SC045884

Westcrowns Contracting Services Limited

Report and Financial Statements

31 March 2011

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COMPANIES HOUSE

Directors

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

Secretary

I K Finlayson

Auditors

Ernst & Young LLP
G1
5 George Square
Glasgow G2 1DY

Bankers

Clydesdale Bank PLC
30 St Vincent Place
Glasgow G1 2HL

Solicitors

MacRoberts
152 Bath Street
Glasgow G2 4TB

Registered Office

Quay House
Quay Road North
Rutherglen
Glasgow G73 1LD

Directors' report

The directors present their report and financial statements for the year ended 31 March 2011.

Results and dividends

The profit for the year attributable to shareholders amounted to £559,000 (2010 – £688,000). A dividend to the ordinary shareholders (net of waivers) of £83,000 (2010 – £96,000) was paid during the financial year as per note 8 to the financial statements.

Principal activity and review of the business

The principal activity of the company is that of flooring contractors and the supply and fitting of both Pilkington Profilit glass products and the business's own patented Lumaglass illuminated glazing system.

Whilst UK market conditions have, as expected, proved to be challenging, disciplined trading and selective tendering by the Company has ensured another year of satisfactory performance.

Primarily due to the level of competitor pricing, the Directors have allowed turnover to reduce in the year by some 25%. This disciplined strategy has protected the Gross Profit percentage achieved and when coupled with a 15.7% reduction in administrative expenses has resulted in net current assets increasing in the year by some 17% to £2,845k and funds available to shareholders to develop the business further increasing in the year by some 17% to £3,229k.

Despite difficult trading conditions the Directors remain fully committed to increasing Research & Development expenditure in existing and new product ranges. This strategy together with a healthy order book places the Company in a favourable position to deal effectively with the prevailing economic conditions.

Financial risk management objectives and policies

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

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

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

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

Directors' report

Going concern

In line with the FRC guidance on going concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis.

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to credit, liquidity, cash flow and foreign currency risk are described above.

The company has considerable financial resources with sound business relationships with a number of customers and suppliers across different geographic areas. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

Directors

The directors who served during the year were as follows:

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

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.

On behalf of the Board

J F Haran
Director

21 September 2011

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Westcrowns Contracting Services Limited

We have audited the financial statements of Westcrowns Contracting Services Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 4, 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 and express an opinion on 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom 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.

Independent auditors' report

to the members of Westcrowns Contracting Services Limited (continued)

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.

Ernst & Young LLP

Walter Campbell (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
21 September 2011

Profit and loss account

for the year ended 31 March 2011

	Notes	*2011* £000	*2010* £000
Turnover	2	6,748	9,066
Cost of sales		(4,245)	(6,108)
Gross Profit		2,503	2,958
Administrative expenses		(1,805)	(2,143)
Operating Profit	3	698	815
Interest payable	6	(50)	(55)
Profit on ordinary activities before taxation	7(b)	648	760
Tax	7(a)	(89)	(72)
Profit for the financial year	19	559	688

The figures above represent amounts relating to continuing operations only.

Statement of total recognised gains and losses

for the year ended 31 March 2011

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £559,000 in the year ended 31 March 2011 (2010 – £688,000).

Balance sheet

at 31 March 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible assets	9	1,516	1,646
Current assets			
Stocks	10	831	663
Debtors – due within one year	11	2,986	3,260
– due after one year	11	565	322
Cash at bank and in hand	16	682	1,001
		5,064	5,246
Creditors: amounts falling due within one year	12	(2,219)	(2,808)
Net current assets		2,845	2,438
Total assets less current liabilities		4,361	4,084
Creditors: amounts falling due after more than one year	13	(952)	(1,136)
Accruals and deferred income			
Deferred government grants	17	(180)	(195)
Total assets less total liabilities		3,229	2,753
Capital and reserves			
Called up equity share capital	18	224	224
Revaluation reserve	19	311	320
Profit and loss account	19	2,694	2,209
Shareholders' funds	19	3,229	2,753

J F Haran
Director

21 September 2011

Notes to the financial statements

at 31 March 2011

	Note	*2011* *£000*	*2010* *£000*
Net cash inflow from operating activities	3(b)	125	1,228
Returns on investments and servicing of finance			
Interest element of finance leases and hire purchase payments		(18)	(19)
Bank overdraft and loan interest		(32)	(36)
		(50)	(55)
Taxation			
Corporation tax paid		(84)	(133)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(22)	–
Proceeds on sale of tangible fixed assets		20	–
		(2)	–
Equity dividends paid		(83)	(96)
Net cash (outflow)/inflow before financing		(94)	944
Financing			
Repayments of capital element of finance leases and hire purchase contracts		(136)	(137)
Repayment of long term loans		(89)	(84)
		(225)	(221)
(Decrease)/increase in cash	16	(319)	723

Reconciliation of net cash movement in net debt

		2011 *£000*	*2010* *£000*
(Decrease)/increase in cash in the year		(319)	723
Cash flow from hire purchase financing		136	137
Repayment of loans		89	84
		(94)	944
New hire purchase agreements		(40)	(30)
Movement in net debt in the year		(134)	914
Net debt at 1 April		(350)	(1,264)
Net debt at 31 March	16	(484)	(350)

Notes to the financial statements

at 31 March 2011

1. Accounting policies

Basis of preparation

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

Tangible fixed assets

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

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

Buildings	–	40 years from revaluation in 2007
Motor vehicles	–	4 years
Plant and machinery	–	5 years
Fixtures and fittings	–	5 years
Computer equipment	–	3 years

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

Freehold land is considered to be an integral part of heritable properties and, accordingly, is depreciated along with buildings.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on these assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Government grants

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

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

Stocks

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

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

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

Notes to the financial statements

at 31 March 2011

1. Accounting policies (continued)

Long-term contracts

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

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 right to pay less or to receive more, tax, with the exception of:

Deferred tax assets which are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Foreign currencies

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

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

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

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

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

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

Pensions

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

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, except in respect of long-term contracts where turnover represents the sales value of work done in the year, including estimates in respect of amounts not invoiced. Turnover in respect of long-term contracts is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Turnover is attributable to continuing activities, namely glazing and flooring contracting.

Notes to the financial statements

at 31 March 2011

3. Operating profit

(a) This is stated after charging:

	2011	*2010*
	£000	*£000*
Auditors remuneration – audit services	11	10
Depreciation of tangible owned assets	52	50
Depreciation of assets held under finance leases and hire purchase contracts	140	143
	192	193
Gain on sale of tangible fixed assets	(20)	–
Grant release	(15)	(15)
Operating lease rentals – plant, vehicles and other equipment	60	67

(b) Net cash inflow from operating activities:

	£000	*£000*
Operating profit	698	815
Depreciation	192	193
Gain on sale of fixed assets	(20)	–
Grant release	(15)	(15)
Decrease/(increase) in stocks	(168)	18
Decrease/(increase) in debtors	26	64
Increase/(decrease) in creditors	(588)	153
Net cash inflow from operating activities	125	1,228

Notes to the financial statements
at 31 March 2011

4. Directors' remuneration

	2011	*2010*
	£000	*£000*
Aggregate emoluments in respect of qualifying services	392	418
Money purchase pension scheme contributions	81	4

	No.	*No.*
Members of money purchase pension scheme	4	4

	No.	*No.*
Members of defined benefit pension scheme	4	4

Two other directors do not perform any qualifying services to the company, therefore their emoluments are £nil (2010 - £nil).

The emoluments of the highest paid director for the year ended 31 March 2011 were £207,000 (2010 – £229,000). He was a member of the group's defined benefit pension scheme and his accrued pension at 31 March 2011 was £25,000 (2010 – £24,000) per annum.

5. Staff costs

	2011	*2010*
	£000	*£000*
Wages and salaries	1,899	2,686
Social security costs	108	242
Other pension costs	159	135
	2,166	3,063

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

	No.	*No.*
Administration	27	26
Other	56	67
	83	93

Notes to the financial statements

at 31 March 2011

6. Interest payable

	2011	*2010*
	£000	*£000*
Bank overdraft and loan interest	32	36
Finance charges payable under finance leases and hire purchase contracts	18	19
	50	55

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2011	*2010*
	£000	*£000*
Current tax:		
UK corporation tax on the profit for the year (note 7(b))	84	84
Deferred tax (note 7(d)):		
Origination and reversal of timing differences	5	(12)
Tax on profit on ordinary activities	89	72

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28%. The differences are explained below:

	2011	*2010*
	£000	*£000*
Profit on ordinary activities before tax	648	760
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	181	213
Effects of:		
Expenses not deductible for tax purposes	8	(12)
Fixed asset timing differences	(1)	12
Group relief for nil payment	(104)	(129)
Total current tax (note 7 (a))	84	84

Notes to the financial statements

at 31 March 2011

7. Tax (continued)

(c) Factors that may affect future tax charges

The Finance Act (No 2) was enacted in July 2010 and reduced the main rate of corporation tax from 28% to 27% from 1 April 2011. This rate reduction was latterly amended to 26% in the 2011 Budget with effect from 1 April 2011. Further reductions are to be enacted separately each year with the aim of reducing the rate by 1% per annum to 23% by 1 April 2014. There is also a reduction in the main rate of capital allowances from 20% to 18% with effect from April 2012. These changes will affect the amount of future cash tax payments to be made by the company.

It is estimated that the reduction in the proposed rate of corporation tax from 26% to 23% will result in a reduction in the deferred asset as at 31 March 2011 of approximately £7k.

(d) Deferred tax

The deferred tax asset, calculated at 26% (2010: 28%), included in the balance sheet is as follows:

	2011	*2010*
	£000	*£000*
Fixed asset timing differences	62	67

	£000
At 1 April 2010	67
Deferred tax credit in profit and loss account (note 7(a))	(5)
At 31 March 2011	62

8. Dividends

		2011		*2010*
		Net of		*Net of*
	Total	*waiver*	*Total*	*waiver*
	£000	*£000*	*£000*	*£000*
Declared and paid in year 48.8p (2010 – 56.8p)	109	83	127	96

The holders of 54,338 ordinary shares waived their rights to the dividend in both years.

Notes to the financial statements

at 31 March 2011

9. Tangible fixed assets

	Heritable property £000	*Motor vehicles £000*	*Plant and machinery £000*	*Fixtures and fittings £000*	*Computer equipment £000*	*Total £000*
Cost or valuation:						
At 1 April 2010	1,506	360	577	26	44	2,513
Additions	15	38	2	2	5	62
Disposals	–	(103)	–	–	–	(103)
At 31 March 2011	1,521	295	579	28	49	2,472
Cost	21	295	579	28	49	972
Valuation	1,500	–	–	–	–	1,500
	1,521	295	579	28	49	2,472
Depreciation:						
At 1 April 2010	115	277	405	26	44	867
Charge for the year	38	42	107	2	3	192
Disposals	–	(103)	–	–	–	(103)
At 31 March 2011	153	216	512	28	47	956
Net book value:						
At 31 March 2011	1,368	79	67	–	2	1,516
At 1 April 2010	1,391	83	172	–	–	1,646

Notes to the financial statements

at 31 March 2011

9. Tangible fixed assets (continued)

The company's freehold property was valued as at 31 March 2010 by Johnston Waddell, Commercial Property Consultants, at its open market value for existing use basis at £1,350,000. This valuation is less than the net book value of the property, but as there is no material difference, the directors have not adjusted the value. The valuation was carried out in accordance with the RICS Valuation Standards (Sixth Edition) as amended. The directors have ascertained from the valuers that the value of the land included in the valuation above amounts to £128,250.

Had it not been revalued, the heritable property would have been included on the historical cost basis as follows:

	£000
Cost	1,191
Cumulative depreciation based on cost	134
Net book amount	1,057

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

	2011	*2010*
	£000	*£000*
Plant and machinery	62	164
Motor vehicles	75	80

10. Stocks

	2011	*2010*
	£000	*£000*
Work in progress:		
Costs less loss provisions	874	2,110
Progress payments received/receivable	(861)	(2,107)
	13	3
Raw materials and consumables	818	660
	831	663

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

Notes to the financial statements

at 31 March 2011

11. Debtors

	2011	*2010*
	£000	*£000*
Trade debtors	2,835	2,910
Amounts owed by group undertakings	565	565
Other debtors	89	40
Deferred tax (note 7(d))	62	67
	3,551	3,582

Included within 'Amounts owed by group undertakings' is £565,000 (2010 – £565,000) due after one year.

12. Creditors: amounts falling due within one year

	2011	*2010*
	£000	*£000*
Bank borrowings (note 14)	94	89
Obligations under finance leases and hire purchase contracts (note 15)	120	126
Trade creditors	1,196	1,716
Excess progress payments	179	167
Corporation tax	84	84
Amounts owed to group undertakings	165	65
Other taxes and social security costs	166	321
Other creditors	–	40
Accruals and deferred income	215	200
	2,219	2,808

13. Creditors: amounts falling due after one year

	2011	*2010*
	£000	*£000*
Bank borrowings (note 14)	850	944
Obligations under finance leases and hire purchase contracts (note 15)	102	192
	952	1,136

Notes to the financial statements

at 31 March 2011

14. Bank borrowings

	2011	*2010*
	£000	*£000*
Not wholly repayable within five years (see below)	831	887
Wholly repayable within five years	113	146
Total secured bank borrowings	944	1,033
Less: included in creditors: amounts falling due within one year (note 12)	(94)	(89)
Included in creditors: amounts falling due after more than one year (note 13)	850	944

Not wholly repayable within five years

£1m bank loan at 5.95063% per annum, repayable in variable monthly instalments

	2011	*2010*
	£000	*£000*
Amounts repayable:		
In one year or less	59	56
In more than one year, but not more than two years	59	56
In more than two years, but not more than five years	176	168
In more than five years	537	607
	831	887

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

Notes to the financial statements
at 31 March 2011

15. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2011	*2010*
	£000	*£000*
Amounts payable:		
Within one year	136	145
In two to five years	117	221
	253	366
Less: finance charges allocated to future periods	31	48
	222	318

Finance leases and hire purchase contracts are analysed as follows:

Current obligations (note 12)	120	126
Non-current obligations (note 13)	102	192
	222	318

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

	2011	*2010*
	£000	*£000*
At 1 April	318	425
Inception of finance leases and hire purchase contracts	40	30
Capital element of finance leases and hire purchase payments	(136)	(137)
At 31 March	222	318

16. Analysis of net debt

	At 1 April 2010	*Cash flow*	*Non cash changes*	*At 31 March 2011*
	£000	*£000*	*£000*	*£000*
Cash at bank and in hand	1,001	(319)	–	682
Loans	(1,033)	89	–	(944)
Finance leases	(318)	136	(40)	(222)
	(350)	(94)	(40)	(484)

Notes to the financial statements
at 31 March 2011

17. Deferred government grants

	£000
At 1 April 2010	195
Released in year	(15)
At 31 March 2011	180

18. Issued share capital

		2011		2010
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
Ordinary shares of £1 each	224,422	224,422	224,422	224,422

19. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	*Revaluation reserve £000*	*Profit and loss account £000*	*Total share-holders' funds £000*
At 1 April 2009	224	328	1,609	2,161
Profit for the year	–	–	688	688
Dividends	–	–	(96)	(96)
Transfer in respect of depreciation on revalued property	–	(8)	8	–
At 1 April 2010	224	320	2,209	2,753
Profit for the year	–	–	559	559
Dividends	–	–	(83)	(83)
Transfer in respect of depreciation on revalued property	–	(9)	9	–
At 31 March 2011	224	311	2,694	3,229

20. Capital commitments

No future capital expenditure has been contracted at 31 March 2011 (2010 – £nil).

Notes to the financial statements

at 31 March 2011

21. Pension arrangements

FRS17 disclosures

The parent company sponsors the Westcrowns Limited Pension and Life Assurance Scheme which is an arrangement which provides benefits on a "defined benefit" basis. The scheme was closed to future accrual on 31 December 2009.

Although the scheme is a defined deferred benefit scheme, the company is unable to identify its share of underlying assets and liabilities therefore the company has accounted for the contributions to the scheme as if it were a defined contribution scheme. The company's pension cost for the year for this scheme was £nil (2010 – £135,000).

A full actuarial valuation of the scheme was carried out as at 31 March 2008 by a qualified actuary. An updated valuation of this scheme for FRS 17 purposes was carried out by a qualified independent actuary as at 31 March 2011.

With effect from 31 December 2009, this defined benefit scheme was closed to new members and accrual of defined benefits ceased for existing active members.

The fair value of the assets of the scheme at 31 March 2011 relates wholly to equity securities, fixed interest bonds and cash.

The following disclosures do not impact the primary statements in accordance with FRS 17.

The movements in assets and liabilities in the year are as follows:

Change in benefit obligation

	2011	*2010*
	£000	*£000*
Benefit obligation at 1 April	6,320	4,711
Interest cost	353	337
Current service cost	-	137
Scheme participants' contributions	-	91
Benefits paid	(350)	(243)
Actuarial loss	186	1,287
Benefit obligation at 31 March	6,509	6,320

Change in scheme assets

Fair value of scheme assets at 1 April	5,724	4,050
Expected return on scheme assets	267	199
Contributions by employer	160	373
Scheme participants' contributions	–	91
Benefits paid	(350)	(243)
Actuarial gain	34	1,254
Fair value of scheme assets at 31 March	5,835	5,724
Deficit in the scheme	674	596

Notes to the financial statements

at 31 March 2011

21. Pensions arrangements (continued)

Main assumptions

	2011	*2010*
Rate of increase in deferred pensions	3.3%	3.4%
Rate of increase in pensions in deferment	3.3%	3.4%
Discount rate	5.5%	5.7%
Inflation assumption	3.3%	3.4%
Expected rates of return on scheme assets:		
Equity securities	5.4%	5.0%
Bond securities	1.9%	2.0%
Cash	1.9%	2.0%

Weighted average life expectancy on post-retirement mortality table used to determine benefit obligations for:

1. Life expectancy for a male pensioner from age 65	19.5 yrs	19.1 yrs
2. Life expectancy for a female pensioner from age 65	22.2 yrs	21.7 yrs
3. Life expectancy from age 65for a male participant currently aged 45	21.3 yrs	20.4 yrs
4. Life expectancy from age 65for a female participant currently aged 45	24.0 yrs	22.8 yrs

The mortality assumption used reflects a reasonable estimate of likely future experience by adjusting standard projected tables for the geographical location of the membership.

Scheme asset information

	Allocation percentage 2011 %	*Allocation percentage 2010 %*
Equity securities	78.2	78.2
Bond securities	15.3	15.6
Property	0.5	0
Cash	6.0	6.2
	£000	*£000*
Actual return on scheme assets	301	1,453

Five year history

	2011 £000	*2010 £000*	*2009 £000*	*2008 £000*	*2007 £000*
Present value of defined benefit obligation	6,509	5,724	4,050	4,845	6,548
Fair value of scheme assets	(5,835)	(6,320)	(4,711)	(5,221)	(7,142)
Deficit in the scheme	(674)	(596)	(661)	(376)	(594)
Difference between actual and expected return on scheme assets	(34)	(1,254)	(1,380)	(814)	(7)
Experience gains and losses on scheme liabilities	–	86	(309)	238	59

Notes to the financial statements

at 31 March 2011

21. Pensions arrangements (continued)

The company's parent company, Westcrowns Limited also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £159,000. Contributions amounting to £7,000 were payable to the fund at 31 March 2011 and are included in creditors.

22. Other financial commitments

At 31 March 2011, the company had annual commitments under non-cancellable operating leases as follows:

	Plant, vehicles and other equipment	
	2011	*2010*
	£000	*£000*
Operating leases which expire:		
Within one year	9	21
Within two to five years	30	53
	39	74

23. Contingent liabilities

Cross guarantees exist between all Scottish registered group companies in favour of the group's bankers. At 31 March 2011 the combined group bank borrowings subject to the guarantee amounted to £6,421,000 gross and £4,422,000 net of credit balances (2010 – £5,291,000 gross; £2,954,000 net).

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

24. Related party transactions

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

	2011	*2010*
	£000	*£000*
Sales	–	1
Administrative expenses	225	194

There are no other related party transactions which require to be notified under the provisions of FRS 8.

25. Ultimate parent undertaking and controlling party

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