

Registered number: NI009882

Ards Holdings Limited

Directors' report and financial statements

For the year ended 31 December 2011



Ards Holdings Limited

Company Information

Directors	E G O'Neill (Managing Director) R Hutchinson J Wilson (resigned 15 March 2011) J Hart G Hughes R Gilroy
Company secretary	R Hutchinson
Registered number	NI009882
Registered office	47 Boucher Road Belfast BT12 6HR
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Waterfront Plaza 8 Laganbank Road Belfast BT1 3LR
Bankers	Northern Bank Limited Donegall Square West Belfast BT1 6JS
Solicitors	Pinsent Masons LLP Arnott House 12-16 Bridge Street Belfast BT1 1LS

Contents

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Consolidated profit and loss account	6
Consolidated statement of total recognised gains and losses	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes to the financial statements	11 - 29

**Directors' report
For the year ended 31 December 2011**

The directors present their report and the audited consolidated financial statements of the group and the parent company for the year ended 31 December 2011.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the audited financial statements of the Company in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Principal activities

The group is engaged principally in the construction industry, operating in markets throughout the UK, Ireland and Europe. The group is also involved in both retail and commercial fit-outs, with further turnover emanating from the sale of conservatories and sunrooms.

Business review

Turnover fell in 2011 with a corresponding reduction in profitability. The results for the year show a pre tax profit of £1,295,375 (2010: £1,311,892) on turnover of £94,538,727 (2010: £99,749,024). One interim dividend was paid to shareholders in January 2011 of £1.40 per share (2010: £1.40). The directors consider the results for the financial year and the position of the group at the financial year end to be satisfactory. The directors would like to record their appreciation of the effort contributed by all staff throughout 2011.

Future outlook

The group continues to operate in an extremely competitive marketplace. The general construction industry has continued to contract and this is likely to remain unchanged in 2012. Whilst the outlook remains challenging, the directors anticipate turnover and profitability to be maintained at similar levels to those achieved in 2011.

Principal risks and uncertainties

The key business risks which could have an impact on the performance of the group are considered to be the continued lack of confidence in the private sector, with development finance difficult to obtain, and the effects of ongoing public sector spending cuts.

Directors' report
For the year ended 31 December 2011

Key performance indicators

The directors have determined that the following key performance indicators are the most effective measures to evaluate the performance of the business:

	2011 £	2010 £
Turnover	94,538,727	99,749,024
Profit before taxation	1,295,375	1,311,892
Shareholders' funds	14,537,608	15,369,420

Environment

The group recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The group is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Human resources

The group's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the group has invested increasingly in employment training and development.

Financial risk management

The group's operations expose it to a variety of financial risks that include foreign exchange risk, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

Foreign exchange risk

While the greater part of the group's revenues and expenses are denominated in sterling, the company is exposed to some foreign exchange risk in the normal course of business, principally on sales in euros. Where appropriate, the group uses financial instruments to hedge foreign exchange exposure.

Credit risk

The group carries out, where appropriate, credit checks on potential customers before sales are made.

Liquidity risk

The group has no debt finance, but has arrangements in place that are designed to ensure the group has sufficient available funds for operations.

**Directors' report
For the year ended 31 December 2011**

Interest rate risk

The group has interest bearing assets which include cash balances which earn interest. The group has a policy of keeping a mixture of these cash balances at a fixed rate, and others at a variable rate as appropriate. This policy is reviewed on a regular basis.

Results

The profit for the year, after taxation, amounted to £1,040,587 (2010 - £885,124). Shareholders' funds have been reduced by £1,055,229 at the year-end, which represents money borrowed by a subsidiary company, Ards Trust Limited, to purchase shares in Ards Holdings Limited from retiring employees.

Directors

The directors who served during the year, and up to the date these financial statements were signed, were:

E G O'Neill (Managing Director)
R Hutchinson
J Wilson (resigned 15 March 2011)
J Hart
G Hughes
R Gilroy

Political and charitable contributions

The group made charitable donations amounting to £7,481 (2010: £3,870) during the year, principally for the benefit of local communities in which the group operates. No donations for political purposes were made during the year (2010: £nil).

Statement of disclosure of information to auditors


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11 May 2012 and signed on its behalf.


.....
R Hutchinson
Company secretary

Independent auditors' report to the members of Ards Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of Ards Holdings Limited for the year ended 31 December 2011 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2011 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Ards Holdings Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Kevin MacAllister (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

11 May 2012

**Consolidated profit and loss account
For the year ended 31 December 2011**

	Note	2011 £	2010 £
Turnover	2	94,538,727	99,749,024
Cost of sales		(90,135,799)	(95,366,123)
Gross profit		4,402,928	4,382,901
Administrative expenses		(3,427,471)	(3,516,131)
Operating profit	3	975,457	866,770
Interest receivable and similar income		287,776	452,569
Amounts written off investments		-	(55,000)
Interest payable and similar charges	6	(1,858)	(4,447)
Other finance income	7	34,000	52,000
Profit on ordinary activities before taxation		1,295,375	1,311,892
Tax on profit on ordinary activities	8	(254,788)	(426,768)
Profit for the financial year	17	1,040,587	885,124

All amounts relate to continuing operations.

The notes on pages 11 to 29 form part of these financial statements.

**Consolidated statement of total recognised gains and losses
For the year ended 31 December 2011**


	Note	2011 £	2010 £
Profit for the financial year		1,040,587	885,124
Actuarial (loss)/gain related to pension scheme	25	(672,000)	695,000
Deferred tax attributable to actuarial (loss)/gain	25	-	(55,720)
Movement in pension surplus not recognised	25	438,000	(496,000)
Total recognised gains and losses relating to the year		806,587	1,028,404

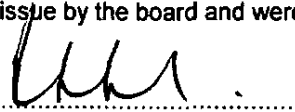
The notes on pages 11 to 29 form part of these financial statements.

Consolidated balance sheet
As at 31 December 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	9		3,269,981		3,253,533
Investments	10		195,000		195,000
			<u>3,464,981</u>		<u>3,448,533</u>
Current assets					
Stocks	11	75,932		92,026	
Debtors	12	9,847,772		9,648,387	
Cash at bank and in hand		16,502,102		19,359,372	
		<u>26,425,806</u>		<u>29,099,785</u>	
Creditors: amounts falling due within one year	13	(15,336,991)		(17,150,845)	
Net current assets			<u>11,088,815</u>		<u>11,948,940</u>
Total assets less current liabilities			<u>14,553,796</u>		<u>15,397,473</u>
Creditors: amounts falling due after more than one year	14		(10,483)		(15,425)
Provisions for liabilities					
Deferred taxation	15		(5,705)		(12,628)
Net assets			<u><u>14,537,608</u></u>		<u><u>15,369,420</u></u>
Capital and reserves					
Called up share capital	16		108,000		108,000
Revaluation reserve	17		2,984,962		2,984,962
Capital redemption reserve	17		42,000		42,000
Profit and loss account	17		11,402,646		12,234,458
Total shareholders' funds	18		<u><u>14,537,608</u></u>		<u><u>15,369,420</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 May 2012.


E G O'Neill (Managing Director)
Director


R Hutchinson
Director


The notes on pages 11 to 29 form part of these financial statements.

Company balance sheet
As at 31 December 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Investments	10		615,691		615,691
Current assets					
Debtors	12	1,668,396		1,680,802	
Cash at bank and in hand		1,030,410		1,473,097	
		<u>2,698,806</u>		<u>3,153,899</u>	
Creditors: amounts falling due within one year	13	<u>(3,201,295)</u>		<u>(2,691,122)</u>	
Net current (liabilities)/assets			<u>(502,489)</u>		<u>462,777</u>
Total assets less current liabilities			<u>113,202</u>		<u>1,078,468</u>
Capital and reserves					
Called up share capital	16		108,000		108,000
Revaluation reserve	17		288,436		288,436
Capital redemption reserve	17		42,000		42,000
Profit and loss account	17		<u>(325,234)</u>		<u>640,032</u>
Shareholders' funds	18		<u>113,202</u>		<u>1,078,468</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 May 2012.


E G O'Neill (Managing Director)
Director


R Hutchinson
Director

The notes on pages 11 to 29 form part of these financial statements.

**Consolidated cash flow statement
For the year ended 31 December 2011**

	Note	2011 £	2010 £
Net cash flow from operating activities	21	(1,112,432)	(815,645)
Returns on investments and servicing of finance	22	285,918	448,122
Taxation		(256,458)	(211,786)
Capital expenditure and financial investment	22	(113,141)	(45,199)
Equity dividends paid		(583,170)	(604,800)
Net cash outflow before financing		(1,779,283)	(1,229,308)
Financing	22	(1,077,987)	(69,008)
Decrease in net cash in the year		(2,857,270)	(1,298,316)

**Reconciliation of net cash flow to movement in net funds
For the year ended 31 December 2011**

	2011 £	2010 £
Decrease in net cash in the year	(2,857,270)	(1,298,316)
Cash outflow from decrease in debt and lease financing	22,758	69,008
Movement in net funds in the year	(2,834,512)	(1,229,308)
Net funds at 1 January 2011	19,321,190	20,550,498
Net funds at 31 December 2011	16,486,678	19,321,190

The notes on pages 11 to 29 form part of these financial statements.

Notes to the financial statements For the year ended 31 December 2011

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain tangible fixed assets and investments and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Ards Holdings Limited and all of its subsidiary undertakings ('subsidiaries'). All balances and transactions between group companies are eliminated on consolidation.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic cost or valuation less accumulated depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful economic lives on the following bases:

Long-term Leasehold Property	-	4% on straight line basis or over the term of the lease if shorter
Plant and machinery	-	20 - 30% on reducing balance basis
Motor vehicles	-	33 - 40% on reducing balance basis

1.4 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current or a previous year's valuation at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and loss account.

1.5 Fixed asset investments

Fixed asset investments in subsidiaries are stated at a directors' valuation. On adoption of FRS 15 'Tangible fixed assets', the group followed the transitional provisions to retain the book value of investments in subsidiaries at their 1999 value, but not to adopt a policy of revaluation in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11, 'Impairment of fixed assets'. Other fixed asset investments are stated at their purchase cost less any provision for impairment. Investment income is included in the profit and loss account on an accruals basis.

**Notes to the financial statements
For the year ended 31 December 2011**

1. Accounting policies (continued)

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**Notes to the financial statements
For the year ended 31 December 2011**

1. Accounting policies (continued)

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.11 Long-term contracts

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts.

Where payments on account exceed turnover the excess is classified as payments on account in excess of turnover and contract balances and has been separately disclosed within creditors.

1.12 Pensions

Up to 31 May 2002 the company operated a Group Pension Scheme which provided retirement and death benefits based on final pensionable pay for all eligible employees. This scheme was closed to new members with effect from 1 June 2002.

The assets of the scheme are held separately from those of the company, being invested with a number of leading investment institutions. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. The increase in the present value of the liabilities of the group's defined benefit pension scheme arising from employee service in the period is charged to the operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme surpluses are not recognised in the financial statements as the group can derive no benefit from them.

From 1 June 2002 employees were invited to contribute to a defined contribution stakeholder arrangement. The employer contributions made to this arrangement are charged directly to the profit and loss account.

1.13 Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

Notes to the financial statements
For the year ended 31 December 2011

1. Accounting policies (continued)

1.14 Employee share trust

The company's employees are able to purchase shares in the company from the Ards Trust Limited (the "Trust"). This trust was set up by the company for the benefit of its employees. The company has de-facto control over the Trust and therefore recognises the assets and liabilities of the Trust in its consolidated financial statements. Until such time as the shares held by the Trust vest unconditionally in employees, the consideration paid for those shares are deducted from the profit and loss reserve.

2. Turnover

No analysis of turnover is provided as the directors consider that such disclosure would be seriously prejudicial to the interests of the company and the group.

3. Operating profit

The operating profit is stated after charging:

	2011 £	2010 £
Depreciation of tangible fixed assets:		
- owned by the group	89,194	89,175
- held under finance leases	5,509	6,285
Auditors' remuneration	22,300	22,200
Auditors' remuneration - non-audit - tax services	17,675	31,680
Operating lease rentals:		
- other operating leases	66,942	68,633
Loss on disposal of fixed assets	1,990	1,495
	<u> </u>	<u> </u>

Auditors fees for the company were £3,500 (2010 - £3,500).

Notes to the financial statements
For the year ended 31 December 2011

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2011 £	2010 £
Wages and salaries	3,749,744	4,075,648
Social security costs	374,332	419,603
Other pension costs (Note 25)	392,484	365,739
	<u>4,516,560</u>	<u>4,860,990</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2011 Number	2010 Number
Supervision and production	91	96
Administration	32	33
	<u>123</u>	<u>129</u>

5. Directors' remuneration

	2011 £	2010 £
Aggregate remuneration	<u>612,675</u>	<u>644,112</u>

The highest paid director received remuneration of £129,742 (2010 - £108,246).

6. Interest payable and similar charges

	2011 £	2010 £
On bank loans and overdrafts	195	203
On finance leases and hire purchase contracts	1,663	4,244
	<u>1,858</u>	<u>4,447</u>

**Notes to the financial statements
For the year ended 31 December 2011**

7. Other finance income

	2011 £	2010 £
Expected return on pension scheme assets	604,000	652,000
Interest on pension scheme liabilities	(570,000)	(600,000)
	<u>34,000</u>	<u>52,000</u>

8. Tax on profit on ordinary activities

	2011 £	2010 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	264,457	297,048
Adjustments in respect of prior periods	(2,746)	18,971
	<u>261,711</u>	<u>316,019</u>
Double taxation relief	(11,504)	(2,748)
	<u>250,207</u>	<u>313,271</u>
Foreign tax on income for the year	11,504	2,748
Total current tax	<u>261,711</u>	<u>316,019</u>
Deferred tax		
Origination and reversal of timing differences	17,551	10,013
Adjustment in respect of previous periods	(24,474)	2,176
Movement relating to pension liability	-	98,560
Total deferred tax (see note 15)	<u>(6,923)</u>	<u>110,749</u>
Tax on profit on ordinary activities	<u>254,788</u>	<u>426,768</u>

Notes to the financial statements
For the year ended 31 December 2011

8. Tax on profit on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below:

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>1,295,375</u>	<u>1,311,892</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	343,274	367,330
Effects of:		
Expenses not deductible for tax purposes	8,795	51,029
Tax at marginal rates	(8,051)	(12,738)
Adjustment in respect of prior periods	(2,746)	18,971
Relief for pension contributions paid in excess of pension cost charge	(62,010)	(98,560)
Origination and reversal of timing differences	(17,551)	(10,013)
Total current tax (see note above)	<u><u>261,711</u></u>	<u><u>316,019</u></u>

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such provision is only permitted by FRS 19 "Deferred Tax" where the group has entered into a binding commitment to sell the property at the year end with any taxable gain not likely to be eligible for rollover relief. The total amount unprovided for is £586,949 (2010: £673,000).

Factors that may affect future tax charges

Further reductions to the UK corporation tax rate were announced in the March 2012 Budget. The reduction in the corporation tax rate from 26% to 24% from 1 April 2012 was substantively enacted on 26 March 2012. Further changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 22% by 1 April 2014. These changes in the corporation tax rate from 24% to 22% had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

Notes to the financial statements
For the year ended 31 December 2011

9. Tangible assets

Group	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2011	2,950,000	1,463,811	224,943	4,638,754
Additions	-	87,599	28,400	115,999
Disposals	-	(130,078)	(46,525)	(176,603)
At 31 December 2011	2,950,000	1,421,332	206,818	4,578,150
Accumulated depreciation				
At 1 January 2011	-	1,236,264	148,957	1,385,221
Charge for the year	-	65,619	29,084	94,703
On disposals	-	(127,299)	(44,456)	(171,755)
At 31 December 2011	-	1,174,584	133,585	1,308,169
Net book value				
At 31 December 2011	2,950,000	246,748	73,233	3,269,981
At 31 December 2010	2,950,000	227,547	75,986	3,253,533

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group	2011 £	2010 £
Plant and machinery	-	141,787
Motor vehicles	-	23,010
	-	164,797

Notes to the financial statements
For the year ended 31 December 2011

9. Tangible assets (continued)

Included in land and buildings is land at valuation of £2,950,000 (2010 - £2,950,000) which is not depreciated.

Long leasehold land and buildings were revalued at 6 October 2009 on the basis of open market value for existing use by BTW Shiells, Commercial Property Consultants and independent Chartered Surveyors. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors in the United Kingdom.

Cost or valuation at 31 December 2011 is as follows:

	Land and buildings £
Group	
At cost	-
At valuation:	
October 2009	<u>2,950,000</u>
	<u><u>2,950,000</u></u>

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2011 £	2010 £
Group		
Cost	201,238	201,238
Accumulated depreciation	(201,238)	(201,238)
	<u> </u>	<u> </u>
Net book value	<u><u>-</u></u>	<u><u>-</u></u>

10. Investments

	Unlisted investments £
Group	
Cost or valuation	
At 31 December 2010	<u>195,000</u>
Net book value	
At 31 December 2011	<u><u>195,000</u></u>
At 31 December 2010	<u><u>195,000</u></u>

Notes to the financial statements
For the year ended 31 December 2011

10. Investments (continued)

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2011 and 31 December 2011	615,691
Net book value	
At 31 December 2011	615,691
At 31 December 2010	615,691

Details of the principal subsidiaries can be found under note number 29. The directors believe that the carrying value of the investments is supported by their underlying net assets. The historical cost of the investments in subsidiaries is £327,255 (2010: £327,255).

11. Stocks

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Raw materials	75,932	92,026	-	-

12. Debtors

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	460,133	934,162	-	-
Amounts owed by group undertakings	-	-	1,662,485	1,297,485
Other debtors	28,064	390,420	5,911	383,317
Prepayments and accrued income	121,095	139,487	-	-
Amounts recoverable on long term contracts	9,238,480	8,184,318	-	-
	9,847,772	9,648,387	1,668,396	1,680,802

Notes to the financial statements
For the year ended 31 December 2011

13. Creditors:
Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	£	£	£	£
Payments received on account	12,390,020	14,292,753	-	-
Net obligations under finance leases and hire purchase contracts	4,941	22,757	-	-
Trade creditors	2,034,676	2,005,876	-	-
Amounts owed to group undertakings	-	-	3,140,308	2,643,454
Corporation tax	114,950	109,697	32,709	32,013
Other taxation and social security	573,028	344,340	9,448	11,655
Other creditors	148,912	263,817	-	-
Accruals and deferred income	70,464	111,605	18,830	4,000
	<u>15,336,991</u>	<u>17,150,845</u>	<u>3,201,295</u>	<u>2,691,122</u>

14. Creditors:
Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	10,483	15,425	-	-

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	£	£	£	£
Between one and five years	10,483	15,425	-	-

15. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	£	£	£	£
At beginning of year	12,628	439	-	-
(Released)/charged to the profit and loss account	(6,923)	12,189	-	-
At end of year	<u>5,705</u>	<u>12,628</u>	<u>-</u>	<u>-</u>

Notes to the financial statements
For the year ended 31 December 2011

15. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	£	£	£	£
Accelerated capital allowances	5,705	12,628	-	-

16. Called up share capital

	2011	2010
	£	£
Authorised		
600,000 ordinary shares of £0.25 each	150,000	150,000
Allotted, called up and fully paid		
432,000 ordinary shares of £0.25 each	108,000	108,000

17. Reserves

Group	Capital redemption reserve	Revaluation reserve	Profit and loss account
	£	£	£
At 1 January 2011	42,000	2,984,962	12,234,458
Profit for the financial year	-	-	1,040,587
Dividends paid (Note 19)	-	-	(583,170)
Movement in shares held by employee share trust (Note 27)	-	-	(1,055,229)
Pension reserve movement	-	-	(234,000)
At 31 December 2011	42,000	2,984,962	11,402,646
Company	Capital redemption reserve	Revaluation reserve	Profit and loss account
	£	£	£
At 1 January 2011	42,000	288,436	640,032
Profit for the financial year	-	-	673,133
Dividends paid (Note 19)	-	-	(583,170)
Movement in shares held by employee share trust (Note 27)	-	-	(1,055,229)
At 31 December 2011	42,000	288,436	(325,234)

Notes to the financial statements
For the year ended 31 December 2011

18. Reconciliation of movements in shareholders' funds

Group	2011	2010
	£	£
Opening shareholders' funds	15,369,420	14,945,816
Profit for the financial year	1,040,587	885,124
Dividends (Note 19)	(583,170)	(604,800)
Movement in shares held by employee share trust (Note 27)	(1,055,229)	-
Other recognised gains and losses during the year	(234,000)	143,280
	<u>14,537,608</u>	<u>15,369,420</u>
Closing shareholders' funds	<u>14,537,608</u>	<u>15,369,420</u>

Company	2011	2010
	£	£
Opening shareholders' funds	1,078,468	1,179,461
Profit for the financial year	673,133	503,807
Dividends (Note 19)	(583,170)	(604,800)
Movement in shares held by employee share trust (Note 27)	(1,055,229)	-
	<u>113,202</u>	<u>1,078,468</u>
Closing shareholders' funds	<u>113,202</u>	<u>1,078,468</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £673,133 (2010 - £503,807).

19. Dividends

	2011	2010
	£	£
Dividends paid of £1.40 per share (2010: £1.40)	<u>583,170</u>	<u>604,800</u>

20. Earnings per share

The basic earnings per share for the year of £2.41 (2010: £2.05) has been calculated on the profit for the financial year divided by 432,000 ordinary shares.

Notes to the financial statements
For the year ended 31 December 2011

21. Net cash flow from operating activities

	2011 £	2010 £
Operating profit	975,457	866,770
Depreciation of tangible fixed assets	94,703	95,460
Loss on disposal of tangible fixed assets	1,990	1,495
Decrease in stocks	16,094	28,815
(Increase)/decrease in debtors	(199,385)	1,983,811
Decrease in creditors	(1,801,291)	(3,491,996)
Pension contributions in excess of service costs	(200,000)	(300,000)
Net cash outflow from operating activities	(1,112,432)	(815,645)

22. Analysis of cash flows for headings netted in cash flow statement

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	287,776	452,569
Interest paid	(195)	(203)
Hire purchase interest	(1,663)	(4,244)
Net cash inflow from returns on investments and servicing of finance	285,918	448,122

	2011 £	2010 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(115,999)	(47,500)
Sale of tangible fixed assets	2,858	2,301
Net cash outflow from capital expenditure	(113,141)	(45,199)

	2011 £	2010 £
Financing		
Movement in shares held by employee share trust	(1,055,229)	-
Repayment of finance leases	(22,758)	(69,008)
Net cash outflow from financing	(1,077,987)	(69,008)

**Notes to the financial statements
For the year ended 31 December 2011**

23. Analysis of changes in net debt

	1 January 2011 £	Cash flow £	Other non-cash changes £	31 December 2011 £
Cash at bank and in hand	19,359,372	(2,857,270)	-	16,502,102
Debt:				
Debts due within one year	(22,757)	22,758	(4,942)	(4,941)
Debts falling due after more than one year	(15,425)	-	4,942	(10,483)
Net funds	19,321,190	(2,834,512)	-	16,486,678

24. Contingent liabilities

Group

Performance bonds have been entered into in the normal course of business. The directors consider that there will be no liability in respect of these bonds.

25. Pension commitments

The group operates a funded scheme of the defined benefit type with assets held in separate trustee administered funds. This scheme was closed to future accrual of benefits with effect from 31 May 2002. From 1 June 2002 employees were invited to contribute to a defined contribution stakeholder arrangement.

An actuarial valuation of the defined benefit pension scheme using the projected unit basis was carried out at 31 December 2011 by Mercer Limited. Scheme assets do not include any of Ards Holdings Limited's own financial instruments, or any property occupied by Ards Holdings Limited.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual loss on scheme assets in the year was £108,000 (2010: gain of £867,000).

The group also operates a defined contribution pension scheme.

Notes to the financial statements
For the year ended 31 December 2011

25. Pension commitments (continued)

The amounts recognised in the Balance sheet are as follows:

	2011 £	2010 £
Present value of funded obligations	(10,997,000)	(11,045,000)
Fair value of scheme assets	11,055,000	11,541,000
	<u>58,000</u>	<u>496,000</u>
Surplus in scheme	58,000	496,000
Surplus not recognised	(58,000)	(496,000)
	<u>-</u>	<u>-</u>
Net asset	-	-

The amounts recognised in profit or loss are as follows:

	2011 £	2010 £
Interest on obligation	(570,000)	(600,000)
Expected return on scheme assets	604,000	652,000
	<u>34,000</u>	<u>52,000</u>
Total	34,000	52,000

Changes in the present value of the defined benefit obligation are as follows:

	2011 £	2010 £
Opening defined benefit obligation	11,045,000	11,277,000
Interest cost	570,000	600,000
Actuarial gains	(40,000)	(480,000)
Benefits paid	(578,000)	(352,000)
	<u>10,997,000</u>	<u>11,045,000</u>
Closing defined benefit obligation	10,997,000	11,045,000

Notes to the financial statements
For the year ended 31 December 2011

25. Pension commitments (continued)

Changes in the fair value of scheme assets are as follows:

	2011 £	2010 £
Opening fair value of scheme assets	11,541,000	10,726,000
Expected return	604,000	652,000
Actuarial (losses)/gains	(712,000)	215,000
Contributions by employer	200,000	300,000
Benefits paid	(578,000)	(352,000)
	<u>11,055,000</u>	<u>11,541,000</u>

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of total recognised gains and losses was £2,900,000 (2010 - £2,228,000).

The group expects to contribute £200,000 to its Defined benefit pension scheme in 2012.

The expected rates of returns are as follows:

	2011	2010
Equities	6.50 %	6.70 %
Bonds	3.00 %	4.20 %
Property	5.00 %	5.00 %
Cash	0.50 %	0.50 %

The assets in the scheme were as follows:

	Value at 2011 £'000	Value at 2010 £'000
Equities	4,400	4,879
Bonds	4,788	4,889
Property	1,362	1,606
Cash	505	167
	<u>11,055</u>	<u>11,541</u>

Notes to the financial statements
For the year ended 31 December 2011

25. Pension commitments (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2011	2010
Discount rate at 31 December	4.70 %	5.30 %
Future pension increases	3.00 %	3.40 %
Inflation assumption	2.30 %	3.40 %

The mortality assumptions used were as follows:

	2011 Years	2010 Years
Longevity at age 65 for current pensioners:		
- Men	22	22
- Women	25	25
Longevity at age 65 for future pensioners:		
- Men	25	25
- Women	28	28

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2011 £	2010 £	2009 £	2008 £	2007 £
Defined benefit obligation	(10,997,000)	(11,045,000)	(11,277,000)	(9,836,000)	(10,832,000)
Scheme assets	11,055,000	11,541,000	10,726,000	8,961,000	10,850,000
Surplus/(deficit)	58,000	496,000	(551,000)	(875,000)	18,000
Experience adjustments on scheme liabilities	40,000	480,000	(1,204,000)	(2,522,000)	(59,000)
Experience adjustments on scheme assets	(712,000)	215,000	1,265,000	(1,315,000)	435,000

Notes to the financial statements

For the year ended 31 December 2011

26. Operating lease commitments

At 31 December 2011 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Motor vehicles	
	2011	2010	2011	2010
Group	£	£	£	£
Expiry date:				
Within 1 year	-	-	230,386	186,648
Between 2 and 5 years	17,000	16,000	157,205	155,968

27. Related party transactions

The company and group has taken advantage of the exemptions contained in FRS 8 "Related Party Transactions" not to disclose transactions with related parties as all of the voting rights of the company and subsidiaries are controlled within the group. The group and company has a subsidiary Ards Trust Limited, an employee share trust. The balance of £1,055,229 represents money the Trust has borrowed from Ards Holdings Limited to purchase shares in Ards Holdings limited from retiring employees. The Trust still owns the shares at 31 December 2011 and therefore this represents a reduction in capital and reserves in the consolidated and company accounts as shown in Note 17.

28. Controlling party

The directors consider that Ards Holdings Limited has no one ultimate controlling party.

29. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Gilbert-Ash Limited	Northern Ireland	100	Ordinary shares of £1 each
Gilbert-Ash Fitout Limited	Northern Ireland	100	Ordinary shares of £1 each

Gilbert-Ash Limited's principal activity is construction. Gilbert-Ash Fitout Limited's principal activities are retail and commercial fit-outs.