Maintenance and Property Care Limited

Annual report and financial statements

For the year ended 31 March 2005

Registered number SC208636

Maintenance and Property Care Limited
Financial Statements for the year ended 31 March 2005

Maintenance and Property Care Limited
Directors and advisers

Directors
Phillip Russelll
Kevin O'Hara
Bill Coghill

Secretary
David Turner

Registered Office
Morrison House
Ellismuir Way, Tannochside Park
Uddingston
GLASGOW
G71 5QA

Auditors
PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Bankers
Barclays Bank plc
1 Market Hill
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Cambridgeshire
PE18 6AE

Maintenance and Property Care Limited
Directors' report for the year ended 31 March 2005

The directors present their report together with the financial statements and independent auditors' report for the year ended 31 March 2005.

Principal activities
The principal activities of the company comprise the business of land and buildings maintenance, predominately for North Lanarkshire Council.

Business review
Both the level of business and the year end financial position remain satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results
The results for the year ended 31 March 2005 are set out in the profit and loss account on page 7.

Dividends
As derived by the application of the contract between Maintenance and Property Care and North Lanarkshire Council, the directors recommend payment of a special dividend of £nil (2004: £nil), to North Lanarkshire Council in accordance with the rights attaching to the 'B' shares. The remaining profit has been transferred to reserves.

Directors and their interests
The directors of the company are as follows:

G Scarr Hall	(Resigned 8/3/2005)
K O'Hara	
B Coghill	(Appointed 22/6/2004)
P Russell	(Appointed 8/3/2005)

In accordance with the company's Articles of Association, none of its directors are required to retire by rotation.

The directors have no interests in the shares of the company.

The interests of the directors who were in office at 31 March 2005 in the shares of AWG Plc and in options over such shares granted under that company's share option schemes are set out below.

Throughout this section, all interests in shares are in relation to AWG Plc ordinary shares.

Beneficial and family interests in the shares of AWG Plc

	1 April 2004	Acquired	Disposals	31 March 2005
G Scarr Hall	38,117	-	-	# 38,117
K O'Hara	40,875	-	-	40,875
B Coghill	*0	-	-	0
P Russell	*0	-	-	0

* at date of appointment
\# at date of resignation

Maintenance and Property Care Limited
Directors' report (continued)

Long term incentive plan

The following directors had a contingent interest at 31 March 2005 in the shares of AWG Plc, representing the maximum aggregate number of shares to which they would be entitled under the Group's Long Term Incentive Plan:

G Scarr Hall	nil #	(2004 - nil)
K O'Hara	nil	(2004 - nil)
B Coghill	nil *	(2004 - nil)
P Russell	nil *	(2004 - nil)

* at date of appointment
\# at date of resignation

Full details of this plan are given in the financial statements of AWG Plc.

The long term incentive share scheme is designed to encourage continuing improvement in the AWG group's performance in terms of shareholder return over the longer term. Under the scheme, each participant is conditionally awarded a number of shares based on a value equating to a percentage of base salary. The proportion of the award to be released to each participant previously depended on the AWG group's performance in terms of total earnings per share. No shares will be released for below median performance. Above the median level there will be a progressive release of shares up to 100 per cent of allocation. The release of shares to participants will be made three years after the initial award.

Sharesave scheme options

The directors also have a contingent interest in the shares of AWG Plc under the groups sharesave scheme as follows:

	AWG Plc Sharesave Scheme				
	1 April 2004	Options granted	Options exercised	Options lapsed	**31 March 2005**
G Scarr Hall	**3,887**	-	-	-	**# 3,887**
K O'Hara	**2,795**	-	-	-	**2,795**
B Coghill	*** 0**	-	-	-	**0**
P Russell	*** 0**	-	-	-	**0**

* at date of appointment
\# at date of resignation

Options granted under the Sharesave Scheme are exercisable within a period of six months after either the third, fifth or seventh anniversary of the date of the savings contract.

The dates of grant and the option prices are set out below:

Sharesave Scheme Date of grant	Option price
12 December 1996	£4.52
10 December 1997	£6.19
9 December 1998	£7.12
13 January 2000	£4.34
31 January 2001	£4.68
6 February 2002	£4.20

Maintenance and Property Care Limited
Directors' report (continued)

Executive share option scheme

Directors also have a contingent interest in the shares of AWG Plc under the group's Executive Share Option Scheme as follows:

	1 April 2004	Options granted	Options exercised	Options lapsed	31 March 2005
G Scarr Hall	34,230	-	-	-	# 34,230
K O'Hara	38,080	-	-	-	38,080
B Coghill	* -	-	-	-	-
P Russell	* -	-	-	-	-

* at date of appointment
# at date of resignation

No director has any interest in the shares of group companies, other than those shown above.

None of the directors has or had during the period, a material interest in any contracts of significance to which the company or any other group company is or was a party.

Charitable and political donations

During the year the company made charitable donations of £nil (2004: £876) principally to local charities serving the communities in which the company operates.

Post balance sheet events

There were no significant post balance sheet events.

Employees

Employees are kept informed on matters affecting them and made aware of the general financial and economic factors influencing the company.

The company operates a systematic approach to employee communication through regular briefings, presentations, electronic mailings and the wide circulation of magazines.

AWG Share option and AWG bonus schemes are in place to encourage participation in the company's performance.

The company is an equal opportunities employer and applications from disabled persons are fully and fairly considered, having regard to the aptitudes and abilities of the applicant. In the event of disability, every effort is made to ensure that employment continues and appropriate training is given. Career development and promotion of disabled people is, as far as possible, identical to that of other employees.

Payment of suppliers

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 31 March 2005 were equivalent to 35 days purchases, (2004: 33 days), based on the average daily amount invoiced by suppliers during the year.

Maintenance and Property Care Limited
Directors' report (continued)

Directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors
Elective resolutions to dispense with the holding of annual general meetings, the laying of accounts before the company in general meeting and the appointment of auditors annually are currently in force. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to have been reappointed at the end of the period of 28 days beginning on the day on which copies of this report and accounts are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

By order of the board,

K. O'Hara

K O'Hara
Director
15 August 2005

Maintenance and Property Care Limited
Independent auditors' report

Independent auditor's report to the members of Maintenance and Property Care Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

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

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion
We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 of the state of the company's affairs at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

Birmingham

15 August 2005

Maintenance and Property Care Limited
Profit and loss account
for the year ended 31 March 2005

Note		2005 £'000	2004 (restated) £'000
2	**Turnover:**	33,739	31,034
3	Cost of sales	(30,419)	(28,102)
	Gross profit	**3,320**	**2,932**
3	Other operating expenses (net)	(3,270)	(2,979)
2	**Profit/(loss) on ordinary activities before finance charges**	**50**	**(47)**
5	Finance income (net)	66	57
	Profit on ordinary activities before taxation	**116**	**10**
6	Tax on profit on ordinary activities	(57)	(18)
	Profit/(loss) for the financial year	**59**	**(8)**
7	Dividends paid and proposed	-	-
16	**Retained profit/(loss) for the financial year**	**59**	**(8)**

All results related to continuing operations. The results for 2004 have been restated following a reallocation of administrative expenses during 2005. See note 3 for further details.

The accompanying notes are an integral part of this profit and loss account.

There are no other recognised gains or losses in the accounts, other than those shown above in the profit and loss account.

Maintenance and Property Care Limited
Statement of movement in shareholders' funds
for the year ended 31 March 2005

Note		2005 £000's	2004 £000's
16	Total recognised gains and losses for the year	59	(8)
	Dividends paid and proposed	-	-
	Increase/(decrease) in shareholders' funds	59	(8)
	Opening shareholders' funds	358	366
	Closing shareholders' funds	**417**	**358**

Maintenance and Property Care Limited
Balance sheet
as at 31 March 2005

Note		2005 £000's	2004 £000's
	Fixed assets		
9	Tangible assets	534	541
		534	541
	Current assets		
10	Stock	382	313
11	Debtors	4,611	4,227
	Cash at bank and in hand	2,281	2,984
		7,274	7,524
	Creditors: amounts falling due within one year		
12	Other creditors	(7,215)	(7,550)
		(7,215)	(7,550)
	Net current assets/(liabilities)	59	(26)
	Total assets less current liabilities	593	515
13	**Provisions for liabilities and charges**	(176)	(157)
	Net assets	**417**	**358**
	Capital and reserves		
15	Called up share capital	1	1
16	Profit and loss account	416	357
	Equity shareholders' funds	**417**	**358**

The notes on pages 10 to 19 form part of these financial statements.

The financial statements were approved by the board of directors on 15 August and signed on its behalf by :

K O'Hara
Director

Maintenance and Property Care Limited
Notes to the financial statements
for the year ended 31 March 2005

1. **Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a) **Basis of accounting**
The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and in accordance with the Companies Act 1985.

b) **Cash flow statement**
As the published consolidated financial statements of the ultimate holding company include a consolidated cash flow statement, the company has taken advantage of the exemption within FRS1 (revised 1996) and not presented its own cash flow statement.

c) **Turnover**
Turnover represents the income receivable (excluding value added tax) in the ordinary course of business for goods and services provided and, in respect of contract work in progress, the value of work carried out.

d) **Tangible fixed assets and depreciation**
Fixed assets are included at cost less accumulated depreciation. Freehold land is not depreciated. Depreciation of assets is calculated at rates expected to write off cost less the estimated residual value of the relevant assets over their estimated economic lives, which are principally as follows:

Leasehold improvements	Over the terms of the lease
Vehicles, mobile plant and computers	3-10 years

Assets in the course of construction are not depreciated until they are commissioned. Interest costs are not capitalised into the cost of fixed assets.

e) **Stocks and work in progress**
Stocks are stated at cost less any provision necessary to recognise damage and obsolescence. Work in progress, with the exception of long-term contract work in progress, is valued at the lower of cost and net realisable value. Cost includes labour, materials, transport and attributable overheads. Net realisable value is the estimated proceeds from the sale of stock less all further costs to be incurred.

f) **Pension costs**
Contributions to the company's defined benefit pension schemes are charged to the profit and loss account so as to spread the regular cost of pensions over the average service lives of employees, in accordance with the advice of an independent qualified actuary. Actuarial surpluses and deficits are amortised, where appropriate, over the average remaining service lives of employees. The cost of defined contribution schemes is charged to the profit and loss account in the year in respect of which the contributions become payable.

g) **Deferred taxation**
Deferred taxation is provided on timing differences, arising from the different treatment for accounts and taxation purposes of events and transactions recognised in the financial statements of the current and previous years. Deferred taxation is calculated at the rates at which it is estimated that taxation will arise.

Deferred taxation is not provided in respect of timing differences arising from the sale or revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into, and it is unlikely that any gain will be rolled over.

Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred tax asset can be recovered in future periods.

h) **Pre-contract costs**
The company's policy is to write off pre-contract costs as an expense in line with UITF34.

2. **Segmental analysis**

All results are derived from a single class of business within the United Kingdom.

3. **Other operating expenses (net)**

	2005 £000's	2004 (restated) £000's
Administrative expenses	3,361	3,044
Other operating income	(91)	(65)
	3,270	**2,979**

Following a review of administrative expenses across the various businesses of the group during 2005, the 2004 comparatives have been adjusted and £2,818,000 of costs have been reallocated to cost of sales so that these costs are treated consistently within the Facilities Services businesses in the Morrison Plc group. The costs of sales have increased by a corresponding amount.

4. **Operating profit**

	2005 £000's	2004 £000's
Operating profit is stated after charging:		
Depreciation –own assets	176	138
Operating Leases	84	4
Auditor's remuneration	7	7

5. **Finance charges (net)**

	2005 £000's	2004 £000's
Investment Income		
Income from current asset investments	66	57
	66	57
Finance charges (net)		
Interest payable and similar charges	-	-
Less: investment income	66	57
	66	**57**

6. ***Taxation***

	2005 £000's	2004 £000's
The tax charge for the year comprised:		
UK tax – current year charge	53	18
UK tax – adjustments in respect of prior years	4	-
Tax on profit on ordinary activities	**57**	**18**
Tax on profit on ordinary activities comprises:		
UK Corporation tax at 30 per cent (2003: 30 per cent)	63	27
Total current tax	63	27
Deferred tax (note 14)		
Charge for timing differences arising in year	(10)	(9)
Adjustments in respect of prior periods	4	-
Total deferred tax	(6)	(9)
Tax on profit on ordinary activities	**57**	**18**

6. **Taxation (continued)**

Factors affecting tax charge for the year
The tax assessed for the year is higher than (2004: higher than) the standard rate of corporation tax in the UK (30 *per cent). The differences are explained below:*

	2005 £000's	2004 £000's
Profit on ordinary activities before taxation	116	10
Profit on ordinary activities at the standard UK rate of tax (30 per cent)	35	3
Effects of:		
Items not deductible for tax purposes	7	3
Accounting depreciation not eligible for tax purposes	11	12
Capital allowances for the year in excess of depreciation	10	9
Current tax charge for the year	**63**	**27**

7. **Dividends and other payments to shareholders**

	2005 £000's	2004 £000's
Equity shares:		
Special dividend – 'B' Shares	-	-
	-	-

Divdends are payable on the 'B' shares as a percentage of profits as detailed in note 15. Based on the appliction of the contract between Maintenance and Property Care and North Lanarkshire Council it was determined that the dividend to be paid this year is £nil (2004: £ nil).

8. **Employee information**

	2005 £000's	2004 £000's
Staff costs:		
Wages and salaries	16,920	16,833
Social security costs	1,373	1,434
Pension costs (note 17)	1,994	1,894
	20,287	**20,161**

Pension costs are stated after charging or crediting £nil (2004: £nil) in respect of amortisation of any pension surplus or deficit

Average number of full time equivalent persons employed:	2005 No.	2004 No.
Salaried employees	103	117
Manual employees	557	565
	660	**682**

Directors remuneration	2005 £000's	2004 £000's
Emoluments	80	43
Company pension contributions	7	2
	87	**45**

During the year two directors were employed and remunerated as directors or executives of other group companies in respect of services to the group as a whole. Their emoluments are therefore disclosed in the accounts of Morrison Facilities Services Limited.

Retirement benefits are accruing to two (2004: four) directors under a defined benefit scheme. Details of the scheme are set out in the accounts of AWG Plc and the cost to the group included in the directors' emoluments above.

Details of share options granted to Directors are shown under Directors' interests on pages 2 to 4.

The highest paid director's emoluments are disclosed in the accounts of Morrison Facilities Services Limited.

9. Tangible fixed assets

	Land and buildings *£000's*	Vehicles, plant and equipment *£000's*	Total *£000's*
Cost			
At 1 April 2004	380	389	769
Additions	24	145	169
At 31 March 2005	**403**	**534**	**938**
Depreciation			
At 1 April 2004	**76**	**152**	228
Charge for the year	50	126	176
At 31 March 2005	**126**	**278**	**404**
Net book value			
At 31 March 2005	**277**	**256**	**534**
At 31 March 2004	304	237	541

The company's interest in land and buildings are entirely leasehold.

Capital commitments
There are no commitments contracted for but not provided for in the financial statements at 31 March 2005.

10. Stock

	2005 £000's	2004 £000's
Raw materials and consumables	**382**	**313**

The current replacement value of stock does not materially exceed the historical costs stated above.

11. Debtors

	2005 £000's	2004 £000's
Amount falling due within one year:		
Trade debtors	1,385	526
Amounts owed from fellow group undertakings	84	143
Other debtors	1,316	1,325
Prepayments and accrued income	1,826	2,233
	4,611	**4,227**

12. Creditors: amounts falling due within one year

	2005 £000's	2004 £000's
Trade creditors	219	846
Amounts owed to fellow group undertakings	2,693	2,634
Corporation tax	63	236
Dividends payable	-	-
Other creditors	1,324	579
Other taxation and social security	1,112	1,003
Accruals and deferred income	1,804	2,252
	7,215	**7,550**

13. Provisions for liabilities and charges

	Deferred tax £000's	Contract and other provisions £000's	Total £000's
At 31 March 2004	**12**	**145**	**157**
Charge for the year	(6)	25	19
At 31 March 2005	**6**	**170**	**176**

The deferred tax provision is analysed in note 14.
The contract and other provisions relate to potential warranty and certification costs and other exposures in the business. Such warranties as provided to North Lanarkshire Council represent a period of 12 months from the *date work is completed.*
The amounts stated above have not been discounted.

14. Deferred taxation

	2005 £000's	2004 £000's
B/fwd at 1 April	12	21
Charge for the year	(6)	(9)
At 31 March	**6**	**12**

	2005 £000's	2004 £000's
Accelerated capital allowances	6	12
Undiscounted provision for deferred tax	6	12

There are no deferred tax assets that are not recognised in the accounts.

15. Share capital

	2005 £	2004 £
Authorised		
667 'A' ordinary shares of £1 each	667	667
333 'B' ordinary shares of £1 each	333	333
	1,000	**1,000**
Allotted, issued and fully paid		
667 'A' ordinary shares of £1 each	667	667
333 'B' ordinary shares of £1 each	333	333
	1,000	**1,000**

15. Share capital (continued)

The 'A' shares carry voting rights and the right to appoint the directors of the company. The 'B' shares do not carry voting rights. The 'A' and 'B' shares rank equally for the payment of dividends and the distribution of assets on the winding up of the company.

The 'B' shares also carry rights to the payment of a special dividend calculated as 25% of the profits generated by the company in relation to the Works Agreement, adjusted for a cost efficiency rebate as set out in accordance with the Articles of Association, subject to sufficient distributable profits. The Works Agreement is a trading contract between North Lanarkshire Council and Maintenance & Property Care Limited. For the year ended 31 March 2005 the cost efficiency rebate is 0.7137% (2004: 0.4764%).

16. Reserves

	Profit and loss reserve £000's
At 31 March 2004	357
Retained profit for the year	59
At 31 March 2005	**416**

17. Operating Lease commitments

The company is commited to operating lease arrangements for IT and office equipment amounting to £84K per annum for the next four years.

18. Pension commitments

The Company is a member of the AWG Plc Group ("The Group"). The Group's actuaries are Aon Consulting.

Pension arrangements for the majority of the Company's employees are of the funded defined benefit type, through the AWG Pension & Life Assurance Plan ("AWGPLAP"). The assets of the AWGPLAP are held in a separately administered fund.

The contribution rate paid by the Company from 1 April 2004, as recommended by the Plan Actuary, is 20.3% of pensionable salaries (2004: 18.4%). The contribution rate changed on 1 April 2004 following the plans actuarial valuation in 2004. Member's contributions are paid in addition.

In addition, the Company participates in another defined benefit scheme and a defined contribution scheme. The assets and liabilities in respect of the other defined benefit scheme are not material to the Company's financial statements and have been excluded from the following disclosures.

The defined benefit arrangements are closed to new hires, who are eligible instead for entry to the Group's defined contribution scheme. The Company's contributions to this scheme in the year amounted to £15,285 (2004 £15,000).

The administration and investment of the pension funds are maintained separately from the finances of the Company and the Group. The accounting pension costs have been prepared under SSAP 24, based on the most recent actuarial valuation. Details of the most recent actuarial valuation of the AWGPLAP are summarised below:

18. Pension commitments (continued)

Scheme:	**AWGPLAP**
Date of most recent actuarial valuation	31 March 2003
Actuarial method	Projected Unit (10 year control period)
Main assumptions:	
Excess of investment returns over:	
general salary increases	3.5% p.a.
pension increases	5% p.a.
Results:	
Market value of assets	£11.3m (inc. bulk transfer received in November 2003)
Funding level	76% (allowing for bulk transfer received in November 2003)
Due date of next full actuarial valuation	31 March 2006

The net pension cost for the year ended 31 March 2005 was £1,994,000 (2004: £1,894,000). At 31 March 2005 there was a prepayment in respect of pensions of £1,310,000 (2004: £1,270,000).

In November 2000 the Accounting Standards Board issued FRS17 'Retirement Benefits'. The Group is making use of the transitional arrangements regarding the adoption of FRS17. Disclosures are included below as if FRS17 had been applied from 1 April 2002.

The valuation used for the FRS17 disclosures has been based on the first actuarial valuation of the Plan (summarised above), updated by independent actuaries to take account the requirements of FRS17 in order to assess the liabilities of the schemes at 31 March 2005.

The liabilities of the schemes have been valued using the projected unit method and using the following assumptions. Note comparatives for 2003 are not available, as 2004 was the first year that such an analysis had been done for the company.

	2005	**2004**
	% p.a.	**% p.a.**
Discount rate	5.4	5.5
Inflation rate	2.8	2.9
Increase to deferred benefits during deferment	2.8	2.9
Increases to inflation related pension in payment	2.8	2.9
General salary increases	3.8	4.4

18. Pension commitments (continued)

The long-term expected rate of return and the assets in the schemes are:

	2005	*2005*	*2004*	*2004*
	Expected rate of return	**Fair value of scheme assets**	**Expected rate of return**	**Fair value of scheme assets**
	% pa	*£000's*	*% pa*	*£000's*
Equities	7.7	17,500	7.8	14,100
Corporate Bonds	5.1	1,100	5.2	800
Gilts	4.7	3,300	4.8	2,700
Property	6.7	-	6.8	-
Other	4.8	300	4.0	300
Total Assets		**22,200**		**17,900**
Fair value of scheme liabilities		(33,700)		(29,300)
Deficit in the scheme		*(11,500)*		*(11,400)*
Related deferred tax asset		3,450		3,420
Net pension liability		**(8,050)**		**(7,980)**

If these amounts had been recognised in the financial statements, the company's net assets and the profit and loss reserve at 31 March 2005 would be as follows:

Net assets	**2005**	**2004**
	£000's	**£000's**
Net assets	417	358
Exclude existing post tax net pension prepayment (under SSAP 24)	(1,310)	(1,270)
	(893)	(912)
FRS17 pension liability net of deferred tax asset	(8,050)	(7,980)
Net liabilities including FRS17 pension liability	(8,943)	(8,892)

Profit and loss reserve	**2005**	**2004**
	£000's	**£000's**
Profit and loss reserve	416	357
Exclude existing post tax net pension prepayment (under SSAP24)	(1,310)	(1,270)
	(894)	(913)
FRS17 pension liability	(8,050)	(7,980)
Profit and loss reserve including FRS17 pension liability	(8,944)	(8,893)

18. Pension commitments (continued)

The company pension expense for its defined benefit schemes was:

Profit and loss account	**2005**	**2004**
	£000's	**£000's**
Current service cost	(3,700)	(3,400)
Past service cost	-	(9,600)
Gain on settlements and curtailments	-	-
Charge to operating profit	**(3,700)**	**(13,000)**
Expected return on pension scheme assets	1,300	900
Interest on pension scheme liabilities	(1,700)	(1,400)
Amount charged to other finance income	**(400)**	**(500)**
Charge to profit on ordinary activities before taxation	**(4,100)**	**(13,500)**

Statement of total recognised gains and losses	**2005**	**2004**
	£000's	**£000's**
Actual return on pension scheme assets less expected return	600	2,900
Experience gains and losses arising on the scheme liabilities	*(400)*	*(900)*
Changes in assumptions underlying the present value of the scheme liabilities	1,600	900
Gain recognised	**1,800**	**2,900**

18. Pension commitments (continued)

Movement in scheme deficit

	2005	2004
	£000's	£000's
Deficit at 1 April	(11,400)	(3,400)
Current service costs	(3,700)	(3,400)
Contributions	2,200	2,600
Past service costs	-	(9,600)
Net interest	(400)	(500)
Actuarial gain	1,800	2,900
Deficit at 31 March	**(11,500)**	**(11,400)**

Details of experience gains and losses	**2005**	**2004**
	£000's	**£000's**
Difference between expected and actual returns on scheme assets		
Amount	600	2,900
Percentage of scheme assets	2.7%	16.2%
Experience gains and losses on scheme liabilities		
Amount	(400)	(900)
Percentage of present value of scheme liabilities	(1.2%)	(0.1%)
Amount in statement of total recognised gains and losses		
Amount	1,800	2,900
Percentage of present value of scheme liabilities	5.3%	9.9%