

Westcrowns Contracting Services Limited

Report and Financial Statements

31 March 2005



SCT 8KVV5AVD 1253
COMPANIES HOUSE 02/12/05

Directors and advisors

Directors

J W Haran Chairman
I K Finlayson
J F Haran
L E M Haran
S Haran
W A M McBride
R McDonald
A D McIndoe
A W Brown

Secretary

I K Finlayson

Auditors

Ernst & Young LLP
George House
50 George Square
Glasgow
G2 1RR

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

Company Registration Number

SC 045884

Directors' report

The directors present their report and financial statements for the year ended 31 March 2005.

Results and dividends

The profit for the year attributable to shareholders amounted to £149,000. A dividend (net of waivers) of £21,000 was paid during the financial year. The directors recommend that no final dividend be paid and that a profit of £128,000 be added to reserves.

Principal activity

The principal activity of the company is that of flooring contractors, the supply and fitting of proflit glass products and the supply and application of all forms of sealants in the building and construction industry.

Review of the business

The directors are pleased to report the continuation of profitability, and working in partnership with their client base, a healthy outlook and order book for the upcoming year.

Directors and their interests

All the directors listed on page 1 have held office throughout the year under review except for A D McIndoe and A W Brown who were appointed directors on 6 April 2004. In accordance with the Articles of Association no director is required to retire by rotation.

The interests of the directors in the share capital of group companies are shown on page 3.

Auditors

Ernst & Young LLP will be reappointed as the company's auditors in accordance with the elective resolution passed by the company on 21 October 1994 under section 386 Companies Act 1985.

On behalf of the board



I K Finlayson
Director

10 November 2005

Directors' interests

According to the register, maintained as required under Section 325 of the Companies Act 1985, the interests of the directors in the share capital of the group companies were as follows:

Ordinary shares

31 March 2005:

	J W Haran	I K Finlayson	J F Haran	L E M Haran	S Haran	R McDonald	W A M McBride	A W Brown	A D McIndoe
Westcrowns Limited	*340,050	11,527	115,270	57,635	*248,054	-	5,764	-	-
J & W Haran Limited	***21,623	***17,084	11,390	-	5,088	-	-	-	-
Independent Glass Company Limited	**34,080	**18,720	-	-	7,680	-	-	-	-
Glass - Paisley Limited	11	-	-	-	5	-	-	-	-
Westcrowns Contracting Services Limited	211	-	-	-	105	-	222	-	-
Stevenson Thermal Insulation (Holdings) Limited	-	-	-	-	-	-	200	-	-
1 April 2004 or subsequent date of appointment:									
Westcrowns Limited	*340,050	11,527	115,270	57,635	*248,054	-	5,764	-	-
J & W Haran Limited	***21,623	***17,084	-	-	5,088	-	-	-	-
Independent Glass Company Limited	**34,080	**18,720	-	-	7,680	-	-	-	-
Glass - Paisley Limited	11	-	-	-	5	-	-	-	-
Westcrowns Contracting Services Limited	211	-	-	-	105	-	222	-	-
Stevenson Thermal Insulation (Holdings) Limited	-	-	-	-	-	-	200	-	-

* 225,000 of these ordinary shares are held in a trust in which J W Haran and S Haran are trustees.

** 18,720 (2004 - 18,720) of these ordinary shares are held in a trust which J W Haran and I K Finlayson are trustees.

*** 17,084 (2004 - 17,084) of these ordinary shares are held in a trust which J W Haran and I K Finlayson are trustees.

Statement of directors' responsibilities in respect of the financial statements

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 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; 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. 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 company's accounts for the year ended 31 March 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 23. These accounts have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 with the company is not disclosed.

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

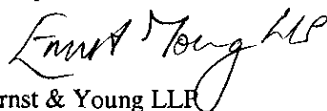
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as 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.



Ernst & Young LLP
Registered Auditor
Glasgow

10 November 2005

Profit and loss account

for the year ended 31 March 2005

	Notes	2005 £000	2004 £000
Turnover	2	5,221	4,593
Cost of sales		(3,675)	(3,173)
Gross profit		1,546	1,420
Administrative expenses		(1,331)	(1,293)
Operating profit	3	215	127
Interest payable	6	(50)	(44)
Profit on ordinary activities before taxation	7(b)	165	83
Taxation	7(a)	(16)	(17)
Profit for the financial year	16	149	66
Dividends - equity	8/16	(21)	(22)
Profit retained for the year		128	44

Statement of total recognised gains and losses

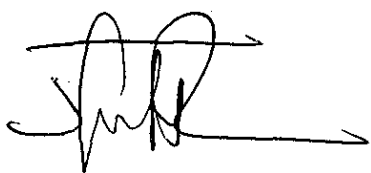
for the year ended 31 March 2005

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £149,000 in the year ended 31 March 2005 and the profit of £66,000 in the year ended 31 March 2004.

Balance sheet

at 31 March 2005

	Notes	2005 £000	2004 £000
Fixed assets			
Tangible assets	9	87	68
Current assets			
Stocks	10	267	289
Debtors	11	2,439	2,119
		2,706	2,408
Creditors: amounts falling due within one year	12	(2,036)	(1,949)
Net current assets		670	459
Total assets less current liabilities		757	527
Creditors: amounts falling due after more than one year			
Bank loans	13	(255)	(279)
Obligations under finance leases and hire purchase contracts	14	(29)	(20)
Amounts owed to group undertakings		(117)	-
Total assets less total liabilities		356	228
Capital and reserves			
Called up share capital	15/16	2	2
Profit and loss account	16	354	226
Equity shareholders' funds		356	228


J F Haran
Director

10 November 2005

Notes to the financial statements

at 31 March 2005

1. Accounting policies

Basis of preparation

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

No new accounting standards have been adopted in the year.

Depreciation

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

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 in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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.

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.

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.

Notes to the financial statements

at 31 March 2005

1. Accounting policies (continued)

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more or a 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.

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 so as to spread the cost of pensions over the employees' working lives within the company. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Cash flow statement

In view of the exemptions allowed under FRS1 the directors have decided not to present a cash flow statement.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services, stated net of value added tax. Turnover is attributable to the continuing activity of flooring contractors, the supply and fitting of profit glass products and the supply and application of all forms of sealants in the building and construction industry.

3. Operating profit

This is stated after charging and (crediting):

	2005 £000	2004 £000
Depreciation of tangible owned assets	10	10
Depreciation of assets held under finance leases and hire purchase contracts	29	30
	<hr/> 39	<hr/> 40
Loss/(gain) on sale of tangible fixed assets	1	(3)
Auditors' remuneration		
- audit services	10	9
Operating lease rentals		
- land and buildings	43	43
- plant, vehicles and other equipment	58	90
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

at 31 March 2005

4. Directors' remuneration

	2005 £000	2004 £000
Emoluments	237	143

	2005 No.	2004 No.
Members of defined benefit pension scheme	7	5

5. Staff costs and numbers

	2005 £000	2004 £000
Wages and salaries	1,308	1,147
Social security costs	149	135
Other pension costs	60	68
	<u>1,517</u>	<u>1,350</u>

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

	2005 No.	2004 No.
Administration	19	17
Other	39	37
	<u>58</u>	<u>54</u>

6. Interest payable

	2005 £000	2004 £000
Bank overdraft interest	46	40
Finance charges payable under finance leases and hire purchase contracts	4	4
	<u>50</u>	<u>44</u>

Notes to the financial statements

at 31 March 2005

7. Taxation

(a) Tax on profit on ordinary activities

	Notes	2005 £000	2004 £000
Current tax:			
UK corporation tax		11	-
Group relief		-	27
Tax overprovided in previous years		-	(10)
Total current tax	7(b)	11	17
Deferred tax:	7(d)		
Origination and reversal of timing differences		5	-
Tax on profit on ordinary activities		16	17

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the rate of corporation tax in the UK of 30% (2004 - 30%). The differences are reconciled below:

	Notes	2005 £000	2004 £000
Profit on ordinary activities before taxation		165	83
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 30% (2004 - 30%)		49	25
Expenses not deductible for tax purposes		3	2
Fixed asset timing differences		(5)	-
Change in tax rate		(7)	-
Group relief for nil payment		(29)	-
Tax overprovided in previous year		-	(10)
Total current tax	7(a)	11	17

(c) Factors that may affect future tax charges

At the balance sheet date, there are no factors which will significantly affect the future tax charge of the company.

Notes to the financial statements

at 31 March 2005

7. Taxation (continued)

(d) Deferred tax

The deferred tax asset, calculated at 30%, included in the balance sheet is as follows:

	Notes	2005 £000	2004 £000
Fixed asset timing differences		15	20
Short term timing differences		2	2
Deferred tax asset	11	<u>17</u>	<u>22</u>
			£000
At 1 April 2004			22
Deferred tax charge in profit and loss account	7(a)		(5)
At 31 March 2005			<u>17</u>

8. Dividends

	2005 £000	2004 £000
Interim - £12.46 per share (2004 - £13.08)	<u>21</u>	<u>22</u>

The holders of 538 ordinary shares waived their entitlement to the 2004 and 2005 interim dividend. Accordingly, the dividends were paid only to the holders of the remaining 1,684 ordinary shares.

Notes to the financial statements

at 31 March 2005

9. Tangible fixed assets

	<i>Motor vehicles £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures and fittings £000</i>	<i>Computer equipment £000</i>	<i>Total £000</i>
Cost:					
At 1 April 2004	255	38	21	25	339
Additions	74	-	1	-	75
Disposals	(127)	-	-	-	(127)
At 31 March 2005	202	38	22	25	287
Depreciation:					
At 1 April 2004	191	36	19	25	271
Charge for year	36	2	1	-	39
Disposals	(110)	-	-	-	(110)
At 31 March 2005	117	38	20	25	200
Net book value:					
At 31 March 2005	85	-	2	-	87
At 1 April 2004	64	2	2	-	68

The net book value of motor vehicles includes an amount of £71,000 (2004 - £52,000) in respect of assets held under finance leases and hire purchase contracts.

10. Stocks

	<i>2005 £000</i>	<i>2004 £000</i>
Work in progress:		
Costs less loss provisions	385	273
Progress payments received/receivable	(380)	(271)
	5	2
Raw materials and consumables	262	287
	267	289

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 2005

11. Debtors

	Notes	2005 £000	2004 £000
Due within one year:			
Trade debtors		1,913	1,582
Amounts owed by group undertakings		450	463
Other debtors		16	16
Prepayments and accrued income		43	35
Corporation tax recoverable		-	1
Deferred tax	7(d)	17	22
		<u>2,439</u>	<u>2,119</u>

12. Creditors: amounts falling due within one year

	Notes	2005 £000	2004 £000
Bank loan	13	23	21
Bank overdraft		648	906
Obligations under finance leases and hire purchase contracts	14	32	25
Trade creditors		982	588
Excess progress payments		27	27
Amounts owed to group undertakings		97	170
Corporation tax		11	-
Other taxes and social security costs		138	100
Accruals and deferred income		78	112
		<u>2,036</u>	<u>1,949</u>

The bank loan and overdraft are secured by a floating charge over all the assets of the company and by cross guarantees between all group undertakings in the United Kingdom.

13. Bank loan

	2005 £000	2004 £000
Not wholly repayable within five years:		
£300,000 bank loan at 7.11% per annum, repayable in quarterly instalments of £10,544 (capital and interest)	278	300
Less: included in creditors: amounts falling due within one year	(23)	(21)
	<u>255</u>	<u>279</u>

Notes to the financial statements

at 31 March 2005

13. Bank loan (continued)

	2005 £000	2004 £000
Amounts repayable:		
In one year or less	23	21
In more than one year, but not more than two years	25	23
In more than two years, but not more than five years	85	79
In more than five years	145	177
	<u>278</u>	<u>300</u>

The bank loan is secured by a floating charge over all the assets of the company and by cross guarantees between all group companies in the United Kingdom.

14. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2005 £000	2004 £000
Amounts payable:		
Within one year	35	27
In two to five years	32	23
	<u>67</u>	<u>50</u>
Less: finance charges allocated to future periods	(6)	(5)
	<u>61</u>	<u>45</u>

Finance leases and hire purchase contracts are analysed as follows:

	Notes	2005 £000	2004 £000
Current obligations	12	32	25
Non-current obligations		29	20
		<u>61</u>	<u>45</u>

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

	2005 £000	2004 £000
At 1 April	45	28
Inception of finance leases and hire purchase contracts	52	47
Capital element of finance leases and hire purchase payments	(36)	(30)
At 31 March	<u>61</u>	<u>45</u>

Notes to the financial statements

at 31 March 2005

15. Share capital

	2005 No.	2004 No.
Authorised:		
Ordinary shares of £1 each	250,000	250,000
	<u>£</u>	<u>£</u>
Allotted, called up and fully paid:		
2,222 (2004 - 2,222) ordinary shares of £1 each	2,222	2,222

16. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
At 1 April 2003	2	-	182	184
Profit for the year	-	-	66	66
Dividends	-	-	(22)	(22)
At 1 April 2004	2	-	226	228
Profit for the year	-	-	149	149
Dividends	-	-	(21)	(21)
At 31 March 2005	2	-	354	356

17. Capital commitments

No future capital expenditure has been contracted at 31 March 2005 (2004 - £Nil).

18. Pension commitments

SSAP 24 disclosure

The pension scheme for the company's employees is of the defined benefit final pensionable earnings type, operated as a group scheme as part of the Westcrowns Group in the UK. The scheme is trustee-administered and funded to cover future pension liabilities in respect of service up to the balance sheet date. It is subject to independent valuations at least every three years on the basis of which the qualified actuary certifies the rates of the employer's contributions which together with the specified contributions payable by the employees and proceeds from the scheme's assets will be sufficient to fund the benefits payable under the scheme.

The latest actuarial valuation was as at 31 March 2002, using the projected unit credit method. The main long term actuarial assumptions were that the rate of return on investment would be 6.75% and the annual increase in pensionable earnings would be 4.75%. The valuation showed, on a market value basis, that the aggregate value of the scheme's assets was £3,055,000 and the current liabilities were £3,015,000 giving a surplus of £40,000.

Notes to the financial statements

at 31 March 2005

18. Pension commitments (continued)

SSAP 24 disclosure (continued)

On an ongoing basis, the assets of the fund amounted to 101% of liabilities based on accrued service and projected final pensionable salary on retirement. The average remaining service life of employees is 12 years.

After allowing for the above, the actuary advised that the total contribution rate (which takes into account death in service benefits) be increased to 14%. The directors have decided to pay this rate from 1 April 2002.

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. A full actuarial valuation of the scheme was carried out as at 31 March 2002 by a qualified actuary. An updated valuation of this scheme for FRS17 purposes was carried out by a qualified independent actuary as at 31 March 2005.

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 was £68,000 (2004 - £63,000).

The contributions made by the employer over the financial year have been 14% of pensionable salaries (inclusive of death in service benefit insurance premiums). The contribution rate payable by the employer from 1 April 2002 is 14% of pensionable salaries.

The transitional arrangements of the new accounting standard FRS17 require disclosure of the following information about the Scheme as at 31 March 2005 calculated in accordance with the requirements of FRS17. For the purpose of these financial statements, the figures are illustrative only and do not impact on the actual group balance sheet. The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	At 31 March 2005	At 31 March 2004	At 31 March 2003
Rate of increase in salaries	N/A	4.70%	4.50%
Rate of increase in deferred pensions	2.70%	2.70%	2.50%
Rate of increase in pensions in payment	2.70%	2.70%	2.50%
Discount rate	5.50%	5.50%	5.40%
Inflation assumption	2.70%	2.70%	2.50%

There is no requirement for a salary increase assumption as the Scheme structure changed with effect from 31 March 2005, from a defined benefit accrual to a Career Average Revalued Scheme. This change has produced a significant positive amount included in the charge to operating profit for the year.

Notes to the financial statements

at 31 March 2005

18. Pension commitments (continued)

FRS17 disclosures (continued)

The assets in the scheme and the expected rates of return were:

	<i>Long-term rate of return expected at 31 March 2005</i>	<i>Value at 31 March 2005 £000</i>	<i>Long-term rate of return expected at 31 March 2004</i>	<i>Value at 31 March 2004 £000</i>	<i>Long-term rate of return expected at 31 March 2003</i>	<i>Value at 31 March 2003 £000</i>
Equities	5.15%	3,551	5.15%	2,940	4.60%	2,098
Bonds	3.15%	354	3.15%	336	2.60%	368
Cash	3.15%	635	3.15%	447	2.60%	263
Total market value of assets		4,540		3,723		2,729
Actuarial value of liability		(5,527)		(5,459)		(4,783)
Recoverable deficit in the schemes		(987)		(1,736)		(2,054)
Related deferred tax asset		296		521		616
Net pension liability		(691)		(1,215)		(1,438)

If the above pension liability was recognised in the financial statements, the group's net assets and profit and loss reserve would be as follows:

	<i>At 31 March 2005 £000</i>	<i>At 31 March 2004 £000</i>	<i>At 31 March 2003 £000</i>
Net assets excluding pension liability	3,922	3,614	2,929
Net pension liability	(691)	(1,215)	(1,438)
Net assets including pension liability	3,231	2,399	1,491

	<i>At 31 March 2005 £000</i>	<i>At 31 March 2004 £000</i>	<i>At 31 March 2003 £000</i>
Profit and loss reserve excluding pension liability	2,119	1,864	1,556
Net pension liability	(691)	(1,215)	(1,438)
Profit and loss reserve including pension liability	1,428	649	118

Notes to the financial statements

at 31 March 2005

18. Pension commitments (continued)

Analysis of the amount charged to operating profit

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Service cost	342	341
Gain on curtailment	(1,029)	-
Past service cost	5	-
Total operating charge	(682)	341

Analysis of net return on pension scheme

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Expected return on pension scheme assets	184	121
Interest on pension liabilities	(306)	(269)
Net return	(122)	(148)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Actual return less expected return on assets	301	494
Experience gains and losses on liabilities	(2)	106
Changes in assumptions	(391)	(112)
Actuarial loss recognised in STRGL	(92)	488
Adjustment due to surplus cap	-	-
Net loss recognised	(92)	488

Notes to the financial statements

at 31 March 2005

18. Pension commitments (continued)

Movement in deficit during the year

	<i>Year to 31 March 2005 £000</i>	<i>Year to 31 March 2004 £000</i>
Deficit in scheme at beginning of year	(1,736)	(2,054)
Movement in year:		
(Current service cost)	(342)	(341)
Contributions	281	319
Gain on curtailment	1,029	-
(Past service costs)	(5)	-
Net return on assets/(interest cost)	(122)	(148)
Actuarial gain/(loss)	(92)	488
Deficit in scheme at end of year	<u>(987)</u>	<u>(1,736)</u>

History of experience gains and losses

	<i>Year to 31 March 2005</i>	<i>Year to 31 March 2004</i>
Difference between expected and actual return on scheme assets:		
amount (£000's)	301	494
percentage of scheme assets	6%	13%
Experience gains and losses on scheme liabilities:		
amounts (£000's)	(2)	106
percentage of scheme liabilities	0%	2%
Total amount recognised in statement of total recognised gains and losses:		
amount (£000's)	(92)	488
percentage of scheme liabilities	2%	9%

19. Other financial commitments

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:

	<i>Plant, vehicles and other equipment 2005 £000</i>	<i>2004 £000</i>
Operating leases which expire:		
Within one year	7	13
Within two to five years	31	45
	<u>38</u>	<u>58</u>

Notes to the financial statements

at 31 March 2005

20. Contingent liabilities

Cross guarantees exist between all UK group companies in favour of the group's bankers. At 31 March 2005 the combined group bank borrowings subject to the guarantee amounted to £3,224,000 gross and £1,704,000 net of credit balances (2004 - £3,022,000 gross; £1,976,000 net).

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

21. Post balance sheet events

There have been no significant post balance sheet events.

22. Related parties

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

	2005 £000	2004 £000
Sales	-	-
Cost of sales	108	29
Administrative expenses	84	174

There are no other related party transactions which require to be notified under the provisions of Financial Reporting Standard No 8.

23. Ultimate parent company

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