

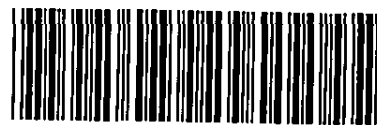
BARKERS ENGINEERING LIMITED

Registered number 00597466

Directors' Report and Financial Statements

For the year ended 31 December 2009

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Directors' report

The directors present their report and Financial Statements and auditor's report for the year ended 31 December 2009

Principal activity

The principal activity of the Company is the manufacture and supply of fencing and related products, galvanizing and powder coating

Key performance indicators

KPI's are expanded upon in the business review, but in summary

Financial KPI's – The Company's aim is to grow market share and profitability through a combination of price and volume growth, organic expansion and acquisitions

Non-financial KPI's – The Company's aim is to keep improving other areas such as health and safety, energy efficiency, emissions, use of recycled products and waste management

Business review and future developments

Overview - Turnover for the year was £18,854,000 (2008 £19,794,000), while profit on ordinary activities before taxation amounted to £1,953,000 (2008 £1,220,000) The underlying profit benefited from significant export sales of security products which offset the competitive nature of the lower margin UK palisade market

Strategy - The Company continues to improve its corporate image through brochures and exhibitions, whilst widening customer profiles to suit the extended product range The objective is an increase in export orders and enquiries that will strengthen the business going forward

Risk Management - The Board continues to develop policies and procedures that reflect the nature and scale of the Company's business These are designed to identify, mitigate and manage risk The Board has identified the following key areas of risk to the business failure of key equipment, dependence on key suppliers and the increasing number of competitors in the market

Corporate Social Responsibility - The Company recognises the importance of balancing the interests of key stakeholders – employees, customers, shareholders, suppliers and the wider community in which it operates The Company remains committed to a continuous improvement in its environmental performance to ensure that its activities comply with environmental standards and legislation

Health and Safety - Health and safety remains core to the Company's business The Company is committed to a continuous improvement in its health and safety performance and its activities comply with health and safety standards and legislation Further details of the Group's health and safety activities can be found in the Hill & Smith Holdings PLC annual report

Outlook - The Directors expect the marketing initiatives undertaken during the year to create a greater demand for the Company's traditional product range in the future In addition the Company hopes to increase its share of the total perimeter security market, in particular through vehicle threat solutions

Dividends

A dividend payment of £2,500,000 has been made in the year ended 31 December 2009 (2008 £Nil)
There are no proposed dividends

Creditor payment terms

It is the Company's normal practice to agree in advance the terms of transactions with suppliers, including payment terms Provided suppliers perform in accordance with the agreed terms, it is the Company's policy that payment is made accordingly Creditor days at the end of the year were 104 days (2008 79 days)

Directors' report *(continued)*

Directors

The directors serving during the period, none of whom has any beneficial interest in the shares of the Company, were as follows

D W Muir
G Dale
J K Downs
R Ridgeway
M Pegler
M Allen (appointed 1 March 2010)

Employees

Details of the number of employees and related costs can be found in note 5 to the Financial Statements

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company participates in Hill & Smith Holdings PLC's policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters.

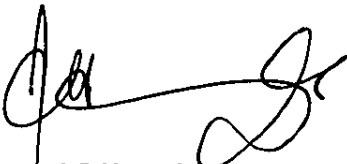
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

By order of the Board



J C Humphreys
Secretary

6 May 2010

Westhaven House
Arleston Way
Shirley
Solihull
West Midlands
B90 4LH

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these Financial Statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 enable them to ensure that its Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Barkers Engineering Limited

We have audited the Financial Statements of Barkers Engineering Limited for the year ended 31 December 2009 set out on pages 5 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- and have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



G Neale (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Statutory Auditor

6 May 2010

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Profit and loss account
for the year ended 31 December 2009

	<i>Note</i>	2009 £'000	2008 £'000
Turnover	2	18,854	19,794
Cost of sales		(14,042)	(15,912)
		<hr/>	<hr/>
Gross profit		4,812	3,882
Distribution costs		(1,041)	(858)
Administrative expenses		(1,848)	(1,727)
		<hr/>	<hr/>
Operating profit		1,923	1,297
Interest receivable	6	66	22
Interest payable and similar charges	7	(36)	(99)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	1,953	1,220
Tax on profit on ordinary activities	8	(562)	(533)
		<hr/>	<hr/>
Profit for the financial year		1,391	687
		<hr/> <hr/>	<hr/> <hr/>

All operations are continuing

There were no recognised gains or losses during the current or preceding year apart from the profit for the financial year shown above

Balance sheet
as at 31 December 2009

	Note	2009	2008
		£'000	£'000
Fixed assets			
Intangible assets	9	61	75
Tangible assets	10	1,852	1,938
		<hr/>	<hr/>
		1,913	2,013
Current assets			
Stocks	11	2,295	2,920
Debtors	12	4,162	5,022
Cash at bank and in hand		2,096	2,095
		<hr/>	<hr/>
		8,553	10,037
Creditors: Amounts falling due within one year	13	(5,750)	(6,214)
		<hr/>	<hr/>
Net current assets		2,803	3,823
		<hr/>	<hr/>
Total assets less current liabilities		4,716	5,836
Provisions for liabilities and charges	14	(187)	(198)
		<hr/>	<hr/>
Net assets		4,529	5,638
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	1,840	1,840
Profit and loss account	16	2,689	3,798
		<hr/>	<hr/>
Equity shareholder's funds		4,529	5,638
		<hr/>	<hr/>

These Financial Statements were approved by the board of directors and signed on their behalf by



G Dale
Director



J K Downs
Director

Date 6 MAY 2010

Company Number 597466

Reconciliation of movements in shareholder's funds

for the year ended 31 December 2009

	<i>Note</i>	2009 £'000	2008 £'000
Profit for the financial year		1,391	687
Dividends paid	20	(2,500)	-
		<hr/>	<hr/>
(Decrease)/increase in shareholder's funds		(1,109)	687
Opening shareholder's funds		5,638	4,951
		<hr/>	<hr/>
Closing shareholder's funds		4,529	5,638
		<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the Financial Statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements

Basis of accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards

Consolidation

In accordance with Section 400 of the Companies Act 2006, consolidated accounts have not been prepared as the Company is a wholly owned subsidiary of Hill & Smith Holdings PLC, a company incorporated in England, which has prepared consolidated Financial Statements to include the results of the Company

Cash flow statement

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated Financial Statements

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Plant, equipment and vehicles	-	4 to 20 years
Land and buildings	-	50 years

Stocks and work in progress

These are valued on a "first-in, first-out" basis at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads and the attributable proportion of indirect overhead expenses

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed at the balance sheet date, except as otherwise required by FRS 19

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at closing rates at the balance sheet date and the gains or losses on translation included in the Profit and Loss Account

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied

Goodwill

Goodwill arising on acquisitions (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised as a fixed asset and amortised on a straight line basis over its estimated useful economic life up to a maximum of 20 years

Notes *(continued)*

1 Accounting policies *(continued)*

Other intangible assets

Other intangible assets identified, such as customer lists, are valued at their fair value at the time of acquisitions and are capitalised as a fixed asset which is amortised on a straight line basis over its estimated useful economic life up to a maximum of 20 years

Pension scheme arrangements

The Company participates in the Hill & Smith Executive Pension Scheme and the Hill & Smith Pension Scheme, as described in note 19

As the Company is unable to identify its share of the Group pension scheme assets in respect of the defined benefit sections on a consistent and reasonable basis, as permitted by FRS 17 the schemes are accounted for as if they are defined contribution schemes

Contributions in respect of defined contribution schemes are charged to the profit and loss account in the period to which they relate

Leased assets

Assets held under leases which confer rights and obligations similar to those attaching to owned assets are capitalised as tangible fixed assets and the corresponding liability to pay rentals is shown net of interest in the accounts as obligations under finance leases. Interest is calculated on the reducing balance basis and is charged over the period of the lease

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight-line basis over the lease term

Share based payments

The share option programme allows employees to acquire shares of the ultimate parent company Hill & Smith Holdings PLC. The fair value of options granted after 7 November 2002 and those not yet vested by 31 December 2004 are not recognised as an employee expense, those vested 1 January 2005 onwards are expensed with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Share-based payments are recharged by the ultimate parent company to participating subsidiary undertakings on an annual basis.

Where the Company's parent grants rights to its equity instruments to the Group's or the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Group or the Company as the case may be account for these share-based payments as equity settled.

Research and development

Expenditure on development activities is capitalised if the product or process is considered to be technically and commercially viable and the Company has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Profit and Loss Account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is provided equally over the estimated useful economic life of the assets concerned currently up to 7 years.

Notes *(continued)*

1 Accounting policies *(continued)*

Ordinary Dividends

Dividends payable are accounted in the Financial Statements when the Company declares the payment of the dividend. Dividends receivable are accounted for on a cash accounting basis.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these Financial Statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

2 Turnover

The turnover of the company is derived from the following geographical markets

	2009	2008
	£'000	£'000
United Kingdom	12,807	17,953
Rest of Europe	759	1,614
Rest of the world	5,288	227
	<u>18,854</u>	<u>19,794</u>

In the opinion of the directors, there is only one class of business

3 Profit on ordinary activities before taxation

	2009	2008
	£'000	£'000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation		
Owned assets	279	262
Leased assets	64	66
Amortisation of intangible assets	14	14
Operating leases		
Plant and equipment	85	61
Other assets	213	218
Auditor's remuneration	10	10
Loss on sale of fixed assets	27	13
	<u> </u>	<u> </u>

Fees paid to KPMG Audit Plc and its associates for non-audit services to the company itself are not disclosed because Hill & Smith Holdings PLC Group accounts are required to disclose such fees on a consolidated basis

Notes (continued)

4 Remuneration of directors

Aggregate directors' remuneration for the year was as follows

	2009 £'000	2008 £'000
Emoluments	304	277
Company contributions to money purchase pension schemes	10	10
	<u>314</u>	<u>287</u>
	<u>Number</u>	<u>Number</u>
Directors exercising share options	3	-
Directors who are members of defined benefit pension schemes	2	2

The remuneration of the highest paid director excluding pension contributions was £149,000 (2008 £135,000) His accrued pension entitlement per annum at the year end was £53,000 (2008 £47,000)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) all of whom were involved in the principal activity was

	2009 Number	2008 Number
Production	121	121
Administration	24	23
Sales and distribution	9	10
	<u>154</u>	<u>154</u>

The aggregate payroll costs of these persons were

	2009 £'000	2008 £'000
Wages and salaries	2,924	3,131
Share-based payment (see note 21)	8	27
Social security costs	255	290
Other pension costs	102	99
	<u>3,289</u>	<u>3,547</u>

6 Interest receivable

	2009 £'000	2008 £'000
Bank interest receivable	66	22

Notes (continued)

7 Interest payable and similar charges

	2009 £'000	2008 £'000
Bank interest payable	6	21
Finance charges payable in respect of finance leases and hire purchase contracts	-	4
On loans from group undertakings	30	74
	<u>36</u>	<u>99</u>

8 Tax on profit on ordinary activities

Analysis of charge in year

	2009 £'000	2008 £'000
<i>UK corporation tax</i>		
Current tax on income for the year	561	354
Relating to the prior year	12	(22)
	<u>573</u>	<u>332</u>
<i>Deferred tax (see note 14)</i>		
Origination/reversal of timing differences	(17)	4
Relating to the prior year	6	197
	<u>562</u>	<u>533</u>

Factors affecting tax charge for the year

The effective current tax charge for the year is higher (2008 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2009 £'000	2008 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	1,953	1,220
	<u>1,953</u>	<u>1,220</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.0% (2008 28.5%)	547	348
<i>Effects of</i>		
Expenses not deductible for tax purposes	12	10
Difference between capital allowances for year and depreciation	25	(2)
Income and expenditure timing differences	(8)	(2)
Deductible items not charged against profit	(15)	-
Relating to the prior year	12	(22)
	<u>573</u>	<u>332</u>

Notes (continued)

9 Intangible assets

	Capitalised R&D £'000
Cost	
At 1 January 2009 and 31 December 2009	101
Amortisation	
At 1 January 2009	26
Charge for the year	14
At 31 December 2009	40
Net book value	
At 31 December 2009	61
At 31 December 2008	75

10 Tangible fixed assets

	Plant, equipment and vehicles £'000
Cost	
At 1 January 2009	4,353
Additions	290
Disposals	(180)
At 31 December 2009	4,463
Depreciation	
At 1 January 2009	2,415
Charge for the year	343
Disposals	(147)
At 31 December 2009	2,611
Net book value	
At 31 December 2009	1,852
At 31 December 2008	1,938

Included in the total net book value of plant, equipment and vehicles is £136,000 (2008 £197,000) in respect of assets held under finance leases and similar hire purchase contracts

Notes (continued)

11 Stocks

	2009	2008
	£'000	£'000
Raw materials and consumables	574	730
Work in progress	1,721	2,190
	<u>2,295</u>	<u>2,920</u>

12 Debtors

	2009	2008
	£'000	£'000
Trade debtors	3,671	4,265
Amounts owed by group undertakings	386	569
Prepayments and accrued income	98	175
Other debtors	7	13
	<u>4,162</u>	<u>5,022</u>

Intercompany loans are unsecured and with no fixed repayment date. Interest is charged at a rate equivalent to the Group's average borrowing rate for the year.

13 Creditors: amounts falling due within one year

	2009	2008
	£'000	£'000
Bank loans and overdrafts	189	218
Trade creditors	3,602	3,166
Amounts owed to group undertakings	1,072	1,718
Other creditors	65	65
Corporation tax	561	354
Other tax and social security	10	418
Accruals and deferred income	251	275
	<u>5,750</u>	<u>6,214</u>

Intercompany loans are unsecured and with no fixed repayment date. Interest is charged at a rate equivalent to the Group's average borrowing rate for the year.

Notes (continued)

14 Provisions for liabilities and charges

Details of amounts provided for deferred taxation and movements in the year follow

£'000

At 1 January 2009	198
Profit and loss account	(11)

At 31 December 2009	187
----------------------------	------------

	2009 £'000	2008 £'000
Difference between accumulated depreciation, amortisation and capital allowances	198	217
Other timing differences	(11)	(19)
	187	198

15 Called up share capital

	2009 £'000	2008 £'000
<i>Allotted, called up and fully paid</i>		
1,840,000 ordinary shares of £1 each	1,840	1,840
	1,840	1,840

16 Reserves

Profit and
loss account
£'000

At 1 January 2009	3,798
Profit on ordinary activities after tax	1,391
Dividends	(2,500)
At 31 December 2009	2,689

17 Contingent liabilities

The company is a party to cross guarantees given for bank loans and overdrafts of the ultimate parent company and certain fellow subsidiaries amounting to £101,382,000 (2008 £176,036,000)

The company has no other guarantees (2008 £Nil)

Notes (continued)

18 Commitments

At the year end, the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	-	-	-	10
Within two to five years	-	-	117	107
After five years	177	177	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	177	177	117	117
	<hr/>	<hr/>	<hr/>	<hr/>

The company had capital expenditure contracted but not provided in the Financial Statements at the year end of £27,000 (2008 £6,000)

19 Pension scheme

The company is a subsidiary of Hill & Smith Holdings PLC and participates in the Hill & Smith Executive Pension Scheme and the Hill & Smith Pension Scheme, the former provides benefits on a defined benefit basis and the second scheme providing benefits that are on a defined benefit and a defined contribution basis. Details of the schemes and their most recent actuarial valuation are contained in the Financial Statements of Hill & Smith Holdings PLC.

The pension cost for the year represents contributions payable by the company to the fund and amounted to £102,000 (2008 £99,000)

20 Dividends

The aggregate amount of dividends comprises

	2009	2008
	£'000	£'000
Dividends paid in respect of the current year	2,500	-
	<hr/>	<hr/>

Notes (continued)

21 Share-based payments

Employees of the company have been granted various options in the ultimate parent company, which have given rise to charges related to the implied share-based payments, the details of which follow

Under Executive Share Option Schemes, options may be awarded at the discretion of the Committee to acquire Ordinary Shares at an exercise price no lower than the market value of a share at the date of grant. The options can only be exercised between three and ten years after the date of grant. Additionally options may only be exercised if the growth in underlying earnings per share of the Company over a three year period is not less than the increase in the Retail Price Index plus nine per cent, over the same period.

The ShareSave Schemes are open to all employees who have completed at least six months' continuous service. Under this scheme the Company can, if it thinks fit, grant options at a price up to twenty per cent below the market price.

Options outstanding relating to the Company's employees over the Ultimate parent company's shares

	Number of shares	2009 Option price (p)	Number of shares	2008 Option price (p)	Date first exercisable	Expiry date
2005 Executive Share Option Scheme (granted October 2005)	42,553	205	59,938	205	4 Oct 2008	4 Oct 2015
2007 Executive Share Option Scheme (granted April 2007)	60,000	350	48,000	350	13 Apr 2010	13 Apr 2017
2008 (Dec) grant of 2005 Savings Related Share Option Scheme #	13,264	246	18,335	246	1 Dec 2011	1 Jun 2012
2008 (Dec) grant of 2005 Savings Related Share Option Scheme #	20,096	246	20,096	246	1 Dec 2013	1 Jun 2014
2008 (Jan) grant of 2005 Savings Related Share Option Scheme #	4,999	318	4,999	318	1 Jan 2011	1 Jul 2011
2008 (Jan) grant of 2005 Savings Related Share Option Scheme #	9,234	318	10,015	318	1 Jan 2013	1 Jul 2013
2005 grant of 1995 Savings Related Share Option Scheme #	63,317	100	63,317	100	1 Jan 2010	1 Jul 2010
Outstanding at the end of the year	213,463		224,700			
Exercisable at the year end	42,553		59,938			
Not exercisable at the year end	170,910		164,762			
Outstanding at the end of the year	213,463		224,700			

Options may be exercised early under the terms of this scheme if employees meet the criteria of 'good leaver', which encompasses circumstances such as retirement or redundancy.

Notes (continued)

21 Share-based payments continued

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The contractual life is the life of the option in question and the growth in dividend yield is based on the best current estimate of future yields over the contractual period.

	2008 (Dec) grant of 2005 Savings Related Share Option Scheme	2008 (Jan) grant of 2005 Savings Related Share Option Scheme	2005 grant of 1995 Savings Related Share Option Scheme	2007 grant of 2005 Share Option Schemes	2005 grant of 2005 Share Option Schemes
Fair value at measurement date	3p/3p	51p/49p	37p	59p	34p
Share price at grant date	160p	331p	120p	351p	208p
Exercise price	246p	318p	100p	350p	205p
Expected volatility	28%/24%	29%/25%	36%	22%	36%
Option life (years)	3/5	3/5	5	3	3
Dividend yield	4.6%	4.6%	3.7%	3.7%	3.7%
Risk free interest rate	1.8%/2.8%	4.0%	4.5%	5.1%	4.5%

The expected volatility is wholly based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

The total expense recognised for the period arising from share based payments is as follows	2009	2008
	£'000	£000
Expensed during the year	8	27

22 Related party transactions

As an ultimately wholly owned subsidiary of Hill & Smith Holdings PLC, the company has taken advantage of the exemption available under FRS 8 *Related party transactions* not to disclose transactions that have been made between the company and other fellow subsidiaries of Hill & Smith Holdings PLC.

23 Ultimate parent company

The company is a wholly owned subsidiary of Hill & Smith Holdings PLC, a company registered in England. Copies of the Group Financial Statements may be obtained from Group headquarters.

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