

GROSVENOR GARDEN CENTRE

Report and Financial Statements
65 weeks ended 2 April 2006

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CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Statement of total recognised gains and losses	5
Balance sheet	6
Cash flow statement	7
Notes to the accounts	8

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Thompstone (Chairman)*

C M Read*

J O Hagger*

F G Thompstone*

R I Wylie

* indicates non-executive

SECRETARY

C S Knox

REGISTERED OFFICE

Grosvenor Garden Centre

Wrexham Road

Belgrave

Chester

CH4 9EB

BANKERS

NatWest plc

City of London

PO Box 12258

1 Princess Street

EC2R 8PA

SOLICITORS

Bremner Sons and Corlett

Sixth Floor

Silkhouse Court

Tithebarn Street

Liverpool

L2 2LZ

AUDITORS

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Manchester

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the 65 week period ended 2 April 2006.

CONSTITUTION

The company is unlimited having share capital.

PRINCIPAL ACTIVITIES

The company's principal activity is the retailing of gardening and leisure products from its garden centre, located at Belgrave, near Chester.

During the period the company changed its accounting reference date to 31st March.

The directors do not anticipate any significant change in the activities of the company.

RESULTS AND FUTURE PROSPECTS

The results for the period are set out in the profit and loss account on page 5. The net loss of £584,000 has been transferred from reserves (period ended 2 January 2005 - £139,000).

Although the results for the period are disappointing the directors believe the future prospects of the company to be satisfactory.

DIRECTORS

The directors of the company during the period were:

M Thompstone	(Chairman)
B S Bowden	(Resigned 4 April 2005)
C M Read	(Appointed 4 April 2005)
J O Hagger	
F G Thompstone	
S J Spencer	(Resigned 7 October 2005)
R I Wylie	(Appointed 28 November 2005)

FIXED ASSETS

The movements in fixed assets during the period are set out in note 6 to the financial statements.

DIRECTORS' INTERESTS IN SHARE AND LOAN CAPITAL

None of the directors held any interest in the share capital of the company at any time during the period (period ended 2 January 2005 - same).

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 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 the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROSVENOR GARDEN CENTRE

We have audited the financial statements of Grosvenor Garden Centre for the 65 week period ended 2 April 2006 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes 1 to 21. 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework, 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 the other information contained in the annual report for the above period as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 2 April 2006 and of its loss for the 65 week period then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche UK

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester

27/10/06

PROFIT AND LOSS ACCOUNT

65 weeks ended 2 April 2006

	Note	65 weeks ended 2 April 2006 £'000	53 weeks ended 2 January 2005 £'000
TURNOVER	1	5,919	5,149
Cost of sales		(3,079)	(2,722)
GROSS PROFIT		2,840	2,427
Administrative expenses		(3,417)	(2,559)
OPERATING LOSS	3	(577)	(132)
Interest receivable and similar income		6	2
Interest payable and similar charges	4	(13)	(24)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(584)	(154)
Tax on loss on ordinary activities	5	-	15
RETAINED LOSS FOR THE FINANCIAL PERIOD	13,14	(584)	(139)

All activities derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

65 weeks ended 2 April 2006

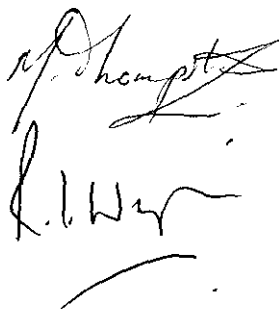
	65 weeks ended 2 April 2006 £'000	53 weeks ended 2 January 2005 £'000
Loss for the financial period	(584)	(139)
Prior period adjustment (as explained in note 12)	(60)	
Total recognised gains and losses since the last annual report and financial statements	(644)	

BALANCE SHEET
2 April 2006

			2 April 2006 £'000	2 January 2005 (as restated see note 12) £'000
	Note	£'000	£'000	£'000
FIXED ASSETS				
Tangible assets	6		2,849	3,000
CURRENT ASSETS				
Stocks	7	605		412
Debtors	8	80		160
Cash at bank and in hand		14		102
		<u>699</u>		<u>674</u>
CREDITORS: amounts falling due within one year	9	<u>(1,108)</u>		<u>(650)</u>
NET CURRENT (LIABILITIES)/ASSETS			<u>(409)</u>	<u>24</u>
NET ASSETS			<u>2,440</u>	<u>3,024</u>
CAPITAL AND RESERVES				
Called up share capital - equity	11		4,465	4,465
Share premium account	13		210	210
Profit and loss account	13		<u>(2,235)</u>	<u>(1,651)</u>
EQUITY SHAREHOLDERS' FUNDS	14		<u>2,440</u>	<u>3,024</u>

These financial statements were approved by the Board of Directors on 12 September 2006.

Signed on behalf of the Board of Directors



- Directors

CASH FLOW STATEMENT**65 weeks ended 2 April 2006**

			65 weeks ended 2 April 2006 £'000	53 weeks ended 2 January 2005 £'000
	Note	£'000	£'000	£'000
Net cash inflow/(outflow) from operating activities	16		32	(35)
Returns on investments and servicing of finance				
Interest received		6	2	
Interest paid		(13)	(24)	
Net cash outflow from returns on investments and servicing of finance			(7)	(22)
Taxation received			3	34
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(372)	(915)	
Proceeds from sale of fixed assets		14	-	
Net cash outflow from capital expenditure and financial investment			(358)	(915)
Cash outflow before financing			(330)	(938)
Financing				
Issue of ordinary share capital		-	2,625	
Debt due after one year: other loans paid		-	(975)	
Capital element of finance lease rentals	18	(8)	(6)	
Net cash (outflow)/inflow from financing			(8)	1,644
(Decrease)/increase in cash	17,18		(338)	706

NOTES TO THE ACCOUNTS

65 weeks ended 2 April 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have been applied consistently throughout the current period and previous period, with the exception of the adoption of FRS 17 'Retirement Benefits'.

Basis of Accounting

The financial statements are prepared under the historical cost convention, as modified by the revaluation of land and buildings, and in accordance with the provisions of the Companies Act 1985 and in accordance with applicable United Kingdom standards.

Turnover

Turnover comprises amounts receivable, net of VAT, from the sale of goods and provisions of services from the Garden Centre, located at Belgrave, near Chester.

Tangible fixed assets

Leasehold land and buildings are depreciated on a straight line basis over its useful economic life of 10 - 25 years.

Assets under the course of construction are not depreciated.

Plant and equipment are depreciated on a straight line basis so as to spread their cost over their expected useful lives at rates of 12.5% to 25% per annum.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Leases

The obligations under finance leases and hire purchase contracts are secured on assets concerned. Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding and are charged to the profit and loss account.

Rents payable under operating leases are charged to the profit and loss account as incurred.

Pension costs

The company has adopted FRS 17 'Retirement Benefits' during the period. As the defined benefit pension scheme operated by the company is a multi-employer scheme and the company's share of the underlying assets and liabilities cannot be identified, FRS17 requires that the scheme is accounted for in the same way as a defined contribution scheme.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the period. Differences between contributions payable in the period and contributions actually paid are shown either in accruals or prepayments in the balance sheet.

Prior to the adoption of FRS17, the company accounted for pension costs in line with SSAP24. Under SSAP24 the expected cost of providing pensions was charged to the profit and loss account so as to spread the cost over the service lives of the employees. The prior period adjustment in respect of the implementation of FRS17 is disclosed in note 12.

NOTES TO THE ACCOUNTS
65 weeks ended 2 April 2006

1. ACCOUNTING POLICIES (continued)

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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. Timing differences are differences between the company's taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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 from which the future reversal of the underlying timing differences can be deducted.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	65 weeks ended 2 April 2006 £'000	53 weeks ended 2 January 2005 £'000
Directors' emoluments		
Fees	27	16
Other emoluments	76	80
Pension costs	10	14
	<u>113</u>	<u>110</u>
	No.	No.
Number of directors who are members of defined benefit scheme	<u>1</u>	<u>1</u>
	No.	No.
Average number of persons employed		
Administration	14	11
Other	69	72
	<u>83</u>	<u>83</u>
	£'000	£'000
Staff costs during the period (including directors)		
Wages and salaries	1,465	1,138
Social security costs	102	78
Pension costs	106	78
	<u>1,673</u>	<u>1,294</u>

NOTES TO THE ACCOUNTS

65 weeks ended 2 April 2006

3. OPERATING LOSS

	65 weeks ended 2 April 2006 £'000	53 weeks ended 2 January 2005 £'000
Operating loss is after charging:		
Depreciation		
Owned assets	464	290
Leased assets	7	5
Loss on disposal of tangible fixed assets	38	-
Rentals under operating leases		
Plant and machinery	32	12
Other	84	64
Auditors' remuneration - audit	14	12
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4. INTEREST PAYABLE AND SIMILAR CHARGES

	65 weeks ended 2 April 2006 £'000	53 weeks ended 2 January 2005 £'000
On bank overdraft	12	23
On finance leases	1	1
	<hr/>	<hr/>
	13	24
	<hr/>	<hr/>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	65 weeks ended 2 April 2006 £'000	53 weeks ended 2 January 2005 £'000
United Kingdom corporation tax at 30% (2005 - 30%) based on the loss for the period	-	-
Adjustments in respect of prior periods	-	(15)
	<hr/>	<hr/>
	-	(15)
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
65 weeks ended 2 April 2006

5. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

Factors affecting the tax credit for the current period

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2005: 30%).

The differences are explained below:

	65 weeks ended 2 April 2006 £'000	53 weeks ended 2 January 2005 £'000
Loss on ordinary activities before tax	(584)	(154)
Tax at 30% thereon	175	46
Expenses not deductible for tax purposes	(2)	(10)
Depreciation on non qualifying fixed assets	(50)	-
Depreciation in excess of capital allowance	(99)	3
Movement in tax losses	(24)	(39)
Other deferred tax movements	-	(15)
Total current tax	-	(15)

A deferred tax asset has not been recognised in respect of timing differences relating to losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £250,000 (period ended 2 January 2005 - £98,000).

6. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £'000	Assets under course of construction £'000	Plant and equipment £'000	Total £'000
Cost or valuation				
At 3 January 2005	2,649	799	1,156	4,604
Transfer	863	(1,040)	177	-
Additions	3	241	128	372
Disposals	-	-	(304)	(304)
At 2 April 2006	3,515	-	1,157	4,672
Accumulated depreciation				
At 3 January 2005	1,032	-	572	1,604
Charge for the period	275	-	196	471
Disposals	-	-	(252)	(252)
At 2 April 2006	1,307	-	516	1,823
Net book value				
At 2 April 2006	2,208	-	641	2,849
At 2 January 2005	1,617	799	584	3,000

NOTES TO THE ACCOUNTS

65 weeks ended 2 April 2006

6. TANGIBLE FIXED ASSETS (continued)

Land and buildings wholly comprise leasehold property which has less than 50 years unexpired. The land and buildings were valued on 31 December 1997 by external valuers, Gerald Eve, on the basis of Existing Use Value in accordance with the Appraisal and Valuation manual of the Royal Institution of Chartered Surveyors. The land and buildings are included in these accounts at that valuation, which was £1,092,000 plus the cost of subsequent additions. The directors have taken advantage of the transitional rules of FRS 15 "Tangible Fixed Assets" to retain the land and buildings at this value and as such the valuation has not been updated. The directors consider the current open market value of the land and buildings to be in excess of the carrying value in the accounts.

The historical cost of the land and building was not available.

Included in plant and equipment is £16,000 (2005 - £23,000) in respect of assets held under hire purchase or finance leases.

7. STOCKS

	2 April 2006 £'000	2 January 2005 £'000
Goods for resale	605	412

The replacement value is not materially different from the above.

8. DEBTORS

	2 April 2006 £'000	2 January 2005 (as restated see note 12) £'000
Trade debtors	17	94
Corporation tax	6	9
Other debtors	4	-
Prepayments and accrued income	53	57
	<u>80</u>	<u>160</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2 April 2006 £'000	2 January 2005 £'000
Bank overdraft	250	-
Trade creditors	706	493
Obligations under finance leases	1	9
Other creditors including taxation and social security (note 10)	69	80
Accruals and deferred income	82	68
	<u>1,108</u>	<u>650</u>

The bank overdraft is unsecured.

NOTES TO THE ACCOUNTS
65 weeks ended 2 April 2006

10. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2 April 2006 £'000	2 January 2005 £'000
This heading includes:		
Taxation and social security	56	71

11. SHARE CAPITAL

	2 April 2006 £'000	2 January 2005 £'000
Authorised		
5,000,000 (2005 - 5,000,000) ordinary shares of £1 each	5,000	5,000
Allotted and fully paid		
4,465,000 (2005 - 4,465,000) ordinary shares of £1 each	4,465	4,465

The liability of the shareholders is unlimited.

12. PRIOR YEAR ADJUSTMENT

As a result of the adoption of FRS 17, the balance sheet has been restated to reflect the impact of moving from SSAP 24 to FRS 17. The defined benefit pension scheme operated by the company is a multi-employer scheme and the company's share of the underlying assets and liabilities cannot be identified. As a result, FRS17 requires that the scheme is accounted for on a defined contribution scheme basis and therefore the contribution made in 2003 of £60,000 (previously carried as other debtors) would have been charged direct to the profit and loss account in that period.

The effects of this change in accounting policy on the period ended 2 January 2005 is disclosed in the table below:

	As previously reported £'000	FRS 17 adoption £'000	2 January 2005 financial statements £'000
Balance sheet			
Other debtors	60	(60)	-
Profit and loss reserve	(1,591)	(60)	(1,651)
Equity shareholders' funds	3,084	(60)	3,024

There is no impact on the profit and loss account for the year ended 31 December 2004.

NOTES TO THE ACCOUNTS

65 weeks ended 2 April 2006

13. STATEMENT OF MOVEMENT ON RESERVES

	Profit and loss account £'000	Share premium account £'000
Balance at 2 January 2005 – as previously reported	(1,591)	210
Prior period adjustment (see note 12)	(60)	-
Balance at 2 January 2005 – as restated	(1,651)	210
Retained loss for the period	(584)	-
Balance at 2 April 2006	(2,235)	210

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	65 weeks ended 2 April 2006 £'000	53 weeks ended 2 January 2005 (as restated see note 12) £'000
Opening shareholders' funds – as previously reported	3,084	598
Prior period adjustment (see note 12)	(60)	(60)
Opening shareholders' funds – as restated	3,024	538
Loss for the financial period	(584)	(139)
Proceeds of share issue	-	2,625
Closing equity shareholders' funds	2,440	3,024

15. OPERATING LEASE COMMITMENTS

	Land and buildings 2 April 2006 £'000	Other £'000	Land and buildings 2 January 2005 £'000	Other £'000
Annual commitments under non-cancellable operating leases are as follows:				
Expiry date				
Less than twelve months	-	1	-	-
Between two and five years	-	23	-	16
After five years	70	-	65	-
	70	24	65	16

NOTES TO THE ACCOUNTS

65 weeks ended 2 April 2006

16. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	65 weeks ended 2 April 2006 £'000	53 weeks ended 2 January 2005 £'000
Operating loss	(577)	(132)
Depreciation	471	295
Loss on disposal of fixed assets	38	-
Increase in stock	(193)	(15)
Decrease/(increase) in debtors	77	(56)
Increase/(decrease) in creditors	216	(127)
Net cash inflow/(outflow) from operating activities	32	(35)

17. RECONCILIATION OF CASH TO MOVEMENT IN NET (DEBT)/FUNDS

	65 weeks ended 2 April 2006 £'000	53 weeks ended 2 January 2005 £'000
(Decrease)/increase in cash in period	(338)	706
Cash outflow from decrease in debt and lease financing	8	981
Change in net debt resulting from cash flows	(330)	1,687
Net funds/(debt) at start of period	93	(1,594)
Net (debt)/funds at end of period	(237)	93

18. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 2 January 2005 £'000	Cash flow £'000	At 2 April 2006 £'000
Cash at bank and in hand	102	(88)	14
Overdrafts	-	(250)	(250)
Finance leases	102 (9)	(338) 8	(236) (1)
Total	93	(330)	(237)

NOTES TO THE ACCOUNTS

65 weeks ended 2 April 2006

19. PENSION SCHEME

Grosvenor Garden Centre does not maintain a separate company pension scheme. Its employees are members of the Grosvenor Pension Plan (the 'Plan', formerly the Grosvenor Estates Pension Scheme), a defined benefit scheme, or the Grosvenor Estate Money Purchase Scheme (GEMPS), a defined contribution scheme. These schemes are administered by independent trustees. The Plan is open to all staff and provides a defined benefit pension up to an upper earnings limit. Above this limit the Group contributes between 25% and 30% of that tranche of salary into GEMPS. Some members of the Plan accrue benefits on historical scales which pension full salary (subject to earnings cap).

Grosvenor Pension Plan

The Plan is open to all staff and provides a defined benefit pension up to an upper earnings limit. Above this limit the company contributes between 25% and 30% of that tranche of salary into GEMPS.

The defined benefit pension cost charge for the period amounted to £105,940 (period ended 2 January 2005 - £71,353).

Independent qualified actuaries complete valuations of the Plan at least every three years and in accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefits set out in the rules.

The most recent actuarial valuation was carried out at 31 December 2002 using the projected unit funding method and taking assets at their market value. The most important actuarial assumptions made for valuation relate to investment returns with equities assumed to offer a real return of 5% per annum and gilts 2.1% (2.5% for new investments). Salaries were assumed to increase at 3% to 4% per annum above inflation and pensions in line with inflation.

At 31 December 2002, the market value of the Plan assets was £49.5m which was sufficient to cover 72% of the funding target for benefits that had accrued to members after allowing for expected increases in earnings. The funding shortfall is being met by annual fixed payments of £2m plus a one-off contribution of £5m paid during 2003. These contributions will be reviewed following the 31 December 2005 valuation. The 'regular cost' of benefit accrual is in addition to these fixed contributions and payable at a rate of 21.3% of salaries.

Although the Plan is a defined benefit scheme, it is a multi employer scheme and the company's share of the underlying assets and liabilities cannot be identified. As a result, FRS 17 requires that the scheme is accounted for on a defined contributions basis and therefore the defined benefit disclosures are not required. However, actuarial valuations for the Plan as a whole have been updated to 31 December 2005 by an independent qualified actuary, in accordance with the basis set out in FRS 17, and included below is an analysis of the deficit indicated by that valuation together with the major assumptions used by the actuary.

See note 12 for details of the prior period adjustment required as a result of the change in accounting policy due to the adoption of FRS17 during the period.

GEMPS

Contributions are made by the employers and are invested in independently administered life assurance policies or pension plans.

The pension cost charge amounted to £nil (period ended 2 January 2005 - £6,916), representing employer's contributions payable for the period.

NOTES TO THE ACCOUNTS
65 weeks ended 2 April 2006

19. PENSION SCHEME (continued)

The following analysis relates to the whole of the Grosvenor Pension Plan, including the element that relates to non company employees.

	2005 £m	2004 £m	2003 £m
Pension scheme deficit before tax	(15.6)	(6.7)	(7.8)

Assets in the scheme and the expected rates of return

	2005		2004		2003	
	Value	Long-term rate of expected return	Value	Long-term rate of expected return	Value	Long-term rate of expected return
	£m		£m		£m	
Equities	87	7.3%	70.2	7.5%	60.3	7.7%
Gilts	9.5	4.0%	7.5	4.6%	6.3	4.8%
Other	1.3	4.6%	1.3	5.2%	0.2	5.4%
	<u>97.8</u>		<u>79</u>		<u>66.8</u>	
Present value of scheme liabilities	<u>(113.4)</u>		<u>(85.7)</u>		<u>(74.6)</u>	
Pension scheme deficit before tax	(15.6)		(6.7)		(7.8)	
Related deferred tax asset at 30%	<u>4.7</u>		<u>2.0</u>		<u>2.3</u>	
Deficit in scheme	<u>(10.9)</u>		<u>(4.7)</u>		<u>(5.5)</u>	

Major assumptions used by the actuary were:

	2005	2004	2003
Rate of increase in salaries	3.9 - 6.9%	3.9 - 6.9%	6.2%
Rate of increase in pensions payment	2.9%	2.9%	2.7%
Discount rate	4.7%	5.3%	5.4%
Inflation	2.9%	2.9%	2.7%

20. RELATED PARTY TRANSACTIONS

Grosvenor Garden Centre received management services from wholly owned subsidiary undertakings of Grosvenor Group Holdings Limited of £22,444 (2 January 2005 - £16,500), from the controlling party, The Fourth Duke of Westminster's 1964 Settlement, of £28,247 (2 January 2005 - £22,850), and insurance services from Realty Insurances Limited of £45,701 (2 January 2005 - £38,117). Grosvenor Garden Centre made payments to The Fourth Duke of Westminster's 1964 Settlement in respect of rent amounting to £87,500 (2 January 2005 - £64,375), and Grosvenor Farms Limited of £18,750 (2 January 2005 - £5,500). At the period end amounts owed to The Fourth Duke of Westminster's 1964 Settlement of £52,478 (2 January 2005 - £6,565), Grosvenor Group Holdings Limited of £8,701 (2 January 2006 - £4,847) and Grosvenor Farms Limited of £nil (2 January 2005 - £6,463).

Grosvenor Group Holdings Limited, Realty Insurances Limited and Grosvenor Farms Limited are related to the Grosvenor Garden Centre due to their association with other Grosvenor companies and trusts.

During the previous period the company repaid £975,000 to the Fourth Duke of Westminster's 1964 Settlement.

NOTES TO THE ACCOUNTS

65 weeks ended 2 April 2006

21. ULTIMATE CONTROLLING PARTY

The ultimate controlling party of the company is The Fourth Duke of Westminster's 1964 Settlement.