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Westcrowns Contracting Services Limited

Report and Financial Statements

31 March 2006

Directors and advisors

Directors
J W Haran   Chairman
I K Finlayson
J F Haran
L F 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
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G2 4TB

Registered office
Quay House
Quay Road North
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G73 1LD

Company Registration Number
SC 045884

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Directors' report

The directors present their report and financial statements for the year ended 31 March 2006

Results and dividends

The profit for the year attributable to shareholders amounted to £258,000 A dividend (net of waivers) of £35 000 was paid during the financial year The directors recommend that no final dividend be paid and that a profit of £223,000 be added to reserves

Principal activity

The principal activity of the company is that of flooring contractors, the supply and fitting of profilit 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 increase in turnover and profitability from last year Turnover has increased by 34% as a result of improving alliances with key customers and suppliers Gross margin has remained constant over the two years at 28% As a result of the increase in turnover and constant gross margin being achieved, the company has been able to increase its operating profit by 51%

The company moved into new purpose built premises at the end of the year which will allow the company to continue to expand to meet its business objectives and to continue to grow and provide quality work in the future The new building, self project managed to completion has produced a revaluation surplus of £315,000

During the year, dividends of £35,000 have been paid to the parent company

The directors believe that the company is in a strong position to achieve increased turnover and profitability in the next year

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 and their interests

All the directors listed on page 1 have held office throughout the year under review 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

Directors' report

Directors Statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made enquiries of fellow directors and of the company's auditors each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

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

J I Haran
Director

6/10/2006

Directors' interests

According to the register maintained as required under Section 325 of the Companies Act 985 the interests of the directors in the share capital of the group companies were as follows

	J W Haran	*J F Haran*	*J Devine*	*I K Finlayson*	*L E M Haran*	*S Haran*	*W I M McBride*	*J D McLean*
Ordinary shares								
3 March 2006								
Westcrowns Limited	363 05 [a&d]	38,325 [d]	5 764	-	80 690 [d]	248 054 [a]	5 764	5 764
J & W Haran Limited	27 3 8 [c]	28 474 [c]	-	-	7 084 [c]	5 088	-	7 085
Independent Glass Company Limited	34 080 [b]	18,720 [b]	37 440 [b]	-	8 720 [b]	7 680	-	-
Glass - Paisley Limited		-	-	-	-	5	-	-
Westcrowns Contracting Services Limited	211	-	-	-	-	05	222	-
Apr 2005								
Westcrowns Limited	340 050 [a]	5,270	5 764	11 527	57 635	248 054 [a]	5 764	5 764
J & W Haran Limited	2 623 [c]	,390	-	7,084 [c]	-	5 088	-	390
Independent Glass Company Limited	34 080 [b]	8,720 [b]	37 440 [b]	8 720 [b]	-	7 680	-	-
Glass - Paisley Limited		-	-	-	-	5	-	-
Westcrowns Contracting Services Limited	2	-	-	-	-	05	222	-

(a) 225 000 (2005 - 225 000) of these ordinary shares are held in a trust in which J W Haran and S Haran are trustees

(b) 8 720 (2005 - 8 720) of these ordinary shares are held in a trust which J W Haran J Devine J F Haran and K Finlayson were trustees K F Finlayson resigned as a trustee on 3 August 2005 and L E M Haran was appointed as a trustee on 3 August 2005

(c) 7 084 (2005 - 7 084) of these ordinary shares are held in a trust which J W Haran and K F Finlayson were trustees K F Finlayson resigned as a trustee on 3 August 2005 and L E M Haran and J F Haran were appointed as trustees on 31 August 2005

(d) 23,055 (2005 - nil) of these ordinary shares are held in a trust in which J W Haran J F Haran and L E M Haran are trustees

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting practice

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

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Independent auditors' report

to the members of Westcrowns Contracting Services Limited

We have audited the company's financial statements for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Glasgow
October 6 2006

Profit and loss account

for the year ended 31 March 2006

	Notes	*2006 £000*	*2005 £000*
Turnover	2	6,988	5 221
Cost of sales		(4,998)	(3,675)
Gross profit		1,990	1,546
Administrative expenses		(1,665)	(1,331)
Operating profit	3	325	215
Interest payable	6	(52)	(50)
Profit on ordinary activities before taxation	7(b)	273	165
Taxation	7(a)	(15)	(16)
Profit for the financial year	18	258	149

Statement of total recognised gains and losses

for the year ended 31 March 2006

	Notes	*2006 £000*	*2005 £000*
Profit for the financial year		258	149
Surplus on revaluation of property	9	315	
Total gains and losses since last annual report		573	149

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Balance sheet
at 31 March 2006

	Notes	2006 £000	2005 £000
Fixed assets			
Tangible assets	9	1 612	87
Current assets			
Stocks	10	264	267
Debtors	11	3,381	2,439
		3 645	2,706
Creditors amounts falling due within one year	12	(3 737)	(2,036)
Net current (liabilities)/assets		(92)	670
Total assets less current liabilities		1,520	757
Creditors amounts falling due after more than one year	13	(371)	(401)
Accruals and deferred income			
Deferred government grants	16	(255)	
Total assets less total liabilities		894	356
Capital and reserves			
Called up share capital	17/18	2	2
Revaluation reserve	18	315	
Profit and loss account	18	577	354
Equity shareholders' funds		894	356

J F Haran
Director

6/10/2006

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Notes to the financial statements

at 31 March 2006

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

The company has adopted Financial Reporting Standard 21 Events after the Balance Sheet Date' in these financial statements Dividends are now recorded where an obligation exists at the balance sheet date Consequently dividends which the company approves in general meeting after the balance sheet date are no longer accrued, but are required to be disclosed in the notes to the financial statements This policy change has no impact on the figures within these financial statements

FRS 17 'Retirement Benefits'

FRS 17 Retirement Benefits has been implemented in full by the Group in the current year However, the pension schemes operated by the Group are multi-employer plans and in the opinion of the directors it is not possible to separate out in a reasonable and consistent basis the assets and liabilities of the plans between the group companies which contribute to it As such, all pension plans are accounted for on a defined contribution basis within Westcrowns Contracting Services Limited They are accounted for on a defined benefits basis in the consolidated financial statements of the ultimate parent company, Westcrowns Limited This has had no impact on the figures reported within these financial statements

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

Heritable property	50 years
Motor vehicles	4 years
Plant and machinery	5 years
Fixtures and fittings	5 years
Computer equipment	3 years

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

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

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 2006

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

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

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 on a defined contribution basis

Foreign currencies

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

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 profilit glass products and the supply and application of all forms of sealants in the building and construction industry

Notes to the financial statements

at 31 March 2006

3 Operating profit

This is stated after charging and (crediting)

	2006	*2005*
	£000	*£000*
Depreciation of tangible owned assets	6	10
Depreciation of assets held under finance leases and hire purchase contracts	35	29
	41	39
(Gain)/loss on sale of tangible fixed assets	(3)	1
Auditors' remuneration		
audit services	11	10
Operating lease rentals		
land and buildings	46	43
plant, vehicles and other equipment	50	58

4. Directors' remuneration

	2006	*2005*
	£000	*£000*
Emoluments	265	237

	2006	*2005*
	No	*No*
Members of defined benefit pension scheme	6	6

The emoluments of the highest paid director for the year ended 31 March 2006 were £112 000 (2005 £94 000) He was a member of the group's defined benefit pension scheme and his accrued pension at 31 March 2006 was £10,000 (2005 £8,000) per annum

5 Staff costs and numbers

	2006	*2005*
	£000	*£000*
Wages and salaries	1,513	1 308
Social security costs	166	149
Other pension costs	67	60
	1,746	1,517

Notes to the financial statements

at 31 March 2006

5. Staff costs and numbers (continued)

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

	2006	*2005*
	No	*No*
Administration	20	19
Other	45	39
	65	58

6. Interest payable

	2006	*2005*
	£000	*£000*
Bank overdraft interest	48	46
Finance charges payable under finance leases and hire purchase contracts	4	4
	52	50

7. Taxation

(a) Tax on profit on ordinary activities

	Notes	*2006*	*2005*
		£000	*£000*
Current tax			
UK corporation tax		11	11
Total current tax	7(b)	11	11
Deferred tax	7(d)		
Origination and reversal of timing differences		4	5
Tax on profit on ordinary activities		15	16

Notes to the financial statements

at 31 March 2006

7 Taxation (continued)

(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% (2005 30%) The differences are reconciled below

	Notes	2006 £000	2005 £000
Profit on ordinary activities before taxation		273	165
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 30% (2005 30%)		82	49
Expenses not deductible for tax purposes		9	3
Fixed asset timing differences		(4)	(5)
Change in tax rate			(7)
Group relief for nil payment		(69)	(29)
Marginal relief		(7)	
Total current tax	7(a)	11	11

(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

(d) Deferred tax

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

	Notes	2006 £000	2005 £000
Fixed asset timing differences		11	15
Short term timing differences		2	2
Deferred tax asset	11	13	17

		£000
At 1 April 2005		17
Deferred tax charge in profit and loss account	7(a)	(4)
At 31 March 2006		13

8. Dividends

	2006 £000	2005 £000
Equity dividends at £20 78 (2005 £12 47) per share	35	21

The holders of 538 ordinary shares waived their entitlement to the 2005 and 2006 dividends Accordingly, the dividends were paid only to the holders of the remaining 1,684 ordinary shares

Notes to the financial statements

at 31 March 2006

9. Tangible fixed assets

	Heritable property £000	*Motor vehicles £000*	*Plant and machinery £000*	*Fixtures and fittings £000*	*Computer equipment £000*	*Total £000*
Cos or va uat on						
At Apr 2005	-	202	38	22	25	287
Add tions	1 185	49	16	-	3	253
D sposa s	-	(53)	(2)	-	-	(55)
Reva uat on	3 5	-	-	-	-	3 5
At 3 March 2006	,500	98	52	22	28	800
Cost	-	98	52	22	28	300
Va uat on	,500	-	-	-	-	,500
	500	98	52	22	28	800
Deprec at on						
At 1 Apr l 2005	-	117	38	20	25	200
Charge for year	-	38	-		2	4
D sposa s	-	(53)	-	-	-	(53)
At 31 March 2006	-	02	38	2	27	88
Net book va ue						
At 3 March 2006	1 500	96	4	1		6 2
At Apr 2005	-	85	-	2	-	87

Notes to the financial statements

at 31 March 2006

9 Tangible fixed assets (continued)

The cost of the land included within heritable property cannot be established However the directors consider it to be immaterial and accordingly the total cost of heritable property will be depreciated

The company's freehold property was valued on 1 May 2006 as at 31 March 2006 by Wallace Cook, Property Consultants, at its open market value for existing use at £1,500,000 The difference between the valuation and the historical cost has been credited to a revaluation reserve The Valuation was carried out in accordance with the RICS Appraisal and Valuation Standards (Fifth Edition) dated September 2003 as amended

Had it not been revalued at 31 March 2006, the heritable property would have been included on the historical cost basis as follows

	£000
Cost	1,185
Cumulative depreciation based on cost	–
Net book amount	1,185

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

	2006 £000	2005 £000
Motor vehicles	86	71

10. Stocks

	2006 £000	2005 £000
Work in progress		
Costs less loss provisions	802	385
Progress payments received/receivable	(802)	(380)
	–	5
Raw materials and consumables	264	262
	264	267

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 2006

11. Debtors

	Notes	2006 £000	2005 £000
Due within one year			
Trade debtors		2,515	1 913
Amounts owed by group undertakings		450	450
Other debtors		373	16
Prepayments and accrued income		29	43
Deferred tax	7(d)	13	17
Directors loan		1	
		3,381	2,439

12. Creditors: amounts falling due within one year

	Notes	2006 £000	2005 £000
Bank loan	14	25	23
Bank overdraft		1 392	648
Obligations under finance leases and hire purchase contracts	15	42	32
Trade creditors		1,714	982
Excess progress payments		130	27
Amounts owed to group undertakings		176	97
Corporation tax		11	11
Other taxes and social security costs		88	138
Accruals and deferred income		120	78
Other creditors		39	
		3 737	2,036

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 Creditors: amounts falling due after one year

	Notes	2006 £000	2005 £000
Bank loan	14	231	255
Obligations under finance leases and hire purchase contracts	15	23	29
Amounts owed to group undertakings		117	117
		371	401

Notes to the financial statements

at 31 March 2006

14. Bank loan

	2006	2005
	£000	£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)	256	278
Less included in creditors amounts falling due within one year	(25)	(23)
	231	255

Amounts repayable		
In one year or less	25	23
In more than one year but not more than two years	25	25
In more than two years, but not more than five years	85	85
In more than five years	121	145
	256	278

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

15. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows

	2006	2005
	£000	£000
Amounts payable		
Within one year	47	35
In two to five years	25	32
	72	67
Less finance charges allocated to future periods	(7)	(6)
	65	61

Finance leases and hire purchase contracts are analysed as follows

		2006	2005
	Notes	£000	£000
Current obligations	12	42	32
Non current obligations	13	23	29
		65	61

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Notes to the financial statements

at 31 March 2006

15. Obligations under finance leases and hire purchase contracts (continued)

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

	2006	2005
	£000	*£000*
At 1 April	61	45
Inception of finance leases and hire purchase contracts	44	52
Capital element of finance leases and hire purchase payments	(40)	(36)
At 31 March	65	61

16 Deferred government grants

	£000
At 1 April 2005	
Received/receivable in year	255
At 31 March 2006	255

17. Share capital

	2006	*2005*
	No	*No*
Authorised		
Ordinary shares of £1 each	250,000	250,000
	£	*£*
Allotted, called up and fully paid		
2,222 (2005 2,222) ordinary shares of £1 each	2 222	2,222

18. Reconciliation of shareholders' funds and movements on reserves

	Share capital	*Capital redemption reserve*	*Revaluation reserve*	*Profit and loss account*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
At 1 April 2004	2			226	228
Profit for the year				149	149
Dividends				(21)	(21)
At 1 April 2005	2			354	356
Profit for the year				258	258
Dividends				(35)	(35)
Revaluation of heritable property			315		315
At 31 March 2006	2		315	577	894

Notes to the financial statements

at 31 March 2006

19. Capital commitments

No future capital expenditure has been contracted at 31 March 2006 (2005 £Nil)

20 Pension commitments

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

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 £67 000 (2005 £60 000)

The contributions made by the employer over the financial year have been 17 5% of pensionable salaries (inclusive of death in service benefit insurance premiums) The contribution rate payable by the employer from 1 April 2006 will be 20% of pensionable salaries less member contributions

A full actuarial valuation of the scheme was carried out as at 31 March 2005 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 2006

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 2006	*At 31 March 2005*	*At 31 March 2004*
Rate of increase in salaries	N/A	N/A	4 70%
Rate of increase in deferred pensions	2 70%	2 70%	2 70%
Rate of increase in pensions in payment	2 50%	2 70%	2 70%
Discount rate	5 00%	5 50%	5 50%
Inflation assumption	2 70%	2 70%	2 70%

There is no requirement for a salary increase assumption as the Scheme structure changed with effect from 31 March 2006 from a defined benefit accrual to a Career Average Revalued Scheme

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

	Long term rate of return expected at 31 March 2006	*Value at 31 March 2006 £000*	*Long term rate of return expected at 31 March 2005*	*Value at 31 March 2005 £000*	*Long term rate of return expected at 31 March 2004*	*Value at 31 March 2004 £000*
Equities	4 80%	5 288	5 15%	3,551	5 15%	2,940
Bonds	2 30%	341	3 15%	354	3 15%	336
Cash	2 40%	269	3 15%	635	3 15%	447
Total market value of assets		5,898		4,540		3,723
Actuarial value of liability		(6,509)		(5,527)		(5,459)
Deficit in the scheme		(611)		(987)		(1,736)

Notes to the financial statements

at 31 March 2006

21 Other financial commitments

At 31 March 2006 the company had annual commitments under non cancellable operating leases as follows

	Plant vehicles and other equipment 2006	2005
	£000	*£000*
Operating leases which expire		
Within one year		7
Within two to five years	52	31
	52	38

22. Contingent liabilities

Cross guarantees exist between all UK group companies in favour of the group's bankers At 31 March 2006 the combined group bank borrowings subject to the guarantee amounted to £3 670 000 gross and £2 445,000 net of credit balances (2005 £3,224 000 gross £1,704 000 net)

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

23. Post balance sheet events

There have been no significant post balance sheet events

24. Related parties

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

	2006	2005
	£000	*£000*
Sales	1	
Cost of sales	63	108
Administrative expenses	94	84

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

25. 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