTMORE LIMITED**Statement of Total Recognised Gains and Losses
for the year ended 31 October 2005**

	Year ended 31/10/05 £'000	Period 1/5/03 to 31/10/04 £'000
PROFIT/(LOSS) FOR THE FINANCIAL YEAR/PERIOD	12,626	(11,287)
Exchange adjustment offset in reserves	(577)	567
Actuarial loss recognised in the pension scheme	(1)	(50)
Movement on deferred tax asset relating to pension deficit	<u>(37)</u>	<u>9</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR/PERIOD	<u>12,011</u>	<u>(10,761)</u>

MENTMORE LIMITED

Balance Sheet
31 October 2005

	Note	2005 £'000	2005 £'000	2004 £'000	2004 £'000
FIXED ASSETS					
Tangible assets	9		17		20
Investments	10		<u>50,158</u>		<u>47,708</u>
			50,175		47,728
CURRENT ASSETS					
Debtors	11	61,432		50,070	
Cash at bank		<u>5,460</u>		<u>6,623</u>	
		66,892		56,693	
CREDITORS					
Amounts falling due within one year	12	<u>(34,806)</u>		<u>(19,185)</u>	
NET CURRENT ASSETS			<u>32,086</u>		<u>37,508</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			82,261		85,236
CREDITORS					
Amounts falling due after more than one year	13		(5,348)		(7,348)
NET ASSETS EXCLUDING PENSION LIABILITY			76,913		77,888
PENSION LIABILITY	21		<u>(260)</u>		<u>(346)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>76,653</u>		<u>77,542</u>
CAPITAL AND RESERVES					
Called up share capital	15		18,216		18,216
Special reserve	16		3,134		3,134
Other reserve	16		49,707		49,707
Profit and loss account	16		<u>5,596</u>		<u>6,486</u>
EQUITY SHAREHOLDERS' FUNDS	20		<u>76,653</u>		<u>77,542</u>

ON BEHALF OF THE BOARD:



R D Hodsdon - Director

Approved by the Board on 7 June 2006

MENTMORE LIMITED

Notes to the Financial Statements for the year ended 31 October 2005

1. ACCOUNTING POLICIES

Accounting convention

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

Exemption from preparing consolidated financial statements

The financial statements contain information about Mentmore Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Safestore Holdings Limited, a company registered in England and Wales (See note 17)

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- Over the life of the lease
Fixtures and fittings	- 15% on reducing balance
Computer equipment	- 33% on cost

Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit. Freehold land is not depreciated. The cost of buildings include all capital spend incurred in bringing the property to an appropriate condition for operational use. All other costs are classed as repairs and maintenance and are written off to the profit and loss account as incurred.

Deferred tax

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods which the timing differences are expected to reverse, based on tax rates and laws that have been enacted, or substantially enabled by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Translations in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Cash flow statement

In accordance with FRS1, the company is not required to present a cash flow statement as it is a wholly owned subsidiary, 90% or more of whose voting rights are controlled within the group. Consolidated accounts, which include the company, are publicly available (see note 17).

2. STAFF COSTS

	Year ended 31/10/05 £'000	Period 1/5/03 to 31/10/04 £'000
Wages and salaries	-	954
Social security costs	-	119
Other pension costs (See note 21)	-	345
	<u>-</u>	<u>1,418</u>

MENTMORE LIMITED

Notes to the Financial Statements - continued for the year ended 31 October 2005

2. STAFF COSTS - continued

The average monthly number of employees during the year/period (including directors) was as follows:

	Year ended 31/10/05	Period 1/5/03 to 31/10/04
Administrative	<u>2</u>	<u>8</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	Year ended 31/10/05 £'000	Period 1/5/03 to 31/10/04 £'000
Other operating leases	43	69
Depreciation - owned assets (note 9)	3	104
Auditors' remuneration	-	10
Computer software development costs expensed as incurred	-	2,574
Impairment of investments	<u>-</u>	<u>27,745</u>
Directors' emoluments	-	837
Directors' pension contributions to money purchase schemes	-	39
Compensation to directors for loss of office	<u>-</u>	<u>1,675</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>-</u>	<u>2</u>
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Auditors' remuneration was borne by a fellow group company in the current year. Directors' emoluments were paid by a fellow group company for the financial year ended 31 October 2005.

4. INCOME FROM INVESTMENTS

	Year ended 31/10/05 £'000	Period 1/5/03 to 31/10/04 £'000
Shares in group undertakings	<u>11,521</u>	<u>2,000</u>

MENTMORE LIMITED

Notes to the Financial Statements - continued for the year ended 31 October 2005

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31/10/05 £'000	Period 1/5/03 to 31/10/04 £'000
Deposit account interest	234	1,640
Interest from joint venture	-	621
Intercompany interest	2,692	2,783
Other interest receivable	-	7
	<u>2,926</u>	<u>5,051</u>

Until its disposal on 28 February 2004, interest was recovered from Iron Mountain Europe Limited in accordance with the joint venture agreement at varying rates based on the US prime rate.

Until 31 March 2004, intercompany interest was recovered from certain subsidiary companies at the company's cost of borrowing. From 1 April 2004, formal arrangements were introduced whereby intercompany interest has been charged to all group undertakings at an average rate of 8% per annum.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31/10/05 £'000	Period 1/5/03 to 31/10/04 £'000
Bank interest	-	855
Bank loan interest	-	2,960
Loan note interest	234	391
Other interest payable	28	15
Intercompany interest	1,438	498
Amortisation of FRS4 costs	-	188
Exceptional interest costs	-	813
Other finance costs (note 21)	16	18
	<u>1,716</u>	<u>5,738</u>

From 1 April 2004, interest has been charged on all balances due to group undertakings at an average rate of 8% per annum.

The exceptional interest costs of £0.813m in the period ended 31 October 2004 represent the cost of arranging a new four year syndicated bank facility agreement in July 2003 following the disposal of the serviced business space division. This bank facility ceased following the sale of the company in June 2004 to Safestore Acquisition Limited and the related costs were written off to the profit and loss account in the period.

MENTMORE LIMITED

Notes to the Financial Statements - continued for the year ended 31 October 2005

7. TAXATION

Analysis of the tax charge

The tax charge on the profit/(loss) on ordinary activities for the year/period was as follows:

	Year ended 31/10/05 £'000	Period 1/5/03 to 31/10/04 £'000
Current tax:		
UK corporation tax	<u>2</u>	<u>-</u>
Deferred tax:		
Current year	-	(12)
Relating to prior years	<u>-</u>	<u>199</u>
Total deferred tax	<u>-</u>	<u>187</u>
Tax on profit/(loss) on ordinary activities	<u><u>2</u></u>	<u><u>187</u></u>

Factors affecting the tax charge

The tax assessed for the year/period is lower (2004: higher) than the standard rate of corporation tax in the UK.
The difference is explained below:

	Year ended 31/10/05 £'000	Period 1/5/03 to 31/10/04 £'000
Profit/(loss) on ordinary activities before tax	<u>12,628</u>	<u>(11,100)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	3,788	(3,330)
Effects of:		
Income not taxable for tax purposes	(3,070)	(600)
Expenses not deductible for tax purposes	6	8,632
Amounts shown in STRGL	(173)	170
Group relief surrendered/(claimed) without payment	(472)	2,585
Accelerated capital allowances and timing differences	-	14
Profit on disposal of capital assets, exempt from tax	-	(7,471)
Utilisation of tax losses	<u>(77)</u>	<u>-</u>
Current tax charge	<u><u>2</u></u>	<u><u>-</u></u>

8. DIVIDENDS

	Year ended 31/10/05 £'000	Period 1/5/03 to 31/10/04 £'000
Equity shares:		
Interim	<u>12,900</u>	<u>2,431</u>
	<u><u>12,900</u></u>	<u><u>2,431</u></u>

MENTMORE LIMITED

Notes to the Financial Statements - continued for the year ended 31 October 2005

9. TANGIBLE FIXED ASSETS

	Long leasehold £000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
COST				
At 1 November 2004	84	97	91	272
Disposals	<u>(84)</u>	<u>-</u>	<u>-</u>	<u>(84)</u>
At 31 October 2005	<u>-</u>	<u>97</u>	<u>91</u>	<u>188</u>
DEPRECIATION				
At 1 November 2004	84	77	91	252
Charge for year	-	3	-	3
Eliminated on disposal	<u>(84)</u>	<u>-</u>	<u>-</u>	<u>(84)</u>
At 31 October 2005	<u>-</u>	<u>80</u>	<u>91</u>	<u>171</u>
NET BOOK VALUE				
At 31 October 2005	<u>-</u>	<u>17</u>	<u>-</u>	<u>17</u>
At 31 October 2004	<u>-</u>	<u>20</u>	<u>-</u>	<u>20</u>

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 November 2004	75,653
Additions	<u>2,450</u>
At 31 October 2005	<u>78,103</u>
PROVISIONS	
At 1 November 2004 and 31 October 2005	<u>27,945</u>
NET BOOK VALUE	
At 31 October 2005	<u>50,158</u>
At 31 October 2004	<u>47,708</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

Safestore Properties Limited (formerly Safestore Limited)

Nature of business: Self-Storage

Class of shares:	%
Ordinary	holding 100.00

Une Piece en Plus SA

Country of incorporation: France

Nature of business: Self Storage

Class of shares:	%
Ordinary	holding 100.00

MENTMORE LIMITED

Notes to the Financial Statements - continued for the year ended 31 October 2005

10. FIXED ASSET INVESTMENTS - continued

Assay Insurance Services Limited

Country of incorporation: Guernsey

Nature of business: Insurance services

Class of shares:	%
Ordinary	holding 100.00

Mentmore Fulham Limited

Nature of business: Property

Class of shares:	%
Ordinary	holding 100.00

Whiteley Spring Limited

Country of incorporation: Isle of Man

Nature of business: Property

Class of shares:	%
Ordinary	holding 100.00

Access Storage Holdings (France) s.a.r.l.

Country of incorporation: Luxembourg

Nature of business: Holding company

Class of shares:	%
Ordinary	holding 100.00

In April 2005, the company completed the acquisition of Access Storage Holdings (France) SARL ("Access France"). The resultant impact is an enlarged French business with eighteen stores which enjoys strong representation and clear market leadership in Greater Paris. Further information in respect of this acquisition can be found in the 2005 accounts of Safestore Holdings Limited (See note 17).

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2004 £'000
Trade debtors	-	19
Amounts owed by group undertakings	61,415	49,954
Other debtors	5	-
Prepayments and accrued income	12	97
	<u>61,432</u>	<u>50,070</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2004 £'000
Trade creditors	32	474
Amounts owed to group undertakings	32,316	17,978
Other creditors	1,875	37
Accruals and deferred income	583	696
	<u>34,806</u>	<u>19,185</u>

Amounts owed to group undertakings are repayable on demand and bear interest at an average rate of 8% per annum.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £'000	2004 £'000
Other loans (See note 14)	<u>5,348</u>	<u>7,348</u>

MENTMORE LIMITED

Notes to the Financial Statements - continued for the year ended 31 October 2005

14. LOANS

An analysis of the maturity of loans is given below:

	2005 £'000	2004 £'000
Amounts falling due between one and two years:		
Deferred acquisition loan notes - due 1-2 years	<u>5,348</u>	<u>7,348</u>

15. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2005 £'000	2004 £'000
200,000,000	Ordinary shares	10p	<u>2,000</u>	<u>2,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2005 £'000	2004 £'000
182,159,502	Ordinary shares	10p	<u>18,216</u>	<u>18,216</u>

16. RESERVES

	Profit and loss account £'000	Special reserve £'000	Other reserve £'000	Total £'000
At 1 November 2004	6,485	3,134	49,707	59,326
Loss for the financial year	(274)	-	-	(274)
Actuarial loss recognised in the pension scheme	(1)	-	-	(1)
Movement in deferred tax asset relating to the pension deficit	(37)	-	-	(37)
Exchange differences	<u>(577)</u>	<u>-</u>	<u>-</u>	<u>(577)</u>
At 31 October 2005	<u>5,596</u>	<u>3,134</u>	<u>49,707</u>	<u>58,437</u>

The special reserve arose on the court approved capital reduction undertaken in 1995 to eliminate the profit and loss account deficit at that time and this special reserve is not distributable for the foreseeable future.

The other reserve represents share premium of £13.5m (net of issue costs) arising on the issue of ordinary shares in connection with the acquisition of Abbey Storage Limited in April 1996 and £36.2m (net of issue costs) arising on the issue of ordinary shares for the acquisition of the British Data Management plc Group in October 1996. The other reserve is not distributable.

17. INTERMEDIATE AND ULTIMATE PARENT COMPANY

The intermediate parent company is Safestore Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Safestore Holdings Limited is the smallest group of which the company is a member and for which consolidated financial statements are prepared. Copies of Safestore Holdings Limited group accounts are available from the company's registered office at Brittan House, Stirling Way, Borehamwood, Hertfordshire, WD6 2BT.

Bridgepoint Capital Limited and its associated investment funds hold over 50% of the equity of Safestore Holdings Limited. As a result the directors consider that the group is effectively controlled by Bridgepoint Capital Limited, the registered office of which is at 101 Finsbury Pavement, London, EC2A 1EJ.

MENTMORE LIMITED

Notes to the Financial Statements - continued for the year ended 31 October 2005

18. CONTINGENT LIABILITIES

As part of the group banking, the company has guaranteed the borrowings (£132.3 million) of fellow group undertakings by way of a charge over all of its property and assets. There are similar cross guarantees provided by group companies in respect of any bank borrowings which the company may draw under a group facility agreement.

19. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions granted under paragraph 3 of FRS8, Related Party Disclosures, and has not made disclosures of transactions with other group companies.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £'000	2004 £'000
Profit/(Loss) for the financial year	12,626	(11,287)
Dividends	(12,900)	(2,431)
	(274)	(13,718)
Other recognised gains and losses relating to the year (net)	(615)	526
Shares issued	-	47
Redemption of B shares	-	(81,972)
Net reduction of shareholders' funds	(889)	(95,115)
Opening shareholders' funds	77,543	172,658
Closing shareholders' funds	76,654	77,542
Equity interests	76,654	77,542

21. PENSION LIABILITY

In November 2000 the Accounting Standards Board issued FRS 17 'Retirement benefits' replacing SSAP 24 'Accounting for Pension Costs'. FRS 17 is fully effective for periods beginning on or after 1 January 2005, though the group adopted the standard early from 31 October 2004 onwards.

As part of the acquisition of Mentmore Plc, the acquired group had a defined benefit scheme for its employees with assets held in separate trustee administered funds. The scheme was closed to new members in 2004, with all existing members transferring to deferred pensioner status.

A full actuarial valuation was carried out at 31 October 2005 by a qualified independent actuary. The valuation used the projected unit method and the principal assumptions used by the actuary were:

	31 October 2005	31 October 2004	30 April 2003
Rate of increase in salaries	-	-	4.1%
Rate of increase in pensions in payment	3.0%	3.0%	2.6%
Discount rate	5.1%	5.5%	5.5%
Inflation assumption	3.0%	3.0%	2.6%

MENTMORE LIMITED

Notes to the Financial Statements - continued for the year ended 31 October 2005

21. PENSION LIABILITY (continued)

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return expected at 31 October 2005	Fair value at 31 October 2005 £'000	Long term rate of return expected at 31 October 2004	Fair value at 31 October 2004 £'000	Long term rate of return expected at 31 October 2004	Fair value at 30 April 2003 £'000
Equities and property	7.4%	371	7.8%	310	7.5%	944
Fixed interest	4.9%	343	5.3%	314	5.0%	1,163
Cash and other	4.5%	235	4.8%	49	4.5%	154
Total market value of assets		949		673		2,261
Present value of liabilities		(1,320)		(1,167)		(2,723)
Deficit in the plan		(371)		(494)		(462)
Related deferred tax asset		111		148		139
Net pension liability		(260)		(346)		(323)

Volatility of FRS 17

It should be noted that the methodology and assumptions prescribed for the purposes of FRS 17 mean that the disclosures will be inherently volatile, varying greatly according to investment market conditions at each accounting date.

Movement in deficit during the year/period

	2005 £'000	2004 £'000
Deficit in plan as at 1 November 2004/23 June 2004	(494)	(462)
Movement in year/period:		
Current service cost	-	(10)
Employers contributions	140	209
Other financial income	(16)	(18)
Settlement/curtailment	-	(163)
Actuarial (loss) / gain	(1)	(50)
Deficit in plan at 31 October	(371)	(494)

MENTMORE LIMITED

Notes to the Financial Statements - continued for the year ended 31 October 2005

21. PENSION LIABILITY (continued)

During the year, the company contributed at the rate of £10,800 per month, and made 13 payments of £10,800 into the Scheme during the year (period to 31 October 2005: £209,000 contribution in total). The current Schedule of Contributions requires the Company to contribute at £10,800 per month.

	2005	2004
	£'000	£'000
Analysis of the amount charged to operating profit		
Current service cost	-	10
Settlement/curtailment	-	163
Total operating charge (net of employee contributions)	-	173

	2005	2004
	£'000	£'000
Analysis of the amount charged to other financial income		
Expected return on plan assets	48	124
Interest on plan liabilities	(64)	(142)
Net return	(16)	(18)

	2005	2004
	£'000	£'000
Analysis of amount recognised in statement of total recognised gains and losses		
Actual return less expected return	88	53
Experience gains and losses	(1)	18
Change in assumptions	(88)	(121)
Recognised actuarial loss	(1)	(50)

MENTMORE LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 October 2005**

21. PENSION LIABILITY (continued)

	2005	2004	2003
History of experience gains and losses	£'000	£'000	£'000
Difference between actual and expected return on plan assets			
Amount	88	53	(203)
% of plan assets	9%	8%	(9%)
Experience gains and losses of plan liabilities			
Amount	(1)	18	(1)
% of plan liabilities	0%	2%	0%
Total amount recognised in statement of total recognised gains and losses			
Amount	(1)	(50)	(304)
% of plan liabilities	0%	(4%)	(11%)