Registered no: NI 9882

00253204

Ards Holdings Limited and subsidiaries

Annual report

for the year ended 31 December 2005

Ards Holdings Limited and subsidiaries

Annual report
for the year ended 31 December 2005

Ards Holdings Limited and subsidiaries

Directors and advisers

Directors

AA Reynolds (Chairman)
EG O'Neill (Managing Director)
JA Platt
J Wilson
J Hart

Secretary

R Hutchinson

Registered office

47 Boucher Road
Belfast
BT12 6HR

Solicitors

L'Estrange and Brett
Arnott House
12/16 Bridge Street
Belfast
BT1 1LS

Bankers

Northern Bank Limited
Donegall Square West
Belfast
BT1 6JS

Registered auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Ards Holdings Limited and subsidiaries

Directors' report
for the year ended 31 December 2005

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

Review of business and future developments

The group is engaged principally in the building and construction industry with some turnover emanating from the sale of conservatories.

Turnover in 2005 showed a marked reduction from 2004, this decrease being largely attributable to delays in the start dates of several significant contracts. An increased profit margin ensured an acceptable level of profit was returned. The directors anticipate a considerable increase in turnover and a reasonable level of profit for 2006.

The directors would like to record their appreciation of the effort contributed by all staff throughout 2005.

Results and dividends

The group's profit for the year is £1,306,443 (2004 as restated - £1,993,943).

Dividend payments totalling £2.15 per share were made during 2005, based on the financial performance of the group in 2004.

Financial risk management

The group's operations expose it to a variety of financial risks that include 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.

Price risk

The group is exposed to commodity price risk as a result of its operations. However, given the size of the group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature. The group has no exposure to equity securities price risk as it holds no listed or other equity investments.

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 company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

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

Ards Holdings Limited and subsidiaries

Political and charitable donations

The company made charitable donations amounting to £4,210 (2004: £2,860) during the year. No donations for political purposes were made during the year.

Directors and their interests

The directors who served during the year are shown on page 1. The interests of the directors who held office at the end of the financial year in the shares of the company were as follows:

	Ordinary shares of £0.25 each	
	31.12.05	31.12.04
	Number	Number
EG O'Neill	40,075	40,075
J Hart	33,500	33,500
JA Platt	30,575	30,575
J Wilson	29,225	29,225
AA Reynolds	21,200	21,200

None of the directors had a material interest at any time during the year in any contract of significance in relation to the business of the group.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to 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 the group and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. 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.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board

R Hutchinson
Secretary
11 May 2006

Independent auditors' report to the members of Ards Holdings Limited and subsidiaries

We have audited the group and parent company financial statements (the 'financial statements') of Ards Holdings Limited for the year ended 31 December 2005, which comprise the group profit and loss account, the group statement of total recognised gains and losses, the group note of historical cost profits and losses, the group and company balance sheets, the group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Article 243 of the Companies (Northern Ireland) Order 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 group's and the parent company's affairs as at 31 December 2005 and of the group's profit and cash flows for the year then ended; and

- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

PricewaterhouseCoopers

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Belfast
Date 11.5.2006

Consolidated profit and loss account for the year ended 31 December 2005

	Notes	2005 £	2004 as restated £
Turnover	2	**61,701,701**	76,453,588
Cost of sales		**(57,588,068)**	(71,691,921)
Gross profit		**4,113,633**	4,761,666
Administrative expenses		**(2,698,570)**	(2,684,179)
Operating profit		**1,415,064**	2,077,487
Share of results of associated companies	11	**(7,025)**	29,808
Profit on sale of interest in associated companies		**17,492**	-
Interest receivable and similar income		**434,576**	614,365
Interest payable and similar charges		**(15,471)**	(5,211)
Other finance costs	6	**(51,000)**	(78,000)
Profit on ordinary activities before taxation	3	**1,793,636**	2,638,449
Tax on profit on ordinary activities	7	**(487,193)**	(644,506)
Profit for the financial year		**1,306,443**	1,993,943
Earnings per share	9	**£3.02**	£4.62

All amounts above relate to continuing operations of the group.

Ards Holdings Limited and subsidiaries

Consolidated statement of total recognised gains and losses for the year ended 31 December 2005

	2005	2004 as restated
	£	£
Profit for the financial year	**1,306,443**	1,993,943
Unrealised surplus on revaluation of land and buildings	-	1,330,000
Actuarial loss on pension scheme	**(35,000)**	(169,000)
Movement on deferred tax relating to pension scheme	**(64,000)**	(166,000)
Total recognised gains and losses for the financial year	1,207,443	2,988,943

Note of historical cost profits and losses for the year ended 31 December 2005

	2005	2004
	£	£
Profit for the financial year before taxation	**1,793,636**	2,638,449
Difference between historical cost depreciation charge and the actual charge for the year calculated on the revalued amount	**2,000**	-
Historical cost profit on ordinary activities before taxation	1,795,636	2,638,449
Historical cost profit for the year	1,308,443	1,993,943

Ards Holdings Limited and subsidiaries

Consolidated balance sheet as at 31 December 2005

	Notes	2005 £	2004 as restated £
Fixed assets			
Tangible assets	10	**3,605,019**	3,246,621
Associated companies	11	-	(10,467)
Investments	11	**176,847**	176,847
		3,781,866	3,413,001
Current assets			
Stocks	12	**127,185**	83,064
Debtors	13	**9,627,986**	10,025,374
Cash at bank and in hand		**13,179,417**	12,801,824
		22,934,588	22,910,262
Creditors: amounts falling due within one year	14	**(16,103,052)**	(16,047,402)
Net current assets		**6,831,536**	6,862,859
Total assets less current liabilities		**10,613,402**	10,275,860
Creditors: amounts falling due after more than one year	15	**(376,043)**	(32,201)
Provisions for liabilities	18	**(4,433)**	(144,379)
Net assets excluding pension liability		**10,232,926**	10,099,280
Pension liability	25	**(1,129,800)**	(1,280,000)
Net assets including pension liability		**9,103,126**	8,819,280
Capital and reserves			
Called up share capital	19	**108,000**	108,000
Profit and loss account	20	**6,023,694**	5,739,848
Other reserves	21	**2,971,432**	2,971,432
Equity shareholders' funds	22	**9,103,126**	8,819,280

The financial statements on pages 5 to 23 were approved by the board on **11 May 2006** and were signed on its behalf by:

AA Reynolds
Chairman

EG O'Neill
Director

Ards Holdings Limited and subsidiaries

Balance sheet as at 31 December 2005

	Notes	2005 £	2004 as restated £
Fixed assets			
Other investments	11	**615,691**	615,691
Current assets			
Debtors	13	**1,491,916**	1,431,734
Cash at bank		**386,042**	406,822
		1,877,958	1,838,556
Creditors: amounts falling due within one year	14	**(1,418,296)**	(540,541)
Net current assets		**459,662**	1,298,015
Net assets		**1,075,353**	1,913,706
Capital and reserves			
Called up share capital	19	**108,000**	108,000
Profit and loss account	20	**636,917**	1,475,270
Other reserves	21	**330,436**	330,436
Total shareholders' funds		**1,075,353**	1,913,706

The financial statements on pages 5 to 23 were approved by the board on **11 May 2006** and were signed on its behalf by:

AA Reynolds
Chairman

EG O'Neill
Director

Ards Holdings Limited and subsidiaries

Consolidated cash flow statement
for the year ended 31 December 2005

	Notes	2005 £	2004 £
Net cash inflow from operating activities	26	**1,615,929**	727,763
Returns on investments and servicing of finance			
Interest received		**434,576**	614,365
Interest paid		**(15,468)**	(5,211)
		419,108	609,154
Taxation paid		**(579,267)**	(487,329)
Capital expenditure			
Purchase of fixed assets		**(93,260)**	(140,912)
Sale of fixed assets		**7,100**	22,300
		(86,160)	(118,612)
Equity dividends paid		**(923,800)**	(475,200)
Net cash inflow before financing		**445,810**	255,776
Financing			
Capital element of finance lease rental payments paid	27	**(68,217)**	(39,719)
Increase in cash in the year	26,27	**377,593**	216,057

Notes to the financial statements for the year ended 31 December 2005

1 Accounting policies

The accounts have been prepared on the going concern basis under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies (Northern Ireland) Order 1986 and applicable accounting standards. The significant accounting policies adopted are set out below.

Change in accounting policy

The group has adopted FRS17, 'Post retirement benefits', in these financial statements. The adoption of the standard represents a change in accounting policy and the comparative figures have been restated accordingly. Details of the effect of the prior year adjustment are given in note 20.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and of all its subsidiary undertakings for the year ended 31 December 2005. Inter-group transactions are eliminated fully on consolidation.

Investment in subsidiaries

Investments are stated at their purchase cost less any provision for diminution in value.

Tangible assets

Tangible assets are stated at cost or valuation. Upon revaluation, the aggregate surplus is transferred to a revaluation reserve.

Depreciation

Depreciation of tangible assets is computed so as to reduce the cost of each asset to estimated net realisable value over its useful life in the business, as follows:

		%
Long leasehold buildings	-	4 per annum on straight line basis
Plant	-	25 per annum on reducing balance
Motor vehicles and office equipment	-	33 1/3 – 40 per annum on reducing balance
Office furniture and fittings	-	20 per annum on reducing balance

Depreciation is not provided in respect of freehold land.

Leased assets

Assets obtained under finance lease are capitalised in the balance sheet and are depreciated over the shorter of their lease term or their useful lives. The corresponding lease commitments are shown as obligations to the lessor. The interest element of the rental obligations is charged to profit and loss account over the period of the lease to produce a constant rate of return on the balance outstanding.

Turnover

Turnover represents costs plus, in the case of contracts in an advanced stage, an addition for profit.

Costs consist of materials, direct wages, sub-contractor charges paid and overheads attributable to contracts excluding administrative overheads.

Amounts recoverable on contracts

The amount by which turnover exceeds payments on account is classified as amounts recoverable on contracts and disclosed within debtors.

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 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Stocks include small plant and loose tools which are stated at the lower of cost and directors' valuation.

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.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements. Deferred tax assets and liabilities recognised have not been discounted.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. All assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where appropriate. The resulting gains or loss is dealt with in the profit and loss account.

Pension funding

The company has adopted FRS 17 "Retirement Benefits" in the financial statements.

Up to 31st 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 with effect from 1st 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.

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

2 Analysis of turnover and results

Turnover and results relate to the company's and group's main activity which is carried out in the United Kingdom.

3 Profit on ordinary activities before taxation

	2005	2004
	£	£
The group profit on ordinary activities before taxation is after charging/(crediting):		
Depreciation – owned assets	**183,924**	164,615
Depreciation – leased assets	**36,073**	18,320
Auditors' remuneration	**19,000**	18,100
Interest payable on bank borrowings repayable within five years	**2,591**	858
Finance lease interest	**9,568**	3,278
Lease purchase interest	**3,312**	1,075
Loss on sale of fixed assets	**20,523**	1,867
Interest receivable	**(434,576)**	(614,365)

4 Employees

	2005	2004
	£	£
Staff costs, including directors, (shown in Note 5) were as follows:		
Wages and salaries	**3,941,918**	3,525,303
Social security costs	**390,633**	353,578
Other pension costs	**259,959**	344,871
	4,592,510	4,057,872

	Number	Number
Average monthly number of persons employed by the company (including directors) during the year	**164**	152

5 Directors' emoluments

	2005	2004
	£	£
Aggregate Emoluments	**321,128**	322,194

	£	£
Aggregate Emoluments of Highest Paid Director (including benefits)	**84,617**	83,458

6 Other finance costs

	2005	2004
	£	£
Expected return on pension scheme assets	**447,000**	419,000
Interest on pension scheme liabilities	**(498,000)**	(497,000)
	(51,000)	(78,000)

7 Tax on profit on ordinary activities

	2005	2004
	£	£
Current tax		
UK corporation tax at 30%	**594,467**	581,410
Adjustment in respect of previous periods	**32,672**	4,478
Total current tax	**627,139**	585,888
Deferred tax		
Accelerated capital allowances and other timing differences	**(134,183)**	58,618
Adjustment in respect of previous periods	**(5,763)**	-
Total deferred tax	**(139,946)**	58,618
Tax on profit on ordinary activities	**487,193**	644,506

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005	2004
	£	£
Profit on ordinary activities before tax	**1,793,636**	2,638,449
Profit on ordinary activities multiplied by standard rate in the UK 30% (2004: 30%)	**538,091**	791,534
Effects of:		
Expenses not deductible for tax purposes	**(59,737)**	(134,958)
Accelerated capital allowances and other timing differences	**134,183**	(58,618)
Tax at marginal rates	**(18,070)**	(16,548)
Adjustment in respect of previous periods	**32,672**	4,478
Current tax charge for the period	**627,139**	585,888

8 Dividend

	2005	2004 as restated
	£	£
Interim dividend paid £1.15 per Ordinary share (2004 – £1.10)	**496,800**	475,200
Final dividend paid £1.00 per Ordinary share (2004 – nil)	**432,000**	-
	928,800	475,200

9 Earnings per share

The earnings per share has been calculated on the profit for the financial year divided by 432,000 ordinary shares.

10 Tangible fixed assets

	Long leasehold land and buildings £	Plant, machinery and office equipment £	Motor vehicles £	Total £
Cost/valuation				
At 1 January 2005	2,750,000	1,095,529	747,010	4,592,540
Additions	-	492,779	113,239	606,018
Disposals	-	(28,903)	(85,648)	(114,552)
At 31 December 2005	**2,750,000**	**1,559,405**	**774,601**	**5,084,007**
Depreciation				
At 1 January 2005	-	915,221	430,698	1,345,919
Charge for year	8,000	83,478	128,519	219,997
Disposals	-	(19,709)	(67,220)	(86,929)
At 31 December 2005	**8,000**	**978,990**	**491,997**	**1,478,989**
Net book value				
At 31 December 2005	**2,742,000**	**580,414**	**282,605**	**3,605,019**
At 31 December 2004	2,750,000	180,308	316,212	3,246,621

	Long leasehold land and buildings £	Plant, machinery and office equipment £	Motor vehicles £	Total £
Cost or valuation at 31 December 2005 is represented by				
Cost	-	**580,414**	**282,605**	**863,019**
Valuation	**2,742,000**	-	-	**2,742,000**
	2,742,000	**580,414**	**282,605**	**3,605,019**

Ards Holdings Limited and subsidiaries

10 Tangible fixed assets (continued)

	2005	2004
	£	£
Tangible fixed assets include the following assets held under finance leases and lease purchase:		
Plant, machinery and office equipment	**516,377**	84,151
Accumulated depreciation	**(119,765)**	(82,833)
	396,612	1,318

	2005	2004
	£	£
Tangible fixed assets include the following assets held under finance leases and lease purchase:		
Motor vehicles	**211,065**	153,334
Accumulated depreciation	**(103,634)**	(80,972)
	107,431	72,362

Land and buildings were revalued at 31 December 2004 on an open market value basis by Lambert Smith Hampton, Chartered Surveyors and Estate Agents.

	2005	2004
	£	£
Long leasehold land and buildings would have been included on an historical cost basis at:		
Cost	**201,238**	201,238
Cumulative depreciation	**(153,680)**	(145,680)
	47,558	55,558

11 Fixed asset investments

	Group	Group
	2005	2004
Associated companies	£	£
Share of net assets at cost	-	(10,467)

The group's share of the results of its associated undertakings is given below:

	£
Turnover	**490,242**
Profit/(Loss) before tax	**(7,025)**
Taxation	-
Share of profit after tax	**(7,025)**
Share of net assets	-

The group disposed of its interests in associated undertakings during the year.

11 Fixed asset investments (continued)

Property	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
At valuation	**176,847**	176,847	-	-
	176,847	176,847	-	-

Investments in subsidiary companies:	Company 2005 £	Company 2004 £
Shares at cost	**347,255**	347,255
Revaluation	**268,436**	268,436
	615,691	615,691

Details of the principal subsidiaries are as follows:

	Country of registration
Gilbert-Ash NI Limited	Northern Ireland
GA General Works Limited	Northern Ireland

Ards Holdings Limited holds 100% of the issued share capital of each of the subsidiary companies.

12 Stocks

	Group 2005 £	Group 2004 £
Materials and sundry stores	**17,079**	15,395
Small plant and loose tools	**110,106**	67,669
	127,185	83,064

In the opinion of the directors, the replacement value of stocks does not differ materially from that stated above.

13 Debtors

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Trade debtors	**4,398,685**	4,669,349	-	-
Amounts owing by group undertakings	-	-	**1,287,640**	1,273,532
Amounts owing by associated companies	-	2,337,839	-	-
Other debtors	**252,829**	300,718	**204,277**	158,201
Prepayments and accrued income	**224,728**	249,536	-	-
Amounts recoverable on contracts	**4,751,744**	2,467,934	-	-
	9,627,986	10,025,374	**1,491,916**	1,431,734

14 Creditors: amounts falling due within one year

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Obligations under finance lease and lease purchase contracts (Note 16)	**129,178**	28,479	-	-
Balance of payments on account in excess of turnover and contract balances	**8,869,692**	12,187,408	-	-
Trade creditors	**5,294,362**	2,196,832	-	-
Amounts owing to group undertakings	-	-	**1,383,971**	489,159
Corporation tax	**416,616**	368,744	**19,552**	27,635
Taxation and social security	**1,064,125**	662,508	**10,774**	19,748
Other creditors	**261,315**	548,350	-	-
Accruals and deferred income	**67,766**	55,083	**4,000**	4,000
	16,103,052	16,047,402	**1,418,296**	540,541

15 Creditors: amounts falling due after one year

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Obligations under finance lease and lease purchase contracts (Note 16)	**376,043**	32,201	-	-

16 Obligations under finance lease and lease purchase agreements

	Group 2005 £	Group 2004 £
Obligations under finance lease and lease purchase contracts falling due:		
Within one year	**147,846**	31,930
In the second to fifth year inclusive	**400,188**	33,961
	548,034	65,891
Less finance charges	**(42,814)**	(5,212)
	505,220	60,679

	£	£
Falling due within one year (Note 14)	**129,178**	28,479
Falling due after one year (Note 15)	**376,043**	32,201
	505,220	60,679

17 Banking facilities

Banking facilities which arise from time to time are secured by legal mortgages over the property at Boucher Road, Belfast supported by an unlimited guarantee from all group companies and fixed and floating charges over the assets and book debts of all group companies.

18 Provisions for liabilities

	Group 2005 £	Group 2004 £	**Company 2005 £**	Company 2003 £
Deferred taxation				
Accelerated capital allowances	**7,433**	(8,012)	**-**	-
Other timing differences	**(3,000)**	152,391	**-**	-
	4,433	144,379	**-**	-

£631,340 (2004: £631,340) has not been provided being the potential charge arising if the group's land and buildings were disposed of at their revalued amounts (see note 10).

The movement in the provision for the year comprises:

	Group £	**Company £**
At 1 January 2005	144,379	-
Transfer from profit and loss account	(139,946)	-
At 31 December 2005	**4,433**	**-**

19 Called up share capital

	Group and Company 2005 £	Group and Company 2004 £
Authorised		
600,000 ordinary shares of £0.25 each	**150,000**	150,000
Allotted and fully paid		
432,000 ordinary shares of £0.25 each	**108,000**	108,000

20 Profit and loss account

	Group 2005 £	Company 2005 £
At 1 January 2004 as previously reported	6,616,197	554,720
Prior year adjustment (see below)	(876,349)	920,550
At 1 January 2005 as restated	5,739,848	1,475,270
Profit for the year	1,306,443	85,447
Dividends	(923,800)	(923,800)
Actuarial loss on pension scheme	(34,797)	-
Movement on deferred tax relating to pension scheme liability	(64,000)	-
At 31 December 2005 including pension liability	6,023,694	636,917
Pension liability	1,129,800	-
Profit and loss reserve excluding pension liability	7,153,494	636,917

Ards Holdings Limited has not presented its own profit and loss account as permitted by Article 236 of the Companies (Northern Ireland) Order 1986. The profit for the period before dividends dealt with in the accounts of the company was £85,447.

The prior year adjustment, in the main, relates to the implementation of FRS 17. The adoption of FRS 17 has resulted in a reduction in staff costs of £300,000 (2004: £617,000), an increase in other finance costs of £51,000 (2004: £78,000), an increase in profit for the year of £249,000 (2004: £539,000) and a decrease in total recognised gains and losses of £99,000 (2004: £335,000).

	£
Analysis of prior year adjustment:	
Adjustment to opening shareholders' funds at 1 January 2004	2,000,899
Adjustment to profit and loss for the year ended 31 December 2004	(539,000)
Adjustment to statement of total recognised gains and losses for the year ended 31 December 2004	335,000
Adjustment to proposed dividends	(920,550)
Adjustment to opening shareholders' funds at 1 January 2005	**876,349**

21 Other reserves

	Group 2005 £	Group 2004 £	**Company 2005 £**	Company 2004 £
Revaluation reserve	**2,768,962**	2,768,962	**-**	-
Capital redemption reserve	**42,000**	42,000	**42,000**	42,000
Other reserves	**160,470**	160,470	**288,436**	288,436
	2,971,432	2,971,432	**330,436**	330,436

22 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Opening shareholders' funds as previously reported	**9,695,629**	7,831,235
Prior year adjustment – FRS17	**(1,796,899)**	(2,000,899)
- FRS 21	**920,550**	475,201
Opening shareholders' funds as restated	**8,819,280**	6,305,537
Profit for the financial year	**1,306,443**	1,993,943
Dividends	**(923,800)**	(475,200)
Actuarial loss on pension scheme	**(34,797)**	(169,000)
Movement on deferred tax relating to pension scheme liability	**(64,000)**	(166,000)
Revaluation Surplus	-	1,330,000
Closing shareholders' funds	**9,103,126**	8,819,280

23 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.

Company

The company has entered into an agreement with its subsidiary companies and the companies' banker, the Northern Bank Limited, whereby the liabilities of each of the related companies to the bank are guaranteed by each of the other related companies.

24 Capital commitments

There were no capital commitments at the year end (2004 - £Nil).

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.

The most recent full actuarial valuation of the defined benefit scheme - Ards Holdings Limited Pension and Assurance Scheme was as at 31 May 2004. The valuation used the projected unit method and was carried out by Stuart Faloon (of Mercer Human Resource Consulting Limited), a professionally qualified actuary. The principal assumptions made by the actuary were that investment returns would be 7.0% per annum and that the underlying rate of inflation would be 2.6%.

At the date of the actuarial assessment, the market value of the scheme's assets totalled £6,466,000 and the value of those assets represented 72% of the benefits accrued to members after allowing for expected future increases in earnings.

The pension charge for the year was £259,959 (2004 - £344,871).

For the purposes of FRS 17 "Retirement Benefits", the following financial assumptions were used by the actuary in updating the full valuation at 31 May 2004 to 31 December 2005:

	2005	2004	2003
	%	%	%
Rate of increase in salaries	**-**	-	-
Rate of increase in pensions in payment	**2.50**	2.60	2.50
Discount rate	**4.90**	5.50	5.60
Inflation assumption	**2.50**	2.60	2.50

The market value of assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31.12.05	**Value at 31.12.05**	Long-term rate of return expected at 31.12.04	Value at 31.12.04	Long-term rate of return expected at 31.12.03	Value at 31.12.03
	%	**£'000**	%	£'000	%	£'000
Equities	**7.00**	**6,714**	7.00	4,970	7.5	4,362
Bonds	**4.20**	**882**	4.50	715	5.0	717
Property	**5.20**	**145**	5.50	171	6.0	192
Cash	**4.50**	**620**	4.75	1,905	4.0	1,389
		8,361		7,761		6,660

The following amounts at 31 December 2005, 31 December 2004 and 31 December 2003 were measured in accordance with the requirements of FRS 17:

	2005	2004	2003
	£'000	£'000	£'000
Total market value of assets	**8,361**	7,761	6,660
Present value of scheme liabilities	**(9,975)**	(9,589)	(9,041)
Deficit in the scheme	**(1,614)**	(1,828)	(2,381)
Related deferred tax asset	**484**	548	714
Net pension liability	**(1,130)**	(1,280)	(1,667)

25 Pension commitments (Continued)

	2005 £'000	2004 £'000
Operating profit		
Current services cost	-	-
Past service cost	-	-
Total operating charge	-	-
Other finance income		
Expected return on pension scheme assets	447	419
Interest on pension scheme liabilities	(498)	(497)
Net interest cost	(51)	(78)
Statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	933	223
Experience gains and losses arising on the scheme liabilities	1	(201)
Changes in assumptions underlying the present value of the scheme liabilities	(969)	(191)
Actuarial gain recognised in STRGL	(35)	(169)

	2005 £'000	2004 £'000
Movement in deficit during the year		
Deficit in scheme at beginning of the year	(1,828)	(2,381)
Movement in year:		
Current service cost	-	-
Contributions	300	800
Past service costs	-	-
Net interest cost	(51)	(78)
Actuarial gain	(35)	(169)
Deficit in scheme at end of the year	(1,614)	(1,828)

Details of experience gains and loss for the year ended 31 December 2004		
Difference between the expected and actual return on scheme assets:		
Amount £'000	933	223
Percentage of scheme assets	11%	3%
Experience gains and losses on scheme liabilities:		
Amount £'000	1	(201)
Percentage of the present value of the scheme liabilities	0%	(2%)
Total amount recognised in statement of total recognised gains and losses:		
Amount (£'000)	(35)	(169)
Percentage of the present value of the scheme liabilities	0%	(2%)

26 Net cash inflow from operating activities

	2005	2004 as restated
	£	£
Operating profit	**1,415,064**	2,077,487
Depreciation	**219,997**	182,935
Loss on sale of fixed assets	**20,523**	1,867
Increase in stocks	**(44,121)**	(754)
(Decrease)/increase in debtors	**59,497**	(3,236,765)
Increase in creditors	**244,969**	2,502,993
Difference between pension charge and cash contributions	**(300,000)**	(800,000)
Net cash inflow from operating activities	**1,615,929**	727,763

Reconciliation of net cashflow to movement in net funds

	2005	2004
	£	£
Increase in cash in the period	**377,593**	216,057
Lease financing	**68,217**	39,719
Change in net funds from cash flows	**445,810**	255,776
Non cash changes		
New finance leases	**(512,758)**	(62,641)
Movement in net funds in the year	**(66,948)**	193,135
Opening net funds	**12,741,144**	12,548,009
Closing net funds	**12,674,196**	12,741,144

27 Analysis of net funds

	At 31 December 2004	Cash flow	Other Non-cash	**At 31 December 2005**
	£	£	£	**£**
Cash at bank and in hand	12,801,824	377,593	-	**13,179,417**
Finance leases	(60,679)	68,217	(512,758)	**(505,220)**
Total	12,741,144	445,810	(512,758)	**12,674,197**

28 Ultimate controlling party

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